



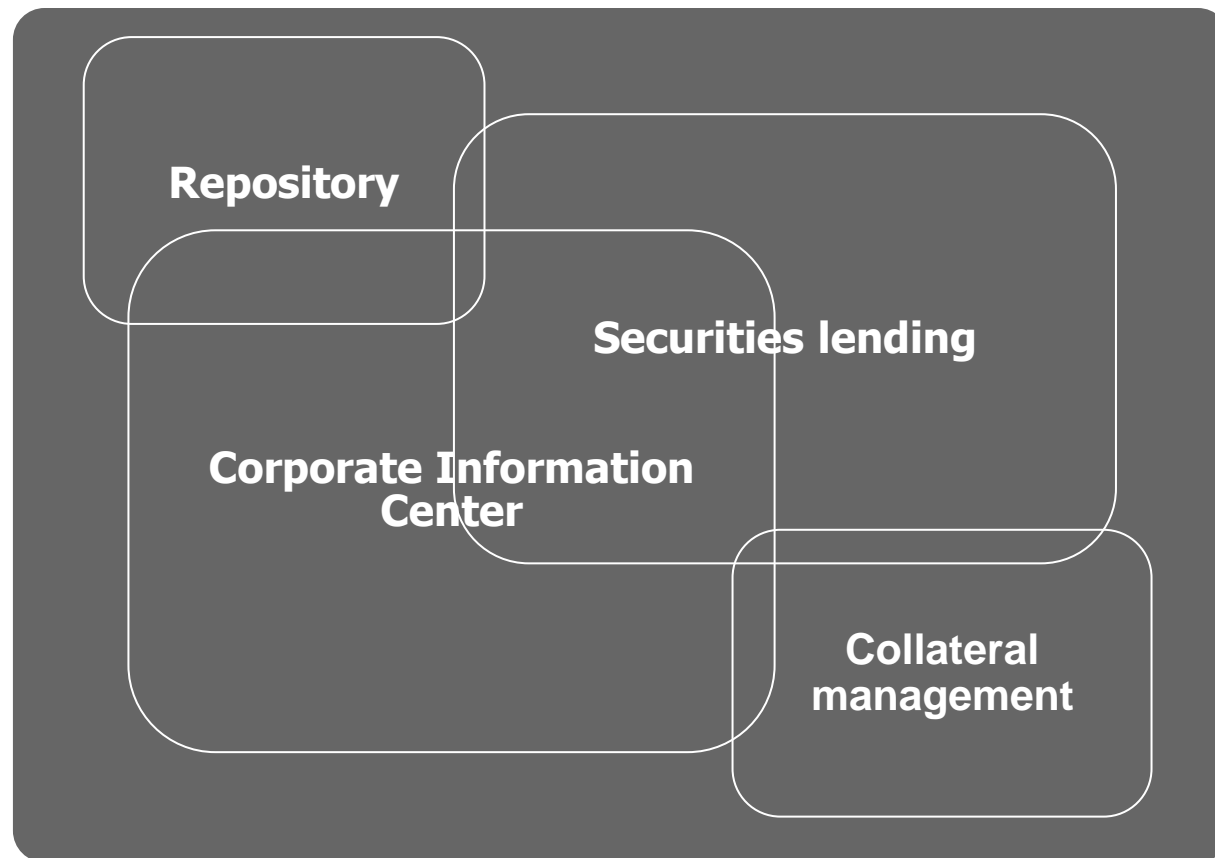
**NATIONAL  
SETTLEMENT  
DEPOSITORY**  
MOSCOW EXCHANGE GROUP

NSD Roadshow  
New York – Boston  
October 23-25, 2013

Maria Ivanova  
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National Settlement Depository

