



**INFINITUM**  
**COMPANY GROUP**

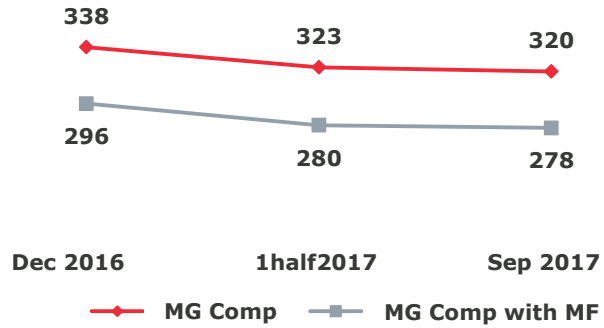
# **RUSSIAN COLLECTIVE INVESTMENT MARKET**



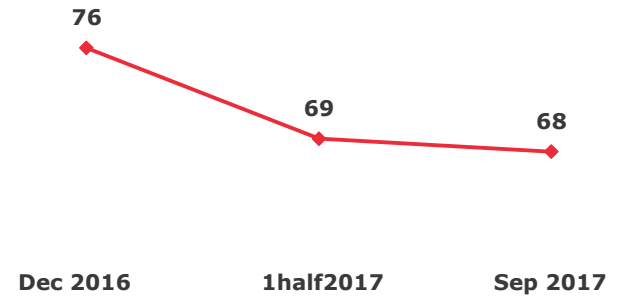


## KEY PARTICIPANTS

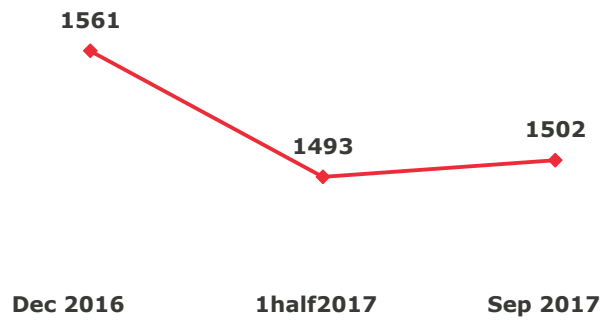
### Management Companies



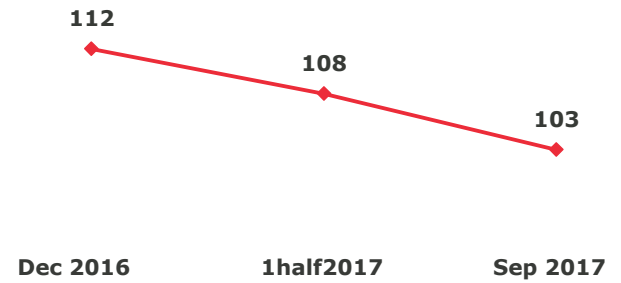
### Private Pension Funds



### Mutual Funds



### Insurance Companies under control

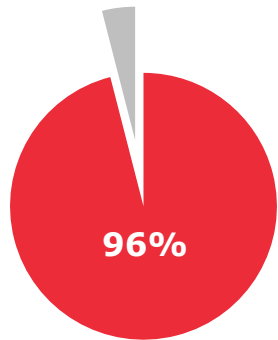


## SPECIALIZED DEPOSITORIES MARKET

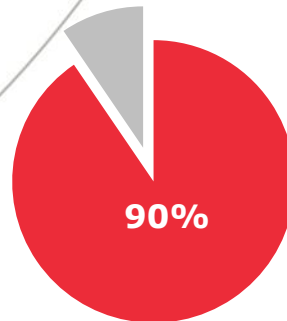
Currently, there are **32 specialized depositories licenses** valid in Russia including:

- 21 specialized depositories
- 8 specialized depositories - banks
- 3 specialized depositories - investment companies

