Привлечение международных инвесторов на ваш рынок

Attracting International Investors to your Market

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Opportunity

The World Bank estimated that net international portfolio equity inflows into emerging markets between 2000-2017 was more than $955bn.

The World Federation of Exchanges estimates that a 1% increase in domestic returns for an average market is associated with a $24.4m increase in monthly inflows.
Top 15 source countries by Investment size

Source: WFE analysis of IPREO data
Paper Source: WFE – Investing in Emerging and Frontier Markets, an Investor Viewpoint
Barriers for Investors

- Liquidity
- Corporate Governance
- Questions on Certainty of Ownership
- Complex or risky post-trade arrangements
- Absence of Global Custodians
- Poor Environmental, Social and Governance (ESG) factors
## Barriers to Listing

Main concerns with listing on an emerging market stock exchange

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<thead>
<tr>
<th>Concern</th>
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<tbody>
<tr>
<td>Lack of liquidity</td>
<td>Currency volatility</td>
<td>Uncertain regulatory environment/corporate governance regime</td>
<td>Unstable geopolitical environment</td>
<td>Lack of mature investor base</td>
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<tr>
<td>33%</td>
<td>29%</td>
<td>25%</td>
<td>24%</td>
<td>22%</td>
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<td>Level of shareholder protection</td>
<td>Inability of global investors to invest locally</td>
<td>Actual or feared level of government intervention</td>
<td>Cultural compatibility</td>
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<td>21%</td>
<td>16%</td>
<td>15%</td>
<td>12%</td>
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</tbody>
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Source: The Economist Intelligence Unit

Paper Source: PWC Capital Markets in 2030 – The future of equity capital markets
Improvements Needed

• Introduction of Market Infrastructure enhancements
  – Short Selling
  – Securities Lending and Borrowing
• Presence of an Electronic Trading Platform (ETP)
• Improve Settlement: Remove prefunding; Introduce DVP; Move to T+2; ....
• Reduced trading fees
• Remove barriers to investment such as restrictions on capital inflows
• Market announcements in English
• Reduce direct and indirect costs of investment
• Use of IFRS reporting by local companies
• Develop local investor base, including strong local asset managers
• Removal of barriers in the previous slides!
Success stories – MOEX

MOEX has delivered to the market in the last 10-15 years

– Aligned its trade and post-trade infrastructures with international standards
– One Central Securities Depository (NSD)
– A Central Counterparty (NCC)
– T+2 settlement cycle
– Direct and Sponsored Market Access [DMA & SMA]
– Competitive fee structure
– Closing and opening auction processes aligned with international standards
– Single disclosure window for corporate actions
– And many more improvements!
Success stories – MOEX

Foreign trading activity (as a share of value traded) on MOEX

Source: MOEX
Paper Source: WFE - What attracts international investors to emerging markets
Reforms Underway

Mongolia, for example:

• Remove prefunding / prepositioning requirements
• Move to T+2 DVP settlement
• Risk-based collateral to guarantee settlement
• Strengthen legal framework
Conclusions

Multiple options to make your market attractive for foreign investors

Focussed improvements

• Introduce international standards
• Provide T+2 DVP settlement
• Ensure ease of access and legal certainty
Спасибо - Thank you

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