



August 2016

# NEWSLETTER

ASSOCIATION OF EURASIAN CENTRAL SECURITIES DEPOSITORIES (AECSD)

## INTRODUCTION



**Gaioz SANADZE**

AECSD Chairman

General Director,  
Georgian Central Securities  
Depository

Dear Readers,

I am happy to present the first issue of the AECSD Newsletter – a periodical of the Association of Eurasian Central Securities Depositories (AECSD).

Communications play the most important role in our world, not only in every person's life, but also in the activities of organizations, companies and associations. For this purpose the AECSD unites the central securities depositories of the Eurasian region; since 2004, it has worked to create an integrated depository space, responded to market challenges and expanded proactively. One

cannot but agree that in recent years infrastructure has become more important for financial markets. And the countries of Eurasia are no exception.

On 8 September 2016, an event of great importance for the Association will take place in Tbilisi – the 13<sup>th</sup> International AECSD conference. This is the unique annual discussion platform allowing CSDs, regulators and representatives of infrastructural institutions to gather and discuss the global and Eurasian agenda, ask questions, sum up results, assess the work done in the past year and set tasks for the future.

In 2016, the agenda includes a broad range of items: from the most important trends in the global securities servicing industry (including fintech in general and blockchain technology in particular) and regional harmonization processes, to recent changes and reforms in local markets. The event's program is available on the AECSD website.

We will outline the results of the conference in one of the next issues of the AECSD Newsletter. We hope the forum will become a convenient platform for all participants striving to talk about key events in their countries' financial markets and share their opinions on issues of interest for the Association and the sector.

We plan to distribute the AECSD Newsletter to a broad audience: members of the Association, regulators, lawmakers, Eurasian securities market participants, representatives of global securities servicing industry, analysts, consultants and journalists.

See you all in Tbilisi at the 13<sup>th</sup> International AECSD Conference!

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# AECS D IN FIGURES

## RESULTS OF 2015



**11 years**  
on the market



**14 members**  
from **12 countries**



**>1 100**  
employees



CSDs ownership: **22%** government,  
**34%** stock exchange, **44%** hybrid



**WFC**  
membership



**3 working**  
groups



**1 LOU for LEI**  
**1 Trade Repository**



**E-proxy voting** (Russia and Turkey)  
**E-voting** (India-CDSL and Turkey)



**9 CSDs**  
use DVP



**6 CSD – NNAs**  
(National Numbering Agency)



AuC: USD **873 bln**  
incl. USD **43 bln** – foreign securities



**16 links**  
(**6** – bilateral)



Processed transactions –  
**3 mln\*** (USD **17 trln**)



Average daily trading  
volume: USD **192 bln**



**12 247 issues**  
(incl. **4 839** listed)



**All members** settle  
equities and corporate bonds



**20 466 clients**  
(**19 Foreign Nominees**)



**36%** of CSDs identify  
final beneficial owners



**36%** of CSDs  
use SWIFT

\* Value of transactions has increased significantly (> USD 10 trln) in 2015 vs 2014 due to redemption of ETF as well as related to this event operations in MKK (Turkey)

# NEWS



## AECSO Members Report Operating Results

Q4 2015 Results: [NSD](#), [KACD](#)

Q1 2016 Results: [NSD](#), [KACD](#), [RUE "RCSD"](#)

RUE "RCSD" has also published its 2015 operating results.

[Read more >>](#)

## AECSO Publishes Updated Profile

National Settlement Depository and the members of the Association of Eurasian Central Securities Depositories (AECSO) have prepared an updated profile of AECSO. The new profile includes information about the AECSO member countries' stock markets and infrastructures, including India and Turkey which joined the Association in 2015.

[Read more >>](#)



## KACD Changes Composition of the Board of Directors and the Management Board

In accordance with the resolution of the extraordinary general meeting of shareholders of Central Securities Depository JSC (KACD) (Minutes № 3 dated 29 March 2016), Yelena Studenina has been elected the Chairperson of the Management Board (President) of KACD from 30 March 2016. In addition, the depository's shareholders have terminated the authority of the Board of Directors of KACD ahead of a schedule, and have elected new members of the Board of Directors.

