

The background of the slide is a vibrant blue, featuring a close-up, underwater view of water with light rays and bubbles, creating a textured, shimmering effect.

Russian and IOB Equity Derivatives

May 2010



Contents

1. Introduction

1. EDX and the international offering
2. London Stock Exchange International Order Book
3. Service Performance

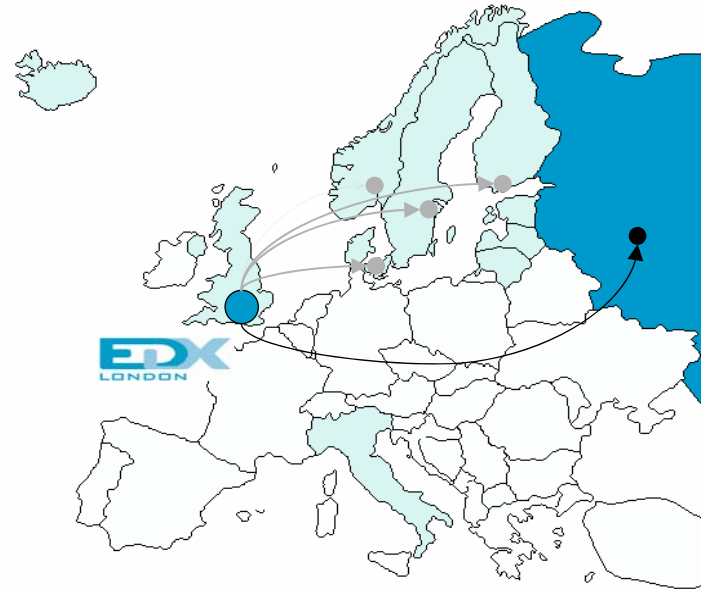
2. Service Description

1. Products traded
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EDX London: Gateway to Russian and emerging market derivatives

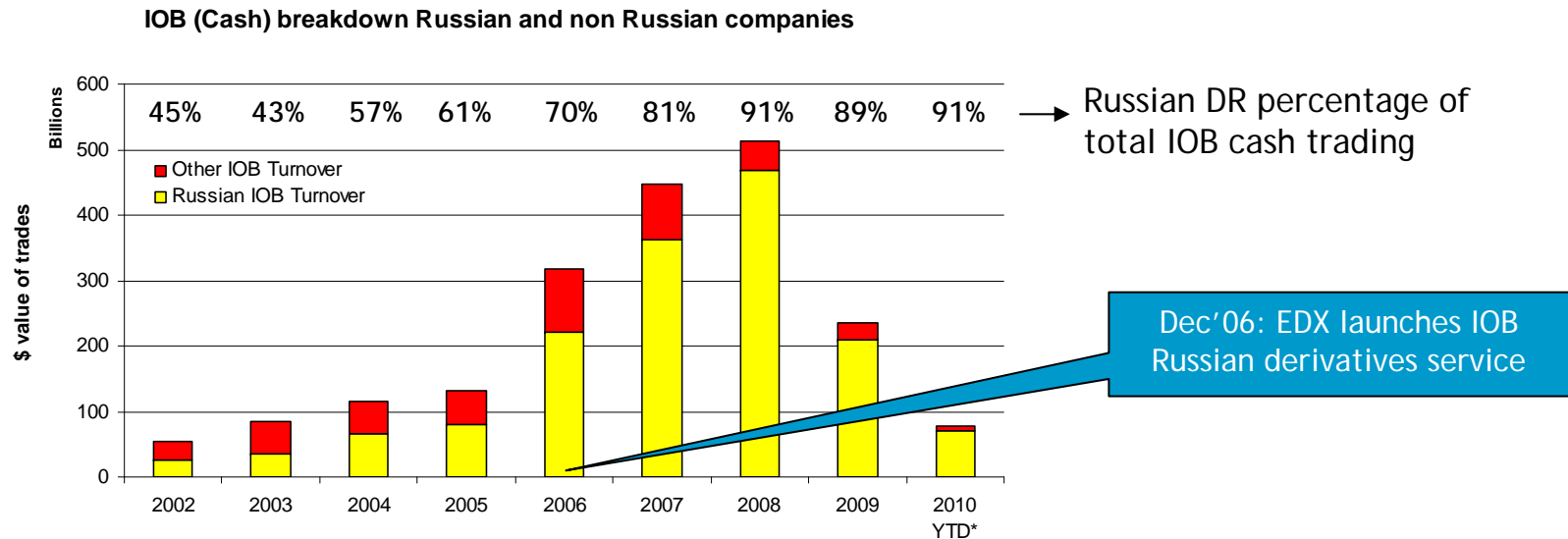
- The international offering at EDX comprises derivative contracts based on
 - Depository receipts (DRs) listed on the London Stock Exchange's International Order Book (IOB)
 - FTSE Russia IOB index
- Designed and launched in close consultation with major European and Russian institutions
- Service **improves global access** to the Russian derivatives market, standardises market operations and provides certainty to investors through Exchange & Clearing services