# NSD PRODUCT **DEVELOPMENT**

# STRATEGIC DEVELOPMENT PROJECTS FOR 2013



# KEY AREAS OF BUSINESS DEVELOPMENT

CSD	CORPORATE INFORMATION CENTER	CASH SETTLEMENT	COLLATERAL MANAGEMENT	TRADE REPOSITORY
<ul style="list-style-type: none"> <li>• Improvement of STP in corporate actions and interaction with partners</li> <li>• Implementation of system for monitoring the performance and quality of operational processes</li> <li>• Optimization of depository account structure - transition to short numbers and smart instructions</li> <li>• Network expansion (EOC, CBL, Customs Union countries)</li> <li>• Providing cloud services to small market participants - registrars, depositories, brokers</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of a common platform for structured data storage for issuers and securities</li> <li>• Acquisition of the official legal status of Corporate Information Center</li> <li>• Expansion of the clients coverage - insight into the back-office, risk and asset management systems</li> <li>• Creation of macroeconomic valuation center and rating agency</li> </ul>	<ul style="list-style-type: none"> <li>• Providing cash payments for all NSD complex products and services</li> <li>• Creation of a full range of services of the settlement bank</li> <li>• Expansion of the customer base through providing services to treasuries of large industrial corporate groups</li> </ul>	<ul style="list-style-type: none"> <li>• Collateral management for on-exchange repo trades with the Bank of Russia: <ul style="list-style-type: none"> <li>• on Moscow Exchange</li> <li>• on Saint-Petersburg Currency Exchange</li> </ul> </li> <li>• Interdealer repo trades with securities pool</li> <li>• Further development of OTC repo trades with the Bank of Russia</li> <li>• Collateral management for repo trades with the Russian Federal Treasury</li> <li>• OTC derivatives clearing</li> </ul>	<ul style="list-style-type: none"> <li>• Registration of new types of trades with derivatives (currency, interest rates, securities, commodity derivatives), CDS, TRS</li> <li>• Creation of the comfortable infrastructure for the development of OTC derivatives market</li> <li>• Creation of the rating agency for providing services to the derivatives market</li> </ul>

# PROJECT OF 2013

## TRADE REPOSITORY

### SHORT DESCRIPTION

Development of OTC deals registration system: registration of new types of deals, introduction of new reporting messages formats

### Terms \*

### Task

**October 2013**

- Registration of new types of trades with derivatives (currency, interest rates, securities, commodity derivatives), CDS, TRS in NSD's Trade repository
- Ability for non-residents to use NSD's EDI with cryptographic security of Microsoft CSP
- Providing services of the Reporting party
- Provision of repository's WEB- services to the Clients

**December 2013**

- Fully functional bilingual repository

**2014**

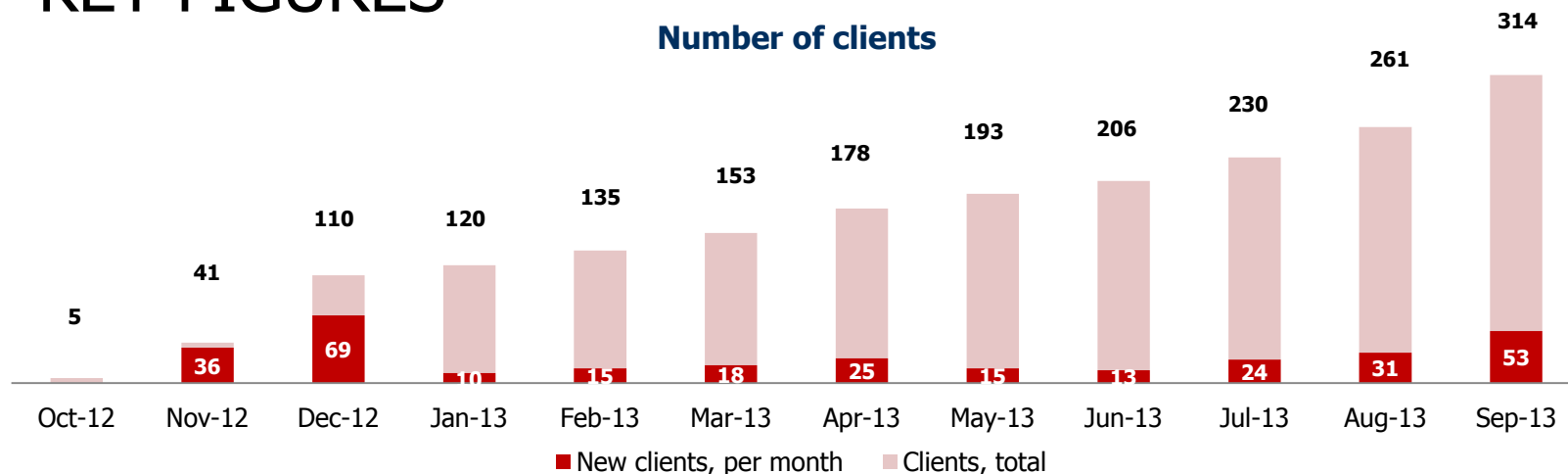
- Cooperation with DTCC and REGIS-TR as Reporting agents

