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A low-angle photograph of a modern, curved skyscraper at dusk. The building's glass facade is illuminated from within, showing glowing windows and horizontal bands of light. The sky is a deep blue with some light clouds. The building's unique curved design is the central focus of the image.

**MOSCOW INTERNATIONAL  
FINANCIAL CENTRE INITIATIVE**

December 2012

# MOSCOW INTERNATIONAL FINANCIAL CENTRE INITIATIVE

THECITYUK IS WORKING WITH THE RUSSIAN GOVERNMENT ON A MAJOR PROJECT TO HELP MOSCOW DEVELOP AS AN INTERNATIONAL FINANCIAL CENTRE, CREATING NEW BUSINESS OPPORTUNITIES FOR OUR MEMBER FIRMS.

## Introduction

In recent years the Russian government has been putting increasing emphasis on the growth of its financial services industry. There is a particular focus on how the industry can play a greater role in offering diverse and innovative ways to put Russia's natural resource wealth to work to drive growth and development across all sectors of the economy.

In 2010, the Russian government set up the Moscow International Financial Centre (MIFC) initiative to lead this project and to ensure that international cooperation was at the forefront. Following discussions with the Lord Mayor of the City of London, the newly created MIFC Taskforce identified the TheCityUK as its partner of choice in 2011. A Moscow/London Joint Liaison Group (JLG) was formed and a Memorandum of Understanding (MoU) between the Russian MIFC Taskforce, TheCityUK and Vnesheconombank was signed in Moscow in September 2011 in the presence of President Dmitri Medvedev and Prime Minister David Cameron.

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We are pleased by the continuing support from the Russian Government for this Group because their backing is crucial for its success. The UK and Russia can achieve a great deal together as partners, creating jobs, growth and prosperity for our countries – and the work of the Initiative and the development of Moscow as a financial centre will play a significant role.



**Alderman Roger Gifford**  
The Lord Mayor of the City of London  
Co-Chair of the MIFC Liaison Group

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The Russian MIFC Taskforce places great emphasis on examining leading world financial centres with the aim of identifying existing best practise. The experience of London in promoting financial services, and its history of openness in terms of welcoming business, is of great interest to our country. We are very grateful to the Lord Mayor of the City of London, TheCityUK and all participants and experts of the Liaison Group for their work.

### Alexander Voloshin

Head of MIFC Taskforce  
Co-Chair of the MIFC  
Liaison Group



## Opportunity

Our main aim is to ensure active involvement from practitioners in both Russia and the UK, offering TheCityUK's member firms direct access to the key industry participants in Russia.

The work of the JLG is structured around seven practitioner-led work-streams:

- Securities
- Derivatives
- Alternative Dispute Resolution
- Education, Training and Qualifications
- Regulation and Supervision
- Public Private Partnerships
- Branding, Marketing and Public Relations

The JLG is also looking forward to launching the Long-Term Finance Solutions stream in 2013.



The MIFC confirms the wider commitment of the international business community towards Moscow's development as a financial centre. As an established global centre itself, London has much to share in terms of expertise and experience. TheCityUK is delighted to be playing a key role in supporting Moscow at this pivotal time and working together to the long-term benefit of the Russian and UK financial and professional services sectors.

### Chris Cummings

Chief Executive  
of TheCityUK



Vnesheconombank is actively involved in creating an International Financial Centre in the Russian Federation. Chairman of Vnesheconombank Vladimir Dmitriev is a member of the MIFC International Advisory Board under the President of the Russian Federation. Deputy chairmen of Vnesheconombank head two Project Groups of MIFC Taskforce covering such areas as Administrative Procedures, Financial infrastructure and Financial Market Regulation. Vnesheconombank also provides coordination and serves as a secretariat for the work of the UK-Russia Liaison Group. The City of London is one of the leading international financial centres in the world and its experience is most valuable for our activity. I am confident that our bilateral cooperation in this area will not only contribute to developing MIFC but further promote trade and economic relations between Russia and the UK.

