



NATIONAL
SETTLEMENT
DEPOSITORY
MOSCOW EXCHANGE GROUP

September, 2018

Arman Melkumyan

Head of Network Management, National Settlement Depository, Russia

ESTABLISHMENT OF BILATERAL LINKS. REQUIREMENTS FOR A LOCAL INFRASTRUCTURE

AECS D NETWORK

Cross-border links: **21**

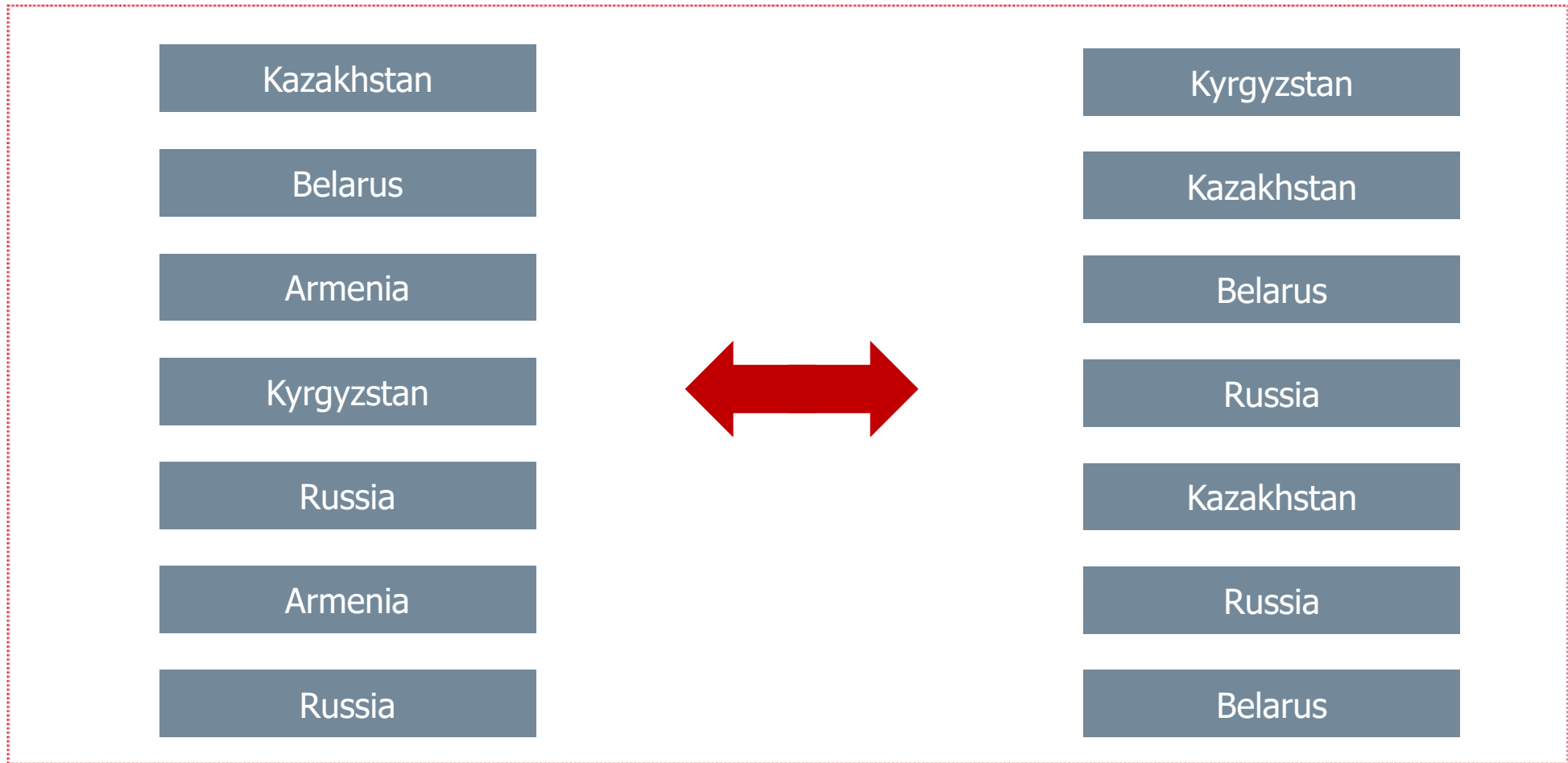
Bilateral: **7**

Theoretically possible bilateral links: **105**

		INBOUND															21
Country		ARM	AZE	BLR	GEO	IND CDSL	IND NSDL	KAZ	KOR	KGZ	MDA	RUS	TJK	TUR	UKR	UZB	
OUTBOUND	Armenia		-	√√	-	-	-	√	-	-	-	√	-	-	-	-	3
	Azerbaijan	-		-	-	-	-	-	-	-	-	-	-	-	-	-	0
	Belarus	√√	-		-	-	-	√√	-	-	-	√√	-	-	-	-	3
	Georgia	-	-	-		-	-	-	-	-	-	-	-	-	-	-	0
	India (CDSL)	-	-	-	-		-	-	-	-	-	-	-	-	-	-	0