[Read more about the election of the Chairperson of the Management Board >>](#)

[Read more about the changes in the composition of the Board of Directors >>](#)



## Central Depositories of Armenia and Belarus Launch Bilateral Interaction Channel

"Central Depository of Armenia" OJSC and the Central Depository of Belarus, Republican Unitary Enterprise "Republican Central Securities Depository" (RUE "RCSD") concluded an agreement on opening of bilateral nominee accounts.

[Read more >>](#)



## Thomas Murray Data Services Affirms Ratings for NSD and KACD

Thomas Murray Data Services, specialist custody rating, risk management and research firm specialising in the global securities services industry, has affirmed the CSD rating for NSD, Russia's central securities depository, at AA-, which translates as 'Very Low Overall Risk,' and the rating for the Central Securities Depository of the Republic of Kazakhstan (KACD) at A+, 'Low Overall Risk'.

[Read more about NSD's rating >>](#)

[Read more about KACD's rating >>](#)



## Professional Participants Define Development Areas of Ukraine's Depository System

Ukraine's central securities depository has summed up the results of a survey of professional market participants regarding development issues of the country's depository system. The survey has contained six conceptual proposals prepared by the CSD. Among the respondents have been depository operations specialists of major and mid-sized participants of the depository service market, including Raiffeisen Bank Aval, Citibank, UKRGASBANK, CREDIT AGRICOLE BANK, Univer Capital, ART-CAPITAL Custody, etc.

[Read more >>](#)



## Mindaugas Bakas Headed the National Depository of Ukraine

The contest committee recommended Mindaugas Bakas as Chief Executive Officer of the National Depository of Ukraine (NDU).

Shareholders of NDU supported this recommendation, and the Supervisory Board of NDU appointed Mindaugas Bakas as CEO of NDU. Selection of candidates started in December 2015. More than 30 candidates applied for this position, 8 of which were foreigners. During the last 4 years Mindaugas Bakas headed the Central Securities Depository of Lithuania. Before that, he headed the Market Development Department at NASDAQ OMX in Vilnius, worked with Swedbank and SEB Banks.

# EXPANSION

## KEY EVENTS 2015

Interviews with the heads of infrastructural organizations – members of the Association of Eurasian Central Securities Depositories (AECSD)

For AECSD, 2015 was marked by the admission of two new members, including the Central Securities Depository of Turkey and two Indian central securities depositories.

Their participation in the annual survey of the members of the Association will enable the expansion of our perception of the recordkeeping system models and stock markets of other countries and learning about technological innovations.

1. Which events of 2015 can be referred to as the key events for the securities market infrastructure? What problems were encountered by the infrastructure, and which of them still remain most relevant?
2. Which new services did your organization manage to implement in 2015?
3. What steps should be taken for further improvement of the infrastructure of the securities market? Expansion of which services shall be a top priority in 2016?

### AZERBAIJAN

National Depository Center of the Republic of Azerbaijan (NDC)



**Araz ALIEV**

**Chairman of the Executive Board of the National Depository Center**

In 2015, considerable results were achieved in respect of bringing the legal and regulatory base in compliance with the international practice. Milli Mejlis of the Republic of Azerbaijan adopted the Law "On the Securities Market", which took effect on July 14, 2015.

[Read more >>](#)

### ARMENIA

Central Depository of Armenia (CDA)



**Vahan STEPANYAN**

**Director of the Central Depository of Armenia OJSC**

In 2015, the Central Depository of Armenia (CDA) experienced some important events, which significantly contributed to the general operation of the system and, very importantly, brought the CDA even closer to the objectives set. [Read more >>](#)

### BELARUS

Republican Unitary Enterprise "Republican Central Securities Depository" of the Republic of Belarus



**Valentina TIMOSHENKO**

**Director of the Republican Unitary Enterprise "Republican Central Securities Depository" (RUE "RCSD")**

On January 1, 2016, the Law of the Republic of Belarus No. 231-Z "On the Securities Market" dated January 5, 2015 took effect. Due to the necessity to bring the legislative acts of the country in compliance with it, the specialists of RUE "RCSD" participated in preparation of amendments and additions to an entire array of regulatory documents. [Read more >>](#)