### Nikolay Kosov

Head of the International  
Investment Bank



# SECURITIES WORK-STREAM

An encouraging number of new business practices, meeting international standards, have taken root in Russia, making it easier for all to do business that will support Russia's privatisation programme and help Moscow flourish as an International Financial Centre.

The most notable accomplishment was the passing of the Central Securities Depository law on 1 January 2012 and the news on 6 November 2012 that the Russian financial markets regulator Federal Financial Markets Service granted the National Securities Depository (NSD) status as the country's Central Securities Depository (CSD). This is probably the most important liberalisation measure in the domestic market since the rouble became convertible. Implementation will bring greater efficiencies, transparency and lower risk to the securities markets through centralising and simplifying trading and post-trade services. It will help Russia compete on the international stage, and we look forward to the introduction of access for foreign nominee accounts and the approval of ICSDs, CSDs, and global custodians. We support and encourage the speedy development of a trade repository for financial products as proposed by the NSD. In April 2012 the NSD held its inaugural International Consulting Committee including representatives from Securities Stream member firms followed by a session in London at the end of November. We support the NSD's plans for change that will make accessing the Russian market easier for international institutions.

We would like to highlight the outstanding work Moscow Exchange senior management have done in engaging with the Securities Stream, including a presentation by Ekaterina Novokreshchenykh ahead of successful seminars organised by Moscow Exchange in London during April and November 2012. The seminars attracted over 200 participants and featured a broad spectrum of speakers from the investment community, who promoted Russia's attractive investment climate and rapidly improving financial regulations. We note Moscow Exchange delivered the introduction of its closing auction ahead of schedule and, through our parallel requests, FTSE led other index companies in the creation of an Index Industry Association that will co-ordinate the adoption of auction-driven closing prices within their indices series (this will be expedited by recognition of the Russian authorities that the Moscow Exchange closing auction become a record of reference). Plans to bring the settlement regime in-line with key international markets for the most liquid stocks and sovereign bonds in the first quarter of 2013 are welcomed by participants.

Russia is progressing steadily along the path of FTSE country classification towards potential promotion from a Secondary Emerging Country to Advanced Emerging and ultimately, Developed status. Since we discussed FTSE Country Classification at our June 2011 inaugural MIFC Joint Liaison Group, Moscow Exchange and NAUFOR coordinated answers to updated FTSE country questionnaires, which resulted in Russia earning more criteria upgrades than any other country. This is an excellent example of cooperation among Russian and UK counterparts. To build on the positive momentum, we encourage focus on the outstanding areas for improvement.

We also discussed measures to develop the Russian IPO/SPO market. It was encouraging to hear that disclosure will be permitted in English with IFRS financial statements and that steps will be taken to bring standards of disclosure and corporate governance in line with best practice. As a practical suggestion, we believe it would greatly facilitate the process of listing an issuer, in the context of an international IPO, if it is possible to use English as the working language for the review of the disclosure document prior to its approval.

We are aware NAUFOR has prepared a large-scale regulatory reform of securities registration and placement procedures that will make the Russian domestic primary market safer and more competitive. NAUFOR's work, commissioned by the MIFC Working Group, resulted in a number of amendments to the securities laws. We welcome this work and strongly encourage implementation of best global standards in Russia's primary market.



**Howard Snell,**  
Executive Chairman, Otkritie  
Chairman of the Securities Stream



**Robert Barnes,**  
CEO UBS MTF  
Managing Director, Equities

Figure 1. FTSE Country Classification quality of markets matrix shows Russia's positive progress in recognition.

FTSE operates a country classification structure within which countries are categorised as Developed, Advanced Emerging, Secondary Emerging and Frontier status within its global benchmarks. Russia currently is classified as Secondary Emerging.