\* All terms are approximate and subject to clarification upon publication of projects of changes and approval of the changes in regulatory base of the Repository

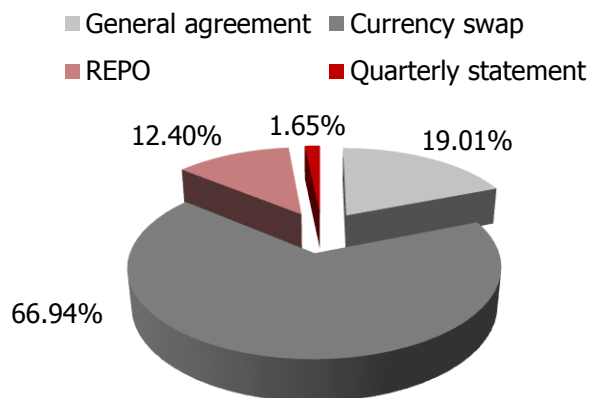
# TRADE REPOSITORY

## KEY FIGURES

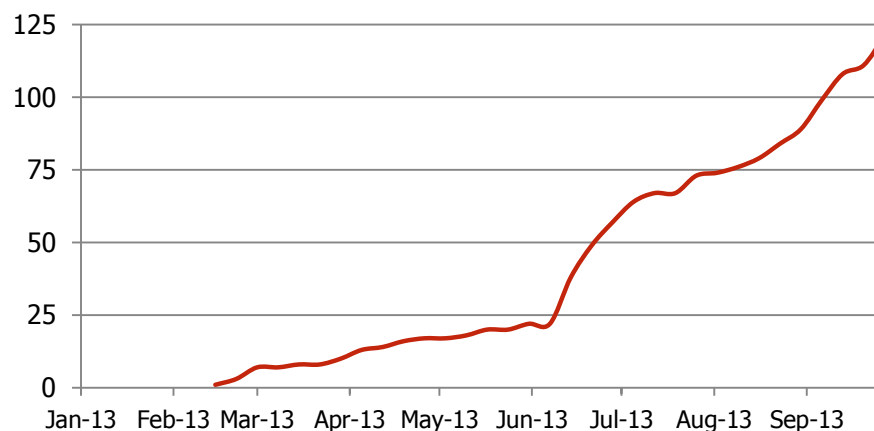
Number of clients



Structure of registered instructions (as of 29.09.2013)



Dynamics of accepted instructions (cumulative)



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# PROJECT OF 2013

## DEVELOPMENT OF COLLATERAL MANAGEMENT SYSTEM

### GOAL DESCRIPTION

- Diversity of collateral on deals and modernization of its collection and usage technologies
- Enhancement of trading-settlement opportunities for Russian participants and minimization of their costs. Creation of background for organizing a single clearing-settlement structure on the Russian money market
- Preparing of step-by-step transition to the system of centralized collateral management within the frames of several trading platforms/systems
- Provision of services with single netting

### Terms

**2013-2014**

### Task

- REPO of the Bank of Russia with floating rate\*
- Inclusion of deals REPO CBR in a single clearing pool, concluded on SPCEX\*\*
- Optimization of clearing procedures for collateral management goals
- Organization of online cooperation with Moscow Exchange
- Inter-dealer REPO, securities lending

\* Subject to additional clarification.

