



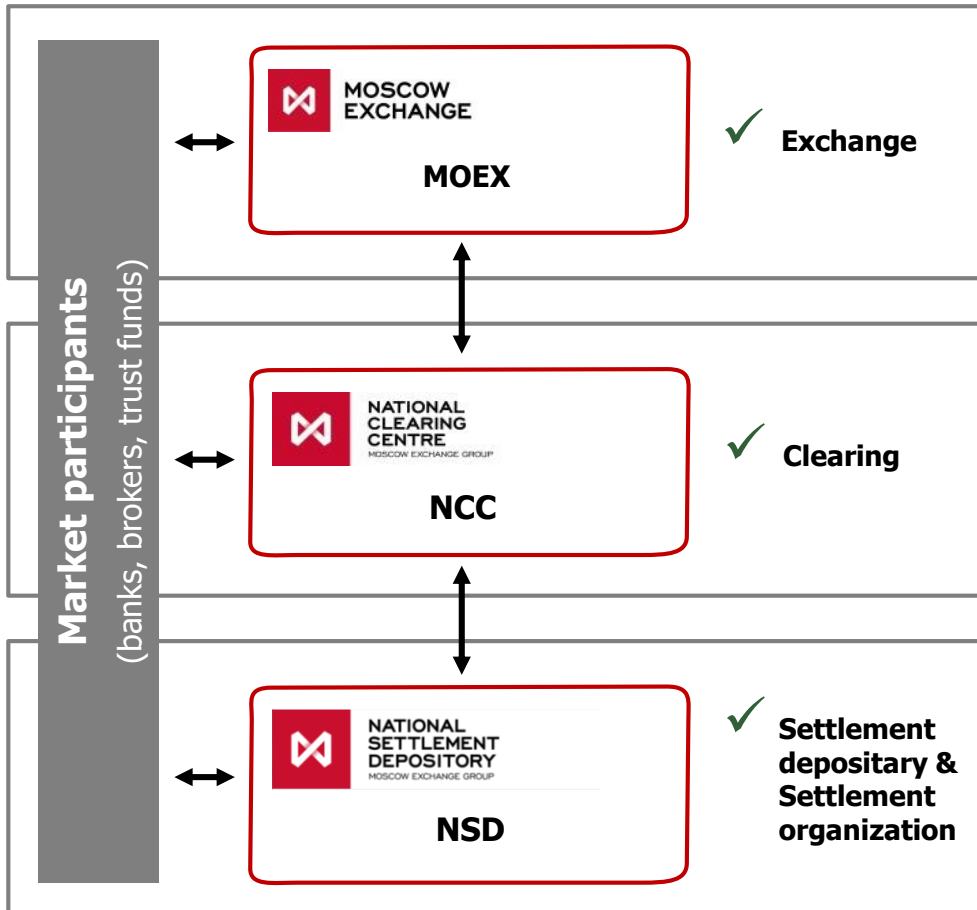
**NATIONAL
CLEARING
CENTRE**
MOSCOW EXCHANGE GROUP

CCP NCC: CLEARING & SETTLEMENT OVERVIEW

July, 2018

NCC's FUNCTION IN MOEX GROUP INFRASTRUCTURE

INTERACTION STRUCTURE



COMMENTARIES

- Trading organization
 - Listing
 - Disclosure
-
- Determination of obligations
 - Risk-management
-
- Trading and clearing accounts management