	India (NSDL)	-	-	-	-	-		-	-	-	-	-	-	-	-	-	0
	Kazakhstan	-	-	√√	-	-	-		-	√√	-	√√	-	-	-	-	3
	Korea	-	-	-	-	-	-	-		-	-	-	-	-	-	-	0
	Kyrgyzstan	-	-	-	-	-	-	√√	-		-	√√	-	-	-	-	2
	Moldova	-	-	-	-	-	-	-	-	-		-	-	-	-	-	0
	Russia	√√	√	√√	√	-	-	√√	-	√√	-		-	-	-	-	7
	Tajikistan	-	-	-	-	-	-	-	-	-	-	-	√		-	-	1
	Turkey	-	-	-	-	-	-	-	-	-	-	-	-	-		-	0
	Ukraine	-	-	√	-	-	-	-	-	-	-	-	-	-	-		1
	Uzbekistan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
21		2	1	4	1	0	0	4	0	2	0	5	0	0	0	0	

AECS D NETWORK

Bilateral links: 7



NSD NETWORK



IS THERE A LACK OF LINKS ON AECSD LANDSCAPE?

- 1 LACK OF MARKET DEMAND
- 2 LACK OF HARMONIZATION
- 3 COSTS – BENEFITS RATIO

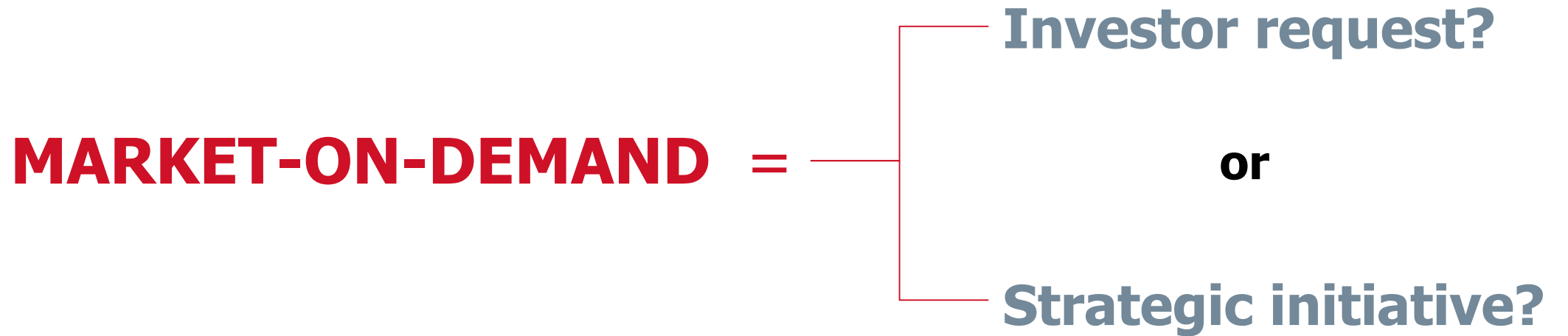
WHAT TO DO?