### GEORGIA

Georgian Central Securities Depository (GCSD)



**Gaioz SANADZE**

**General Director of JSC Central Securities Depository of Georgia, Chairman of AECSD**

Under the auspices of the newly elected Supervisory Board of the Central Securities Depository of Georgia (CD), our work experienced considerable organizational and other changes. Trading sessions on the Stock Exchange became more frequent, which resulted into more complicated operations implemented by CD for servicing such transactions. [Read more >>](#)

### INDIA

National Securities Depository Ltd. (NSDL)



**G. V. Nageshwar RAO**

**Managing Director, Chairman of the Executive Board of the National Securities Depository Ltd. (NSDL)**

Acting for the investors' benefits, the Securities and Exchange Board of India (SEBI) required the depositories to submit consolidated account statements in relation to investments to mutual funds and book-entry securities from February 2015. [Read more >>](#)

### Central Securities Depository Services Ltd. (CDSL)



**Shri P.S. REDDY**  
**Managing Director, Chairman of the Executive Board of the Central Securities Depository Services Ltd., CDSL**

2015 was quite fruitful for CDSL. The most important event of the year was achievement of the record level of 10 million active accounts opened by investors in CDSL, as well as conclusion of over 4,000 e-voting use agreements with CDSL. Out of them, over 3,700 companies made use of the e-voting technology for electronic voting at the general annual meetings of shareholders and mail voting in relation of over 7,500 events. [Read more >>](#)

### KAZAKHSTAN

#### Central Securities Depository JSC



**Bakhytzhon KAPYSHEV**  
**President of Central Securities Depository JSC<sup>1</sup>**

For the Central Securities Depository of Kazakhstan, a significant event of the last year included the 12th International Conference of the Association of Eurasian Central Securities Depositories (AECSD), which was held in Almaty on September 10, 2015.

[Read more >>](#)

### KYRGYZSTAN

#### Central Depository CJSC



**Aziza Yuldasheva**  
**President of Central Depository CJSC**

For the Central Depository of the Kyrgyz Republic, one of the most important tasks of 2015 was successful implementation of the project of parallel placement and circulation of government treasury bonds of the Kyrgyz Republic for a 5-year term.

[Read more >>](#)

### RUSSIA

#### National Settlement Depository



**Eddie ASTANIN**  
**Chairman of the Executive Board, NSD**

In 2015, a remarkable event for NSD was successful implementation of a three-year strategy, due to which five main business directions were launched and are successfully operating in the company: Central Securities Depository, repository, collateral management system, payment system and the center of corporate actions and corporate information. [Read more >>](#)

### TURKEY

#### Merkezi Kayit Kurulusu A.S. (MKK)



**Yakup ERGINCAN**  
**Director General of the Central Securities Depository of Turkey (Merkezi Kayit Kuruluşu, MKK)**

One of the main events of development of the stock market infrastructure in Turkey in 2015 became the launch of a new trading platform BISTECH by the Istanbul Stock

Exchange. [Read more >>](#)

### UZBEKISTAN

#### State Enterprise "Central Securities Depository"



**Sherali ABDUZHABBAROV**  
**General Director of State Enterprise "Central Securities Depository"**

The adoption of the Law of the Republic of Uzbekistan "On the Securities Market" in 2015, as amended, resulted in considerable changes of the infrastructure of the stock market. [Read more >>](#)

[Full text of the interview](#)

<sup>1</sup> The position is specified as of the interview day, 20 February, 2016.

# STAY INFORMED

## ACHIEVING A BREAKTHROUGH

In 2016, the Association of Eurasian Central Securities Depositories (AECSD) may have a new member — the Central Securities Depository of Tajikistan has applied to join the AECSD. We met with its CEO **Aziz ALIAKBAROV** to learn more about the situation in the Tajik securities market and the challenges it faces.



**Aziz ALIAKBAROV**  
CEO, CJSC Central  
Depository,  
Tajikistan

— Aziz, is it true that the banking system now forms the basis for the financial market of Tajikistan? What is the role of other markets — the stock, insurance, and pension markets?