Following the June 2011 inaugural Russia UK Moscow International Financial Centre Joint Liaison Group, Moscow Exchange became an enhanced point contact for FTSE by communicating updated evidence collected cooperatively from Moscow Exchange, NAUFOR – the National Association of Securities Market Participants in Russia, and relevant stakeholders including the legal and brokerage community. The positive result is that the March 2012 FTSE Country Classification Committee further upgraded ratings of Quality of Markets criteria, and the table below shows the advancement of the Russia market such that the number of 'Not Met's declined, i.e. improved, from 9 to 3 since the revised engagement in 2011 catalysed by the MIFC JLG.

Outstanding areas for improvement include:

'Formal stock market regulatory authorities actively monitor market'

'Fair and non-prejudicial treatment of minority shareholders'

'Non or selective incidence of foreign ownership restrictions'

CRITERIA	DEVELOPED	ADVANCED EMERGING	Sep 2012	Sep 2011	Sep 2010	SECONDARY EMERGING	FRONTIER
<b>World Bank GNI Per Capita Rating</b>			Upper Middle	Upper Middle	Upper Middle		
<b>Credit Worthiness</b>			Investment	N/A	N/A		
<b>Market and Regulatory Environment</b>							
Formal stock market regulatory authorities actively monitor market (e.g., SEC, FSA, SFC)	X	X	Restricted	Restricted	Pass	X	X
Fair and non-prejudicial treatment of minority shareholders	X	X	Not Met	Not Met	Restricted		
Non or selective incidence of foreign ownership restrictions	X	X	Not Met	Not Met	Not Met		
No objection to or significant restrictions or penalties applied to the investment capital or the repatriation of capital and income	X	X	Pass	Pass	Pass	X	X
Free and well-developed equity market	X	X	Restricted	Not Met	Not Met		
Free and well-developed foreign exchange market	X	X	Pass	Restricted	Not Met		
Non or simple registration process for foreign investors	X	X	Restricted	Restricted	Pass		
<b>Custody and Settlement</b>							
Settlement - Rare incidence of failed trades	X	X	Pass	Pass	Pass	X	X
Custody-Sufficient competition to ensure high quality custodian services	X	X	Restricted	Restricted	Pass	X	
Clearing & settlement - T + 3, T + 5 for Frontier	X	X	Restricted T+4	Restricted T+4	Restricted T+7	X	X
Stock Lending is permitted	X		Not Met	Not Met	Not Met		
Settlement - Free delivery available	X		Restricted	Not Met	Not Met		
Custody - Omnibus account facilities available to international investors	X	X	Restricted	Not Met	Not Met		
<b>Dealing Landscape</b>							
Brokerage - Sufficient competition to ensure high quality broker services	X	X	Restricted	Restricted	Not Met	X	
Liquidity - Sufficient broad market liquidity to support sizeable global investment	X	X	Pass	Pass	Pass	X	
Transaction costs - implicit and explicit costs to be reasonable and competitive	X	X	Pass	Pass	Pass	X	
Short sales permitted	X		Restricted	Restricted	Restricted		
Off-exchange transactions permitted	X		Pass	Pass	Pass		
Efficient trading mechanism	X		Pass	Pass	Pass		
Transparency - market depth information / visibility and timely trade reporting process	X	X	Pass	Pass	Pass	X	X
<b>Derivatives</b>							
Developed Derivatives Market	X		Restricted	Not Met	Not Met		

Source: [http://www.ftse.co.uk/Indices/Country\\_Classification/index.jsp](http://www.ftse.co.uk/Indices/Country_Classification/index.jsp)

# DERIVATIVES WORK-STREAM

We welcome the many infrastructure developments in the Russian derivatives markets over the past five years and believe the launch of the MIFC has provided focus and a development plan to grow the embryonic markets in an organised manner.

Recent changes to Article 1062 of the State Duma clarified that trading in derivatives is not gaming, defined the range of permitted products and recognised the efficacy of master agreements subject to registration at an approved trade repository. The introduction of such a repository and anticipated clean legal opinion as to the enforceability of the ISDA over derivatives transactions under Russian law and ISDA under various legal jurisdictions, including the Laws of England and Wales, will complete the regulatory and legal framework.