\*\* Under CBR's readiness

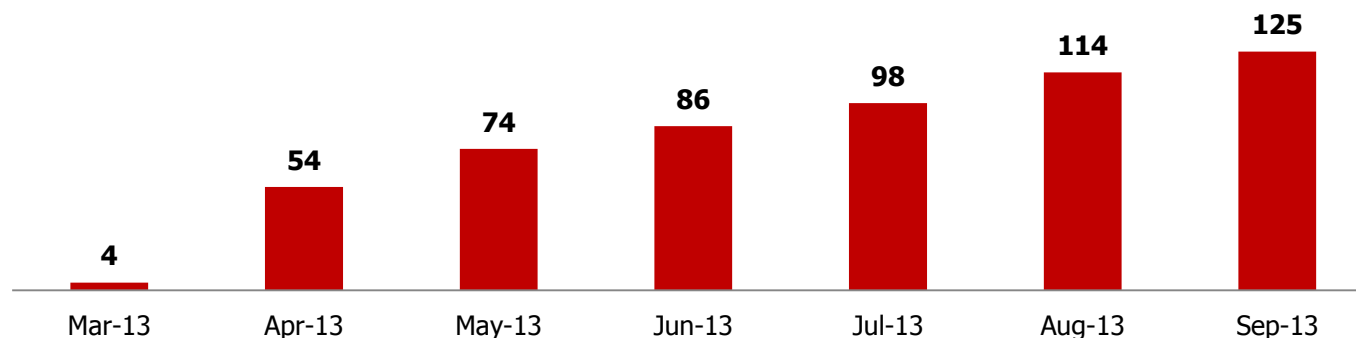


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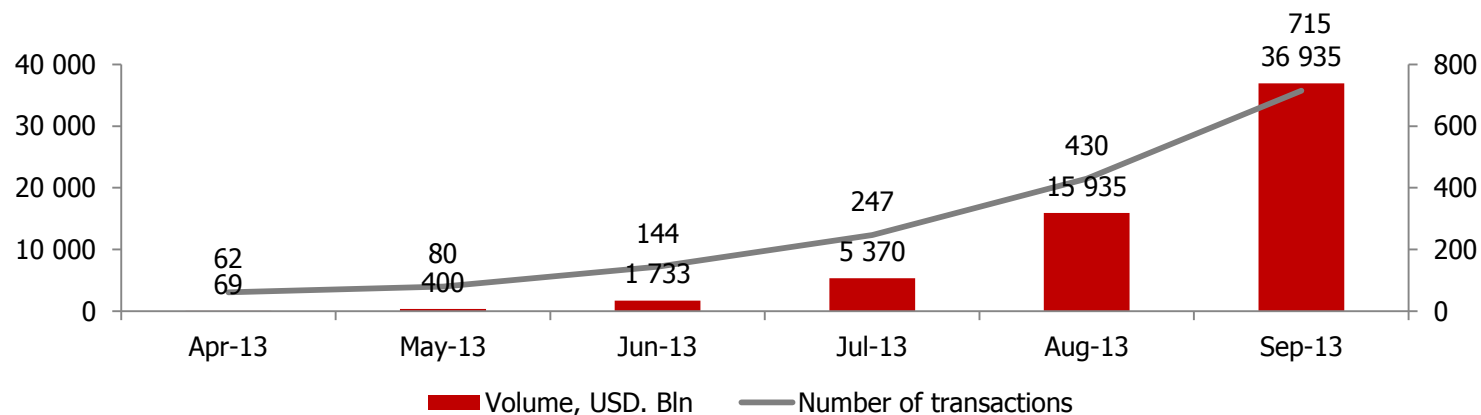
# COLLATERAL MANAGEMENT SYSTEM