— Indeed, banks are the backbone of our financial market. Many hold brokerage and dealer operation licenses. To date, brokers and dealers do not exist as a separate category of market participants, because the exchange has only recently opened. According to the current securities market law, second level banks can perform securities operations.

With regard to infrastructure, the record keeping and settlement structure of the financial market mainly includes registrars. The central securities depository does not fully work. Banks do not perform depository operations.

There is a governmental pension fund in the country with established operational rules. To date, it is the only participant on the pension savings market, despite the fact that national laws (the Law of the Republic of Tajikistan № 149 “On Governmental Pension Funds” dated 28 December 2005) allows other players to enter this market. However, we assume that professional participants will be interested in creating governmental pension funds once financial prerequisites are put in place.

The insurance market in the republic is quite weak. There are not enough instruments and only a few clients. Since the financial market is weak, loans are quite expensive, and businessmen cannot assume an additional burden, such as insurance.

— You have already mentioned the opening of the exchange in the country. This was announced in the past year. How does the new platform function?

— The opening ceremony for the Central Asian Stock Exchange was held in October 2015 in Dushanbe. During the first stage, it will provide market participants with the opportunity to buy and sell shares and bonds, and later – to conduct derivative operations.

It is worth adding that this is not the first attempt to build an organized trading platform in Tajikistan. The first stock exchange in the country was opened in 1994. The license was issued by the regulator for five years in 2008. However, after licensing, no securities transactions were concluded on the exchange. Moreover, no infrastructure was created. So the stock exchange license was not extended after it expired in 2013.

However, if the country is seriously thinking about developing its financial market, it is clear that there is a need for organized exchange trading. So, in 2015, the Central Asian Stock Exchange was founded in Tajikistan. GMEX Technologies Limited, part of the British GMEX Group, became its shareholder. In turn, the Deutsche Börse Group, one of the world's largest exchanges, is a shareholder of the GMEX Group. The GMEX Group is a major player offering innovative solutions and technologies in the financial market sphere. It is a shareholder of numerous exchanges – in Africa, Vietnam, Malaysia, and Singapore. It has a lot of projects in the United States. However, the GMEX Group develops its key businesses in

emerging markets. It provides packet solutions for the full range of securities market infrastructure: for exchange trading, CSD, registrars, clearing, and derivative markets.

— How quickly can potential stock exchange participants emerge in the country?

— Banks, combining classic banking operations with stock market operations, are key players and participants. But, as the securities market is not yet developed, they do not have an opportunity to offer their services to outside clients – transactions are concluded only by the banks.

Somon-Capital was the only company that tried to develop the securities market. Unfortunately, it did not go well due to the undeveloped market and the almost full absence of relevant infrastructure.

— Which instruments can national players use? Are there governmental securities or National Bank notes on the Tajik market?

— Mainly, the prevailing securities in our market include bills (treasury, governmental, and simple) issued by the Ministry of Finance and securities issued by the National Bank of Tajikistan.

Practically all instruments issued by the National Bank are short-term and are used to develop monetary policy: either for taking out excessive liquidity from the market or for adding liquidity, if necessary.

Second level banks invest in these instruments. The National Bank is a trading organizer. The securities issued by the regulator have a very short maturity term. Moreover, the yield rate on these securities is not very high, and the volume of the issue is also not very high. It is practically impossible to create a more complicated liquidity management system, for example, the repo market, under these conditions.

These narrow market opportunities seriously hinder market development in general. This is an endless circle. However, there are examples from other emerging markets which successfully overcame similar difficulties. This shows that we still have a chance.

— Are there any corporate securities?

— Yes, there are. According to the Agency for Security Market Development and Specialized Registrar of the Ministry of Finance of Tajikistan, the securities of 325 joint stock companies were registered in the country as of the end of 2015. Four private registrars were in the Republic in late 2015. The majority of securities is kept in their accounts, and most sales and purchase transactions are registered with them. It is clear that this cannot be considered as a mechanism for real price formation. Issuers of these securities are companies from all economic sectors in Tajikistan: the banking sector, the construction industry, manufacturing (energy production), transportation, healthcare, and the service industry.

— Will other securities and issuers appear?