These foundations will support the development of a deep and liquid derivatives market and enable companies and banks to hedge and trade their exposures in a well regulated, secure environment. It will also allow for greater certainty as trades are matched and provide improved risk management to banks, their clients, regulators and supervisors alike.

We recognise the progress made on the above points. We also welcome the effective appointment of NSD as the trade repository for derivatives and support its ambitious project plan for the planned launch as the sole trade repository by the end of 2012. Even though the timeline is ambitious, we welcome it, as the introduction of Basel III at the start of 2013 will require offshore and domestic banks to apply a new regulatory risk capital charge, known as a Credit Valuation Adjustment (CVA), when dealing with international and Russian counterparties. In the absence of a clean legal opinion as to the enforceability of master agreements (itself dependent on the introduction of a functioning trade repository), 'close out netting' would not be enforceable and large regulatory capital charges will be applied to derivative and other OTC transactions which will act as drag on the development of a deep, secure liquid market. It could potentially lead to a schism in offshore and domestic markets given that the two are symbiotic.

The task of developing a trade repository across a wide range of OTC and exchange traded products is complex and in the West, where few exist, it has taken time. The detail surrounding transaction matching and attendant messaging, to and from participants and the regulators, is critical and could derail the timing of the project.

Following the introduction of a trade repository and the rollout of subsequent products, the issue of international recognition of the repository, as well as its interaction with other recognised trade repositories, will become crucial to the development of cross-border business. This issue was raised by our Russian colleagues at the MIFC liaison group meeting in July 2012 and we would like to make this a priority. In tandem, the further development of central clearing of OTC products in the Russian markets will come to the fore. A focal point, again raised at the meeting, is how central clearing counterparties in different jurisdictions can interact especially with regard to cross-border trading. We are keen to discuss this further.

Beyond the above steps, we would advise you that further reform is necessary. In particular the recognition and effectiveness of collateral in bankruptcy is essential. The use of collateral is crucial as banks minimise unsecured exposure to their counterparties and as regulators enforce and encourage its use, the introduction of Basel III will force a higher CVA charge on uncollateralized derivatives.

We would also recommend further work on the proper 'equipment' of the judiciary in order to be able to deal with the application of the law.

## Recommendations:

1. The Derivatives Committee welcomes and supports NSD's planned launch as the sole trade repository in November–December 2012. It also supports the use of master legal agreements under the Russian Civil code which should be enforceable soon upon receipt of a clean legal opinion leading to greater opportunities to trade and hedge risk and more efficient use of capital under Basel III when it is introduced in 2013.
2. The Committee believes that the guidelines, as proposed in the BIS consultative document: 'margin requirements for non-centrally-cleared derivatives', may have a fundamental negative impact in shaping the derivatives market in Russia. Participating organisations, including key international banks, law firms, academia and consultancies with specialist knowledge of the Russian and international derivatives markets, therefore produced a paper in September 2012 with suggestions to the Russian Central Bank and our Russian MIFC counterparts such that it could add value to their response.
3. The group would like to highlight that the effectiveness of collateral agreements in bankruptcy needs to be ensured for the Credit Support Annex to become effective and that the judiciary needs to be properly equipped to be able to deal with the complexities involved in the dispute resolution surrounding derivatives.

As we develop our markets in Western Europe we are keen to maintain this dialogue as Russian colleagues develop theirs. This has been a good start.



**Axel van Nederveen,**  
Chief Treasurer, EBRD  
Chairman of the Derivatives Stream



**Danny Corrigan,**  
Chicago Mercantile Exchange  
Chairman of TheCityUK Russia,  
CIS & Mongolia Group

# ALTERNATIVE DISPUTE RESOLUTION WORK-STREAM

The MIFC ADR group, has met on several occasions since being given its mandate in June 2011. It produced an Interim Report which was published in March 2012 and presented to a gathering of lawyers in London in May 2012. A broad range of attendees drawn from lawyers (UK and Moscow-based), judges, mediators and experts on international law attended the presentation of the interim report. They enjoyed a detailed exposition of the existing legal organs in Russia that could enable or block development of a dispute resolution service that can serve the international community.