## BANK OF RUSSIA'S TRI-PARTY REPO TRANSACTIONS WITH A BASKET OF SECURITIES

Number of general agreements on repo transactions in Russia's OTC market



Number and volume of closed Bank of Russia's tri-party REPO transactions



USD ex.rate is 32.3451 RUB  
as of 30.09.2013

# PROJECT OF 2013

## CORPORATE INFORMATION CENTER

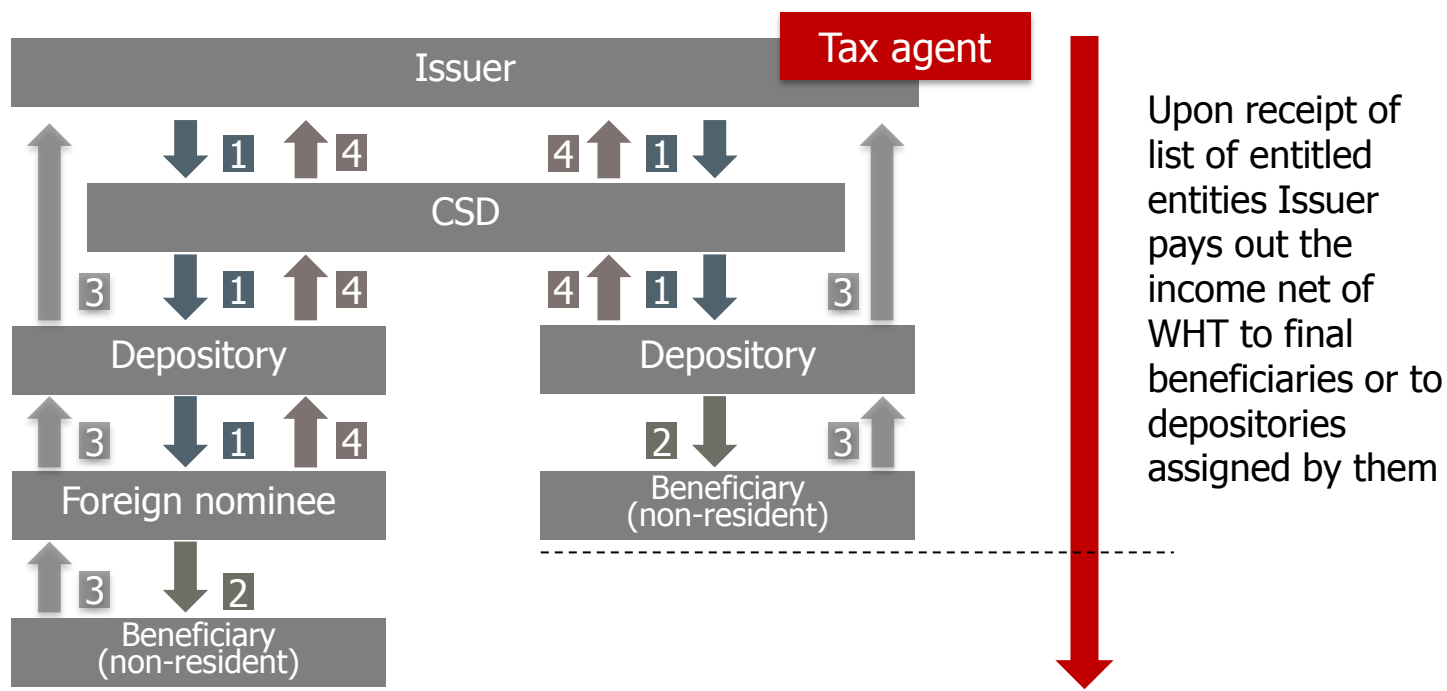
### GOAL DESCRIPTION

- Corporate information center (CIC)– technological infrastructure, guaranteeing the receipt of reliable, secure and structured information in convenient for processing and further usage formats
- Further development of strategic partnership with information agencies of Russia, CIS and international information agencies