— We sincerely hope that they will. The government is very concerned about securities market development. In December 2015, significant legislative work was done, and considerable changes were made in the Law on the Securities Market and the Tax Code.

The new version of the Tax Code introduced a five year moratorium on dividend payments for companies entering the exchange. In addition, investors will not pay capital gains taxes or VAT. The capital gains tax rate for issuers has been decreased from 15 to 5%. In December, the new tax system came into force: clearly, this is the government's open invitation for businessmen to go public.

There were important innovations in the Law on the Securities Market. Previously, companies could issue only somoni (the local currency)-denominated securities. Now, corporate bonds can be issued in national and foreign currencies: in dollars, euro, British pounds, and Renminbi. The Russian ruble can also be the currency of an issue, as the Tajik economy is closely connected with the Russian one.

We carry out large volumes of foreign trade with the Russian Federation. Now, we are striving to enhance cooperation with the Moscow Exchange and National Settlement Depository.

The government approved a serious document – Regulations on the Plan of Actions Aimed at Developing the National Securities Market. Ministries and governmental agencies should report on the implementation of 16 paragraphs of the Plan in late 2016. One of these is privatization on the basis of our exchange.

We also want to join the International Organization of Securities Commissions (IOSCO), and currently our regulator is working on membership issues.

One more strategic goal is to gain the status of a national numbering agency and to join the Association of National Numbering Agencies (ANNA). We would like to be able to assign international ISIN and CFI codes to financial instruments issued by Tajikistan's issuers and to perform other functions that go along with this status: to develop methods, rules of assigning international identification codes, and maintaining databases, etc.

So, in general, there are numerous priority directions set by the State to develop the national financial market.

Due to the opening of the exchange, some commercial banks want to become public and issue bonds. According to our laws, all paperless assets should be kept in securities

accounts with the CSD for further trading. This is large and professional work. The Exchange actively participates in it, helping issuers structure required actions and working with registrars. If shareholders of national companies plan to enter the exchange, we are happy to help them and to open accounts in a timely manner.

By the way, there are both paper and paperless assets circulating on our market.

The CSD's plans include servicing all types of securities (shares, bonds, and governmental bonds) traded or to be traded on the market.

#### — Are there nominees in the market?

— Yes, there are the CSD and brokerage and dealer companies. To date, the CSD works on opening nominee accounts for all registrars. In addition, we are interested in foreign nominees and are ready to open these accounts.

#### — When was the CSD created in the Republic?

— The Central Securities Depository was opened only recently, in September 2015, and became the first institution carrying out settlement and depository operations in Tajikistan.

The CSD is a closed joint stock company, and the exchange is an open joint stock company. These are private legal entities. The Exchange and the CSD are not connected by ownership. Foreign investors may become shareholders of both the Exchange and the CSD. There are no prohibitions or restrictions.

At present, the CSD of Tajikistan tries to build cooperation with regional and global central securities depositories. One of its short-term goals is to develop inter-depository interaction links with all central securities

depositories which have joined the AECSD. We are also negotiating with London and DTCC.

The financial market is global. We have set the goal of joining the global family. Becoming a member of ANNA and IOSCO is part of this larger goal.

Now our market is in an embryonic state, and it is clear that it does not spark a large interest from Europe or the United States. But we will move forward.

Another task is developing the national market. We hold active discussions with the Ministry of Finance of Tajikistan and the National Bank to launch not just short-term market securities, but also mid- and long-term ones which will become the basis for the secondary market. The instrument range is a key indicator. Based on experience, governmental securities are a key stock market driver. If they exist, we can conduct hundreds of operations, which will entail corporate bond market development. We hold a lot of discussions on this matter.

Tajikistan is a young and fast-developing country with high potential for project of different scales in respect to investment policy. Many important reforms are ongoing in the Republic to improve the country's investment attractiveness for foreign investors. The Exchange and the CSD are focused on helping existing subjects enter into trades, and cooperate closely in creating new instruments to attract investment. For example, we are now developing listings for small- and mid-sized companies. We hope these will be in demand. In particular, listing fees will be very low. In addition, we hope to show investors (local and foreign) that our companies are not so capital intensive. If you invest in them, you can quickly get returns on your investment.

