



**NATIONAL
SETTLEMENT
DEPOSITORY**
MOSCOW EXCHANGE GROUP

7 September 2017, Minsk

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Deputy Chairman of the Executive Board

**RECENT CHANGES IN THE
RUSSIAN FINANCIAL MARKET:
FIRST RESULTS OF THE
CORPORATE ACTIONS
REFORM**

RUSSIAN CSD

FACTS AND FIGURES

Systemically important infrastructure as recognised by the Bank of Russia

- CSD
- Settlement depository
- NSD payment system
- Trade repository

Largest settlement depository in Russia, the CIS and Eastern Europe

- Provides both bank and custody services to the clients
- Standardised tariff model similar to that of European market

Lobbying and advocacy voice

- Participant of the major working groups organized by Russian regulators
- Promotion of market developments and shaping through various customer committees and the international consulting committee

Registration, maintenance and validation of **identification codes**

- National Numbering Agency (NNA) for ISIN and CFI codes
- Substitute Numbering Agency for the CIS countries
- Local Operating Unit (LOU) for assigning Legal Entity Identification (LEI) codes

As of September 1, 2017

Assets under Custody*, USD* bln** **623**

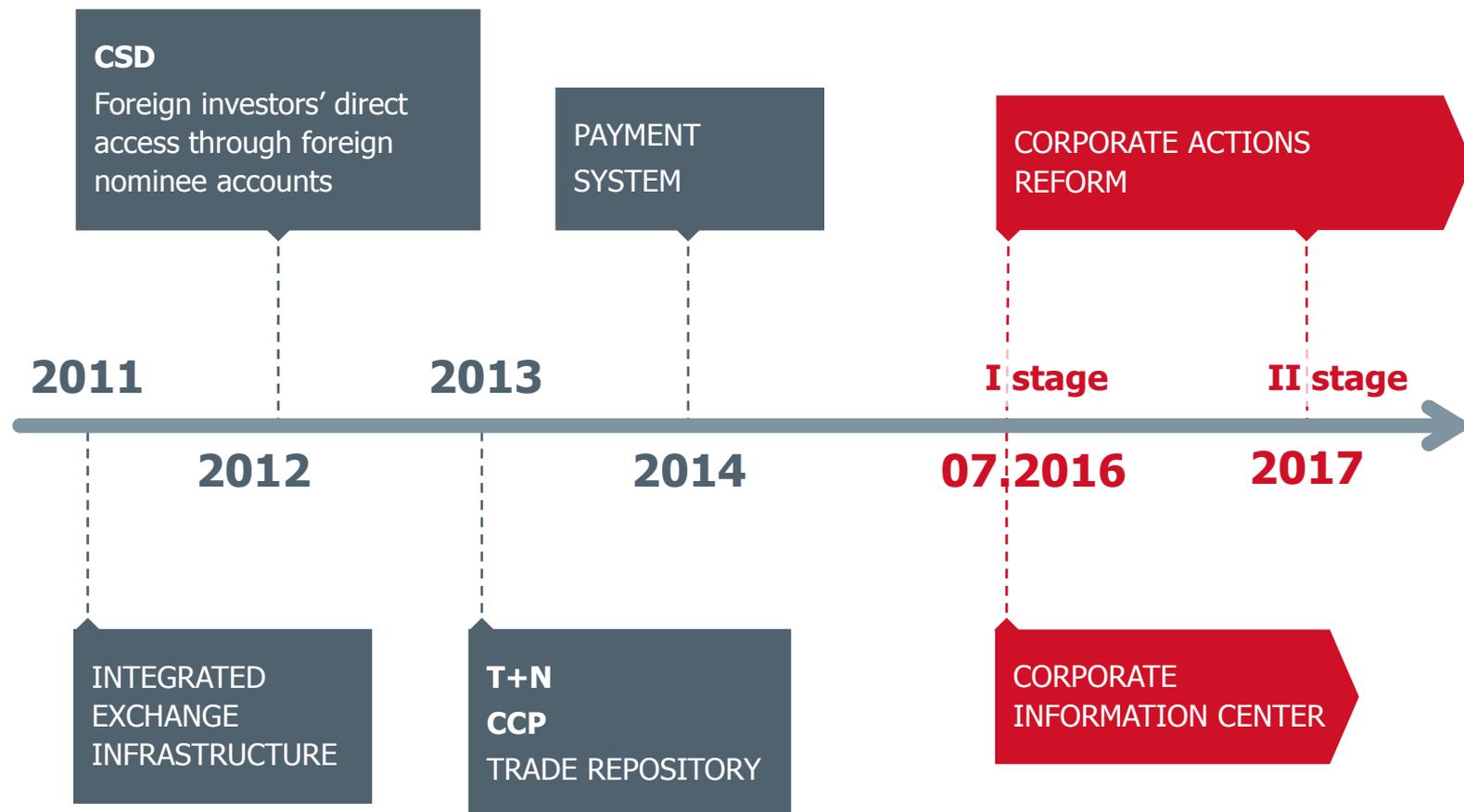
Number of clients

	Residents	Non-residents
Depository	799	17
Payment system clients	525	3

January-August 2017

	ths pcs	USD*** trln