Terms	Task
<b>December 2013</b>	<p>Organization of information cooperation with Regulators</p> <p>Launch of a system on the basis of a new technical platform of CIC</p>
<b>July 2014</b>	Creation of an additional external module of information disclosure by securities market participants
<b>Year 2014</b>	<p>Expansion of geography of information cooperation</p> <p>Further expansion of cooperation with countries-participants of AECSD</p>
<b>December 2014</b>	Development and agreement with regulators of a single reference book of formats for messaging on corporate information between Russian securities market participants, certification of a reference book status

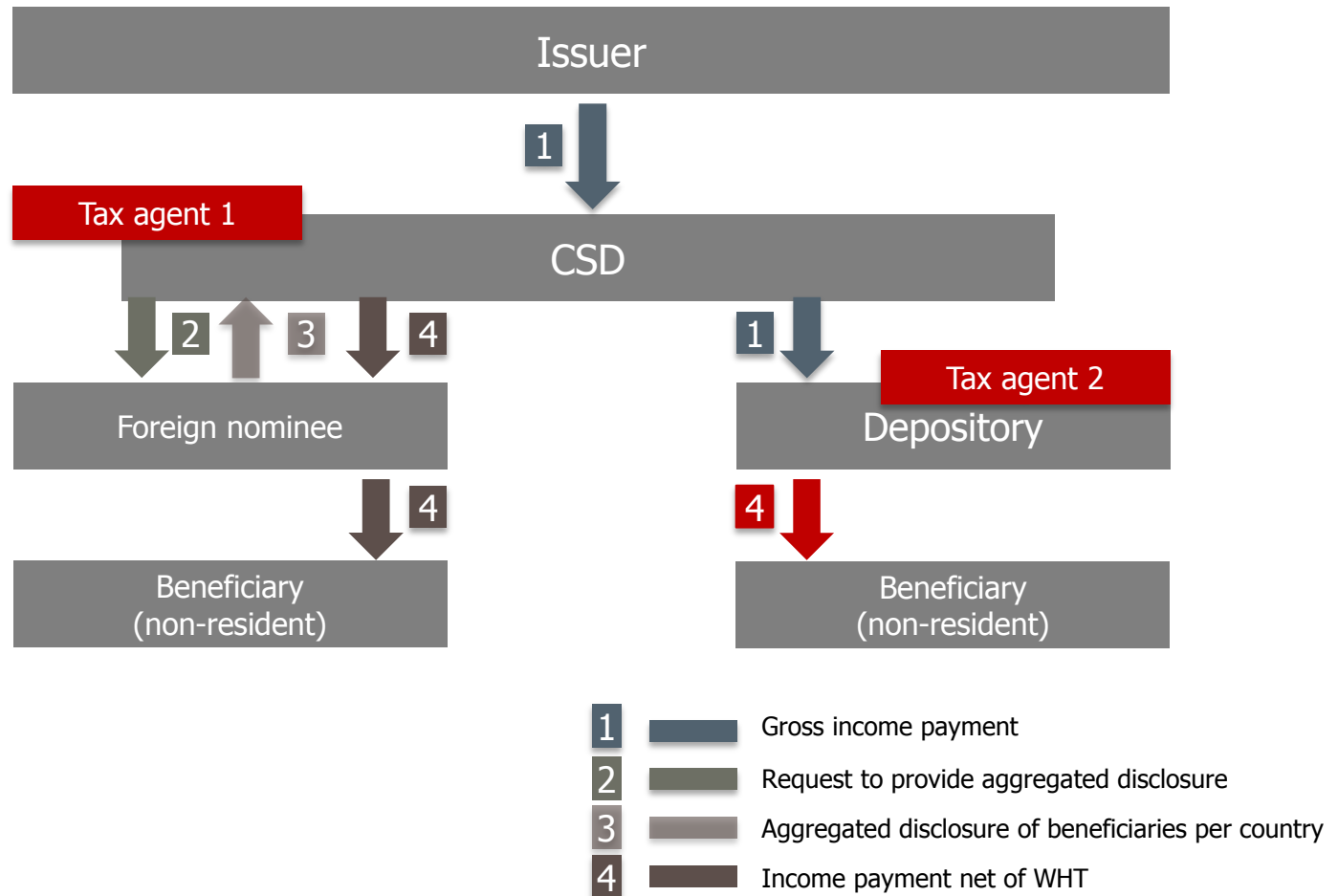


# BEFORE EXPECTED CHANGES IN LEGISLATION



- 1 Request to provide information of entitled entities and to disclose non-residents
- 2 Request to provide documentation for reduced rate
- 3 Documentation for reduced rate
- 4 Information/disclosure of beneficiaries

# AFTER EXPECTED CHANGES IN LEGISLATION



# DISCLOSURE FOR TAX PURPOSES IN 2014

## BENEFITS

### IN 2014 (EXPECTED)

- Disclosure in aggregated form
- Quick tax refund procedure period
- Standard procedure for tax refund
- Cascade payment method
- Minimum of paper workflow with tax authority

\* All materials in this presentation are based on the drafting amendments to the Russian legislation.



# DISCLOSURE FOR TAX PURPOSES IN 2014

## (expected changes)

### IN 2013

- Disclosure till final beneficiary is required
- Full pack of document to be submitted to the Russian Tax authority for tax refund
- Income is paid in favor of final beneficiary who was disclosed by a nominee
- Partial withdrawal from documents in paper form

### IN 2014 (EXPECTED)

- Disclosure in aggregated form based on countries of which such entities are tax residents; and grounds for the application of tax benefits provided for by the Tax Code or double taxation treaties if such benefits are applicable
- Quick tax refund procedure within 25 days to be implemented based on aggregated information without documents
- Standard procedure for tax refund based on the documents submitted to the Russian Tax authority will be possible after quick refund period
- Cascade payment method when the income is paid to the nominee for distribution to its clients on lower lever
