



NATIONAL  
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MOSCOW EXCHANGE GROUP

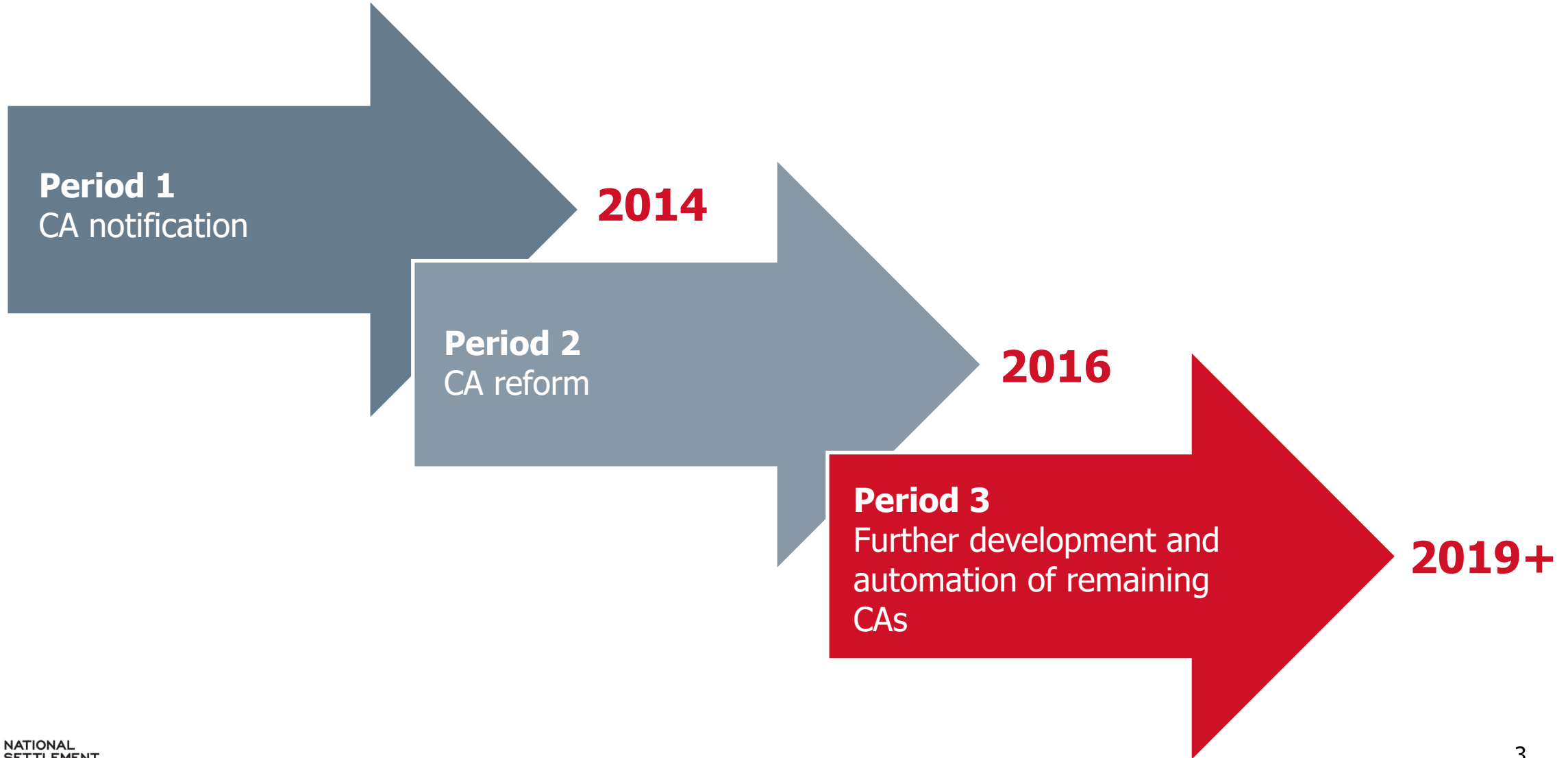
June 2021, Moscow  
Roman TOKAREV  
Head of Corporate Actions Division

