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Head of Network Management, National Settlement Depository, Russia

ESTABLISHMENT OF BILATERAL LINKS. REQUIREMENTS FOR A LOCAL INFRASTRUCTURE
## AECSD NETWORK

### Cross-border links: **21**
**Bilateral:** **7**

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**AECSD NETWORK**

**Bilateral links: 7**

- Kazakhstan
- Belarus
- Armenia
- Kyrgyzstan
- Russia

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- Kyrgyzstan
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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?

MARKET-ON-DEMAND =

Investor request? or Strategic initiative?
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

- 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

- 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

• 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

- 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)
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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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