#### — What are your priority goals for this year?

— First and foremost, this is facilitating new issuers' and instruments' entrance on the exchange. By September, we plan to prepare a governmental bond issue and prospectuses for commercial bank bonds.

#### — Can you provide any numbers?

— Ideally, we would like to see 10 issuers entering the exchange. And from there, we will let it roll.

#### — And what about demand?

— We actively work with the pension fund and insurance companies. We hold dialogues with private funds. But, these players are in a difficult situation – they mostly use “donor money.” They have limited mandates and are more interested in infrastructural and social projects, not in investing in the capital market. So, we also communicate with local and foreign investors to develop their appetite for our market.

The key goal of the CSD is to get numbering agency status and increase the client base and securities accounts. In addition, in the next year, we would like to become a settlement depository.

In general, if you look at our market from the outside, you can draw some conclusions. Firstly, Tajik companies now have the incentive to become public. Secondly, there are potential investors. Moreover, the State is ready to support the development of the securities market and to create appropriate conditions for investing in the national economy. Now, we should arrange interactions and launch the market mechanism in general, simultaneously. This is a great work. It assumes the improvement of laws and an increase in financial literacy. Our key challenges are to create infrastructure and to enhance our work with investors and issuers.

# ECONOMY OF THE EURASIAN REGION

## THE LONG JOURNEY TO RECOVERY

Russia’s anticipated economic recovery has been delayed, and the country continues to adjust to an adverse external environment of lower oil prices and international sanctions. According to the World Bank’s latest Russia Economic Report, in 2015, the consequences of these twin shocks caused real GDP to contract 3.7%.

Source: World Bank (worldbank.org)

The adjustment to the worsening external environment caused an estimated 10% drop in gross domestic income, which sapped consumer demand and discouraged investment.

“Thus far, the government’s policy response has facilitated Russia’s economic adjustment. Thanks to the Central Bank’s flexible exchange rate policy, the rouble exchange rate alignment improved which supported the economic transition. Due to the flexible exchange rate, the fiscal impact of the adjustment was less severe for Russia than it was for other oil exporters, though a fiscal consolidation plan remains necessary,” said **Birgit HANSL**, World Bank Lead Economist for the Russian Federation. “Moreover, the depreciation has presented Russia with an opportunity for a broad-based improvement in Russia’s international competitiveness and to transform its export profile by diversifying away from primary commodities. Leveraging emerging opportunities to develop a broader and more sophisticated product and export mix will require a substantial increase in private investment.”

According to the World Bank, the Russian economy faces a long journey to recovery. While the conditions that pushed Russia’s economy into

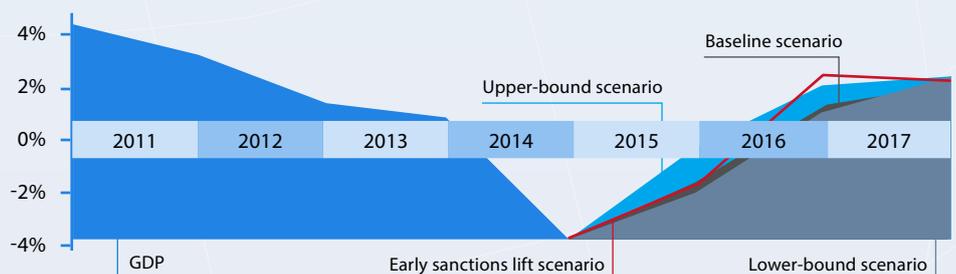
recession may be gradually abating, the World Bank’s current baseline scenario anticipates a further contraction of 1.9% in 2016, before growth is expected to resume at a modest rate of 1.1% in 2017.

Risks to Russia’s economic outlook are tilted to the downside. The economy faces strong headwinds from an uncertain global recovery. As the Russian economy gradually adapts to an adverse external environment marked by lower oil prices and ongoing economic sanctions, the focus of its economic adjustment is now shifting to fiscal and financial sector challenges. At the same time, the policy space for Russia’s continued adjustment has shrunk in light of depleting fiscal buffers.

