

Common tendencies of registrars activity development in second half-year 2006 – first half-year 2007.

During the analyzed period about 50 organizations, which have license on maintaining of the securities owners registry, participated in informational disclosure threw PARTAD database “Registrars of Russia” (<http://rusreestr.ru>). It makes about 65% of total amount of licensed registrars and covers more than 4/5 of registrar services market. Because of this fact the analysis of provided data gives an adequate picture of this segment of accounting system in the analyzed period. It is significant that unlike the other segments of financial market infrastructure in the TOP 30 rating of the first rate registrars according to the amount of serviced issuers (see table) prepared by INFI/PARTAD all federal districts (further - FD), except the Far East FD.

Table

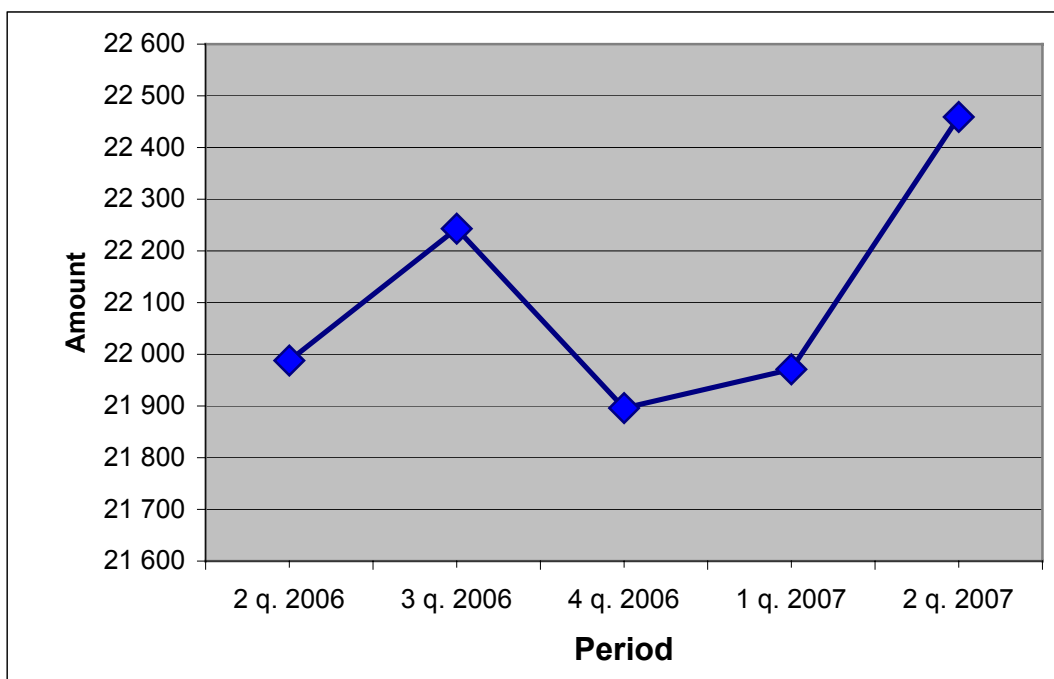
TOP 30 registrars according to the amount of serviced issuers with the number of owners more than 500 on 30.06.2007

Rank	Name	City	Amount of issuers with the number of owners more than 500	Total amount of serviced issuers	Share of issuers with the amount of owners more than 500, %
1	open joint-stock company REGISTRAR R.O.S.T.	Moscow	383	2066	18,5
2	open joint-stock company CENTRAL MOSCOW DEPOSITORY	Moscow	247	1289	19,2
3	open joint-stock company REGISTER	Moscow	176	1664	10,6
4	open joint-stock company UNITED REGISTRATION COMPANY	Moscow	109	905	12,0
5	closed joint-stock company NATIONAL REGISTRATION COMPANY	Moscow	101	593	17,0
6	closed joint-stock company PROFESSIONAL REGISTRATION CENTER	Moscow	93	591	15,7
7	open joint-stock company REGISTRAR NIKoil	Moscow	89	929	9,6

8	closed joint-stock company MOSCOW STOCK CENTER	Moscow	89	510	17,5
9	Closed joint-stock company SINGLE REGISTRAR	Saint-Petersburg	84	526	16,0
10	closed joint-stock company IRKOL	Moscow	81	679	11,9
11	closed joint-stock company SERVICE-REGISTRY	Moscow	81	502	16,1
12	closed joint-stock company PETERSBURG CENTRAL REGISTRATION COMPANY	Saint-Petersburg	80	422	19,0
13	closed joint-stock company RK-REGISTER	Moscow	76	339	22,4
14	open joint-stock company URR "VESTA"	Saint-Petersburg	75	292	25,7
15	open joint-stock company INDEPENDENT REGISTRAR SFD	Stavropol	74	858	8,6
16	closed joint-stock company M-REGISTER	Moscow	72	393	18,3
17	closed joint-stock company RDC PARITET	Moscow	71	493	14,4
18	open joint-stock company SIBERIAN REGISTRY	Novosibirsk	69	524	13,2
19	closed joint-stock company SR-DRAGA	Moscow	67	480	14,0
20	closed joint-stock company COMPANY REGISTER MAINTANANCE	Ekaterinburg	64	322	19,9
21	open joint-stock company INTERREGIONAL REGISTRATION CENTER	Moscow	64	301	21,3
22	closed joint-stock company ACCOUNTING SYSTEM	Moscow	64	223	28,7
23	closed joint-stock company NEW REGISTRAR	Moscow	63	745	8,5
24	open joint-stock company CENTRAL REGISTRATION OFFICE (Центральная регистратура)	Ufa	62	242	25,6
25	limited liability company REGISTER- RN	Moscow	60	488	12,3
26	closed joint-stock company SURGUTINVESTNEFT	Surgut	60	151	39,7
27	closed joint-stock company REGISTER A-PLUS	Novosibirsk	58	678	8,6
28	closed joint-stock company INDUSTRY-REGISTER	Vladimir	58	305	19,0
29	limited liability company VOLZHSKO- URALOSIBIRISKY REGISTRAR	Ufa	56	266	21,1
30	open joint-stock company NORTH-WEST REGISTRATION CENTER	Saint-Petersburg	56	248	22,6

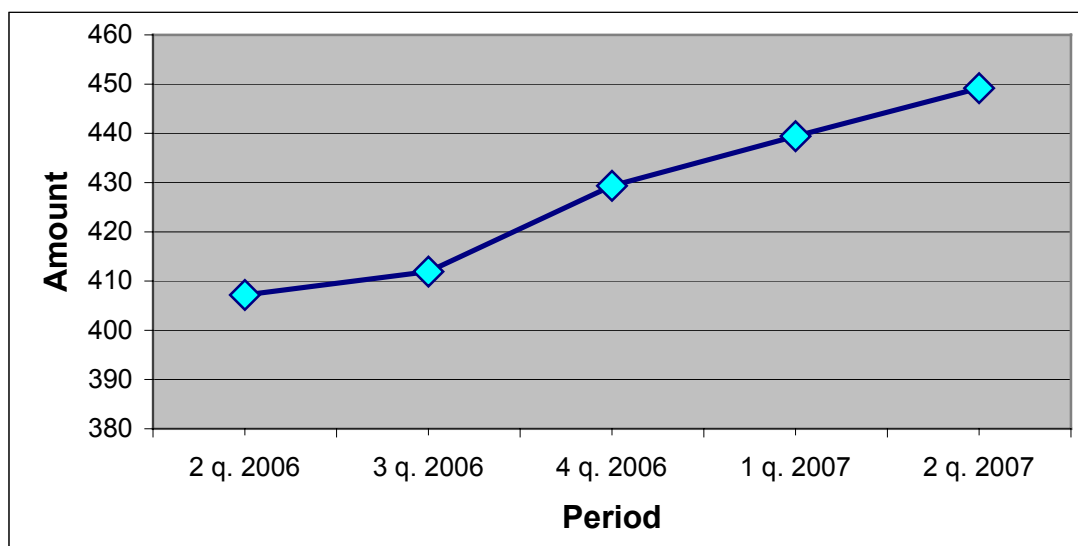
Note: if the amount of issuers with the number of owners more than 500 the rank of registrar in the ranking is determined according to the total amount of issuers serviced by registrar.

Dynamics of the amount of registers serviced by registrars was not regular (picture 1). In a second half-year of 2006 occurred the reduction of serviced registers and at the following quarters on the contrary occurred a slight growth of their amount.