# **CORPORATE ACTIONS AND THEIR AUTOMATION**

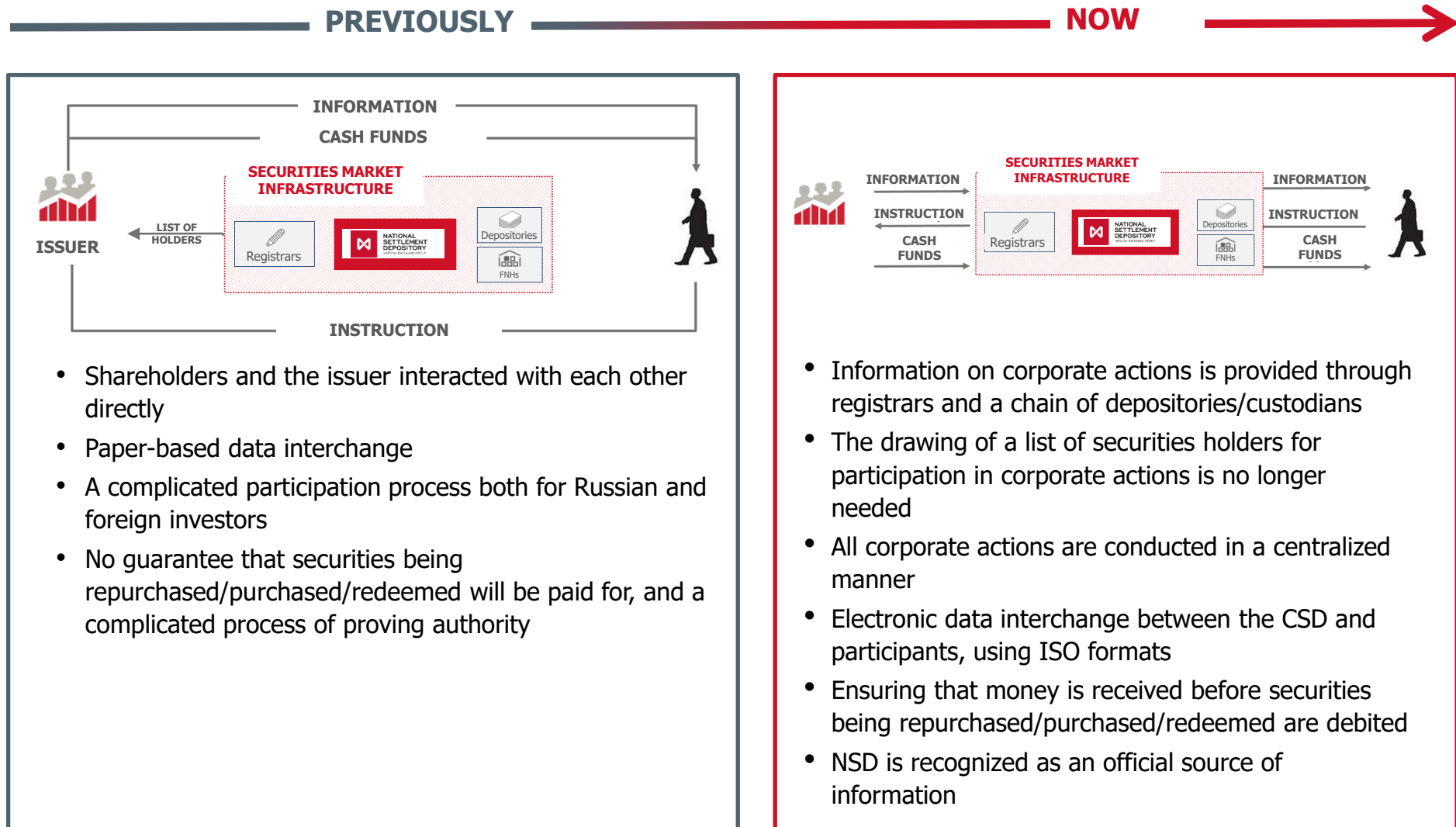
# STANDARD PHASES OF AN AUTOMATION PROCESS



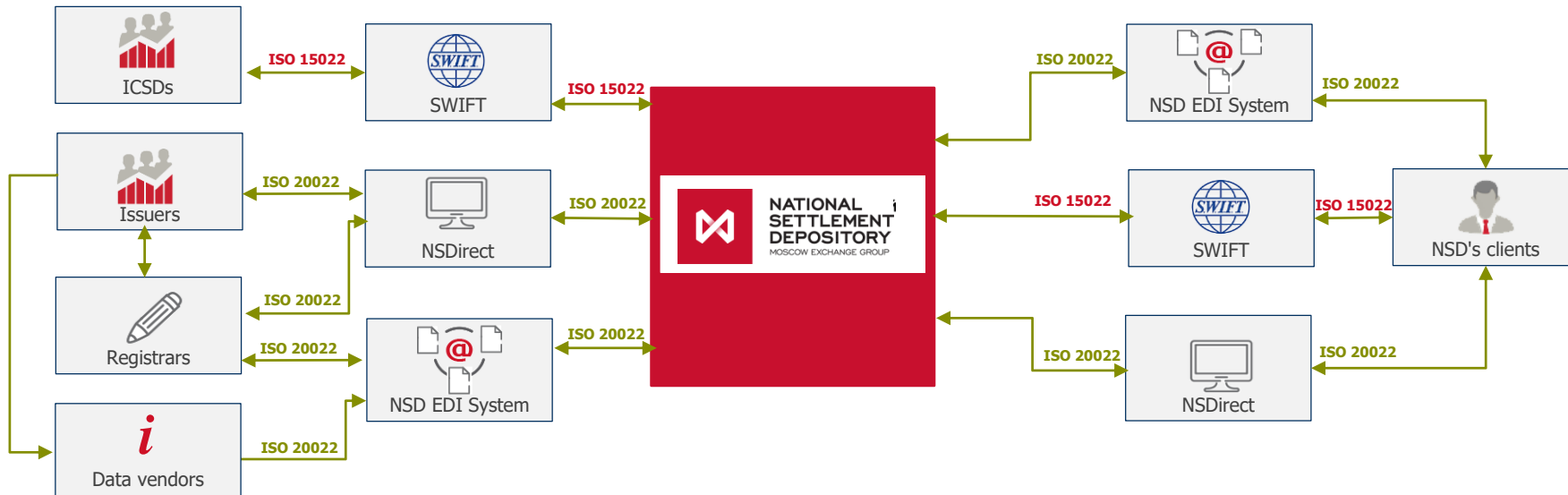
# CA AUTOMATION PERIODS AT NSD



# CHANGES IN THE CUSTODY INFRASTRUCTURE



# GENERAL DATA INTERCHANGE SCHEME BETWEEN NSD AND MARKET PARTICIPANTS



- ✓ Possibility for participants to automate their internal processes and straight-through processing of data
- ✓ Participants are provided with an IT solution for the conduct of corporate actions and participation in them



- **registrars** and **clients (securities holders)** can interact with NSD in the STP mode, as well as using NSDirect
- **issuers** can interact with NSD directly, using NSDirect, as well as through their authorized representatives

# ADVANTAGES

- ✓ Improved transparency and effectiveness of the Russian securities custody system
- ✓ Standardized system of corporate action notification and information dissemination
- ✓ Single platform for corporate actions processing
- ✓ Guaranteed settlement system ('delivery versus payment') used in corporate actions processing
- ✓ International standards of corporate actions processing
- ✓ Automation of internal processes relating to corporate actions processing

