

**New market release advisory**  
**(SM2017-2, DM2017-2, FM2017-1)**

**New in clearing**

**1. Collateral fee**

This fee has been charged from 1 August on all markets.

<b>Market/currency</b>	<b>EUR</b>	<b>CHF</b>
FX Market; Precious Metals Market	+	+
Equities and Bonds Market; Deposit Market	+	+
Derivatives Market	+	-

- Collateral fee is set out in the Clearing Rules (Section II of Part II Tariffs);
- it is charged if foreign currency is posted on the Collateral Accounts, Guarantee Fund Accounts and Stress Collateral Accounts;
- it is charged by the 25<sup>th</sup> day of the month following the chargeable month (first time in September 2017) at the rate of the credit institution with which the NCC Clearing Bank has a clearing/correspondent account;
- the effective rate is published on the NCC Clearing Bank's website at <http://www.nkcbank.com/viewCatalog.do?menuKey=45>;
- the fee calculation algorithm is given in the Tariffs.

**2. TRAN transactions**

Each movement of cash/securities/cash and securities profiles is made through a so-called TRAN transaction.

There are currently the following types of TRAN transactions performed in the TRAN Board:

- Transfers by a clearing member of cash and securities between trading accounts in the Equities & Bonds Market trading system;
- Automatic transfers from the T+ trading account to the T0 trading account and vice versa to settle T+ trades (according to the member's application on cash and securities usage);
- Transfers by a clearing member of cash between settlement codes of the 1<sup>st</sup> and 2<sup>nd</sup> levels in the FX Market trading system.

As from the new release date of the FX and Equities & Bonds Market, the following TRAN transactions will be made in the TRAD board:

- Obligations to transfer income under a repo trade;
- Transfers of cash and securities between trading accounts (except transfers made by a member in the trading system);
- Cash and securities deposits and withdrawals;
- Obligations to pay fees/penalties/termination fees;
- Variation margin obligations/claims on the FX Market;

- Transfer of obligations/claims under settlement accounts of the Unified Pool from the FX and Derivatives Market to the Equities & Bonds Market;
- Transfers of asset profiles between trading systems per settlement accounts of the Unified Pool;
- Termination of matured trades and transfer of assets under them.

Upon settlement of trades, automatic transfers from the T0 trading account to the T+ trading account on the NCC's initiative are recorded in the TRAD, not TRAN, board.

Upon settlement of T+ trades, automatic returns of cash from the T+ trading account to the T0 trading account is not available as members are allowed requesting cash withdrawal in advance to the extent of the final net claim.

All TRAN transactions with TRAN and TRAD boards are recorded in the table TRADES on the Equities & Bonds Market and FX Market (table Transfers in the trading terminals of the Equities & Bonds Market and FX Market).

If a member does not intend to process TRAN transactions, it should exclude the boards from the TRADES table process.

Further information:

Further information is available (if any) in the field "Transaction details". In the TRADES table, transaction details is shown in the field TRANINFO.

For example, when a security is deposited/written off, the field "Transaction details" shows the payment purpose according to NSD's records. When cash is deposited/written off, such field transmits information from the field "Purpose".

If a TRAN transaction changes a cash position in equities or bonds, a special technical trading account is used as the clearing member's trading account (account to deposit/account to withdraw). Such technical accounts are created automatically for every active cash position code (settlement account). Their number does not include the securities account trading section. Technical trading accounts are shown in the Trading Account Report (EQM20).

- Technical trading accounts are not opened for Guarantee Fund Settlement Accounts, Stress Collateral Settlement Accounts and Asset Pool Settlement Accounts.
- TRAN transactions under which cash is transferred from T0 to T+ account, or income under a repo trade is transferred, technical trading accounts are used only if the account to deposit/account to withdraw cannot be found.

Obligations arising under TRAN transactions are checked for security, they change relevant positions and are performed depending on the settlement code specified.

For example, termination of obligation under matured trades is recorded through a TRAN transaction with P0 settlement code.

When obligations recorded on settlement accounts of the Unified Pool under FX and/or derivatives trades, or obligations to pay variation margin and fees on the markets are performed, a bundle of TRAN transactions with NO settlement code are created with respect to obligations transmitted to the Equities & Bonds Market, and with A0 settlement code with respect to asset profiles transmitted to the FX and/or Derivatives Market.

### 3. Late settlement fine

A fine is charged for failure to settle final net obligations in cash within timeframes established in the Clearing Time Schedule (all times are Moscow time):

<b>Settlement of final net obligations in cash/precious metals by clearing members on the Equities &amp; Bonds Market, Derivatives Market and FX Market</b>	<b>Settlement cut-off time</b>
in KZT trades executed before 11:00;	11:00 on the settlement day
in CNY, BYN, HKD, TJS and SEK under trades executed before 11:00;	12:00 <sup>4</sup> on the settlement day
in TRY under trades executed before 11:00;	14:00 <sup>4</sup> on the settlement day
in UAH under trades executed before 15:15;	15:15 on the settlement day
in EUR and GBP under trades executed before 15:15;	17:00 <sup>4</sup> on the settlement day
in USD, RUB, JPY and precious metals	20:00 <sup>4</sup> on the settlement day

<sup>4</sup> if any payment system failure occurs, the time may be extended until the failure is solved as decided by the Clearing Center.