Picture 1. Amount of serviced registers

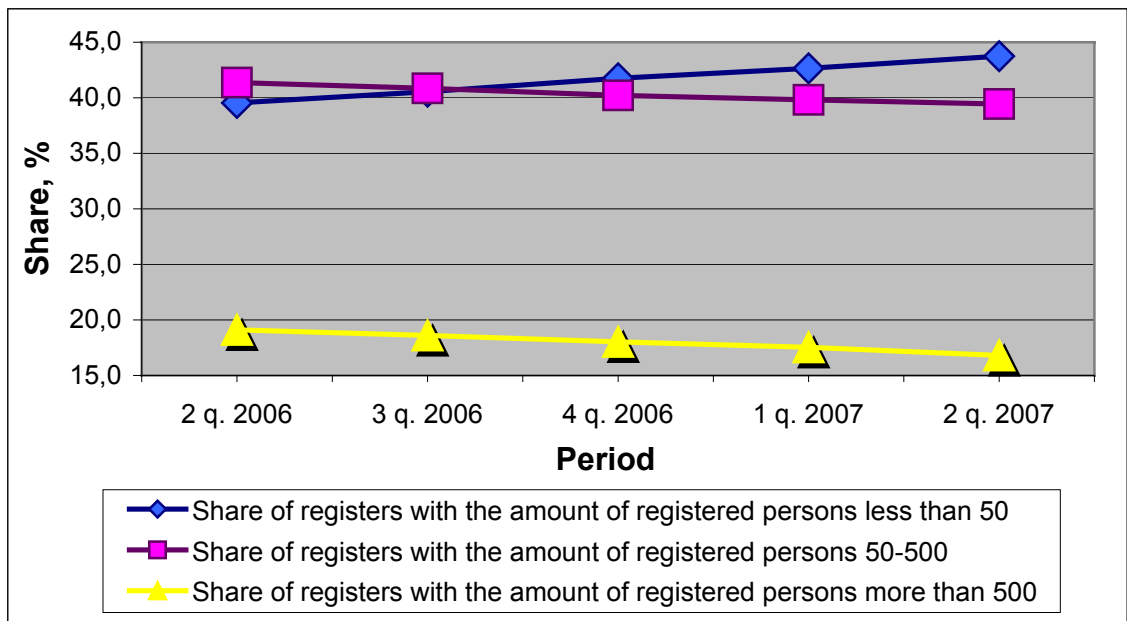
But during the analyzed period the amount of registers serviced on average by a single registrar invariably increased (picture 2). Growth of mentioned indicator at the end of first half-year 2007 against the beginning of the second half-year 2006 came to 10,31%.



Picture 2. Amount of serviced registers per one registrar on average

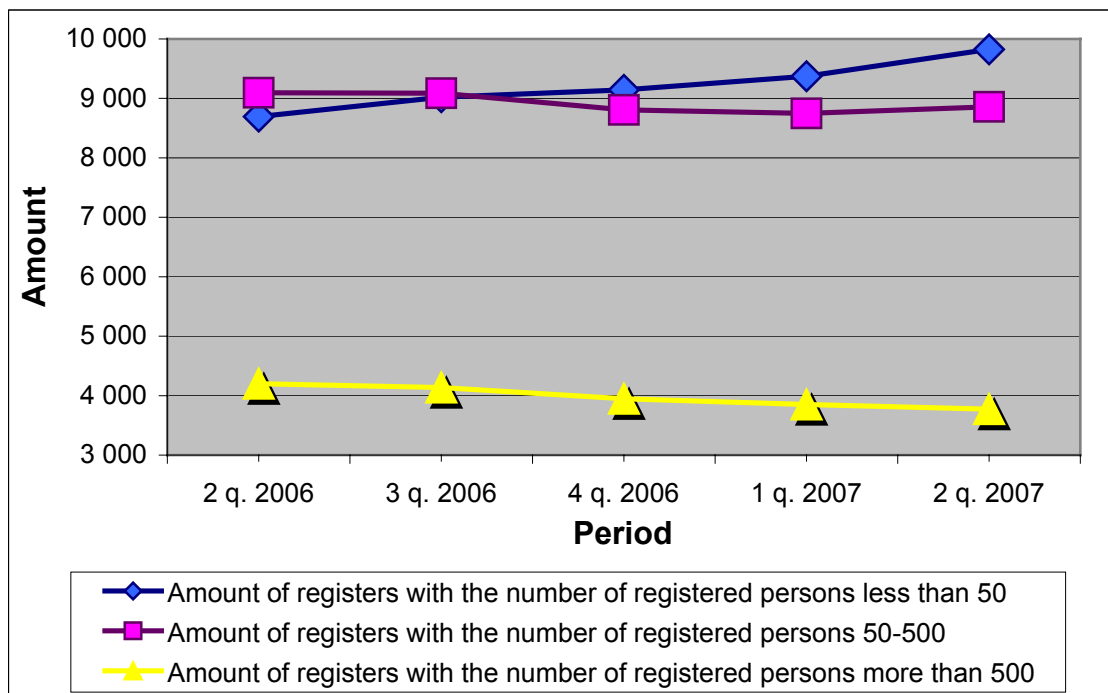
Also the fact that during the analyzed period occurred a gradual share decreasing of registers with the number of registered persons more than 50 but less than 500 and with the number of registered persons more

than 500 (picture 3). And with it occurred a stable share growth of registers with the number of registered persons less than 50.



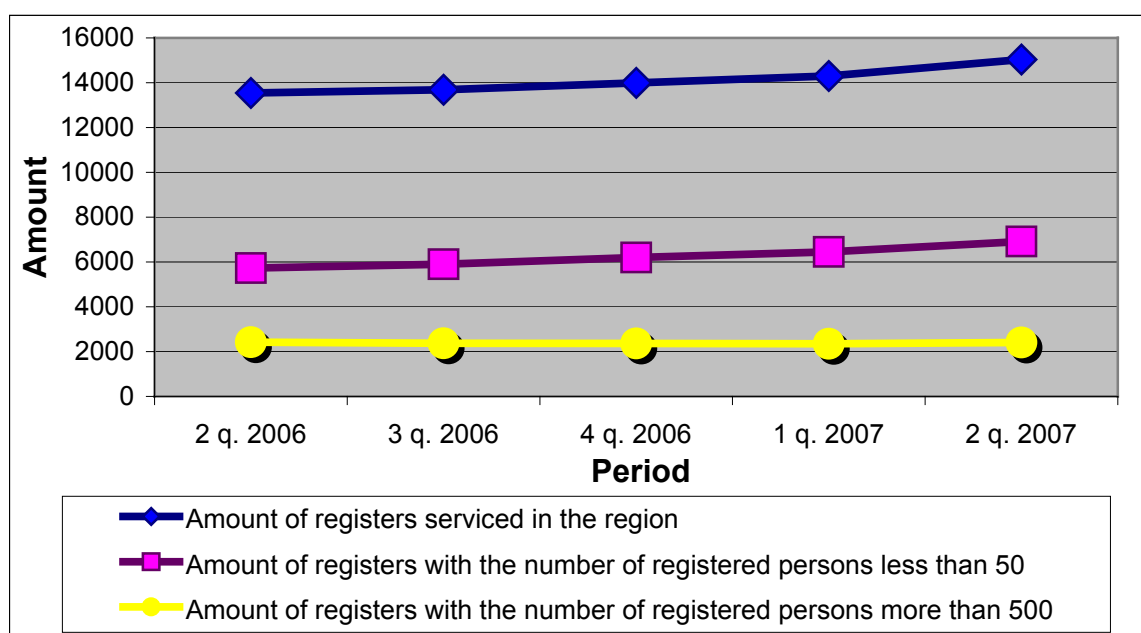
Picture 3. Structure of registers serviced by registrars

By the absolute value the amount of register with the number of registered persons less than 50 and more than 500 varied similarly to the share variation of these registers (picture 4).

