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## **Russia's Micex, RTS Likely To Finalize \$4.8Bln Deal In Days**

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MOSCOW (Dow Jones)--Russia's main exchanges, the Micex Group and the RTS, are expected to finalize a tie-up within days that would value the combined bourse at \$4.8 billion and set the stage for an initial public offering by mid-2013, according to an RTS vice chairman and major shareholder.

The exchanges, whose owners include the Bank of Russia, UniCredit SpA, and various Russian banks and brokerages, will also work to attract a foreign partner, most likely Deutsche Boerse AG (DB1.XE), according to Oleg Jelezko, the managing partner of Da Vinci Capital, which oversees a 20% stake in the RTS.

Russia wants to boost its image as a financial center and attract foreign investment, but some equity investors have been driven to buying Russian equities on the London Stock Exchange because there is no national depository for shares in Moscow as well as other concerns.

A deal between the Micex, home of most of Russia's equity and currency trading, and RTS, known for its derivatives and investor-friendly clearing, would allow the combined group to lobby the government for a single, centralized depository and other investor-friendly rules and institutions.

"When we create a better, more friendly environment for international investors, there will be bigger flows in the local shares," Jelezko said in a telephone interview. Trading of Russian shares in London will "decrease in relative if not absolute terms."

Under the deal, the RTS will be valued at \$1.2 billion, and its shareholders will receive a single Micex share for every three RTS shares, Jelezko said. Alternatively, rather than getting only Micex shares, RTS shareholders may elect to receive up to 35% of the payment in cash, Jelezko said. RTS shareholders will also have a put option to sell the shares back if the combined exchange doesn't go public by June 30, 2013, he said.

After signing an agreement in coming days, Micex and RTS shareholders are expected to formally approve the deal at shareholder meetings in early August, Jelezko said. The combined exchange will hire a marketing firm to develop a new name.

Deutsche Boerse (DB1.XE) has declined to comment on a partnership or equity deal with the Russian exchanges in the past, but a spokesman said in February that the German exchange is following the developments in Russia with great interest.

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