

Clearing Systems to Have Greater Debt Auction Access

By [The Moscow Times](#)

July 30, 2012

The  **Moscow Times**

Russia will allow Euroclear Bank and Clearstream International direct access to domestic corporate debt when a central depository begins working in about two months, Finance Minister Anton Siluanov said.

"The first stage is to allow Euroclear and Clearstream into our domestic market for bonds, whether they're state or private," Siluanov told reporters in Moscow on Monday. Transactions can begin "as soon as the depository starts working," he said.

Russia, the world's largest energy exporter, is seeking to lower its borrowing costs by allowing foreign investors direct access to debt auctions.

Holdings of the Russian sovereign ruble bonds known as OFZs by nonresidents may rise from about 6 percent to 30 percent of the 3.1 trillion ruble (\$97 billion) total once Euroclear, which runs the largest bond-settlement system, and Clearstream gain access, according

to VTB Capital.

"We're expecting positive implications," Siluanov said. "It's important for us that there be greater access and greater possibilities for foreign investors to buy our state bonds without all of the associated obstacles."

Siluanov said last month that talks were continuing on the timing for granting Euroclear and Clearstream access to the corporate debt market.

Martin Gregson, a Brussels-based spokesman for Euroclear, said Monday that the company hadn't been given any new guidance on the timing for access to companies' ruble bonds.

Russian ruble bonds have returned 6.4 percent so far this year, compared with a 16.3 percent gain for local Brazilian debt, according to JPMorgan Chase EMBIG indexes.

Russia plans to sell another 850 billion to 900 billion rubles of debt this year to reach the planned target of 1.3 trillion rubles in gross sales, Siluanov said.

Plans to open Russia's securities market fully to international clearing systems stalled after objections from local competitors worried about losing business to global platforms.

"We think it shouldn't be a question of competitive advantages," Siluanov said. "If we want to talk about competition in the market, then it should be clear, transparent, and most important, it should be more convenient for the investor."

Allowing foreign depositaries like Euroclear access to the domestic debt market may lead to investors outside Russia increasing their holdings to about 40 percent of the government ruble bond market "over the years," Philippe Laurensy, Euroclear's head of sales for central and northern Europe in Brussels, said in a June 29 phone interview.

The company expects to start processing OFZ trades as early as September, Laurensy said at the time.

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