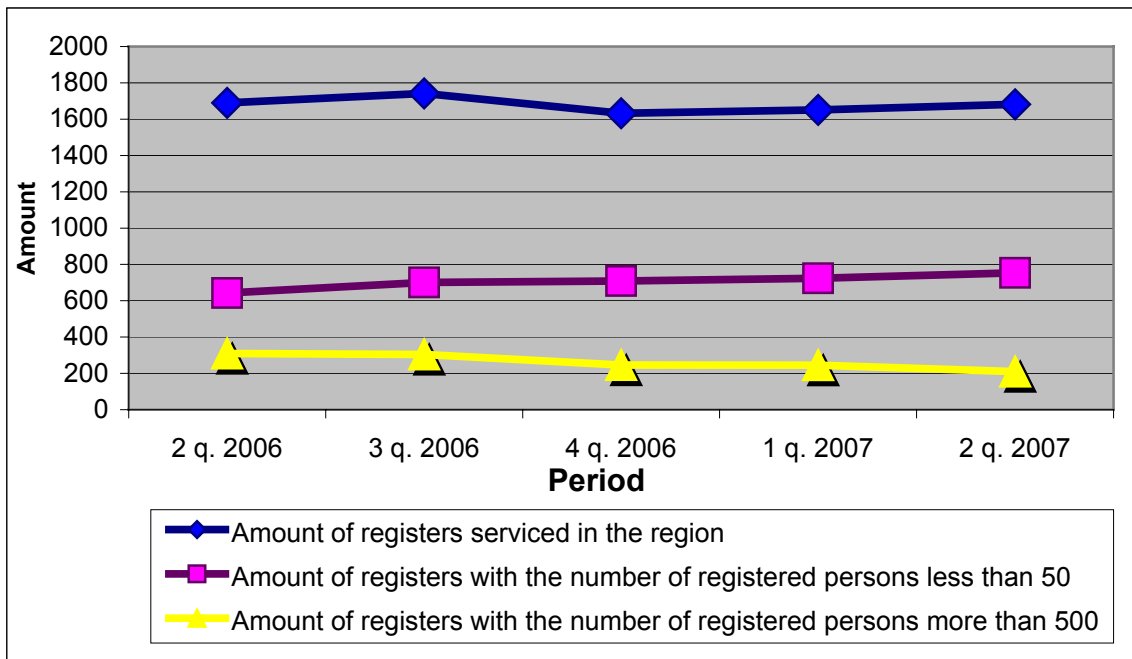


Picture 4. Amount of serviced registers

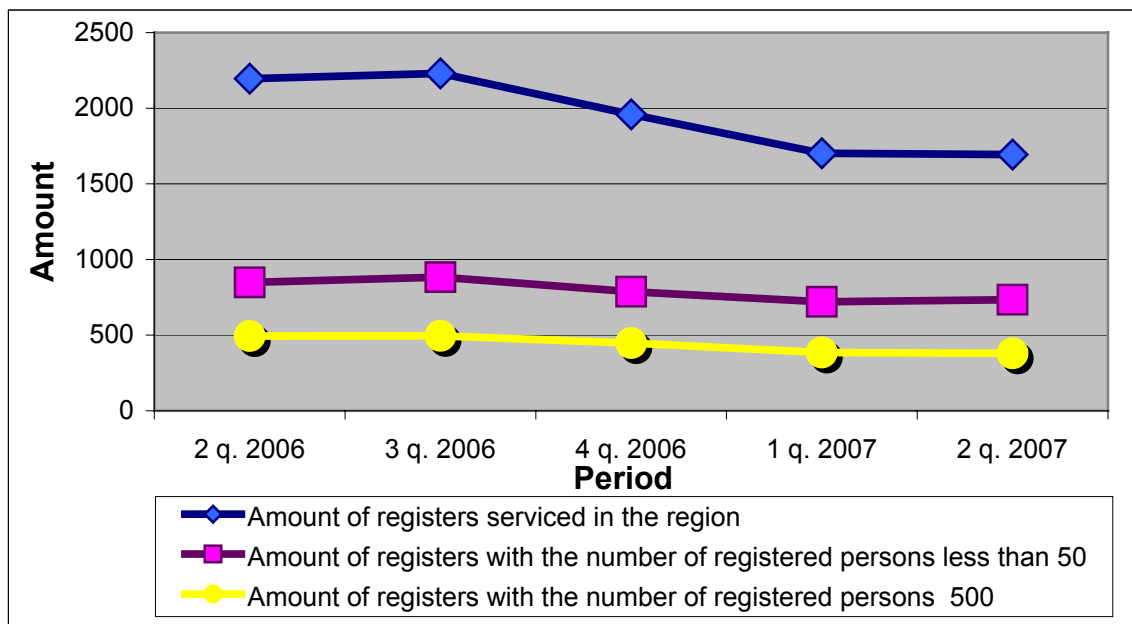
During the analyzed period the decreasing tendency also occurred according to the amount of serviced registers, but data mentioned differs significantly depending on federal districts. Decreasing number of large-scale registers with the number of registered persons more than 500 reflects the common tendency of the stock capital consolidation and decreasing number of “valid” issuers, needed only for registrars correspondence with licensing requirements. Only in the Central Federal District (further – CFD) the amount of large-scale registers (with the number of registered persons more than 500) has decreased extremely insignificantly and all other regions have much more significant decrease. So, in most regions (North-West, South, Privolzhsky and Ural FD) occurred even the common decrease of the amount of serviced registers. Only in the CFD the total amount of serviced registers and the amount of registers with the number of less than 50 had invariably increased (picture 5). In the North-West and Siberian FD the amount of serviced registers with the number of registered persons less than 50 had also increased (picture 6). In the Privolzhsky FD the amount of registrars clients decreased for all groups (picture 7).



Picture 5. Amount of registers serviced in the CFD



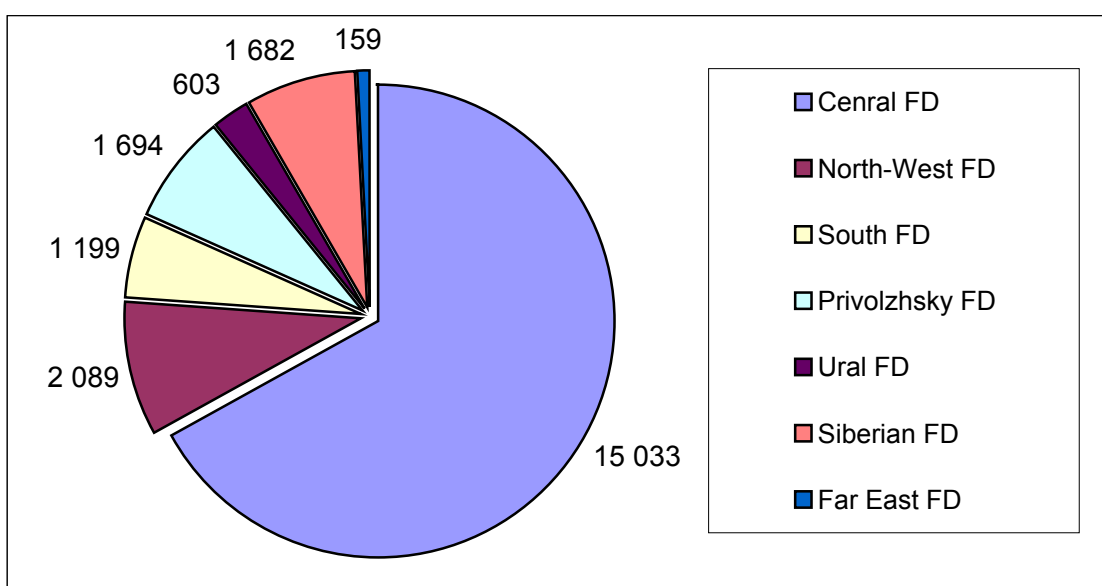
Picture 6. Amount of registers serviced in the Siberian FD



Picture 7. Amount of registers serviced in the Pryvolzhsky FD

The most significant amount of serviced registers up to the midst of 2007 is still concentrated in the CFD: 15033 registers (or 67%). The next one according to the amount of serviced registers is the North-West FD (2089 or 9%), then Pryvolzhsky and Siberian FD (8% and 7% of registers) (see picture 8). And the quantitative growth of serviced registers occurred only in Central and Siberian FD, others demonstrate only decrease.

Thereby, only in CFD occurred stability of registrars activity development, and it happened mainly because of gradual contraction of regional client base and physical disappearance of independent registrars in regions. It especially appreciable in eastern part of the country, in which even the insignificant growth of the subsidiaries amount is caused mainly by the consolidation and regional expansion processes of leading registrars Moscow and Saint-Petersburg. The latter not always are able to provide an appropriate control after these subsidiaries activity, thus negatively affecting the reliability of the whole accounting system.

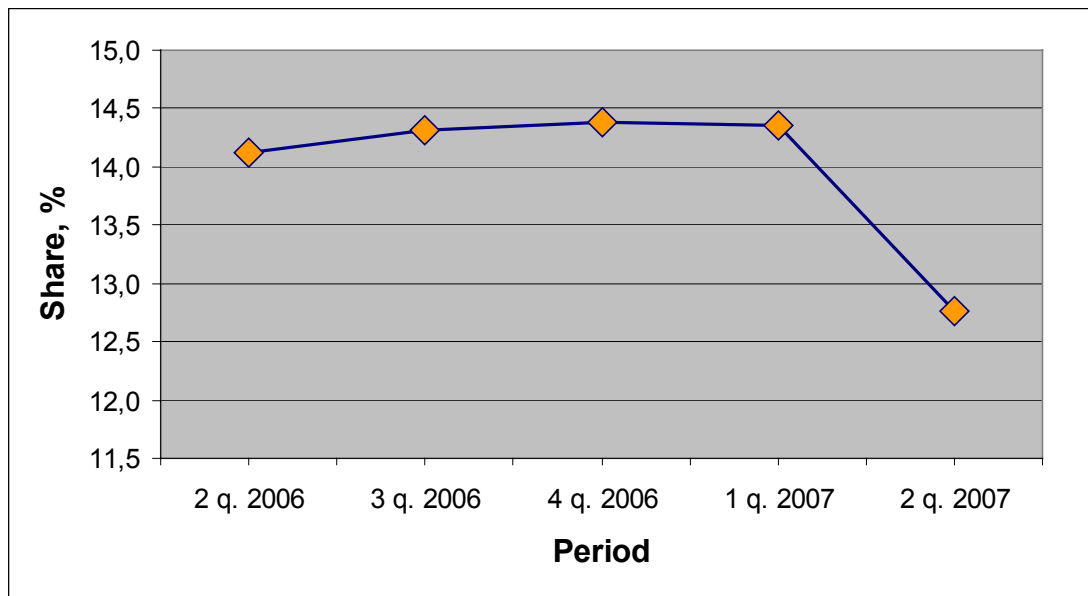


Picture 8. Amount of serviced registers depending on the region on 30.06.2007

During the first half-year 2007 occurred the decrease of share of registers with the participation of state and municipal ownership of stock capital share (from 14,4% till 12,8%) (picture 9). The amount of registers with participation of the state also decreased almost in all regions, except of CFD, where occurred a significant growth of this indicator (from 682 registers till 909 i.e. for 31%).