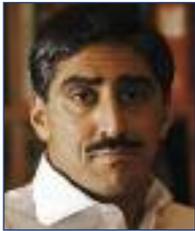
The findings were subsequently refined in a Final Report in June 2012 and presented to Alexander Voloshin and Russian MIFC counterparts in July 2012. We summarise our final recommendations and advice as follows:

1. A new financial court should be created in MIFC to resolve disputes arising out of financial transactions concluded within the framework of MIFC.
2. The financial court should also supervise all arbitrations conducted under the rules of the ADR institution of MIFC or International Commercial Arbitration Court (ICAC).
3. Special panels of judges at the Arbitrazh Court of the city of Moscow, the Federal Arbitrazh Court of the Moscow Region and the Supreme Arbitrazh Court should be designated to supervise all international arbitrations seated in Russia, irrespective of the actual city where the arbitration takes place.
4. The same panels should be made responsible for recognition and enforcement of all international arbitral awards which are subject to enforcement in Russia.
5. A new ADR institution should be created for resolving financial disputes arising out of transactions concluded within the framework of MIFC or, alternatively, significant changes should be introduced to the ICAC Rules and organisational structure so that it can be used as the vehicle for developing Moscow as a preferred seat of international arbitration.
6. Certain issues of concern relating to international arbitration in Russia, namely, arbitrability, interim measures and public policy, should be further addressed in legislation and the guidance of the Supreme Arbitrazh Court.
7. If ICAC is to be the vehicle for development of Moscow as a preferred seat of international arbitration, then steps such as the following should be taken:
  - (i) ICAC undertake reforms that will make it more attractive as an international institution by use of measures such as the following: the increase of foreign representation in its Presidium and in its list of arbitrators; by promoting flexibility in the choice of language for ICAC arbitration; by requiring neutral nationality of a sole arbitrator and the chairman of an ICAC tribunal; by removing the additional financial burden on a party appointing a foreign arbitrator;
  - (ii) the ICAC Rules be amended in a way which will make them more appropriate for high value, complex commercial disputes, including by way of increase of arbitrators' fees.
8. In time, training programmes for members of the Russian judiciary involved in international arbitration cases should be established with the involvement of leading international organisations and members of the legal profession and judiciary from other countries.

Finding the right solution will ultimately result in more international business being conducted with Russia and disputes being resolved on Russian soil. The challenges of evolving the existing Russian legal system at the speed with which the State seems to be supporting development of MIFC in, for example, the financial markets appears to leave limited options. Despite strengths of the existing legal system, it is perceived not to be well disposed to arbitration generally, nor robust enough to deal with the complex, high value, multilingual nature of international commercial disputes. Significant reform would therefore be required, which by its nature will take a long time.

The most viable option seems to be a new centralised Moscow court to supervise all Russian seated international commercial arbitrations and arbitral award, staffed with experienced international arbitrators that can deal with such cases. This is similar to the successful approach taken by Dubai. Grafting the new and the old cultures together then becomes the challenge but there are certainly enough bright and ambitious lawyers in Russia that will gravitate to this important feature of an international financial centre to ensure its long-term success.

The ADR work-stream remains available to assist further, as required, and is awaiting guidance from the Russian authorities on whether it should provide any further input.



**Khawar Qureshi QC,**  
Chairman of the Alternative Dispute Resolution Stream

# EDUCATION, TRAINING AND QUALIFICATIONS WORK-STREAM

The Education, Training and Qualifications (ETQ) work-stream and its Russian counterpart, the Financial University\*, have taken great strides forward since becoming formally involved in the MIFC Taskforce in July 2012. This reflects the strong Russian commitment to education and training, and the readiness of UK participants to become involved in this important project.

In Moscow, it has had extensive contact with key Russian groups – regulators, employers' organisations and training institutions – to help develop a professional qualifications programme for MIFC which is appropriate both for the Russian market and regulators and for the global financial community. Simultaneously, it is developing strong links with appropriate UK universities, including, in London, Cass Business School and King's College.