“Russia’s longer-term growth path will depend on the strength of its structural reforms. Economic reforms designed to bolster investor confidence could greatly enhance Russia’s long-term growth prospects. Administrative barriers to doing business, high transportation and logistics costs, and the perception of an uneven playing field all discourage investment, particularly in the non-resource sectors,” said **Andras HORVAI**, World Bank Country Director for the Russian Federation.

### Real GDP Growth Projection

Source: Rosstat, World Bank



# ECONOMY OF THE EURASIAN REGION

## POWER OF DETERRENT EFFECT

In 2015, the GDP of the CIS countries amounted to 3.8% as compared to 2014, and in Q4 2015 – by 2.9% against Q4 2014. In Q2 and Q3 2015, this indicator reached 4.3% and 3.9% respectively. This improvement was explained by a stabilized Russian economy, the start of recovery in the Ukrainian economy, and some GDP growth acceleration in Kazakhstan.

Source: Eurasian Development Bank (eabr.org)

The favorable effect of the stabilization of the larger CIS economies on aggregate GDP dynamics more than made up for decreased growth indicators in the majority of other Commonwealth countries.

Because of the improvement in GDP growth indicators in Russia and Kazakhstan, the respective indicators for the group of oil and gas exporting countries (Azerbaijan, Kazakhstan, Russia, and Turkmenistan) also increased: in Q4 2015, it reached -3.2% (compared with -3.7% in Q3 2015). The dynamics of the Azerbaijan economy negatively impacted the group's aggregate indicator: in Q4 2015, the Republic's GDP declined 6.7% year-on-year. For comparison: in Q3 2015, the GDP of Azerbaijan decreased only 0.7%.

There was GDP growth in Q4 2015 in countries that export labor (Armenia, Kyrgyzstan, Moldova, and Tajikistan). However, it continued to decrease; the group's aggregate GDP growth was 0.5% compared with Q4 2014. In Q1 2015, this indicator amounted to 4.6%, in Q2 2015 – 5.4%, and 2.8% in Q3 2015.

In Q4 2015, the most significant GDP decline (from 5% to -2.3%) was recorded in Kyrgyzstan. It was caused by gold production fluctuations at the Kumtor gold mine; these fluctuations often considerably, but briefly, affected GDP dynamics. There was a lesser decrease in GDP in Armenia and Tajikistan. However, it was broader, affecting various different sectors (in particular, manufacturing, trade, and construction). In Moldova, the depth of industrial decline remained the same as in Q4 2015 due to crop failure. All countries within this group were affected by reduced cash transfers from Russia.

The GDP decrease in countries with a diversified export structure (Belarus,

Ukraine, and Uzbekistan) substantially slowed in Q4 2015 (compared with the same period in 2014). In 2015, GDP decreased only 2.5%, following a 6.4% decrease in Q3 2015 and a double-digit decline in H1 2015. This improvement can be attributed to dynamics in the Ukrainian economy. Indicators improved compared with lower indicators from the previous year and, to a lesser degree, to quarterly growth (calculated taking into account the seasonality factor) that began in H2 2015. Uzbekistan's economy maintained a high growth rate due to proactive government support. The economic decline in Belarus became deeper, however, not radically so.

Development of the situation in Q4 2015 proved the expectation that after the devaluation wave in Central Asian and Transcaucasian economies that took place in Q2 2015 the consolidation process for internal demand would accelerate, and the GDP growth rate would slow down, or GDP, itself, could even decline. In H1 2016, this process will likely affect Kazakhstan, where the decrease in consumer activity that began in Q4 2015 had a strong negative impact on internal retail and wholesale trade and reduced the economic activity indicator for the first two months of 2016. The stabilization or growth in the economies of the European part of the region may act as a deterrent against the decline in internal demand in Central Asia and Transcaucasia, limiting negative consequences (including social ones) primarily for countries involved in regional integration. Meanwhile, other CIS countries' switch to more flexible domestic currency policies, following Russia, may have a long-term positive effect on the stability of CIS countries' balance of payments.