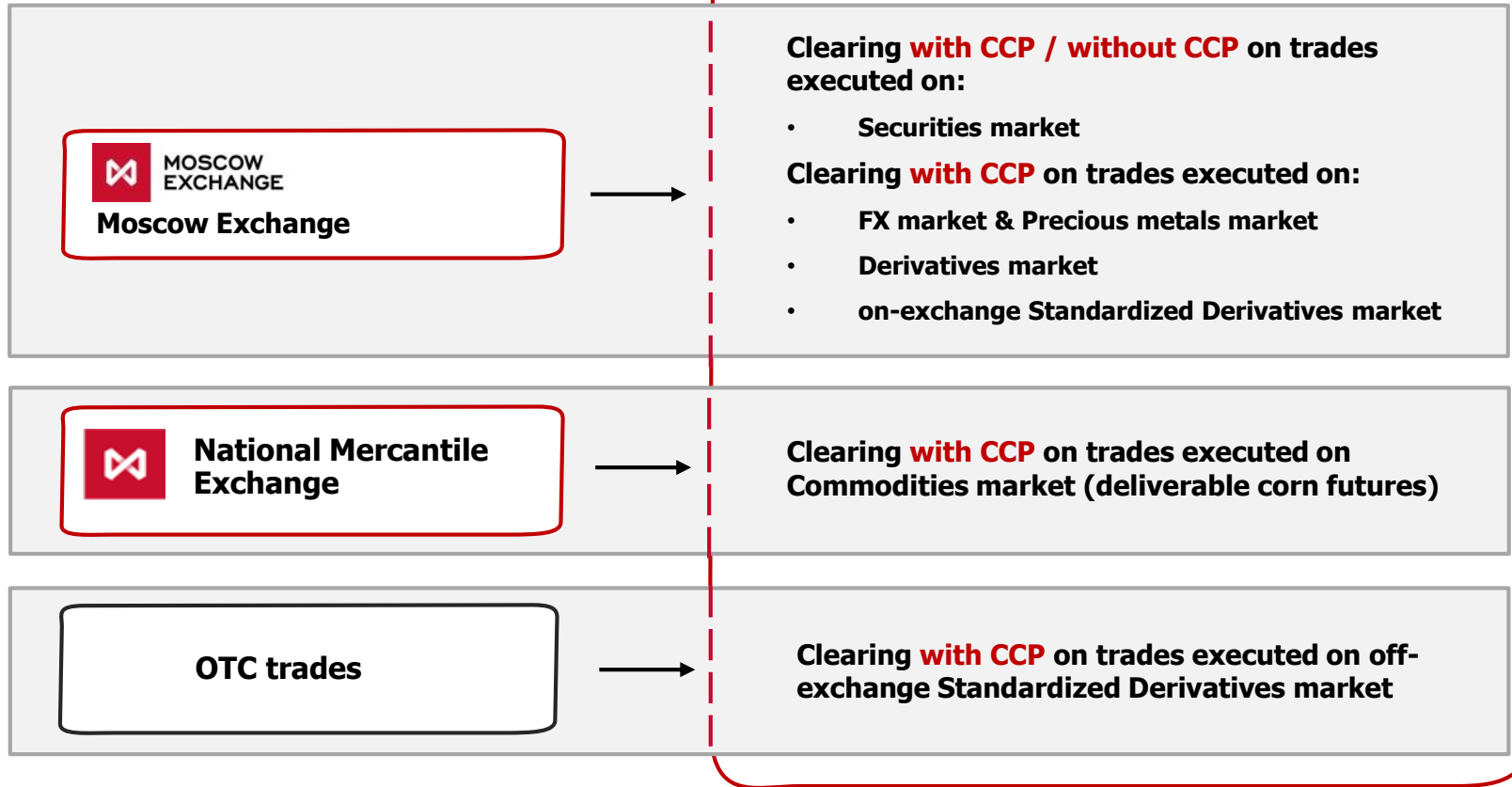
NCC's CLEARING ACTIVITY

In 2013 NCC was recognized by Central Bank of Russia as **qualified central counterparty** (CCP)



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CCP NCC



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HIGH RELIABILITY OF CENTRAL COUNTERPARTY



The status of qualified CCP was granted by the Central Bank of Russia on October 18, 2013.



NCC is an active member of the European Association of Central Counterparty Clearing Houses (EACH)

ACRA

On October 24, 2017 Analytical Credit Rating Agency (ACRA) affirmed NCC AAA (RU) rating, forecast 'Stable'.



NCC is a member of the Global Association of Central Counterparties (CCP12).