Settled securities transactions	1 935	4,2
Settled cash transfers**	663	3,9
Settled trades in collateral management, USD*** bln		514

DEVELOPMENT OF RUSSIAN FINANCIAL MARKET INFRASTRUCTURE



OBJECTIVES OF THE CORPORATE ACTIONS REFORM

Single source of reliable official information about corporate actions

Unified approach to corporate actions processing

Participate in corporate actions via custodians

Direct electronic access to AGMs for investors

Reduce direct and indirect costs

Improve process transparency and therefore reduce the perceived risks in participation

Elimination of paper documents circulation

Grow the investor base

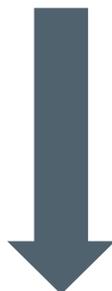


APPROACH TO THE REFORM

The possibility for international infrastructure organizations to benefit from the opportunities offered by the Russian securities market

The possibility to apply straight-through processing

The use of unified and convenient formats to disclose information on corporate actions



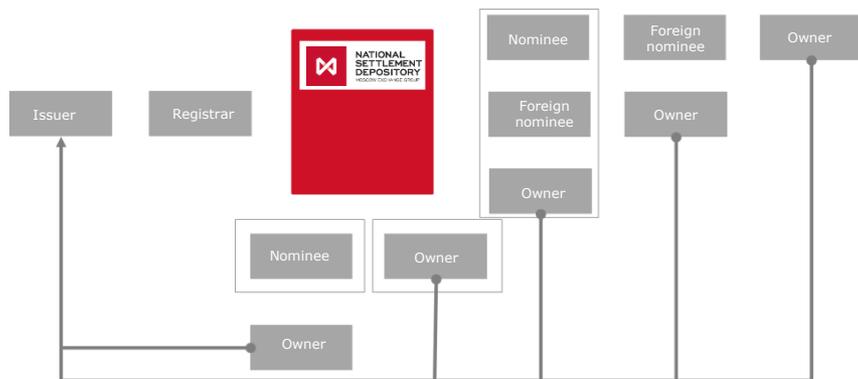
- **MARKET STANDARDS FOR GENERAL MEETINGS**
- **MARKET STANDARDS FOR CORPORATE ACTIONS PROCESSING**
- **GLOBAL PRINCIPLES FOR CORPORATE ACTIONS AND PROXY VOTING**



ISO 20022 (ISO 15022 for SWIFT users) – the international standard for electronic data interchange in financial markets that supports automatic information processing