- Trading is conducted through electronic order books with obligated market makers guaranteeing liquidity through standardised contracts
- Derivative trades negotiated in the OTC market can also be reported to EDX London to benefit from exchange & clearing house efficiencies

Russian DRs on the London Stock Exchange's IOB

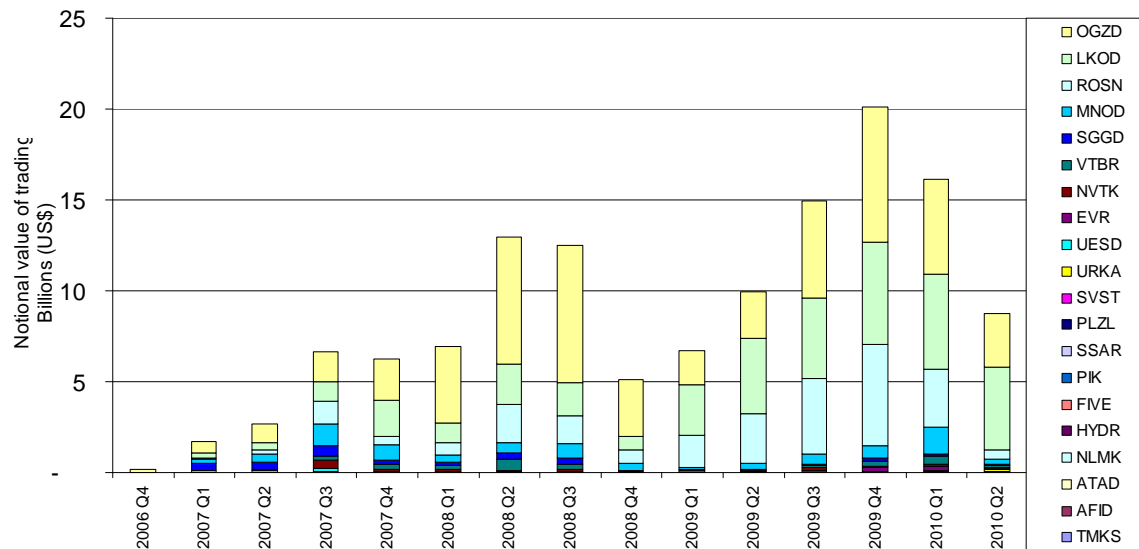
- The London Stock Exchange's International Order Book is the marketplace for the trading of depositary receipts of companies from over 40 countries
- Russian companies account for the vast majority of trading on the IOB, averaging 82% over the last 4 years
- Russian derivatives at EDX leverage this growth on the LSE



EDX is the marketplace for derivatives on Russian single stocks

- Since launch EDX have cleared trades in over 20 Russian IOB names
- In excess of 65m contracts/\$122bn notional traded since launch
- Notional value traded in October 2009 was \$8.3bn, with over 4.8m contracts traded **RECORD MONTH**
 - Q1 2009 vs Q1 2010 - Single stock options
 - Notional Value has increased by 160% from \$6bn to \$15.2bn

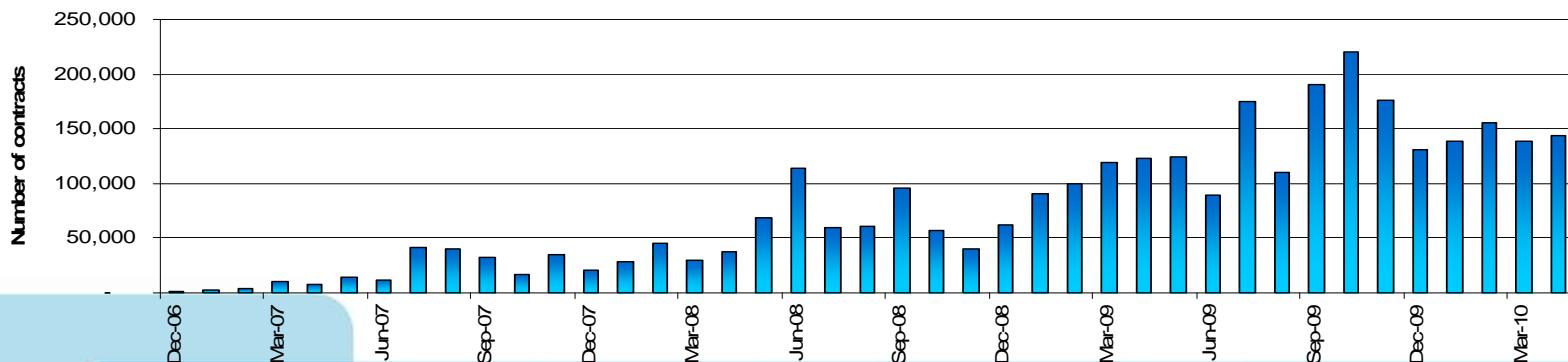
Derivative notional value traded by underlying DR