Based on data for the first few months of 2016, we may conclude that the

decrease in the global economic growth rate observed in late 2015 stopped or slowed this year, principally due to the corrected policies of developed countries' central banks. Under these conditions, the exchange rates for key international currencies stabilized against the US dollar, and

commodity prices on the international market recovered slightly from February-March 2016. Due to this, experts continue to use the scenario under which the average Brent price will be USD 40-50 per barrel in 2016. Meanwhile, increased oil price and currency exchange rate volatility that

took place in the beginning of the year will continue slowing the region's economic activity and will hamstring the recovery process. As a result, real aggregate GDP growth in CIS countries in 2016 will vary from -0.5% to 0.5%.

# XIII INTERNATIONAL CONFERENCE OF THE ASSOCIATION OF EURASIAN CENTRAL SECURITIES DEPOSITORIES

CONFERENCE ORGANIZER:

Georgian Central Securities Depository



CONFERENCE SPONSORS:



8-9 September 2016  
Tbilisi, Georgia, Holiday Inn  
1, 26 May Square, Tbilisi 0171, Georgia

# LIST OF MEMBER ORGANIZATIONS



**National Depository Center of the Azerbaijan Republic (NDC)**

19 Bul Bul Avenue, Baku,  
Az1000 Azerbaijan Republic  
[www.mdm.az](http://www.mdm.az)



**"Central Depository of Armenia" Open Joint-Stock Company (CDA)**

5b, Mher Mkrtchyan Str, 0010,  
Yerevan, Republic of Armenia  
[www.nasdaqomx.am](http://www.nasdaqomx.am)



**Republican unitary entity "Republican Central Securities Depository" (RUE "RCSD")**

220004, Republic of Belarus, Minsk,  
Melnikayte St 2, (4<sup>th</sup> floor)  
[www.centraldepo.by](http://www.centraldepo.by)



**Georgian Central Securities Depository (GCSO)**

71 Vazha-pshavela ave.,  
Tbilisi 0186, Georgia  
[www.gcsd.ge](http://www.gcsd.ge)



**Central Depository Services (India) Limited (CDSL)**

17<sup>th</sup> floor, P J Towers, Dalal  
Street, Mumbai – 400001  
[www.cdslindia.com](http://www.cdslindia.com)



**National Securities Depository Limited (NSDL)**

Trade World, A wing, 4<sup>th</sup> & 5<sup>th</sup> Floors,  
Kamala Mills Compound, Lower Parel,  
Mumbai – 400013  
[www.nsdl.co.in](http://www.nsdl.co.in)



**Joint-stock company "Central Securities Depository" (KACD)**

28, microdistrict Samal-1, Almaty,  
050051, Republic of Kazakhstan  
[www.kacd.kz](http://www.kacd.kz)



**Closed Joint-Stock Company "Central Depository" of the Kyrgyz Republic (CD)**

172 Moscovskaya St., Bishkek 720010,  
Kyrgyz Republic  
[www.cds.kg](http://www.cds.kg)



**National Securities Depository of the Republic of Moldova (NSD)**

Stefan cel Mare 73, Room 352,  
Chisinau, MD2001, Republic of Moldova  
[www.moldse.md](http://www.moldse.md)



**National Settlement Depository (NSD)**

12, Spartakovskaya St., Moscow,  
105066, Russia  
[www.nsd.ru](http://www.nsd.ru)



**Merkezi Kayit Kurulusu A.S. (MKK)**

Askerocađı Cad. Szer Plz. No:15 Kat:3,  
34367 Elmadađ-ŒiŒli Istanbul, Turkey  
[www.mkk.com.tr](http://www.mkk.com.tr)



**State enterprise "Central Securities Depository" (UzCSD)**

10 Bukhoro St., Tashkent 100000,  
Republic of Uzbekistan  
[www.deponet.uz](http://www.deponet.uz)



**Public Joint-Stock Company "National Depository of Ukraine" (NDU)**

17/8, Nyzhniy Val Str., Kyiv, Ukraine,  
04071  
[www.csd.ua](http://www.csd.ua)



**Public Joint-Stock Company "Settlement Center"**

7-G Tropinina Str., 04107 Kyiv, Ukraine  
[www.ausd.com.ua](http://www.ausd.com.ua)