**TO ENHANCE
AN INVESTMENT
CLIMATE**

**TO DEVELOP LOCAL
INFRASTRUCTURES IN
LINE WITH MODERN
STANDARDS**

**TO IMPROVE
KNOWLEDGE
TRANSFER**

WHAT DOES INITIATE A PROCESS?



REQUIREMENTS TO LOCAL INFRASTRUCTURE

- REGULATION & SUPERVISION
- TRANSPARENCY & SECURITY
- COMMON MARKET PRACTICES
- EDI & STP

HOW TO MAKE A STEP FORWARD ON AECSD LANDSCAPE?

REGIONAL STANDARDIZATION & HARMONIZATION

Proactively participate in regional efforts towards standardization and harmonization to enhance regional markets and improve cross-border connectivity

REGIONAL MARKETS PROMOTION

Mutual promotion of local markets among investors' community and professional market participants to ensure their awareness and increase potential interest in further investments

REGIONAL EXPERIENCE EXCHANGE & KNOWLEDGE SHARING

Mutual experience exchange and knowledge sharing between AECSD's members to improve integration processes on AECSD landscape

THANK YOU!



APPENDIXES

REGULATION & SUPERVISION

TRANSPARENCY & SECURITY

COMMON MARKET PRACTICES

EDI & STP

REQUIREMENTS TO LOCAL INFRASTRUCTURE [1]

REGULATION & SUPERVISION

REGULATION & SUPERVISION

- Comprehensive legislation:
 - Securities market
 - Payment system
 - Trade repository
 - Tax
 - Investors' rights and data protection
- Clear Rules & Requirements
- Mandatory Monitoring and Audit

REQUIREMENTS TO LOCAL INFRASTRUCTURE [2]

TRANSPARENCY & SECURITY

TRANSPARENCY & SECURITY

- Clear and centralized market structure
- Risk management
- KYC&AML procedures
- Information security
- Business continuity
- Insurance system
- Adoption of CPMI-IOSCO Recommendations or other international standards

REQUIREMENTS TO LOCAL INFRASTRUCTURE [3]

COMMON MARKET PRACTICES

COMMON MARKET PRACTICES

- On-boarding procedures [Ease in – Easy out]
- Safekeeping (omnibus, segregated, foreign nominee holder accounts)
- Settlement (finality, DVP, FOP, electronic matching)
- Asset services (disclosure of beneficial owners, income payments, tax services)
- Corporate Actions (AGM/EGM, mandatory and voluntary corporate actions)

REQUIREMENTS TO LOCAL INFRASTRUCTURE [4]

EDI & STP

EDI & STP

- Electronic document interchange existence
- Core services on STP bases
- Low level of paper flow
- High level of automation
- International standards implementation (ISO)
- Channels variety (SWIFT, local software)

DISCLAIMER

- This presentation has been prepared and issued by NSD (the "Company"). Unless otherwise stated, the Company is the source for all data contained in this document. Such data is provided as at the date of this document and is subject to change without notice
- This document does not constitute or form part of, and should not be construed as, an offer or invitation for the sale or subscription of, or a solicitation of any offer to buy or subscribe for, any securities, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any offer, contract, commitment or investment decision relating thereto, nor does it constitute a recommendation regarding the securities of the Company
- The information in this document has not been independently verified. No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information or opinions contained herein. None of the Company, or any of its subsidiaries or affiliates or any of such person's directors, officers or employees, advisers or other representatives, accepts any liability whatsoever (whether in negligence or otherwise) arising, directly or indirectly, from the use of this document or otherwise arising in connection therewith
- This presentation includes forward-looking statements. All statements other than statements of historical fact included in this presentation, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance, achievements or industry results to be materially different from those expressed or implied by these forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we expect to operate in the future. Important factors that could cause our actual results, performance, achievements or industry results to differ materially from those in the forward-looking statements include, among other factors:
 - 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
- Forward-looking statements speak only as of the date of this presentation and we expressly disclaim any obligation or undertaking to release any update of, or revisions to, any forward-looking statements in this presentation as a result of any change in our expectations or any change in events, conditions or circumstances on which these forward-looking statements are based