# AUTOMATED CORPORATE ACTIONS

- ✓ Corporate action notification using the ISO 20022 and ISO 15022 standards
- ✓ General meetings of securities holders (CA: MEET, XMET, BMET), e-proxy voting and e-voting, general meeting convocation requests, and nomination of candidates
- ✓ Securities repurchase/purchase/redemption (CA: BIDS, TEND, BPUT) and priority issue (CA: PRIO)
- ✓ Security holder disclosure (CA: DSCL)
- ✓ Corporate actions with non-Russian securities held at ICSDs
- ✓ Mandatory CAs of the 'Conversion' group

# AUTOMATION OF CORPORATE ACTIONS SCHEDULED FOR 2021-2022

Migration to the Bank of Russia's new regulatory framework (Bank of Russia's Regulations No. 751-P dated 11 January 2021, effective from 1 October 2021)

Automation of mandatory CAs of the 'Reorganization' group and other mandatory CAs

Withholding agent services in a BPUT CA

NSD's adaptation to SRD II



# APPENDIX

Detailed Information Concerning Automation of  
Corporate Actions Scheduled for 2021-2022



# CHANGES CONNECTED WITH THE ENTRY INTO FORCE OF BANK OF RUSSIA'S REGULATIONS NO. 751-P

## UPCOMING CHANGES

Switch to the new structured codes of paragraphs of Regulations No. 751-P from codes of paragraphs of Regulations No. 546-P