EDX is the market of choice for derivatives on Russian companies

- Widespread service usage with over 25 global (including Russian) clients trading
- Volume highlights:
 - Sept'09 ADV = 189,870
 - Oct'09 ADV = 220,278 **RECORD ADV**
 - Nov'09 ADV = 176,612
- Average of nearly 3 million contracts per month in 2009
- 4.8 million traded in October 2009 **RECORD VOLUME**
- Since launch in December 2006, EDX has attracted a significant number of market participants from Western Europe and Russia with over 38 million contracts traded by these members
- EDX's market share in Russian options was more than 88% for 2009
- This figure is currently 95% of all exchange cleared Russian stock options in 2010

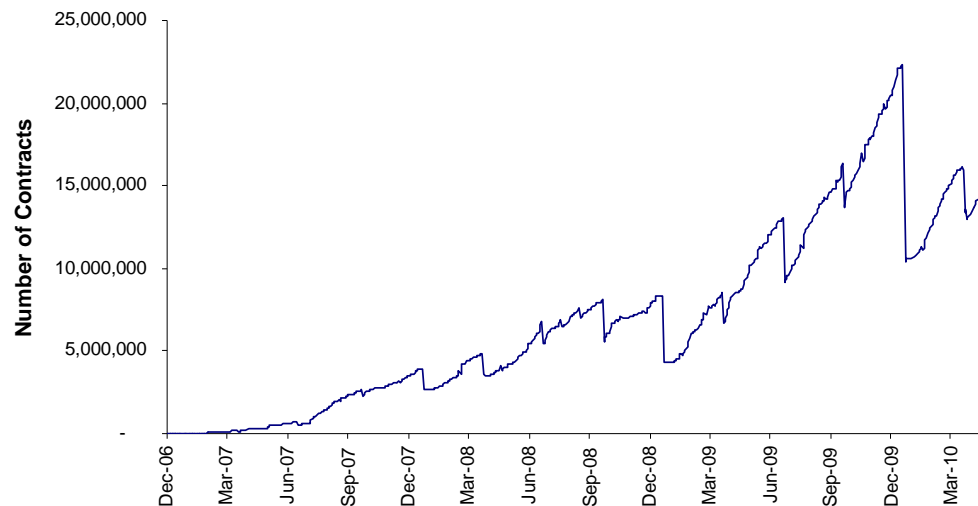
IOB average daily volume since service launch



Sustained open interest growth

- Open interest on our IOB Service has been increasing steadily
- In the past quarter, open interest has increased by 5 million contracts, reaching over 15.2 million
- Open interest peaked at over 22.3m, prior to the Dec'09 expiry

Open Interest on TM and Standardised Series since launch



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Overview of products traded

- FTSE Russia IOB index options and futures
 - Order book trading available
 - Expire quarterly
 - Maturities of 3, 6, 9 and 12 months

- Equity options and futures* on 34 DRs traded on LSE's IOB market
 - 25 Russian
 - 6 Kazakhstan
 - 3 (Egypt, India, South Korea)

- Equity options and futures on 2 UK listed shares traded on LSE's Main Market
 - Kazakhmys
 - Eurasian Natural Resources

Overview of the 15 FTSE RIOB constituents**	
DRs	Service level
1. Gazprom	<ul style="list-style-type: none"> • Order book trading with market maker commitments • Additional listed strikes available on request • Tailor Made Service
2. Lukoil	
3. Norilsk Nickel	
4. Surgutneftegaz	
5. Rosneft	
6. Tatneft	<ul style="list-style-type: none"> • Tailor Made Service
7. Gazpromneft	
8. Novatek	
9. Novolipetsk Steel	
10. VTB Bank	
11. Sistema	
12. Urakali	
13. Evraz Group	
14. Severstal	
15. Magnitogorsk Iron & Steel Works	

