



КОМИТЕТ
ГОСУДАРСТВЕННЫХ
ЗАИМСТВОВАНИЙ
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МОСФИН  АГЕНТСТВО

Development of Moscow as International Financial Center

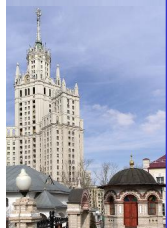




Development of Financial Center

Formation of international financial center in Moscow is a continuous social and historical process inseparably linked with the economic development of the world and Russia as its integral part.

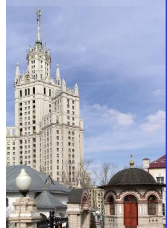
Without progressive and dynamic development of the Russian economy the development of international financial center in Moscow is impossible. Moreover, the role of the future financial center in Moscow will tightly correlate with the City's economic position in the world.





Financial Center in Russia

1. Development of international financial center in Russia must correspond to the country's economic requirements. There is a need to diversify sources of financing of state and private sector development needs in Russia.
2. Development of Moscow as financial center has already made it the gateway to Russian market, facilitating the country's economic development.





Key Objectives of Development of IFC in Moscow

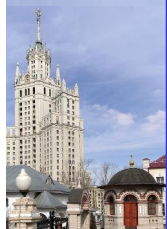
- Development of environment for meeting demand for top-quality financial services from Russian and foreign companies
- Formation (on the base of clients' demand) of an institutional cluster consolidating stock exchanges, banks, legal firms and other institutions shaping necessary infrastructure for provision of financial services
- Provision of services not only to those who intend to enter the Russian market and raise the Russian capital, but also to those who plan to invest in Russia
- Formation in Russia a center for transnational financial operations (at the first stage with countries–members of CIS)





Preconditions for Development of Financial Center

1. Sound financial system, including:
 - Liquid market and absence of man-made barriers between various market segments
 - Absence of protection barriers and discrimination of foreign market participants and as the result – wide presence of international financial companies
2. Adequate financial governance and control
3. High quality “human capital” in financial field
4. Advanced telecommunications
5. Modern and constantly developing IT infrastructure capable of meeting growing demands of global financial companies, requirements of trading platforms etc.
6. Dynamically developing national (regional) economy generating demand for top-quality financial services

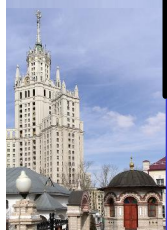




Russia's Competitive Position

(WEF Global Competitiveness Index 2009-2010)

Factor	Rank of 133
Institutions	114
Goods market efficiency	108
Infrastructure	71
Health and primary education	51
Higher education and training	51
Macroeconomic stability	36

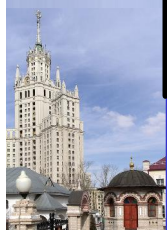




Russia's Competitive Position (cont.)

(WEF Global Competitiveness Index 2009-2010)

Factor	Rank of 133
Financial market sophistication	119
Business sophistication	95
Technological readiness	74
Innovation	51
Labor market efficiency	43
Market size	7



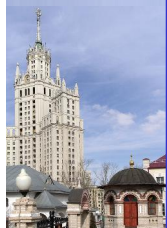


Reforming of financial regulations

Global financial crises requires to revise the existing standards for financial market regulation.

Key areas of reform:

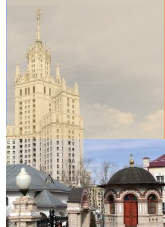
- monitoring and control of systemic risks
- increase in banks' capitalization and decrease in leverage
- protection of consumers on financial markets
- introduction of derivative OTC market regulations
- supervision and regulation of hedge funds





Expected changes in financial services regulation

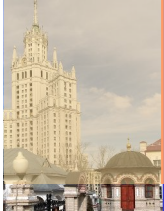
	Systemic risk	Bank capital
US	The Federal Reserve would be charged with monitoring large financial companies that they are not putting the entire system in danger through their balance sheets.	Raising capital requirements. All financial institutions will have to hold more capital and use less leverage. The US administration is committed to tightening the rules internationally.
EU	Creation of a systemic risk council to assess and warn of threats to financial stability in the region, and a new system of financial supervisors which will oversee banks and financial firms.	Similar to US propositions





Expected changes in financial services regulation (cont.)

	Consumer protection	OTC derivatives
US	Creation of Consumer Financial Protection Agency to protect consumer purchasers of all financial products not already regulated by SEC, incl. mortgages, credit cards, insurance annuities.	“Standardized” OTC derivative legislation will require transactions to be processed through clearing houses, which step in when a party to a trade defaults.
EU	The Commission has proposed stricter requirements for the custodians of retail investment funds that could make it easier for investors to recover money in cases of fraud or fund collapses.	Encompass exchange-traded derivatives. Good co-ordination between EU and USA on this point.





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Practical measures for development of Moscow International Financial Centre





Measures Implemented at the Federal Level

(Russian Government resolution No 911-R)

- Financial infrastructure development
- Introduction of new financial instruments
- Attraction of new participants to financial market
- Improvement of financial regulations and corporate governance
- Development of social and business infrastructure
- Improvement of taxation on financial market
- Enhancement of competitiveness of the Russian economy





Measures Implemented at the City's Level (Moscow Government Resolution No 445-GR)

- Development of proposals on improvement of financial market's institutional base
- Development of non-financial infrastructure of IFC in Moscow, including:
 - 1) development of transport infrastructure
 - 2) development of power, heating and water supply systems
 - 3) concentration of IFC institutions in Moscow
 - 4) creation of favorable environment for foreign nationals working in financial sector and other sectors of the Russian economy
 - 5) improvement of ecology
 - 6) improvement of City of Moscow international image
 - 7) improvement of financial education
 - 8) improvement of social infrastructure





Implementation of the Program: Expected Results

1. Development of Moscow as one of the leading international financial centers
2. Integration of the City's financial sector into international financial market as the significant element
3. Development of efficient and competitive financial infrastructure in Russia
4. Development of conditions for stable capital inflows into Russian economy from international capital markets
5. Formation of modern national financial system meeting the best international standards
6. Development of labor market in financial sector of the City
7. Creation of financial image of Moscow as international center and improvement of confidence level among investors





Contact information

• **Sergey Pakhomov**
Chairman of State Debt Committee of the City of Moscow

Phone: +7 (495) 795 0600

E-mail: Pakhomov@moscowdebt.ru