Switch to the structured codes of paragraphs of Regulations No. 751-P in CA Notifications sent to clients (securities holders) in connection with bond-related CAs ('Coupons/Redemptions' group)

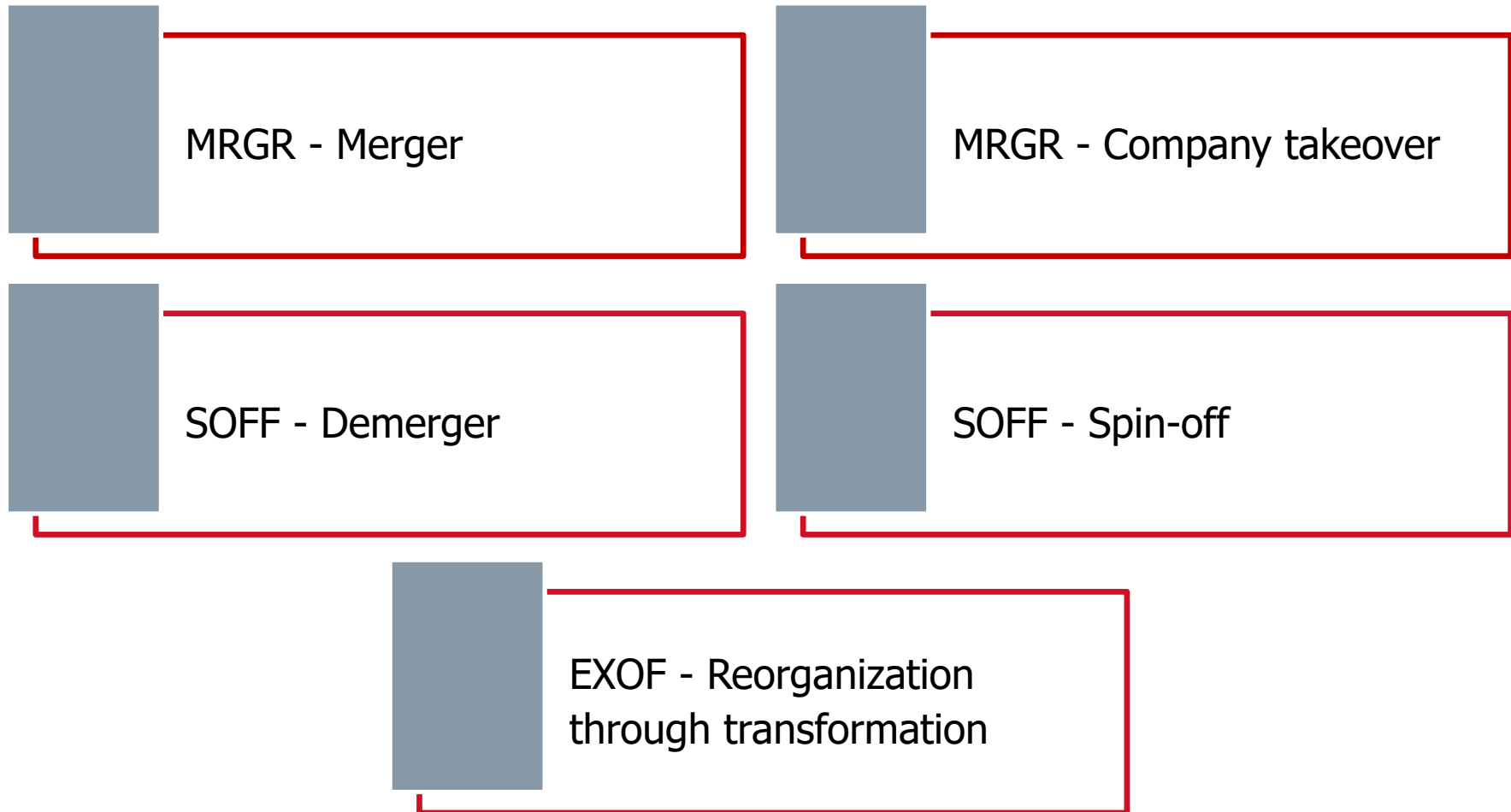
A prohibition to accept information regarding a meeting if the issuer has a sole shareholder