* For a full list of EDX underlyings please refer to the appendix at the end of this presentation

** Correct constituents as of March 2010 quarterly review

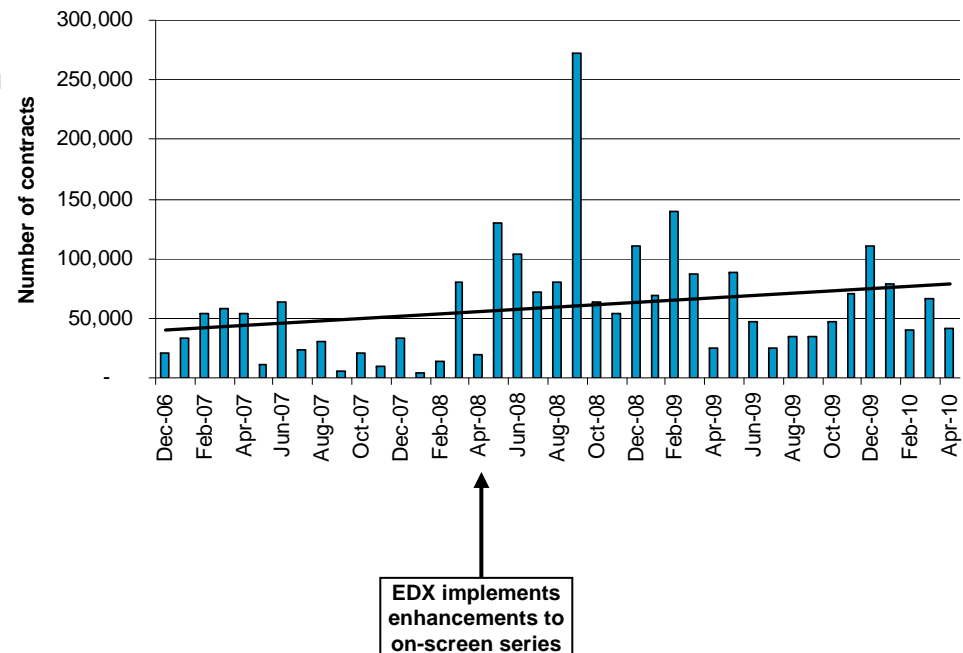
IOB derivatives market features

On-exchange benefits	Market Place Service	Central Counterparty
<ul style="list-style-type: none"> • Shared rulebook • Dedicated market supervision team • Centralised on-screen marketplace 	<ul style="list-style-type: none"> • EDX broker desk • All IOB underlyings are accessible through MPS • Assist trading, execution and price discovery 	<ul style="list-style-type: none"> • LCH.Clearnet is CCP to all trades • Reduced credit risk exposure for participants • Netting and novation
On-Request service	Tailor-Made service	On-screen liquidity
<ul style="list-style-type: none"> • Facility to list additional standardised strikes intra-day • Facility to add additional IOB stocks to the service, subject to LCH and EDX approval 	<ul style="list-style-type: none"> • Exchange 'Cleared only' facility with OTC benefits • Flexible expiration, strike (2 dp) and premium (4 dp on single stock) • Available on all of EDX's IOB underlyings 	<ul style="list-style-type: none"> • Facilitated by market makers and MPS • Large international participant base • Introduction of enhanced SOLA platform in November 2009

Strengthening on-screen order book

- Enhancements to market maker obligations in April 2008, including
 - Increased minimum quoting sizes
 - Tightened strike price intervals
- **High growth** in May 2008, sustained through economic crunch.
- Over 270,000 contract traded on-screen in September 2008 **RECORD VOLUME**
- In the last 12 months an average of 55,000 lots have traded per month
- 5 standardised order book traded futures and options
 - Expiry every month
 - Maturities of 3, 6 and 12 months

On-screen volume in Russian DR derivatives



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For further information

- about EDX London please visit www.edxlondon.com
- about the FTSE Russia IOB index visit www.ftse.com/iob
- about IOB visit www.londonstockexchange.com/iob