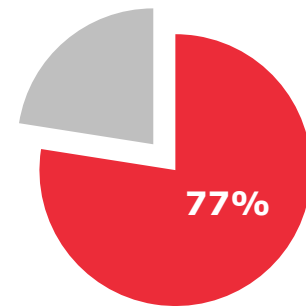
## 5 TOP SPECIALIZED DEPOSITORIES CONSOLIDATE\*



**PRIVATE PENSION FUNDS  
ON SERVICE**



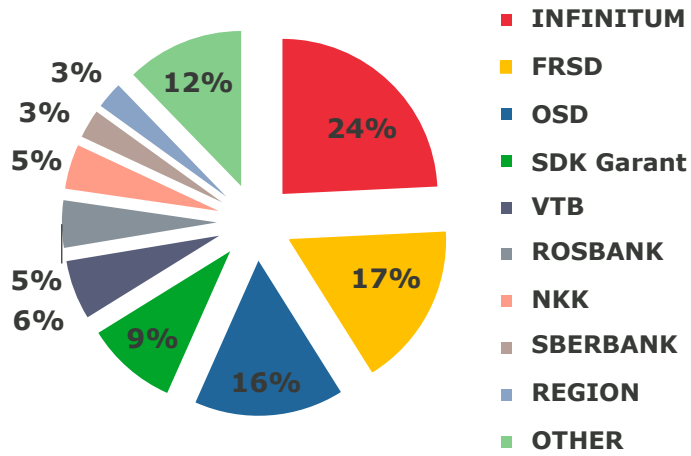
**INSURANCE COMPANIES  
ON SERVICE**



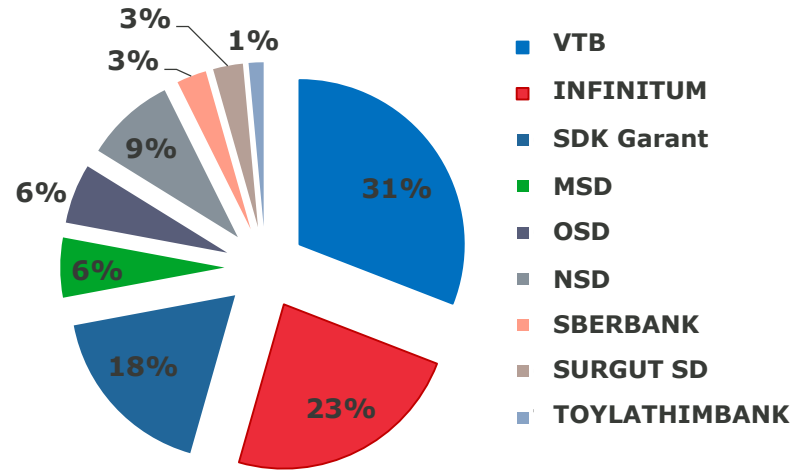
**MUTUAL FUNDS  
ON SERVICE**

\* Expert assessment as at autumn 2017

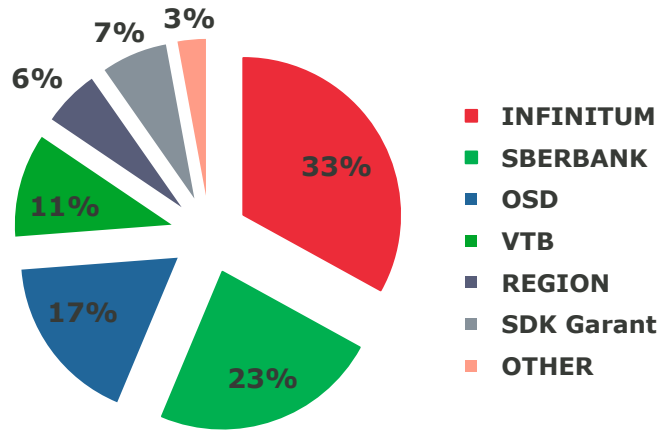
### MUTUAL FUNDS



### PRIVATE PENSION FUNDS (WITH VALID LICENSES)



### INSURANCE COMPANIES



## SPECIALIZED DEPOSITORY FUNCTIONS IN RUSSIA



**Custody**



**Safekeeping  
of property**



**Accounting  
for asset  
transactions**



**Monitoring  
and coordinating  
transactions  
for disposal  
of property**



**Calculation  
of net asset  
value (NAV)**

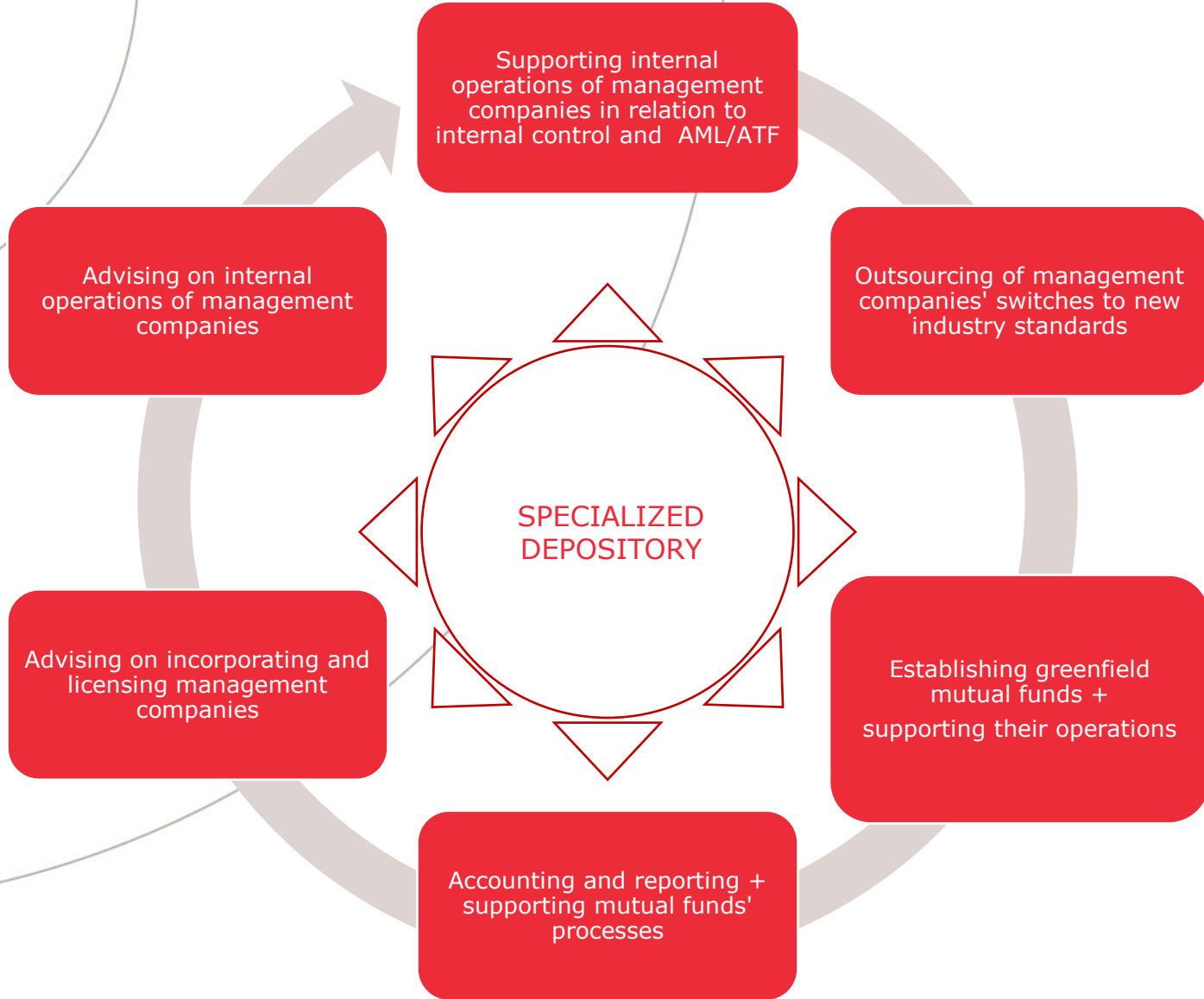


**Keeping  
a register  
of investment fund  
units holders**



**Compilation  
of mandatory  
and optional reporting**

## OTHER SERVICES OF SPECIALIZED DEPOSITORY





## **Rapidly Changing Market Environment**

### **Increased attention to end investors**

- decreasing share of intermediaries
- direct access of investors to trading
- client clearing

### **Companies' need for outsourcing non-core processes**

### **Increasing demand for market data and research**

### **Developing financial technologies and technological revolution**

- Financial technology support at level of the Central Bank of Russia
- Transformation of financial institutes into technological companies
- Regulatory technologies are new approaches to governance and supervision for adequate management of financial institutions' risks

## **CAPITAL MARKET TRENDS**



### **Creation of the national financial technology infrastructure:**

- Remote identification for financial and public services
- Creation of the instantaneous retail payment platform
- Creation of market places with financial products and services for individuals
- Development of the national payment system and radically new quality of the country's payment infrastructure

## MARKET CHALLENGES



Increasing control and supervision