Implementation of a new CA Type for private offering

Implementation of an option to receive information from an issuer regarding discharge of obligations by accord and satisfaction or by novation

# AUTOMATION OF MANDATORY CAS (1)

## TO-BE-AUTOMATED CAS OF THE 'REORGANIZATION' GROUP



# AUTOMATION OF MANDATORY CAS (2)

## OTHER CAS TO BE AUTOMATED

EXOF - Exchange of shares

EXOF - Exchange of UIT units

WRTH - Worthless (write-off of worthless securities)

REDM - Redemption of UIT units

OTHR - Partial redemption of UIT units

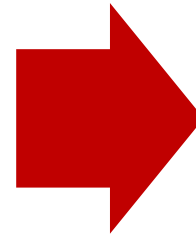
# AUTOMATION OF MANDATORY CAs (3)

## UPCOMING CHANGES

- ✓ Implementation of an option to receive information regarding CAs in ISO 20022 formats
- ✓ Introduction of structured sub-types for each reorganization type
- ✓ Transmission of information regarding a transaction suspension/resumption date in a structured tag for the relevant CA type (for those CAs where this is applicable)
- ✓ Transmission of information regarding the blocking of securities in a structured tag (for CA OTHR - Partial redemption of UIT units)
- ✓ Transmission of information to clients regarding the number of securities debited/credited, broken down by owner, in ISO 20022 and ISO 15022 formats

# WITHHOLDING AGENT SERVICES IN A BPUT CA (PUT REDEMPTION) (1)

After the issuer makes the cash transfer, the issuer sends NSD a CACO message (CA Cash Movement Confirmation) to confirm the amount paid under the particular instruction, broken down by amount types that may be subject to different tax rates



NSD either transfers cash funds directly to the client (securities holder), or sends the client a CACO message containing information received from the issuer

# WITHHOLDING AGENT SERVICES IN A BPUT CA (2)

## For paragraph 17.1 of Federal Law 39-FZ – Early (put) redemption of bonds

Nominal value or indexed nominal value	Amounts due in addition to the nominal value		
	Accrued interest	Other interest income	Other non-interest income

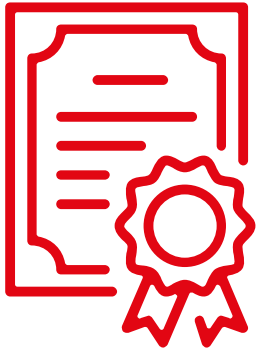
**i** For reference (security parameters): **nominal value** (for bonds with indexed nominal value) and **discount** (for discount bonds, discount and coupon bonds, and discount bonds with indexed nominal value)

## For paragraph 17.2 of Federal Law 39-FZ - Repurchase of bonds by the issuer

Transaction/repurchase price	Amounts due in addition to the transaction/repurchase price		
	Accrued interest	Other interest income	Other non-interest income

**i** For reference (security parameters): **nominal value** and **indexed nominal value** (for bonds with indexed nominal value) and **discount** (for discount bonds, discount and coupon bonds, and discount bonds with indexed nominal value)

# NSD'S ADAPTATION TO SRD II (1)



## SRD II

SRD II (the "Directive") is a European Union regulation aimed to improve shareholder engagement in corporate governance at issuers incorporated in European Economic Area (EEA) member countries, regardless of where the shareholder is located and where his securities are held, and to improve the transparency of shareholder information for issuers.

The Directive applies to equity securities listed in EEA member countries.

The Directive is mainly focused on regulation of the process of securities holder identification by issuers and regulation of the process of general meeting notification of securities holders by issuers and securities holder participation in general meetings. The Directive's requirements apply to securities depositories (including CSDs) involved in securities custody.



# NSD'S ADAPTATION TO SRD II (2)

The following message types are proposed to be used by NSD in its communications with clients (securities holders)

Process	Message	Message in the ISO 20022 format
<b>Shareholder identification</b>	Shareholder identification disclosure request	seev.045
	Shareholder identification disclosure cancellation request	seev.046
<b>Meetings</b>	Meeting announcement	seev.001
	Meeting cancellation	seev.002
	Confirmation of entitlement	seev.003
	Meeting instruction	seev.004
	Meeting instruction cancellation	seev.005
	Meeting instruction status	seev.006
	Confirmation of recording and counting of the vote	seev.007

**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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