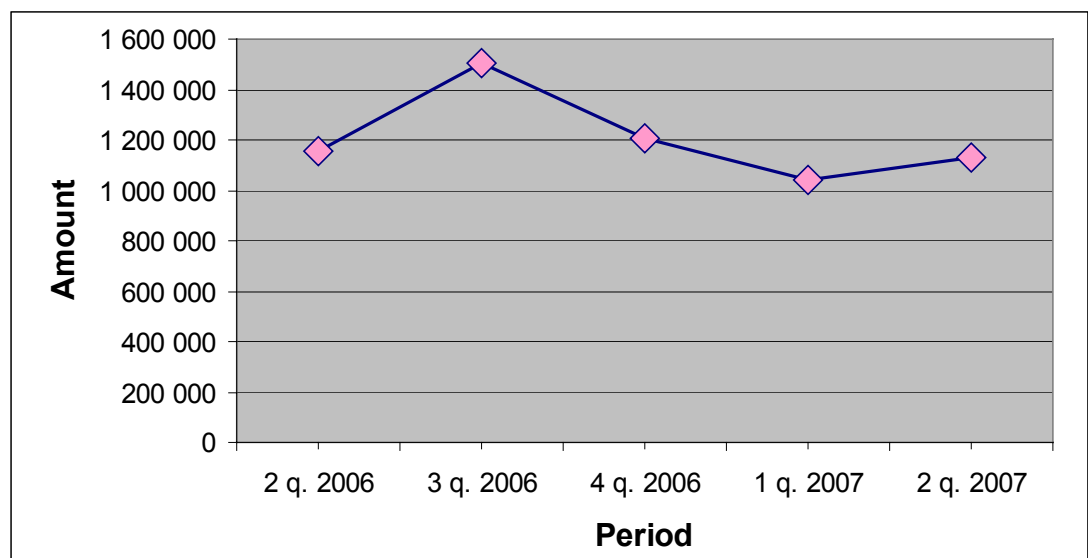
Especially significant decrease of these registers amount in the first half-year 2007 occurred in Ural and Siberian FD: so, in the Siberian FD the amount of registers with the share of state and municipal ownership, which decreased insignificantly during the year 2006, decreased sufficiently

enough – for more than 25%. In the meanwhile SFD is the leader according to the amount of registers with the participation of state: 1034 register (with simultaneous decrease of total amount of serviced registers).



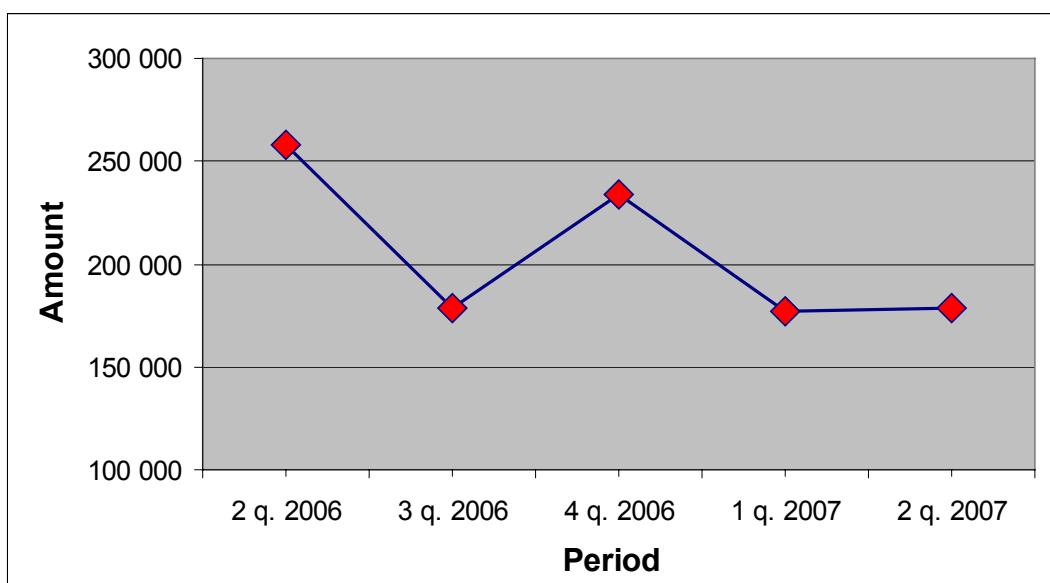
Picture 9. Share of registers with the participation of state and municipal ownership

During the analyzed period occurred the decreasing tendency both according to the amount and volume of operations of transferring of ownership. (picture 10).



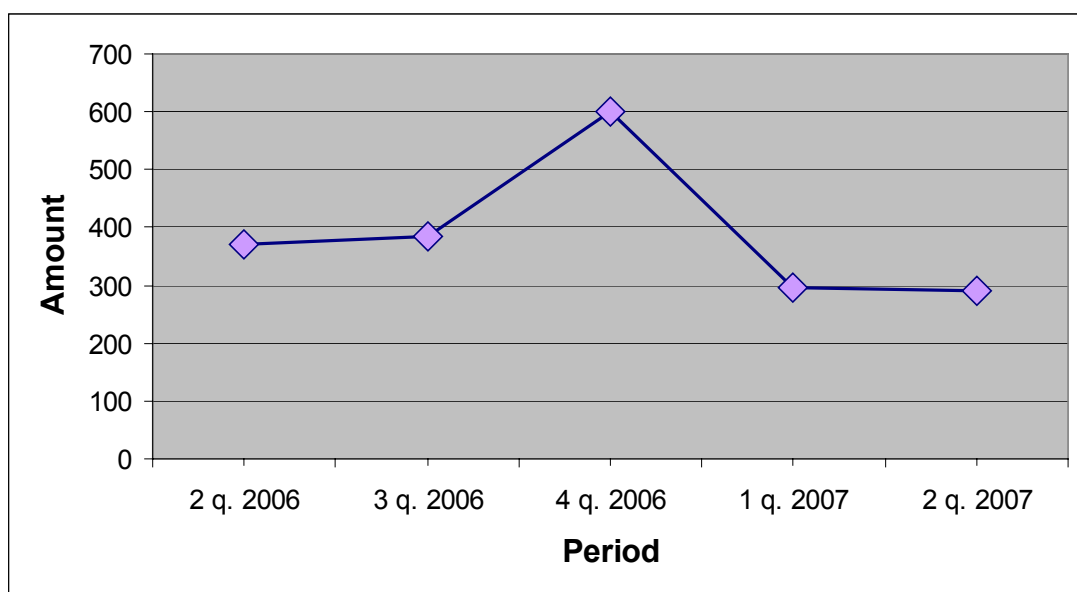
Picture 10. Amount of operations of passing of property

It should also be mentioned that during the analyzed period the amount of operations of passing of property on transaction results decreased almost on a third – for 30,9%. (picture 11).