Continuously changing and complex regulatory requirements



AML/AFT Law Enforcement Practice



Implementation of the Single Electronic Reporting XBRL Format



Non-credit financial institutions switching to UCA and GAAP



## CONCEPTUAL DEVELOPMENT PRIORITIES

Proportional  
regulation

Major



Moderate



Minor



Development of  
outsourcing in the  
financial market



# BENEFITS AND ADVANTAGES OF OUTSOURCING

Now

Complicating non-core business processes → significant resources → decreasing profitability

Possibly



## **Advantages:**

- Non-credit financial institutions focus on their core competencies
- There is no doubling of reporting and accounting functions
- Costs are decreasing
- Competition is developing

## **Required:**

- Outsourcing legal framework
- Requirements to outsourcing companies
- Supervisory procedure



• **Accounting and reporting**



• **AML/ATF**



• **Disclosures**



• **Internal control**



• **Insider trading**



• **Risk management**

## MORE THAN OUTSOURCING FUND ADMINISTRATOR

Now



Office premises



The annual budget for the minimum staff required for the management company is \$ 40 000 non included of the CEO



Equity

### **Proposals:**

- Registering qualified investor mutual funds for the **Fund Administrator** that may be a market major (a major management company or specialist custodian)
- Trusteeship agreement is executed with the private manager or a group of managers (including small managing companies)
- Managers are responsible for their managerial outcomes
- All other functions (including tax governance, participant clearing, internal control, AML/ATF, etc.) are performed by the **Fund Administrator** responsible for such functions

### **Advantages:**

- Individual trusteeship (including covert trusteeship) is via the mutual fund
- Investors receive tax benefits
- Managers' activities are controlled

### **Result:**

- Developing competition - private managers and small manager companies can enter the qualified investor market without material costs



**INFINITUM**  
**COMPANY GROUP**

**THANK YOU FOR YOUR  
ATTENTION!**