The adoption in summer 2012 by the Russian Union of Industrialists and Entrepreneurs of proposals for a national plan for the development of professional standards by 2015 is particularly timely. The ETQ stream is already in constructive dialogue with the National Agency for Development of Qualifications, which is leading the development of the vocational education programme.

## Strong ETQ tradition

The UK has a strong tradition in financial professional ETQ, covering accountancy, banking, investment and securities, and other sectors. There is already keen interest in UK qualifications in Russia. The ACCA, for instance, one of the quartet of professional bodies\*\* involved in the initial stage of this project, already has some 1,700 members and 7,000 students in Russia. The Chartered Bankers Institute has extensive experience in central and Eastern Europe. Full ICAEW professional training has been available in Moscow since 2007 and in September 2012 an ICAEW mission including its Executive Director visited Moscow where it met the Head of the Accounting Department at the Ministry of Finance. Industry professionals in Moscow have been taking the Chartered Institute for Securities & Investment's globally-recognised qualifications in ever-greater numbers. In July 2012, I had productive discussions on behalf of the quartet with amongst others, Mr Dmitry Pankin, Head of the Federal Financial Markets Service.

There is a clear desire on the part of both students and their employers to gain globally-recognised professional qualifications, a cornerstone in the development of any international financial centre. Students for all of our exams are supported in Moscow by some excellent training provision, both in the public sector, through universities and private sector firms, both national and global.

The British professional bodies' involvement in the development of international financial centres has been particularly helpful in countries where regulators have encouraged their communities – by endorsement and by mandating examinations and professional membership – to engage with global bodies. The UK professions have extensive experience of working with regulators in many markets, both developed and developing, in helping deliver effective regulation.

## Ten-point action plan

The programme coordinators, Mr Oleg Preksin in Moscow and Mr George Littlejohn in London, have created a ten-point action plan with colleagues in both centres to help develop an education, training and professional qualifications programme for the MIFC which is appropriate both for the Russian market and regulators and for the global financial community:

1. To conduct a survey of existing skills levels and future requirements
2. To initiate partnerships between the Financial University and appropriate British universities
3. To develop vocational training and qualification programmes for global finance personnel in the MIFC firms
4. To help establish work experience programmes in London for Moscow financial professionals

5. To enhance similar links between regulatory and ministry officials in London and Moscow
6. To evaluate current Russian certifications for banking and financial market employees and recommend developments
7. To facilitate cooperation arrangements between professional bodies in Russia and the UK
8. To introduce lectures and train-the-trainer events by UK professionals in Moscow, with an emphasis on the development of e-learning opportunities
9. To assist with the eventual creation of a Higher MIFC School in the Financial University in association with appropriate UK institutions
10. To create a Russian market awareness and education programme in the UK.

## Next steps

The most important next step at the outset of 2013 is to ensure there are appropriate resources to help develop each of these into concrete actions. A further key objective is to ensure that senior regulators – at the Central Bank of Russia, the Federal Financial Markets Service and the Ministry of Finance – and those responsible for the development of qualifications at both the Council of the Federation and the National Agency for Development of Qualifications are fully involved in and supportive of the likely ETQ requirements to ensure the swift and successful development of the MIFC.



**Simon Culhane**, Chartered FCSI  
CEO, Chartered Institute for Securities & Investment  
Chair of the Education, Training and Qualifications Stream

\* The Financial University under the Government of the Russian Federation

\*\* Association of Chartered Certified Accountants, Chartered Banker Institute, Chartered Institute for Securities & Investment, Institute of Chartered Accountants in England and Wales.

# REGULATION & SUPERVISION WORK-STREAM

The work of the Regulation & Supervision work-stream (formerly the Regulatory & Administrative Environment (RAE) work-stream) was the subject of a Report that was finalised in May 2012, in advance of the third Meeting on the MIFC Liaison Group on 2 July 2012. It examines the overall RAE framework in the context of the MIFC and identifies key determining factors for the effective development of financial markets in Moscow. These included the features of the regulatory and supervisory system that need to accompany these factors, taking into account relevant international frameworks.