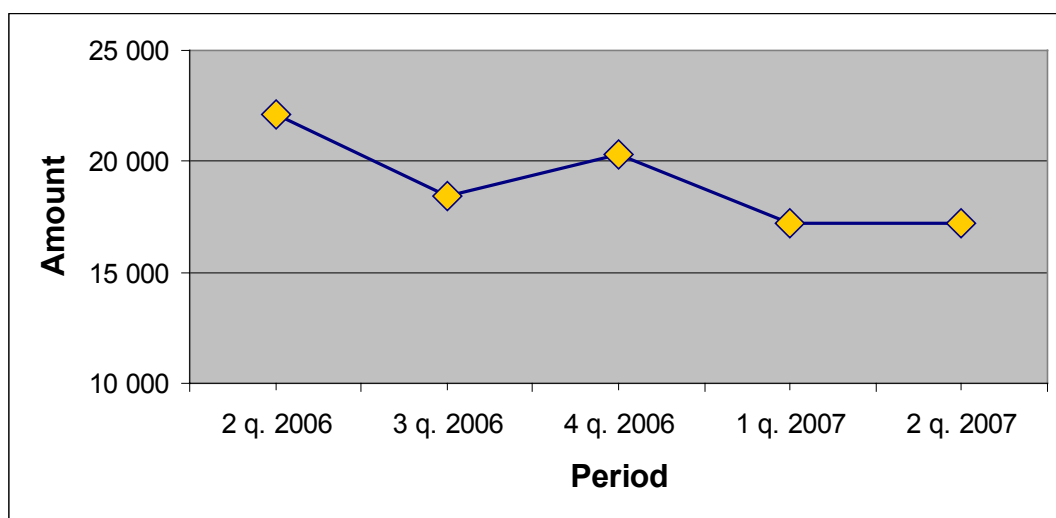
Picture 11. Amount of operations of passing of property on transaction results

Contradictory tendencies appear in the dynamics of the amount of operations of passing of property according to court judgment. During the analyzed period the amount of these operations decreased for 21,8% (picture 12), while their volume increased for 24,7%.



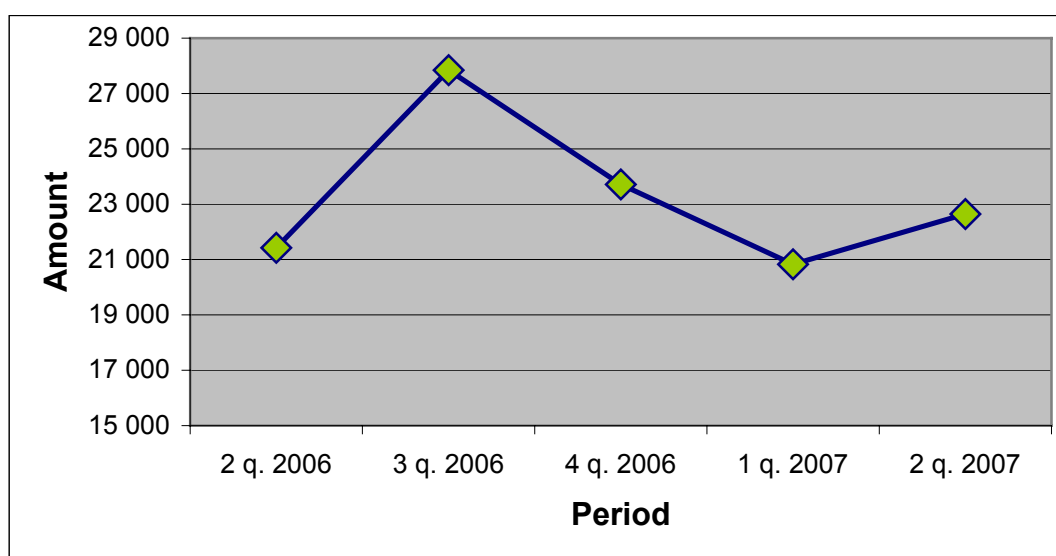
Picture 12. Amount of operations of passing of property according to court judgment

Besides, during the analyzed period occurred the decrease of the amount of operations of passing of property by inheritance for 22,2% (picture 13).



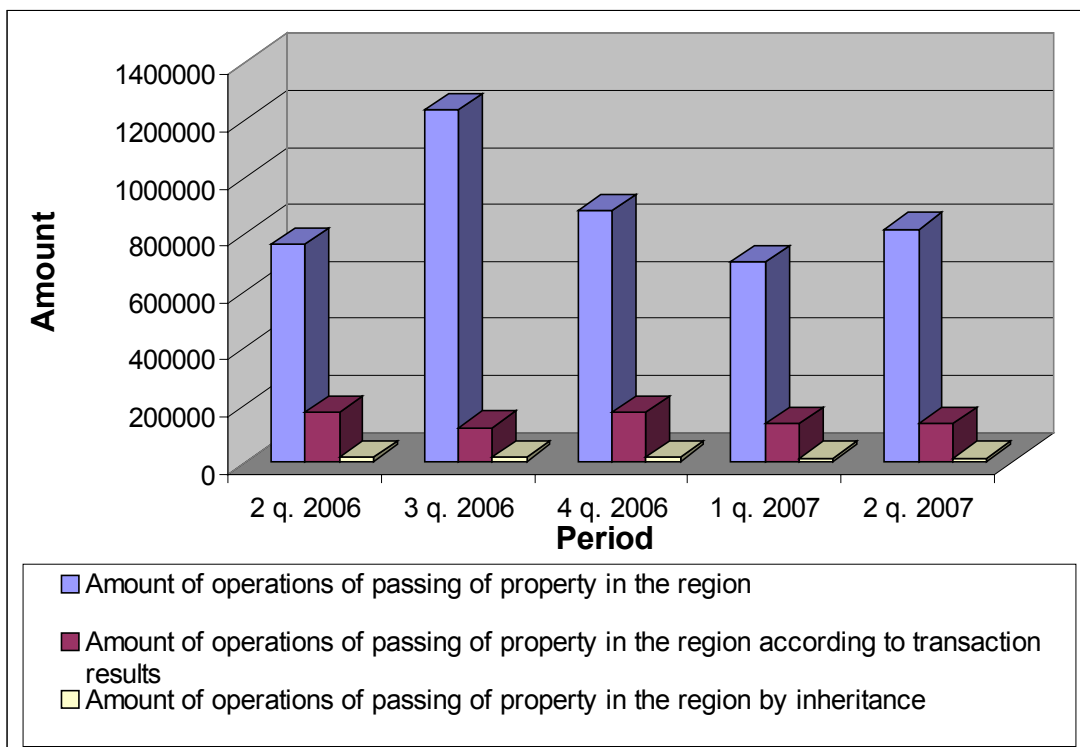
Picture 13. Amount of operations of passing of property by inheritance

Because of registrars amount decrease during the analyzed period, the amount of operations of passing of property per one registrar increased for 5,7% (picture 14).



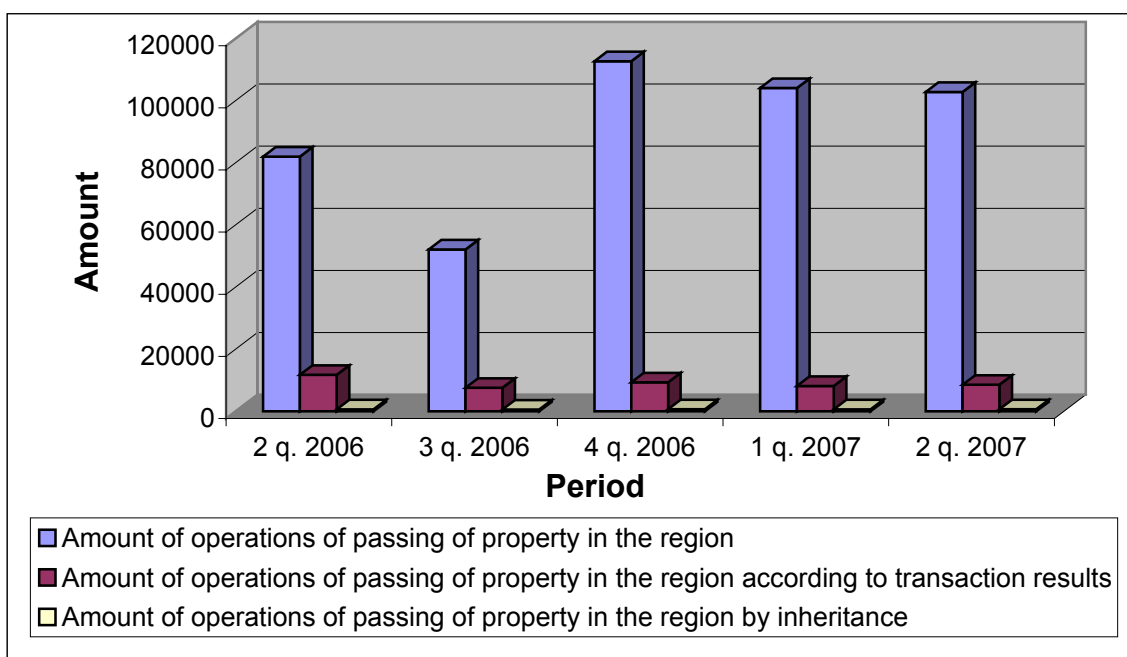
Picture14. Amount of operations of passing of property per one registrar on average

Certain differences occurred in the dynamics of the amount of operations arranged in registers. In particular, in Ural FD occurred the decrease of arranged operations of all types.