A NEW APPROACH TO CORPORATE ACTIONS PROCESSING

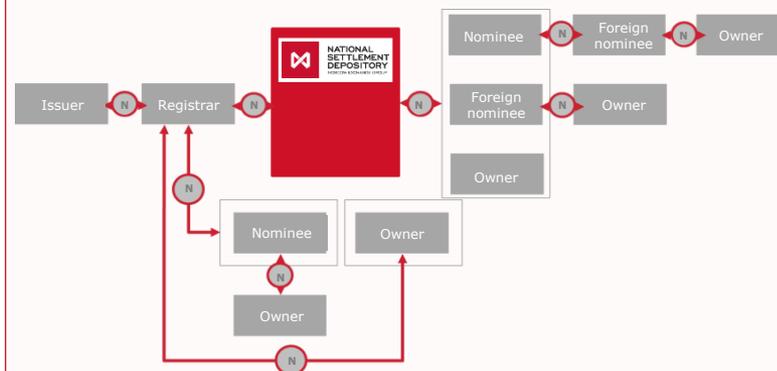
Restraints of the Former Approach



- 1 Custodians and registrars are not involved in interaction between an issuer and shareholders
- 2 Use of hard-copy documents
- 3 Difficulties faced by both domestic and foreign investors in exercising their rights attached to securities
- 4 A high level of operational risks

New Approach

- Processing any and all corporate actions in a centralized manner, through custodians, CSD and registrars
- Custodians are authorized to act on behalf of their clients under a depository agreement (no PoA needed)
- Source documents are kept by a custodian, acting on behalf of the respective securities owners
- Increased automation of corporate actions processing



EXERCISE OF RIGHTS ATTACHED TO SECURITIES FOR NOMINEE' CUSTOMERS

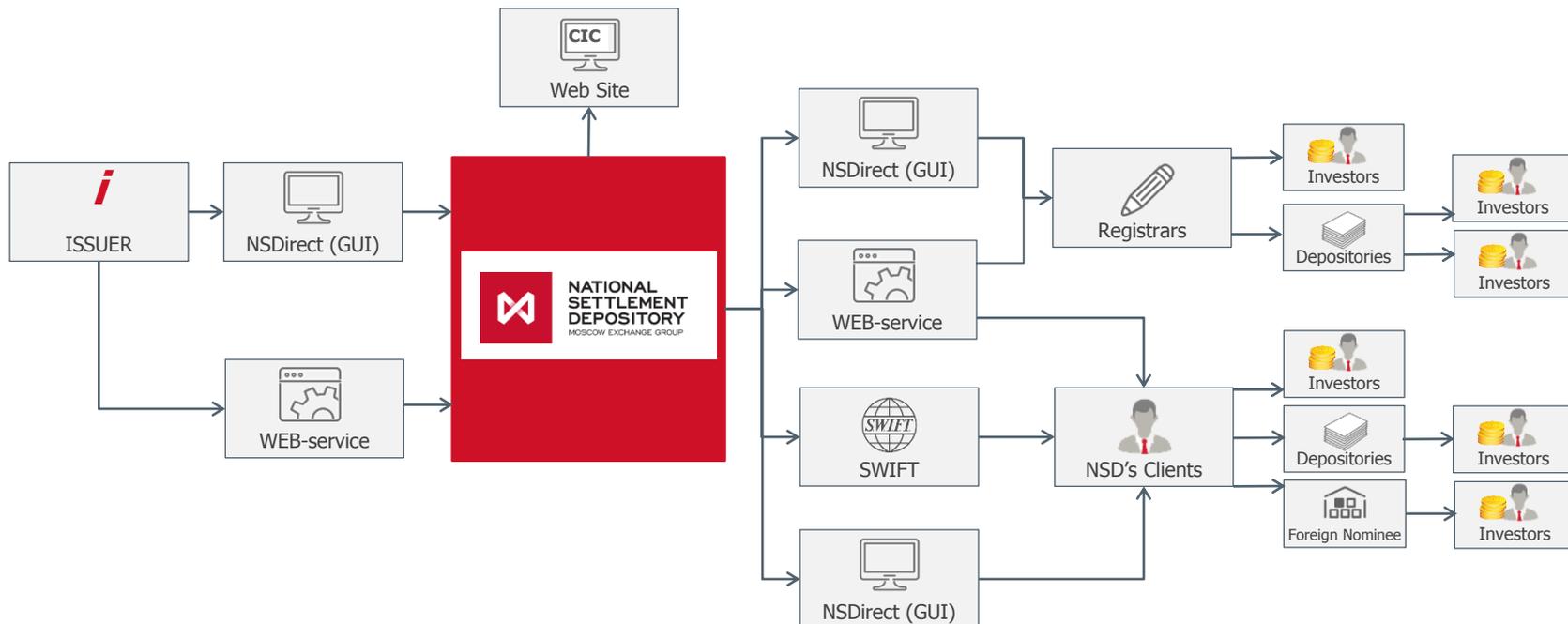
RIGHTS THAT CAN BE EXERCISED THROUGH A NOMINEE ONLY:

- Preemptive right to purchase securities (Article 40 of the Federal Law "On Joint-Stock Companies")
- Acquisition of securities by the issuing company (Article 72 of the Federal Law "On Joint-Stock Companies")
- Purchase of shares by the issuing company at the request of shareholders (Article 75 of the Federal Law "On Joint-Stock Companies")
- Tender offer. Voluntary for the Offeror (Article 84.1 of the Federal Law "On Joint-Stock Companies")
- Tender offer. Mandatory for the Offeror (Article 84.2 of the Federal Law "On Joint-Stock Companies")
- Mandatory squeeze-out of shares by the shareholder holding more than 95% of shares (Article 84.8 of the Federal Law "On Joint-Stock Companies")
- Redemption of securities

RIGHTS THAT CAN BE EXERCISED EITHER THROUGH A NOMINEE OR PERSONALLY:

- Proposing general meeting's agenda items
- Nominating candidates to management bodies of the issuer
- Requesting the convocation of the general meeting
- Attending and voting at the general meeting
- Exercising other rights attached to securities

CORPORATE INFORMATION CENTER



- Issuer supplies information directly to NSD's systems
- Information can be accessed by all market participants
- Information is distributed practically simultaneously via electronic channels
- Information received and distributed in the standardized form easily processed and used
- Information is recognized as official

CORPORATE ACTIONS STATISTICS

NEW WAY OF PROCESSING

GENERAL MEETINGS (MEET, XMET)

4 426
initiated

3 406
completed

BONDHOLDERS MEETINGS (BMET)

115
initiated

112
completed

BUY-BACK (BIDS)

236
initiated

189
completed

PRIORITY ISSUE (PRIO)

52
initiated

28
completed

TENDER OFFER (TEND)

58
initiated

38
completed

SQUEEZE OUT BID (TEND)