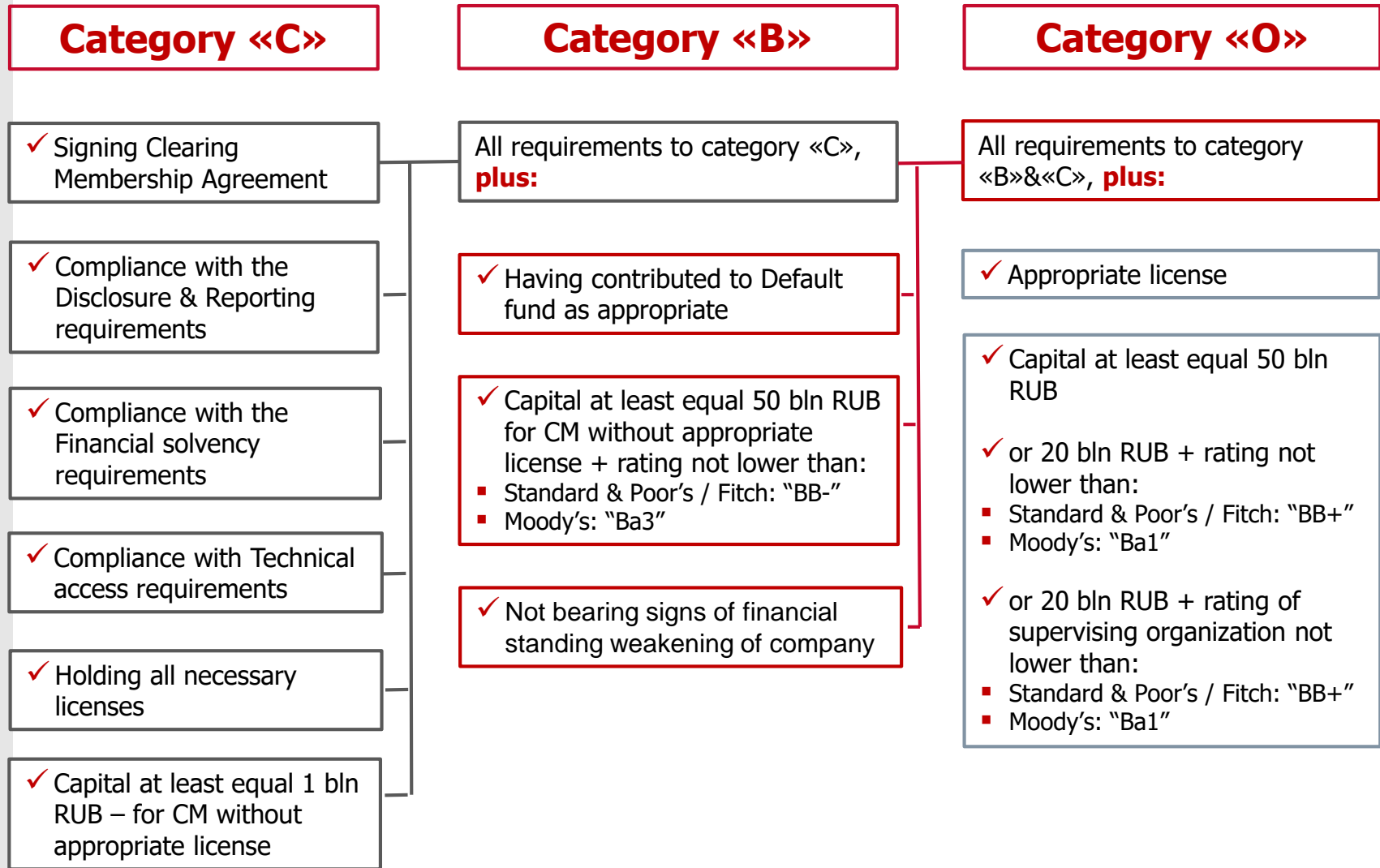
On February 22, 2017 Fitch Ratings affirmed NCC Long-term foreign-currency Issuer Default Rating at «BBB-», local-currency Rating at «BBB», the outlooks on the both are Stable.

Date	Rating action	Rating	Sovereign rating
Feb 22, 2017	Affirmed	● BBB	● BBB-
Oct 21, 2016	Affirmed	● BBB	● BBB-
Feb 24, 2016	Affirmed	● BBB	● BBB-
Mar 20, 2015	Affirmed	● BBB	● BBB-
Jan 16, 2015	Downgraded	● BBB	● BBB-
Mar 24, 2014	Affirmed	● BBB	● BBB
Dec 20, 2013	Upgraded	● BBB	● BBB
Dec 28, 2012	Assigned	● BBB-	● BBB