In discussion at the Joint Liaison Group and at the Lord Mayor's meeting on 3 July 2012 with Mr Dmitry Pankin (Russian Federal Financial Markets Service (FFMS)) it was noted that the work-stream was potentially very wide-ranging. Arrangements were made for to liaise with our Russian counterparts (Mr Sergey Vasilyev of Vnesheconombank and Ms Oxana Shpakovskaya of FFMS) to in order to identify subjects that the Russian side regarded as necessary, timely and useful. Subsequent exchanges have confirmed that the Russian side would prefer the work-stream to be confined to Regulation & Supervision.

The Russian authorities initiated a review of financial market regulation in Russia and are considering several proposals for creation of a so-called financial 'mega-regulator'. Scenarios under consideration include the FFMS joining the Central Bank, the Central Bank creating a separate agency with delegated FFMS powers and extending the authority of the FFMS.

Given the importance of the appropriate regulatory and supervisory framework for the long-run development of Moscow as an IFC, the Russian authorities made a request for the group to provide an international perspective on the optimal financial market regulatory framework in Russia. The UK side remains available to assist and looks forward to identifying the precise subjects on which the Russian side would wish the work-stream to focus at the fourth Liaison Group meeting on 11 December 2012.



**John Cooke,**

Chairman of TheCityUK Liberalisation of Trade in Services (LOTIS) Committee  
Chairman of the MIFC Regulation & Supervision Stream

# PUBLIC PRIVATE PARTNERSHIPS WORK-STREAM

Using Public Private Partnerships (PPP) procurement could be an important tool in helping to deliver the necessary physical infrastructure for the MIFC. In April 2012 the London side of the Liaison Group sent Vnesheconombank a series of questions designed to clarify the situation in Russia pertaining to current PPP laws, structures and experience. Vnesheconombank has produced two very helpful papers as a result, providing the basis for further discussion and consultation between UK PPP practitioners familiar with the Russian market and those working with the authorities in Moscow. The first paper examines the various PPP models that are available to government bodies in Russia and looks at how these can be funded. The second paper is a useful summary of PPP and other dependant legislation in Russia.

After the third meeting of the MIFC Joint Liaison Group in July 2012, I was appointed as the new UK Chairman of the PPP Work-Stream. I have 23 years' experience of working in Russia across a number of sectors. I joined Berwin Leighton Paisner's London office in December 2011 from a magic circle law firm where I had been heavily involved in Russian PPP projects. I have strong links with a host of Russian businesses and significant local project finance experience spanning the Infrastructure, Oil & Gas, mining and Power sectors. My local experience also includes advising on high profile projects such as South Stream Gas Pipeline, Trans-Balkan Oil Pipeline, Akkuyu nuclear power plant, Belene NPP, Shtockman LNG, Nadex PPP, Pulkovo airport, Samara airport, Yanino waste PPP, Moscow-St. Petersburg road PPP, various M&As, joint ventures and strategic alliances in Europe and Russia.

The UK side of the Liaison Group is working closely with Vnesheconombank and Alexander Bazhenov, the Russian Chairman of the PPP work-stream, to support the development of an efficient PPP mechanism for the construction of a physical IFC in Moscow and looks forward to receiving the MIFC PPP project proposal, which Vnesheconombank is currently finalising.



**Andrei Baev,**

Partner, Project Finance, Berwin Leighton Paisner  
Chairman of the PPP Work-Stream

# BRANDING, MARKETING AND PR WORK-STREAM

I had a meeting with Senator Mikhail Margelov in London in September 2012 to review global communications plans for the MIFC. Following extensive deliberations, comprehensive communications recommendations for the MIFC, which incorporate a number of changes and amendments, have been resubmitted to Senator Margelov and Nikolai Kosov. These recommendations include a time plan for activities starting in 2013, across a number of jurisdictions, to ensure the rollout reflects upcoming political events in the international calendar, such as the composition of a new United States administration. We have also included extensive advice around a digital and online media strategy.