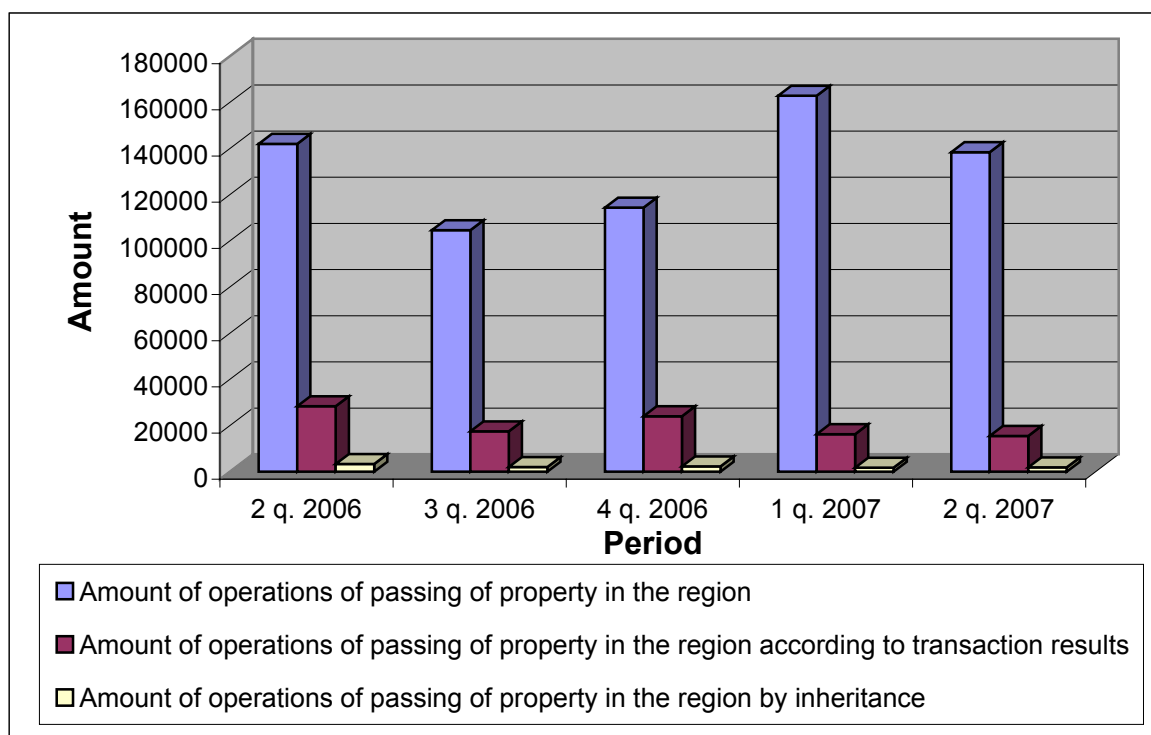
Picture 15. Amount of operations executed by CFD registrars

In the Siberian FD occurred a short-term common decrease of the amount of operations of all types. By the midst of 2007 mentioned indicators exceeded those of the last year (picture 16).



Picture 16. Amount of operations executed by Siberian FD registrars

In the Privolzhsky FD occurred the most volatility of examined indicator during the analyzed period: here the initial decrease in the year 2006 was changed by a significant growth of the operations amount in the 1 quarter 2007, but at the end of 2 quarter the operations amount became lower than last year's level (picture 17).



Picture 17. Amount of operations executed by registrars of Privolzhsky FD

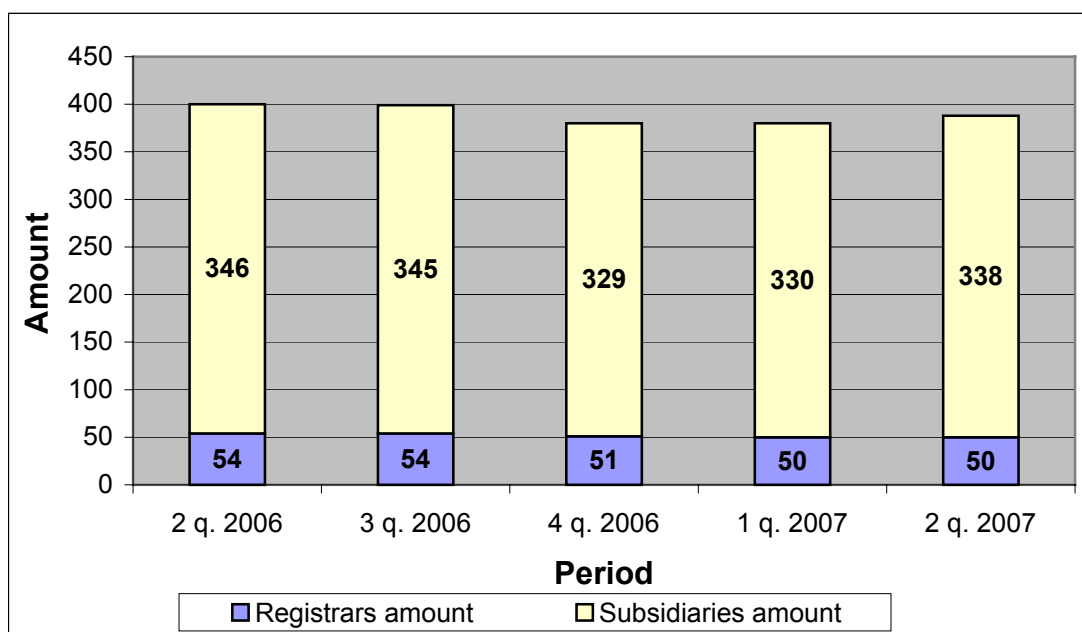
The decrease of the operations of passing of property amount as the result of arranged transactions occurred also in other regions. At the same time the amount of operations connected with inheritance is stable.

So in spite of the fact that in separate regions the volume of operational activity sometimes increased significantly during the accountable period, which tells about remaining demand of registrars services, there is no stable development of registrars activity unlike the preceding years. At the same time the amount of arranged operations in registers at the end of 2 quarter 2007 in comparison to 2 quarter 2006 remained almost constant.

During the analyzed period the total amount of registrars participating in PARTAD database "Registrars of Russia", decreased from 54 to 50,

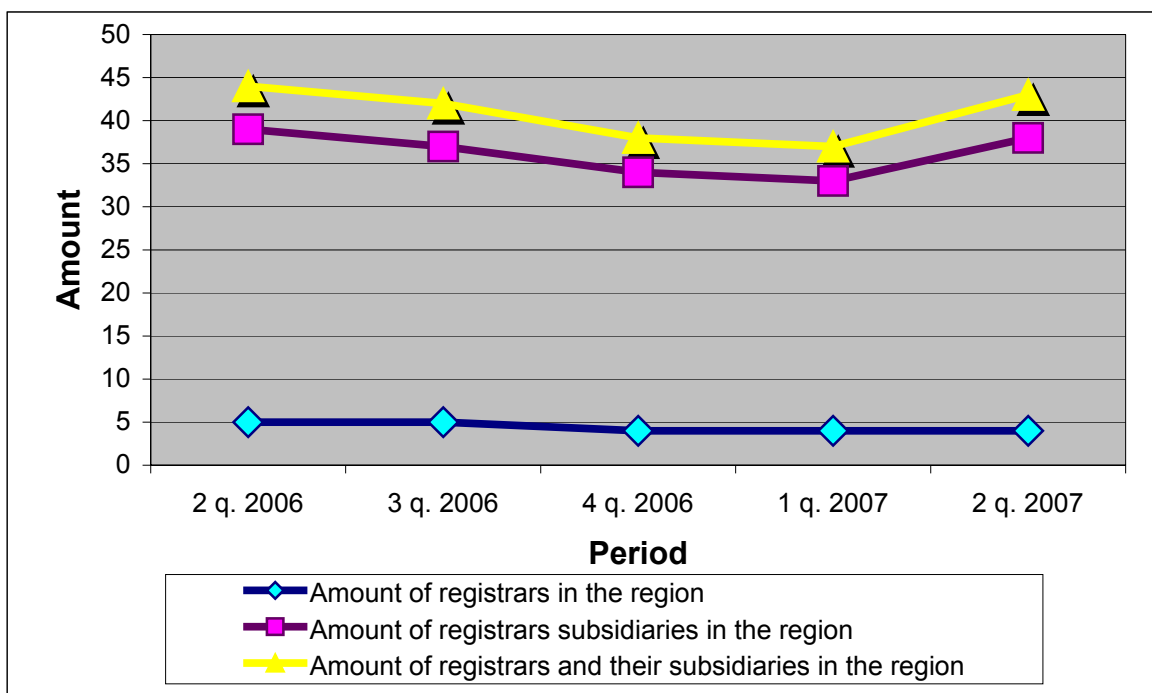
which reflect the tendency of reducing amount of registrars in a whole (picture 18). At the same time the reverse side of registrars amount decrease is the growth of their subsidiaries amount per one registrar which can hardly characterize the accounting system stability.

Indicators of Far East FD are not analyzed in provided analytical materials according to regions because of the fact that on territory of this FD only one registrar, which participates in PARTAD database “Registrars of Russia” is situated.