- Paper form documents are to be presented to the tax authorities in case of receipt of tax refund only on dividends and receipt of reduced (minimum) rates according to the Code and international agreements being provided under fulfillment of certain conditions (for example: share of investment, period of investment, etc.)

\* All materials in this presentation are based on the drafting amendments to the Russian legislation.

# DISCLOSURE BY ISSUER REQUEST IN 2014

## BENEFITS

### IN 2014 (EXPECTED)

- Disclosure via Electronic Data Interchange with XML format files
- No responsibility of foreign nominee for not submitting information by it's clients
- Record date for dividend payments is defined by the GM

\* All materials in this presentation are based on the drafting amendments to the Russian legislation.

# DISCLOSURE BY ISSUER REQUEST IN 2014 (expected changes)

## IN 2013

- Disclosure till final beneficiary is required
- Foreign nominee is responsible for submitting the disclosure
- CBR (previously FFMS) has a right to apply penalties for non-disclosure up to suspending operations
- Disclosure should be submitted via:
  - NSD's EDI (Electronic Data Interchange) System – LUCH with XML format files;-
- Record date for dividend payment is equal to the date of record date for the GM

## IN 2014 (EXPECTED)

- Disclosure till final beneficiary is required
- Disclosure should be submitted via:
  - NSD's EDI (Electronic Data Interchange) System – LUCH with XML format files;
  - SWIFT FileAct that allows to exchange XML format files
- Foreign nominee should do all necessary measures to submit the depository with the list of final beneficial owners in cases and in volumes defined by Russian legislation
- Foreign nominee is not responsible for not submitting information by it's clients or for the reliability and comeliness of information submitted by its clients.
- Record date for dividend payments will be defined by the GM

\* All materials in this presentation are based on the drafting amendments to the Russian legislation.

# THANK YOU!



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  - 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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