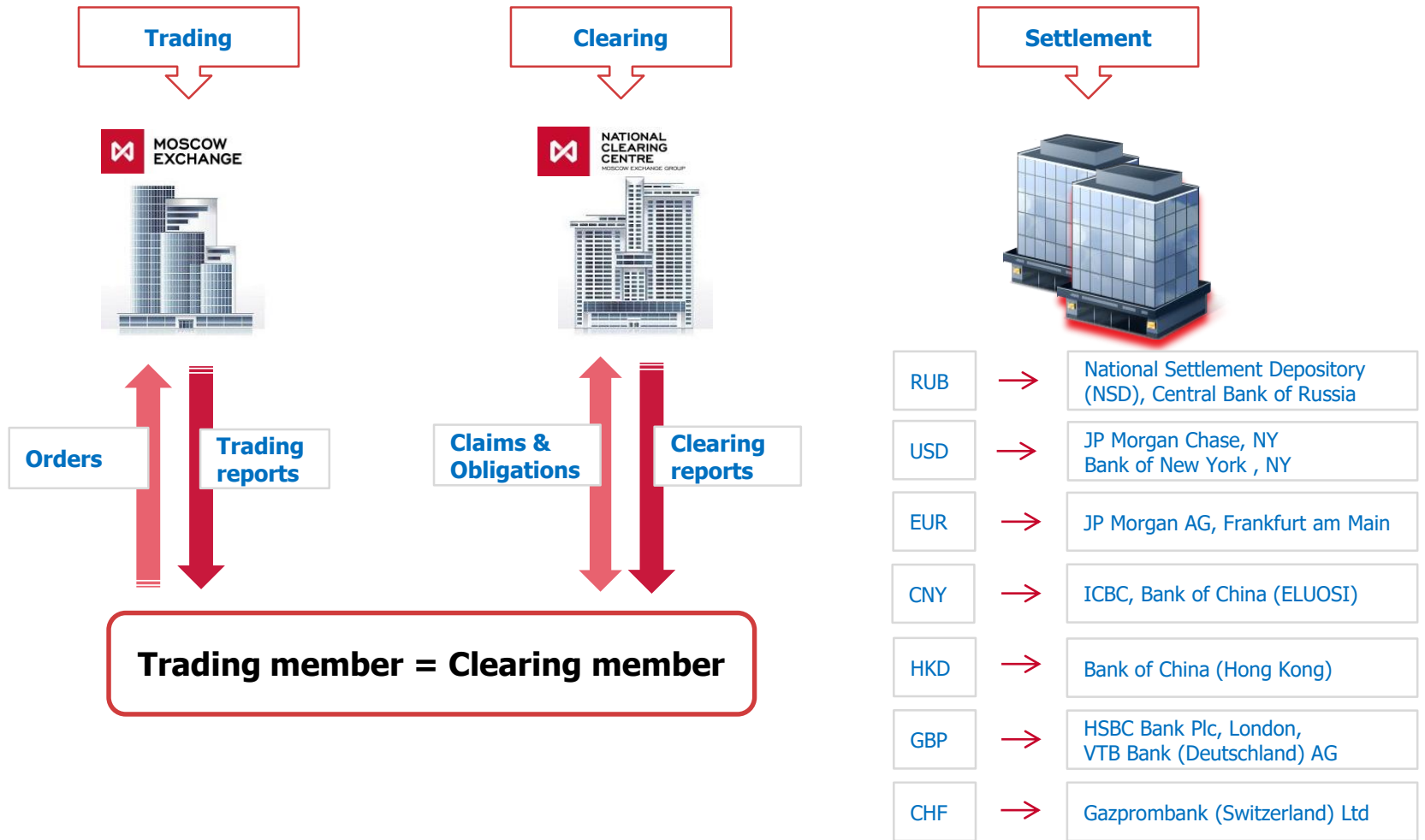
CLEARING MEMBERSHIP

Categories:	Markets
<p>«A» Central Bank of Russia & other legal entities to which a requirement on posting assets as collateral is not applicable, in accordance with the Law on Clearing</p>	FX & PM, Securities
<p>«O» General Clearing Members, having an access to clearing <u>with partial prefunding</u> and acting as a clearing broker for more than 2 Trading Members</p>	FX & PM
<p>«B» Individual Clearing Members, having an access to clearing <u>with partial prefunding</u> and having an opportunity to be a part for trades executed by not more than 2 Trading Members (either acting as a clearing broker or on the basis of agency contract*)</p>	FX & PM, Securities, Derivatives, Commodities, Standardised Derivatives
<p>«C» Individual Clearing Members, having an access to clearing <u>with full prefunding</u> and having an opportunity to be a part for trades executed by not more than 2 Trading Members (acting on the basis of agency contract only*)</p>	FX & PM, Securities, Commodities