At the request of Senator Margelov, we have refined the target markets, which are now more focused on emerging economies and other regions. The programme incorporates full rollout in the following order across: Russia and CIS, UK and Europe; MENA, Israel and Africa; APAC and Latin America and the US, respectively.

The initiatives which we have advised on in the presentation include: branding, marketing, corporate communications and media relations; international networking; event management and organisation; digital and online campaigning; corporate social responsibility; and high level political engagement.

We also recommend that the MIFC acts to win new, and mobilise existing, 'Russian champions', who would promote Moscow and its products in the international financial and professional services industry to the global investment community. This will ensure the MIFC leaves a positive legacy to the benefit of Russia's wider corporate image and reputation, as well its economic development.

We have recommended the international campaign be based on the following messaging which will start to position Moscow as a regional and international financial centre:

- Major new investment opportunities for international firms;
- Growing economy during a period of global stagnation and recessions;
- Strategic geographic location;
- Proven record of major international firms operating successfully
- Open access to and from Russian financial markets;
- Lifting of capital controls and liberalised FX, securities and derivatives market;
- Improving corporate governance standards;
- Low tax, low debt environment;
- Extensive, multi-billion dollar privatisation programme;
- Planned liberalisation of the Russian state and private pensions market.

In conclusion, the progress made by our counterpart work-streams now provide the fundamental platforms for a positive international communications campaign in all the specific target markets to help establish Moscow's corporate reputation across the full range of financial, professional and investor communities.



**David W B Burnside,**  
Chairman, New Century Media  
Chairman of the Branding, Marketing and PR Stream

# MIFC JOINT LIAISON GROUP STRUCTURE CHART

## Co-Chairmen

Alderman Roger Gifford, The Rt. Hon. The Lord Mayor  
Mr Alexander Voloshin

## Deputy Co-Chairmen

Mr Nikolay Kosov, Head of the International Investment Bank  
Alderman Fiona Woolf CBE

## United Kingdom

### Danny Corrigan

Chicago Mercantile Exchange  
Chairman of TheCityUK Russia CIS & Mongolia Group

### Chris Cummings

CEO, TheCityUK  
Chairman, MIFC Executive Board

### Stuart Lawson

Executive Director and Senior Advisor,  
Ernst and Young, Russia and CIS  
Vice Chairman, TheCityUK Russia, CIS & Mongolia Group

### Axel van Nederveen

Chief Treasurer, EBRD  
Chairman of Derivatives Work-Stream

### Howard Snell

Executive Chairman, Otkritie  
Chairman of Securities Work-Stream

### Robert Barnes

CEO UBS MTF  
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### Andrei Baev

Partner, Benwin Leighton Paisner  
Chairman of PPP Work-Stream

### John Cooke

TheCityUK LOTIS Committee  
Chairman of Regulation and Supervision Work-Stream

### David Burnside

Chairman, New Century media  
Chairman of Branding, Marketing & PR Work-Stream

### Khawar Qureshi QC

TheCityUK Legal Services and Dispute Resolution Cttee  
Chairman of ADR Work-Stream

### Simon Culhane

CEO Chartered Institute for  
Securities and Investments  
Chairman of Education, Training and Qualifications  
Work-Stream

### George Littlejohn

Senior Adviser, CISI  
Coordinator ETQ Work-Stream

## Russian Federation

### Ekaterina Novokreshchenykh

Managing Director, Member of the Executive Board,  
Moscow Exchange MICEX-RTS

### Mikhail Margelov

Chairman of the Committee on Foreign Affairs of the  
Federation Council of the Russian Federation

### Eddie Astanin

Chairman of the Executive Board,  
National Settlement Depository

### Alexey Timofeev

Chairman of the Executive Board of the Russian National  
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### Sergey Vasiliev

Member of the Board, Deputy Chairman,  
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### Alexander Bazhenov

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