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Spimex to Focus on New Urals Initiative

This year the St. Petersburg International Mercantile Exchange (Spimex) will focus on a new auction scheme for trading the Urals export blend at its platforms as the exchange looks to establish a price benchmark for the Russian grade.

Spimex Director Alexei Rybnikov told journalists the exchange has already tested the new mechanism at its Torg-I electronic platform and demonstrated its benefits to oil firms. The mechanism will also be tested at Spimex's subsidiary platform, Tek-Torg. Oil companies will be given the option to choose the platform for the auctions, Rybnikov said. State-controlled Rosneft currently uses Tek-Torg, while Zarubezhneft and Tatneft sell their crude through Torg-I ([NC Dec.12'19](#)).

The new mechanism is based on a two-phase scheme. First, an oil company announces a tender for its barrels and compiles a list of potential buyers based on the price offered. This best price serves as a starting point for the actual auction at the second stage, during which potential buyers can only improve the offer. The auction lasts for several minutes, and the system automatically chooses the best offer.

Spimex believes that the mechanism should help oil firms secure the best price, while customers will have the opportunity to participate in transparent tenders. For Spimex, the mechanism should promote the Urals index, which in turn should help create the Urals benchmark price. According to Rybnikov, the index will become liquid once there is one export cargo a week using this new system.

The exchange failed to promote Urals as a benchmark using a deliverable futures contract devised in 2016, but the instrument found little support. Spimex hopes the new mechanism will help it get off the ground and kick-start Urals trading for exports.

Separately, Spimex also wants to increase gas sales, which totaled 12.87 Bcm in 2019, down 15% on the previous year, despite a decision last year to lift a sales quota for Gazprom from 17.5 Bcm/yr to 25 Bcm/yr. This year Spimex hopes that sales grow to 2017 levels, or over 20 Bcm.

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Spimex May Consider IPO as Results Improve

St. Petersburg International Mercantile Exchange (Spimex) might consider holding an initial public offering (IPO) when its recently approved development strategy ends around the end of 2023, when its financial and operational results could be good enough to support such an option.

Asked about the IPO prospects, Spimex head Alexei Rybnikov told journalists that the option is written into the five-year strategy. "Closer to the end of the strategy's implementation ... we will come to the shareholders with a proposal on the expediency or in expediency of turning the company into a public one," he said. Rybnikov said that it is too early at the moment to discuss the issue because the exchange's performance has not yet reached a high enough level.

Spimex was set up in 2008 on the order of President Vladimir Putin. Its founders include oil and gas firms Rosneft, Surgutneftegas, Zarubezhneft and Gazprom as well as oil pipeline monopoly Transneft. The company's net profit stood at 1.266 billion rubles (\$20.6 million) in 2018, up by 265% from 347 million rubles in 2017. Rybnikov said Spimex's financial results should improve further in the next few years in line with the strategy.