The fine is also charged if a defaulted final net obligation in cash cannot be settled through swap and repo transactions.

The settlement cut off times on the Commodities and OTC Standardised Derivatives Market is 17:00.

Please note that the late settlement fine with respect to derivatives is debited by default from the settlement account tied to the register in which the obligation not fulfilled as at 20:00, was recorded.

A clearing member of the Derivatives Market may define other settlement account for debiting late settlement fines by submitting the fee account registration request to the Clearing Center. Such settlement code will also be used to charge collateral fee (in EUR) with respect to collateral contributed to the guarantee funds and collateral for stress in case the clearing member is not admitted to the Equities & Bonds Market and FX Market.

#### **4. Changing the status of collateral from the Individual Clearing Collateral to the other collateral**

Individual Clearing Collateral may be transferred to other type of collateral on the Equities & Bonds Market and Derivatives Market.

Collateral in RUB and foreign currency deposited by clearing members to NCC Clearing Bank's clearing accounts with NSD is considered as individual clearing collateral and recorded on the balance account 30420 (30421) with NCC Clearing Bank.

Foreign currency is treated as individual clearing collateral on the Equities & Bonds Market and Derivatives Market.

Collateral in foreign currency deposited by clearing members to the NCC's correspondent accounts with foreign banks is considered as other collateral and recorded on the balance account 47405 with NCC Clearing Bank.

Foreign currency deposited on the FX Market is currently considered as other collateral.

A clearing member may submit the request to NCC Clearing Center to change the status of collateral on the Equities & Bonds Market and Derivatives Market. Foreign currency may then be posted as collateral directly to the NCC correspondent accounts with foreign banks, similar to the FX Market.

To satisfy the above-mentioned request, NCC Clearing Bank acts as follows after all clearing and other operations on the current settlement day are performed:

- Balance accounts 47405 are opened for every settlement account;
- Collateral in foreign currency is transferred from balance account 30420 (30421) to balance account 47405;
- Balance accounts 30420 (30421) are closed.

#### **5. Income under CCP-cleared repo trades**

Income transfer under CCP-cleared repo transactions is performed for any currency through a TRAN transaction in the TRAD board. Income transfers are also shown in one board RFND (not RFND, RFNU and RFNE). Currencies RUB, EUR, USD and UAH, not securities are shown in the field secid.

#### **6. Treatment of the fee in the Single Limit**

The trading fee will be recorded:

- in the Single Limit per the relevant settlement account: by default, per the settlement account in the trading account of a trade or the settlement account for charging fees if the relevant request has been submitted;
- in the final net obligations in RUB to be fulfilled by 20:00 on the trade date on all markets.

In case of a default, settlement will be performed via swap and repo transactions on the Equities & Bonds Market and FX Market and the late settlement fee will be charged on the Derivatives Market.

The trading fee for FX trades executed before 19:00 must be paid by 20:00; the fee for trades executed from 19:00-23:50 is charged after 23:50.

The commission fee report of the FX Market (CCX10) delivered at 19:00 will include the following types of commission fees:

- fixed commission fee;
- volume-related commission fee for trades executed from 10:00-19:00;
- collateral fee.

The commission fee report of the FX Market (CCX10) delivered at 23:50 will include the following types of commission fees:

- Surcharge;
- Afterpayment to reach the minimum monthly fee;
- Volume-related commission fee for trades executed from 19:00-23:50.

In case of early end of trading, the reporting procedure remains unchanged.

## **7. Changes in the cash return procedure**

A standing instruction for cash return will be available on the Equities & Bonds Market and FX Market. Such standing instruction provides the following options in the field TYPESUMM:

- 4 – cash return for the amount of the net claim on trades;
- 5 – cash return for the total available amount;
- 6 – cash return for the final net claim.

Option 4 allows return of cash for the amount including:

- outstanding debt in RUB of the clearing member that arose on the previous settlement day;
- obligations/claims under trades;
- obligations/claims regarding variation margin (FX Market).

Option 6 allows return of cash for the amount defined for Option 4 plus obligations to pay commission fees.

The standing cash return instruction with Option 4 is executed between the moment when the net claim under trades is determined and the settlement cut off time for the relevant currency.

The standing cash return instruction with Option 6 is executed similar to that with Option 4 except instructions submitted with respect to RUB in which cases advanced cash withdrawal request is executed after 19:00 (fee calculation time).