REQUIREMENTS TO CLEARING MEMBERS CATEGORIES



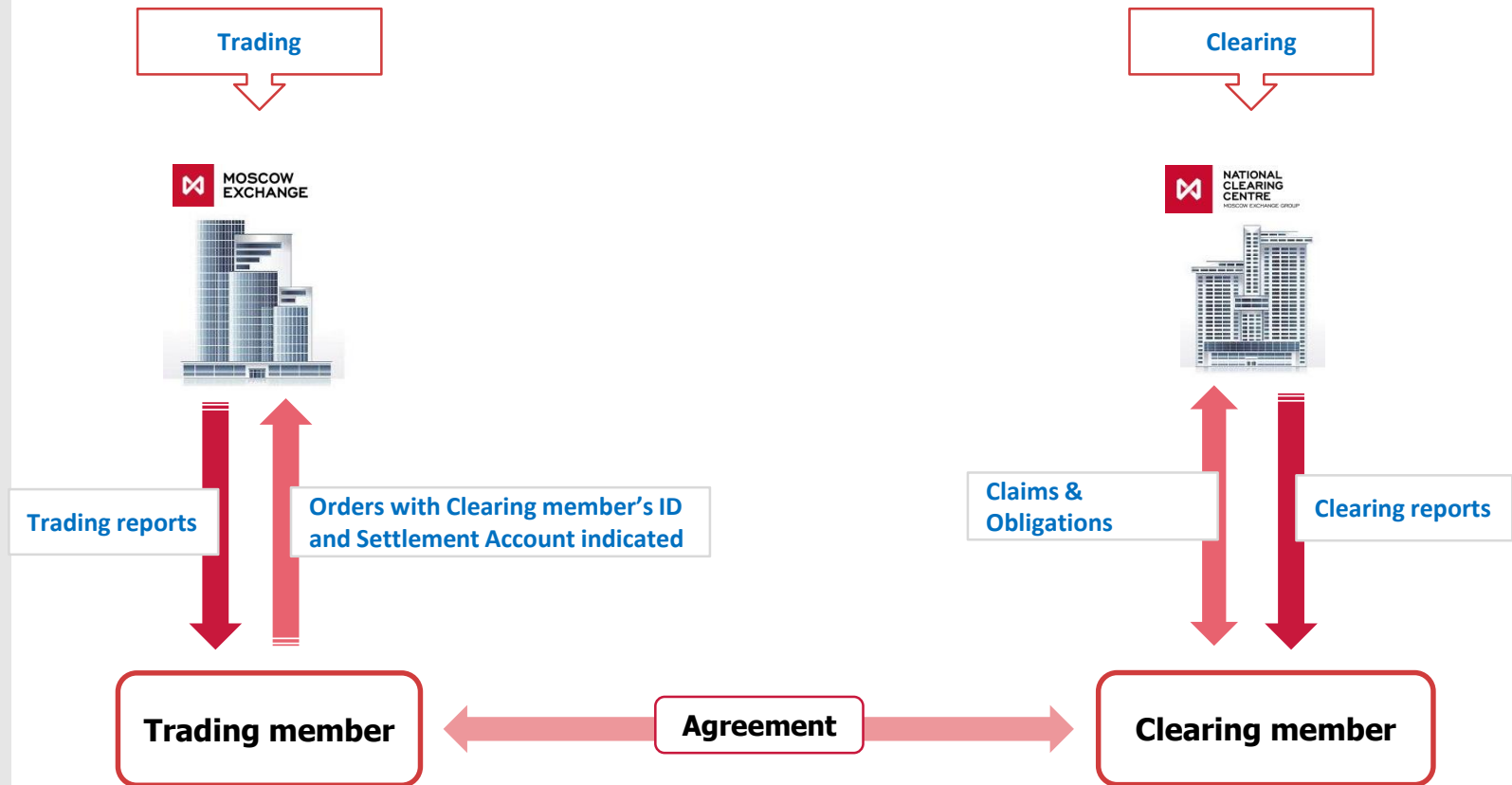
FX MARKET: TRADING MEMBER = CLEARING MEMBER



Guaranteed settlement of transactions and settlement:

- **NCC Clearing Bank is CCP for all trades**

FX MARKET: TRADING & CLEARING MEMBERSHIP SEPARATED



- Trading member enters orders and makes trades with Clearing member's Settlement Account
- Clearing member becomes a party for such trades and is responsible for claims and obligations.