Picture 18. Amount of registrars and their subsidiaries, presented in “Registrars of Russia” database

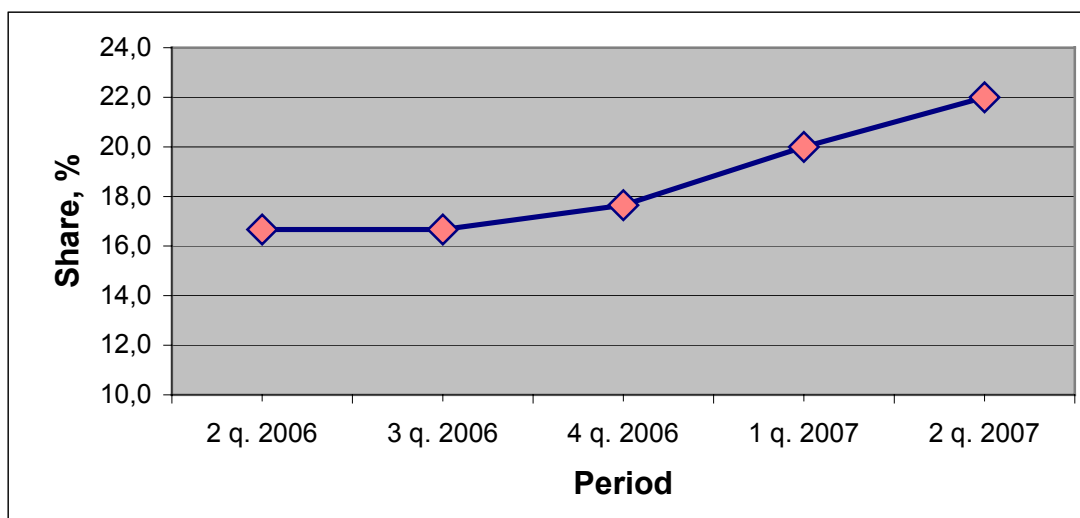
CFD preserves leadership among federal districts according to the amount of registrars and their subsidiaries, and only in this district during the analyzed period the amount of registrars even increased insignificantly. Most significant decrease of registrars amount occurred in Ural FD, and the Siberian FD illustrates common tendencies occurred in the market (picture 19).



Picture 19. Dynamics of change of registrars amount and federal network development in Siberian FD

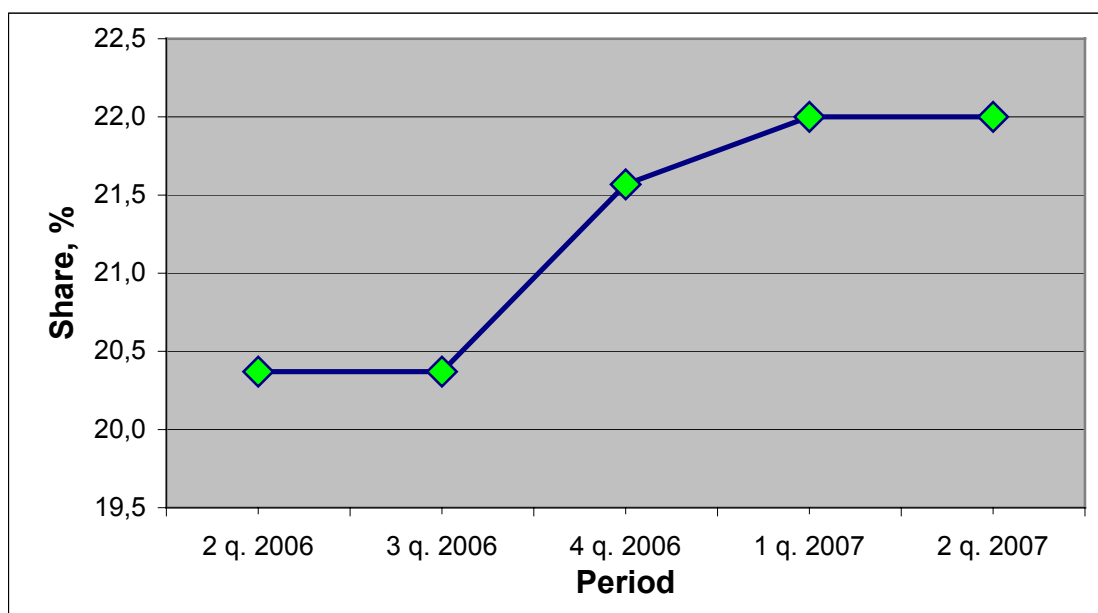
The amount of registrars maintaining registers of owners of bonds and UIF shares are indicators relatively stable and almost invariable in analyzed period for all regions.

Share of registrars maintaining the register of bonds owners increased for 5,3% (from 16,7% till 22,0%), though by the absolute value the growth came to 2 units (picture 20).



Picture 20. Share of registrars maintaining the register of bonds owners in total amount of registrars

During the analyzed period share of registrars maintaining the register of UIF shares owners increased from 20,4% in the 2 quarter 2006 to 22,0% in the 2 quarter 2007 (picture 21).

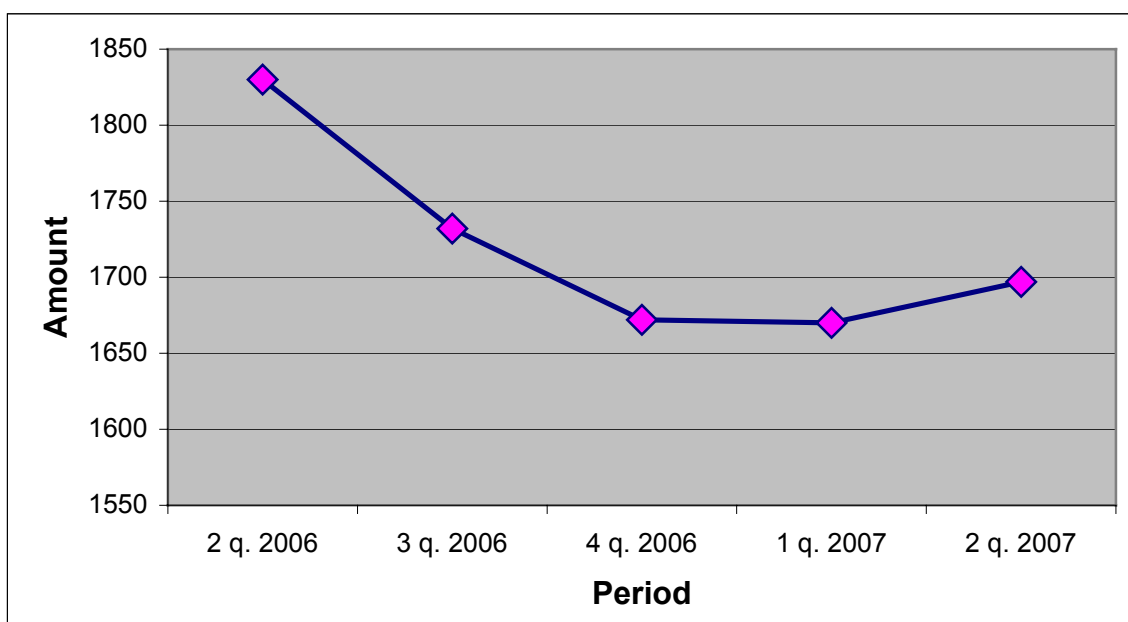


Picture 21. Share of registrars maintaining the register of UIF shares owners in total amount of registrars

During the whole period with the exception of a slight growth from 1 till 2 quarter 2007, occurred the tendency of transfer-agents amount reduction. (picture 22).