14
initiated

9
completed

NUMBER OF INSTRUCTIONS PROCESSED

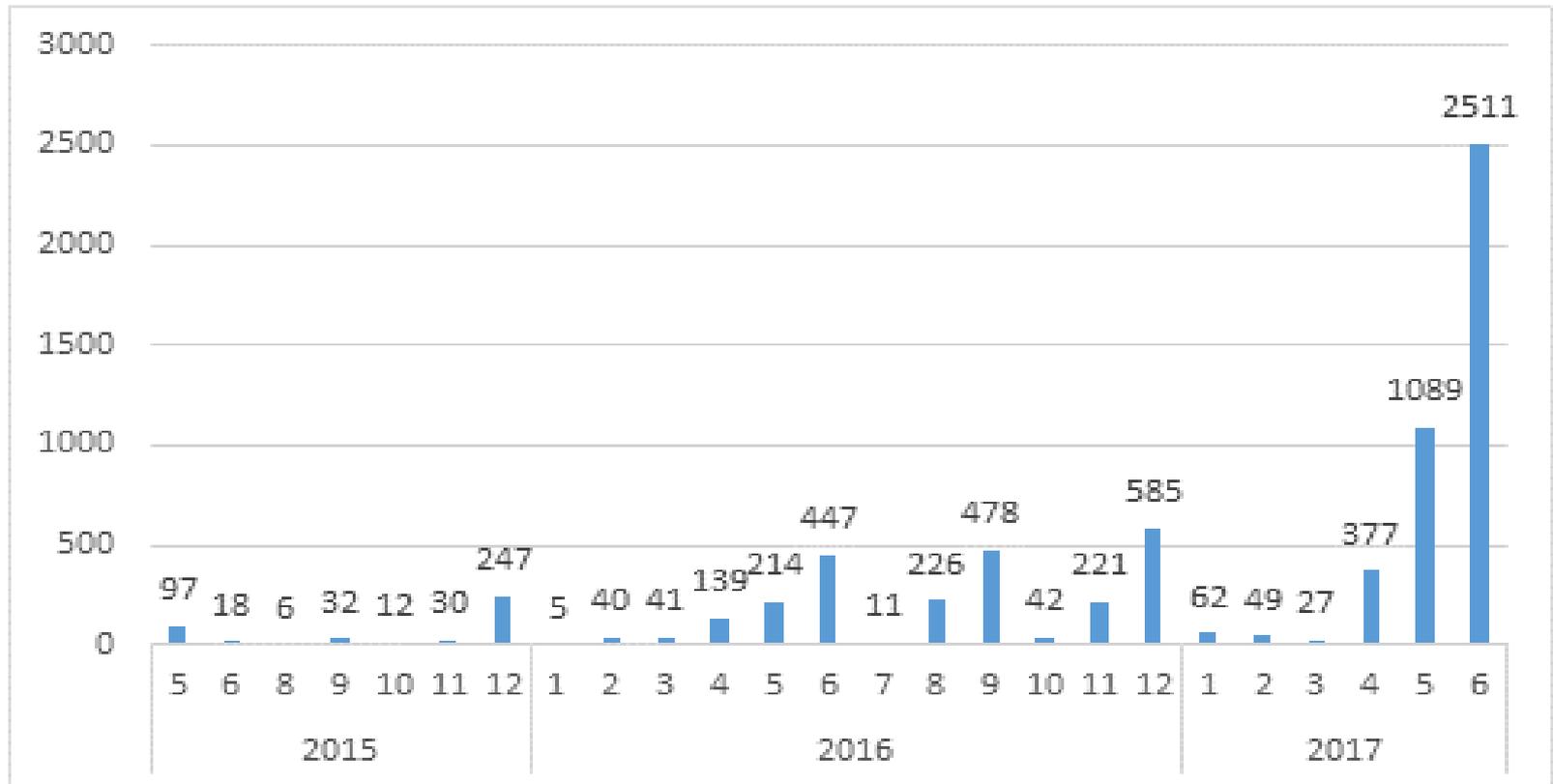
6419
meeting
instructions

4074
corporate action
instructions



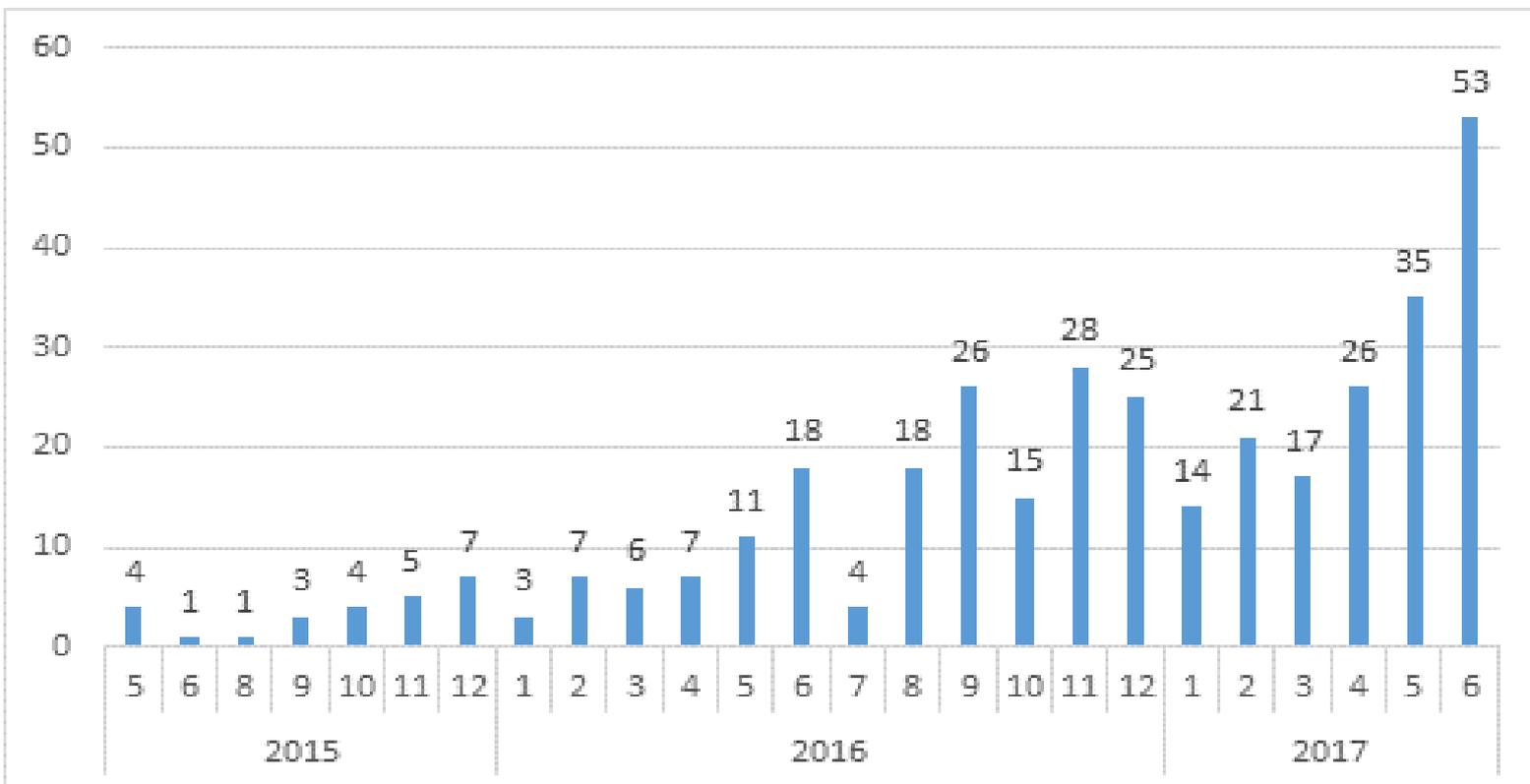
E-PROXY VOTING STATISTICS

NUMBER OF VOTING INSTRUCTIONS



E-PROXY VOTING STATISTICS

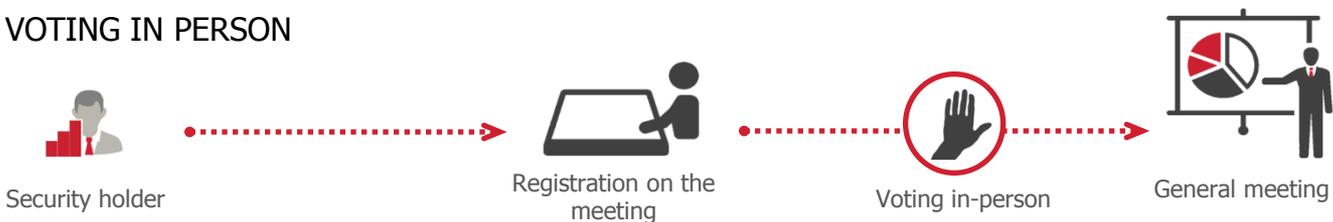
CUSTODIANS PROVIDING SERVICES



As of June 2017 overall amount of custodians providing e-proxy services - 94

WAYS OF PARTICIPATION IN THE MEETING

1 VOTING IN PERSON



2 SENDING PAPER BALLOT



3 E-PROXY VOTING Voting in electronic form via custodian



Available from 02.08.14

4 E-VOTING Online electronic voting on the Internet



new



E-VOTING SERVICES FOR INVESTORS



**SECURITY
HOLDER**

BASIC SERVICES



REGISTER FOR
A MEETING



VOTE



Security holders can take part in AGMs:

- vote on the e-voting web site starting from the record date
- register for a meeting on the e-voting web site and vote online

ADDITIONAL SERVICES



STREAMING VIDEO



ASK QUESTIONS



AUDIO BROADCAST
(INC. MULTILINGUAL)



VIEW MATERIALS



VIEW NOTIFICATIONS



FORUM

Available options defined by the issuer



- Service was used on SBERBANK AGM



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AGM OF SBERBANK

STATISTICS OF 2017

33.3% of votes submitted electronically

707 shareholders used e-proxy voting

99 shareholders used e-voting, among them 39 voted online during the meeting

350 users joined e-voting and created their profiles for further AGMs



THANK YOU!



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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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