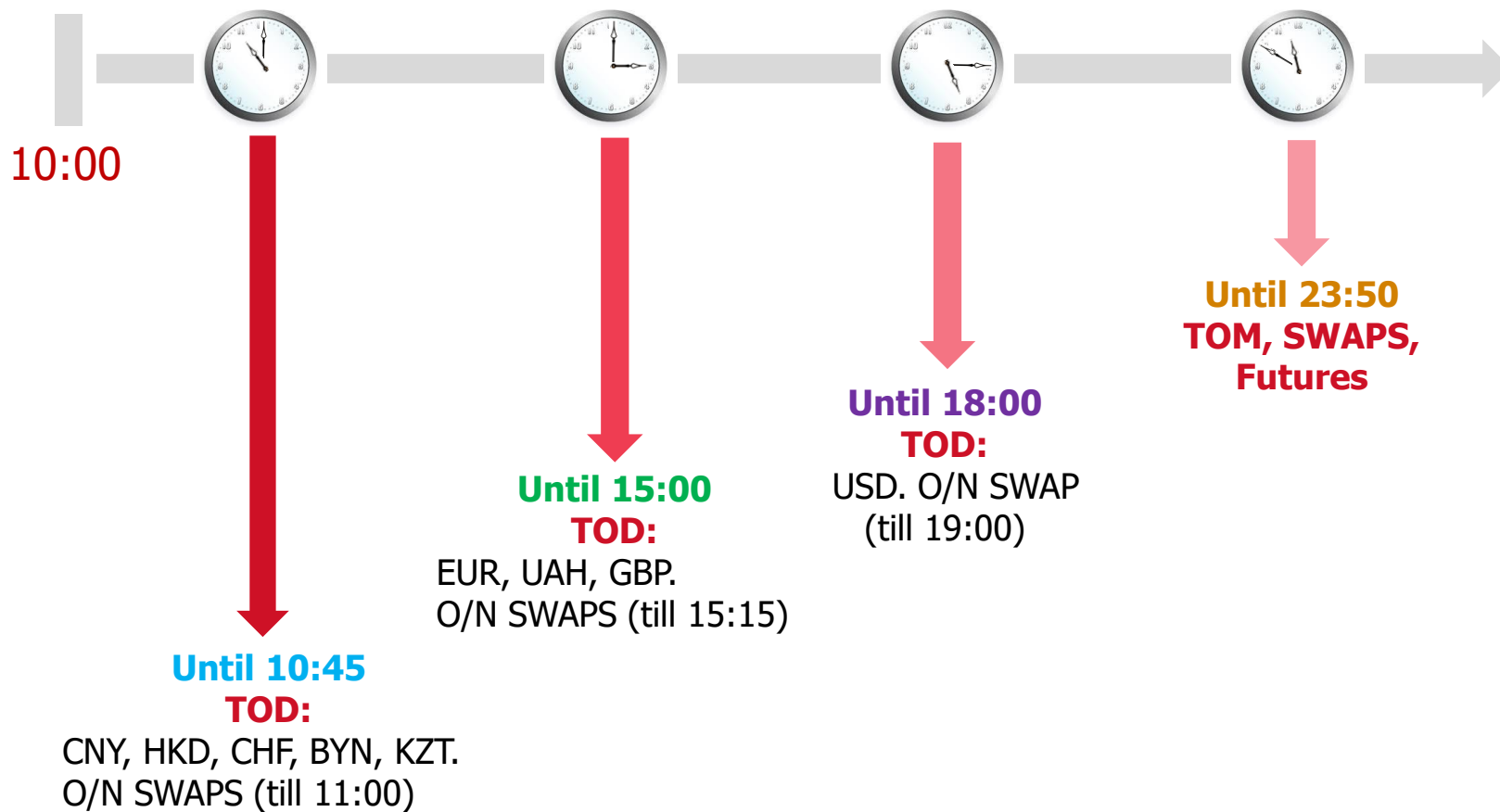
SETTLEMENT ACCOUNT

Settlement account – the clearing register, opened by the NCC in its internal accounting system in the name of Clearing Members