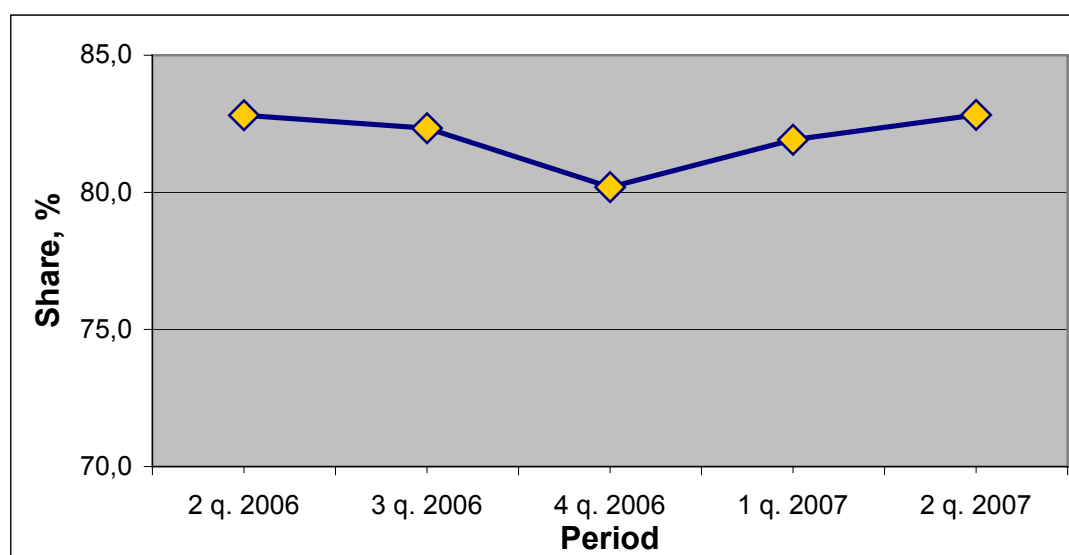
Analysis of this indicator revealed that among federal districts the growth of transfer-agent amount occurred only in CFD and SFD, with the common tendency of its decrease. In particular, in CFD was marked the growth of transfer-agents amount from 268 to 339 i.e. almost for 30%. Thereof it is possible to make a conclusion that more large-scale registrars located on the CFD territory prefer to develop rather a transfer-agent network within their district territory than a federal one. Other districts demonstrate a stable tendency of transfer-agents amount reduction: significant decrease of their amount during the analyzed period occurred in Siberian FD (from 297 till 131), less significant variations occurred in North-West FD (decrease from 216 till 202), in Privolzhsky (from 628 till 604).

According to results of the first half-year 2007 the leader on the absolute value of this indicator is Privolzhsky FD.

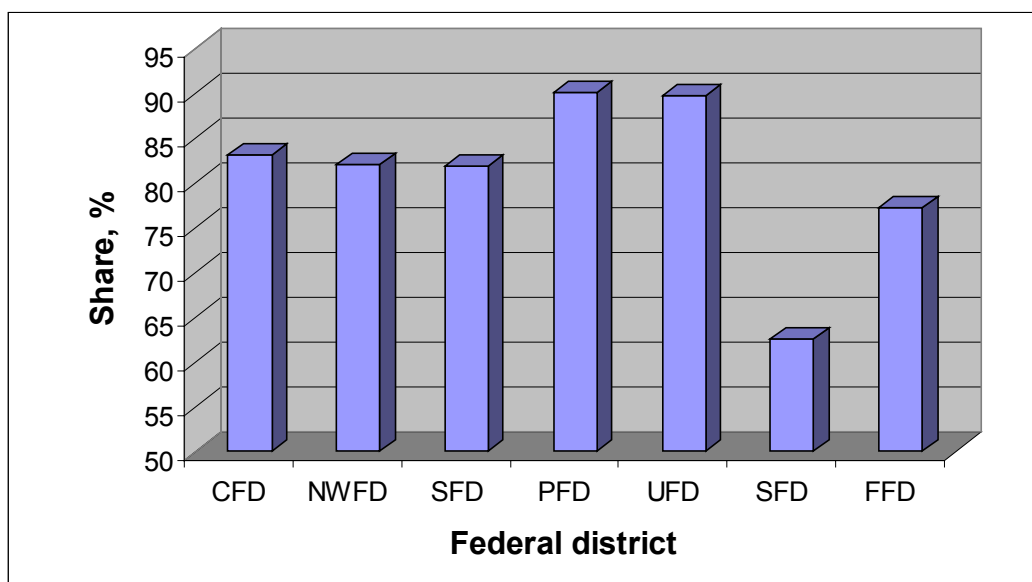


Picture 22. Transfer-agents amount

Share of assessed (having qualifying certificates, given in accordance to the FFMS requirements) registrar's personnel in the total employee amount at the end of analyzed period, remained the same in spite of variations and came to 82,2% (picture 23).

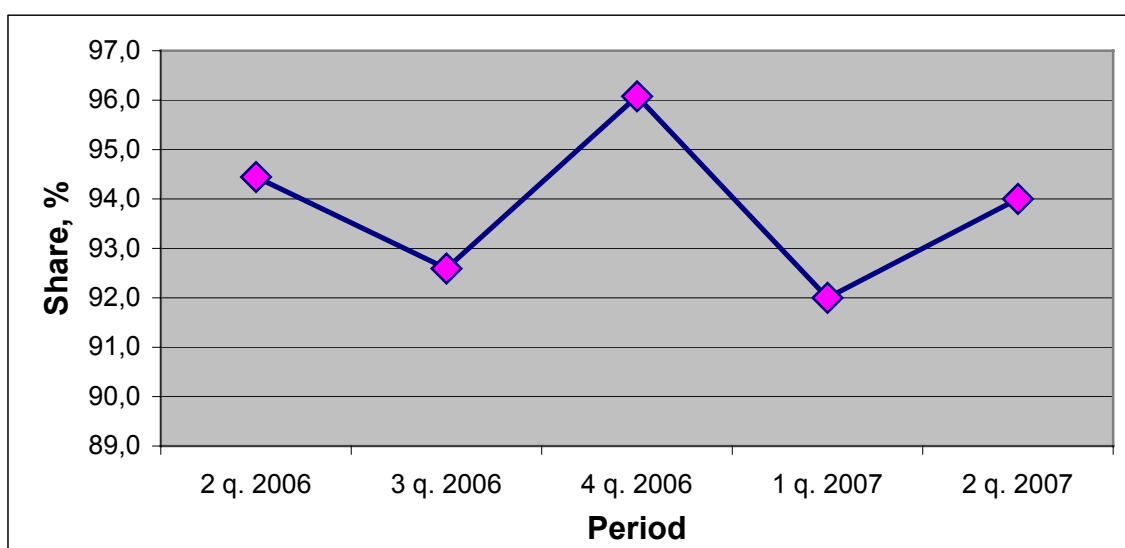


Picture 23. Share of assessed personnel in total amount of registrar's employees



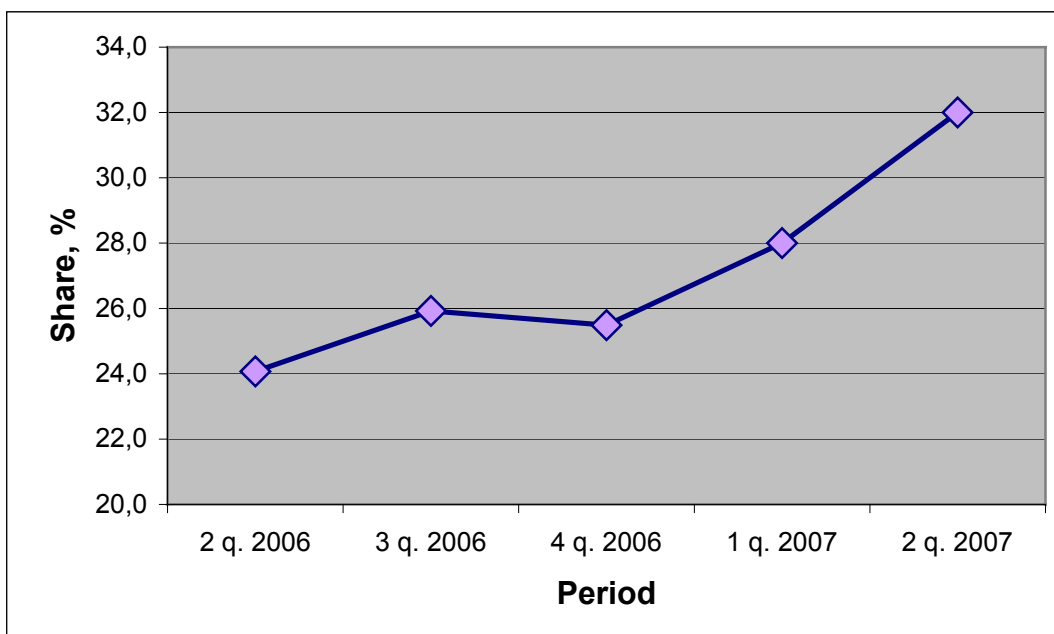
Picture 24. Share of assessed personnel in total amount of registrar's employees depending on region go 30.06.2007

Share of registrars, which have liability insurance contracts, at the end of analyzed period in spite of slight variations was almost constant and remained sufficiently high (picture 25).



Picture 25. Share of registrars, which have liability insurance contracts

During the analyzed period except a slight decrease at the second half-year 2006 occurred a growth of share of registrars with the size of their own funds of more 60000 thousand rubles (picture 26). Nevertheless 2/3 of all registrars at the moment do not correspond with requirements groundlessly established by the former FFMS management.



Picture 26. Share of registrars with the size of their own funds of more 60000 thousand rubles

Analysis of correlation of registrar's own funds with new requirements of regulator reveals that at the end of 2 quarter 2007 almost all registrars which correspond with mentioned standard of 60000 rubles are located in CFD, thus throwing overboard of requirements established from above almost all regional registrars, which drag an enormous cart of corporate life of many of federal subjects (see section 4).