IOB underlyings list

	Underlying	Short Name	Bloomberg	Reuters	ISIN	Settlement Venue
Russian	FTSE RUSSIA IOB INDEX	RIOB	RIOB <Index>	.FTRIOB	GB00B1G6XL00	
	LUKOIL	LKOD	LKOD LI <Equity>	LKOHq.L	US6778621044	Euroclear
	SURGUTNEFTEGAZ	SGGD	SGGD LI <Equity>	SNGSyq.L	US8688612048	Euroclear
	MMC NORILSK NICKEL	MNOD	MNOD LI <Equity>	NKELYq.L	US46626D1081	Euroclear
	OAO GAZPROM	OGZD	OGZD LI <Equity>	GAZPq.L	US3682872078	Euroclear
	OJSC ROSNEFT	ROSN	ROSN LI <Equity>	ROSNq.L	US67812M2070	Euroclear
	AFI DEVELOPMENT	AFID	AFID LI <Equity>	AFIDLq.L	US00106J2006	Euroclear
	AO TATNEFT	ATAD	ATAD LI <Equity>	TATNxq.L	US6708312052	Euroclear
	COMSTAR - UNITED TELESYSTEMS	CMST	CMST LI <Equity>	CMSTq.L	US47972P2083	Euroclear
	EVRAZ GROUP S.A.	EVR	EVR LI <Equity>	HK1q.L	US30050A2024	Euroclear
	X5 RETAIL GROUP N.V.	FIVE	FIVE LI <Equity>	PJPq.L	US30050A2024	Euroclear
	GAZPROM NEFT	GAZ	GAZ LI <Equity>	SIBNq.L	US36829G1076	Euroclear
	RUSHYDRO	HYDR	HYDR LI <Equity>	HYDRq.L	US4662941057	Euroclear
	MAGNITOGORSK IRON & STEEL	MMK	MMK LI <Equity>	MAGNq.L	US5591892048	Euroclear
	NOVOROSSIYSK SEA PORTS	NCSP	NCSP LI <Equity>	NCSPq.L	US67011U2087	Euroclear
	OJSC NOVOLIPETSK STEEL	NLMK	NLMK LI <Equity>	NLMKq.L	US67011E2046	Euroclear
	OAO NOVATEK	NVTK	NVTK LI <Equity>	NVTKq.L	US6698881090	Euroclear
	OJSC PHARMSTANDARD	PHST	PHST LI <Equity>	PHSTq.L	US7171402065	Euroclear
	PIK GROUP	PIK	PIK LI <Equity>	PIKq.L	US69338N2062	Euroclear
	POLYUS GOLD	PLZL	PLZL LI <Equity>	PLZLq.L	US6781291074	Euroclear
	ROSTELEKOM	RKMD	RKMD LI <Equity>	ROSyq.L	US7785291078	Euroclear
	SISTEMA JSFC	SSA	SSA LI <Equity>	SSAq.L	US48122U2042	Euroclear
	OAO SEVERSTAL	SVST	SVST LI <Equity>	CHMFq.L	US8181503025	Euroclear
	OAO TMK	TMKS	TMKS LI <Equity>	TRMq.L	US87260R2013	Euroclear
	URALKALI	URKA	URKA LI <Equity>	URKAq.L	US91688E2063	Euroclear
	JSC VTB Bank	VTBR	VTBR LI <Equity>	VTBRq.L	US46630Q2021	Euroclear

IOB underlyings list

	Underlying	Short Name	Bloomberg	Reuters	ISIN	Settlement Venue
Kazakh	JSC HALYK SAVINGS BANK OF KAZAKHSTAN	HSBK	HSBK LI <Equity>	HSBKq.L	US46627J3023	Euroclear
	JSC KAZKOMMERTSBANK	KKB	KKB LI <Equity>	KKGBYq.L	US48666E6086	Euroclear
	JSC KAZMUNAIGAS EXPLORATION PROD	KMG	KMG LI <Equity>	KMGq.L	US48666V2043	Euroclear
	KAZAKHGOLD GROUP LD	KZG	KZG LI <Equity>	KZGq.L	US48667H1059	Euroclear
	KAZAKHMYS	KAZ	KAZ LN <Equity>	KAZq.L	GB00B0HZPV38	Crest
	EURASIAN NATURAL RESOURCES	ENRC	ENRC LN <Equity>	ENRCq.L	GB00B29BCK10	Crest
Egyptian	ORASCOM TELECOMS	OTLD	OTLD LI <Equity>	OTLDq.L	US68554W2052	Euroclear
South Korean	SAMSUNG ELECTRONICS	SMSN	SMSN LI <Equity>	SMSNq.L	US7960508882	Euroclear
Indian	RELIANCE INDUSTRIES	RIGD	RIGD LI <Equity>	RIGDq.L	US7594701077	Euroclear