- Settlement accounts are intended to:
 - ✓ record collateral posted by Clearing Member
 - ✓ record all positions (claims / liabilities) under trades
 - ✓ monitor orders and calculate the Single limit*
- Settlement accounts have different types:
 - ✓ Proprietary operations (type S)
 - ✓ Client operations (type L)
 - ✓ Trust operations (type D)
- Main Settlement account opened to Clearing Member admitted to clearing services is proprietary by default (*type of Settlement code could be changed if required*)
- There are no restrictions in number of Settlement accounts, which could be opened to Clearing member
- Settlement account is used to post or withdraw funds to / from the NCC clearing accounts (in payment details)
- Withdrawal funds and transfer of funds between Settlement accounts is possible if it does not result in the Single limit becoming negative
- Trading limits may be set for every Settlement account

* **Single limit** – assessed value in RUB of all assets in collateral posted by Clearing member

FX MARKET TRADING HOURS



COLLATERAL MANAGEMENT

- Combined collateral: cash funds may be posted in any currency (RUB, USD, EUR, GBP, CHF, HKD, CNY) or in precious metals (GLD, SLV) or their combination;
- Collateral is transferred to the NCC accounts (in accordance with the details placed on the NCC's website; the Settlement account must be included in the payment purpose);
- Collateral is sufficient & could be returned providing Single limit is positive;
- Collateral is returned upon request or with a standing instruction;
- Clearing members are able to:
 - withdraw funds to a client account;
 - use S.W.I.F.T. to communicate with the NCC

➤ Posting funds in any currency as collateral before entering an order:

USD, EUR, RUB, GBP, CHF, HKD, CNY



➤ Determining final net obligations / net claims:

at 11:00

CNY, CHF, HKD



at 15:15*

EUR, GBP



at 19:00*

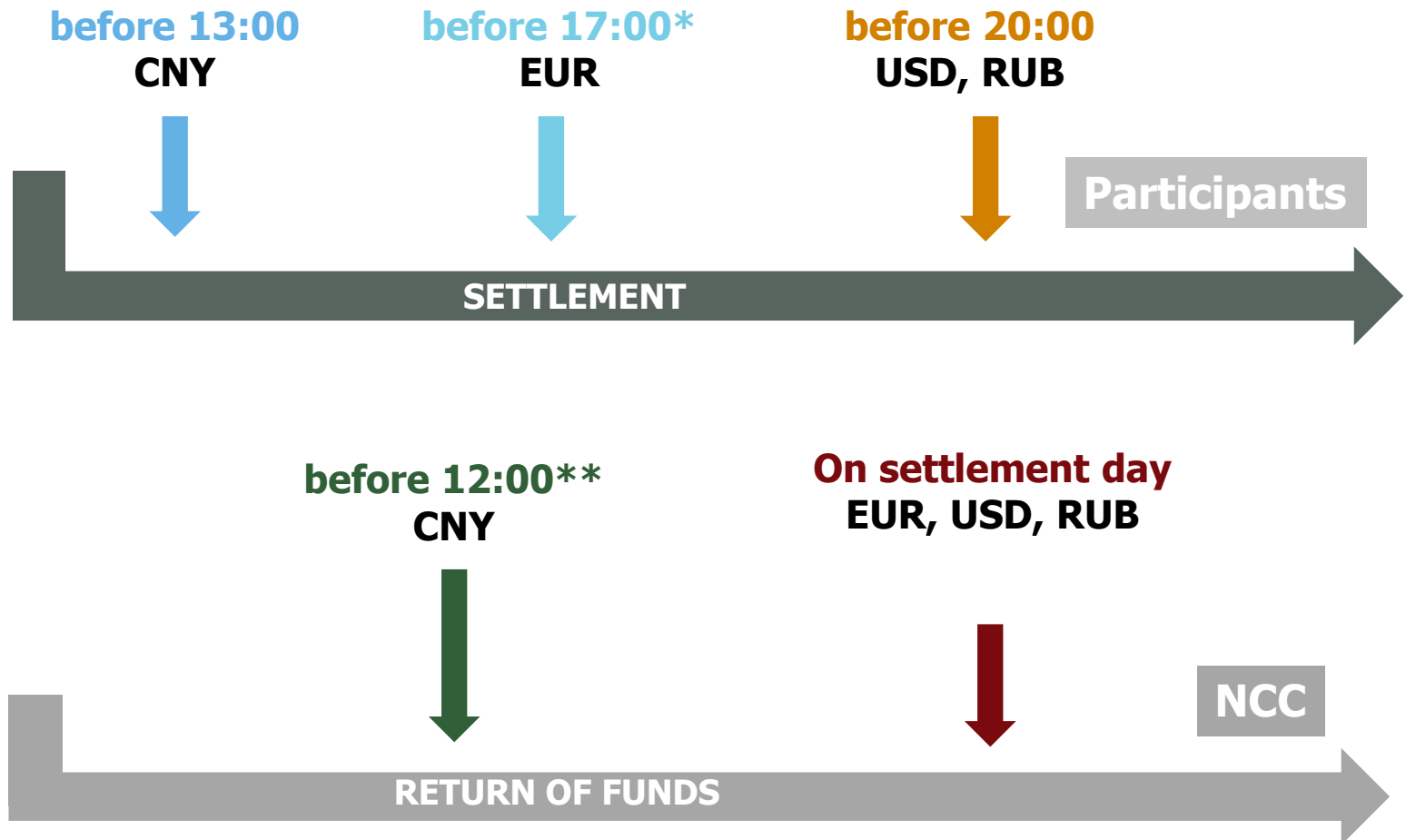
USD, RUB



** Applied to Clearing members that do not send request or standing order for early settlement*



TIME SCHEDULE FOR SETTLEMENT



* Before 17:00 – CET in the summer; before 18:00 – CET in the winter.

Cut-off times for all FX are given on the next slide

** Applied for one-time requests for return funds in CNY. Standing instructions are processed at 14:30.

CUT-OFF TIMES FOR FX

Currency	Determination of Total Net Obligations / Total Net Claims	Fulfilment by Clearing Members their Total Net Obligations towards NCC
HKD	11:00	12:00
BYN	11:00	12:00
KZT	11:00	12:00
CNY	11:00	13:00
CHF	11:00	13:00
TRY	11:00	14:00
EUR	15:15	17:00 (CET in the summer) 18:00 (CET in the winter)
GBP	15:15	17:00
USD	19:00	20:00
RUR	19:00	20:00

MEANS OF COMMUNICATION: EDI & SWIFT

- Clearing reports, requests, instructions, other types of electronic documents
- [XSD schemes](#) and [XSLT styles](#) are required
- MOEX cryptography certificates are required



- Commonly used messages:
 - MT202, 200, 292
 - MT950, 900, 910, 920, 940
- Partly Clearing reports
- Exchange of RMA-authorizations is required:
NCC BIC: **NCCBRUMM**

* Trading reports are produced and sent through EDI – by MOEX to Trading member

CLEARING DEVELOPMENT: IMPACT FOREIGN INVESTORS

№	Description	Market	Timeline
1	Getting by Euroclear the status of Custodian	Securities market	March 2013
2	Trading and Clearing membership separation	FX market	June 2014
3	Implementing 'Segregated client & Portability' model	FX, Securities, Derivatives markets	December 2014
4	Unified close-out netting & Limitation of CCP's responsibility in default-waterfall	All markets	August 2015
5	Increase of NCC's dedicated capital & MOEX's contribution in default-waterfall	All markets	July 2016
6	Increase of CM's contributions to Default funds	1. FX, Securities, Derivatives markets; 2. Standardised Derivatives market	1. December 2017 2. January 2018
7	Unified Collateral Pool	FX, Securities, Derivatives markets	1) December 2017 2) May 2018
8	Recognition as qualified CCP by ESMA	All markets	2018
9	Developing new mean of communication: web-interface 'Clearing terminal'	All markets	2018
10	Trading and Clearing Membership separation	1. Derivatives market 2. Securities market	1. 2018 2. 2019
11	Developing 'Segregated client' existing model	All markets	2019
12	On-exchange MOEX FX trades & off-exchange (executed in off-shore ECNs) trades netting	FX market & OTC	2019



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 - perception of market services offered by the Company and its subsidiaries;
 - volatility (a) of the Russian economy and the securities market and (b) sectors with a high level of competition that the Company and its subsidiaries operate;
 - changes in (a) domestic and international legislation and tax regulation and (b) state policies related to financial markets and securities markets;
 - competition increase from new players on the Russian market;
 - the ability to keep pace with rapid changes in science and technology environment, including the ability to use advanced features that are popular with the Company's and its subsidiaries' customers;
 - the ability to maintain continuity of the process of introduction of new competitive products and services, while keeping the competitiveness;
 - the ability to attract new customers on the domestic market and in foreign jurisdictions;
 - the ability to increase the offer of products in foreign jurisdictions.
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THANK YOU

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