

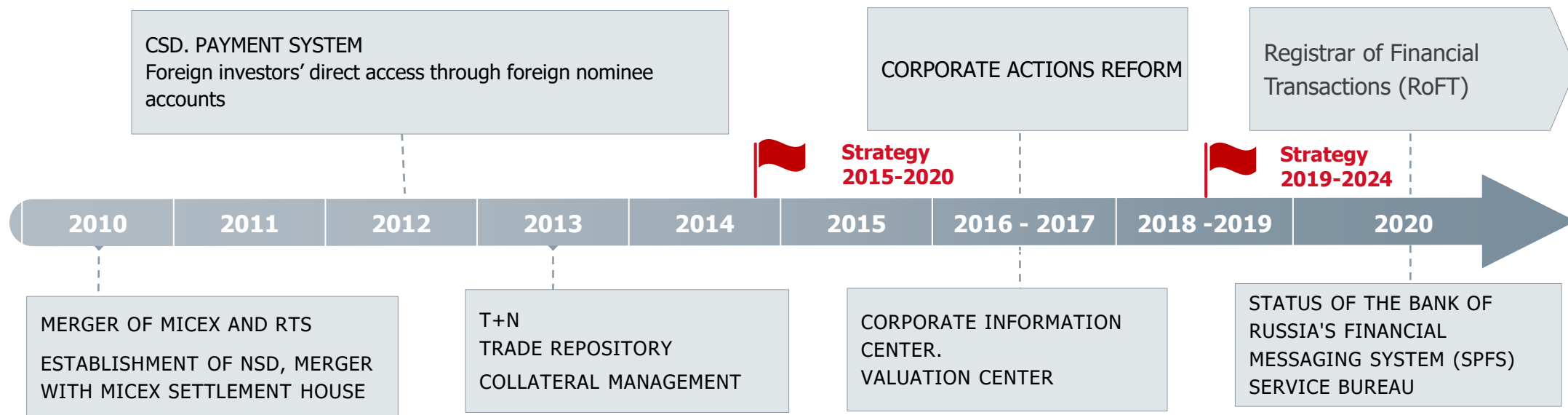


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MOSCOW EXCHANGE GROUP

June 2021, AECSD Online Training Seminar
Nikita Zverev
Head of the current customer support

FOREIGN NOMINEE HOLDER ACCOUNTS AT NSD

DEVELOPMENT OF FINANCIAL MARKET INFRASTRUCTURE



2013

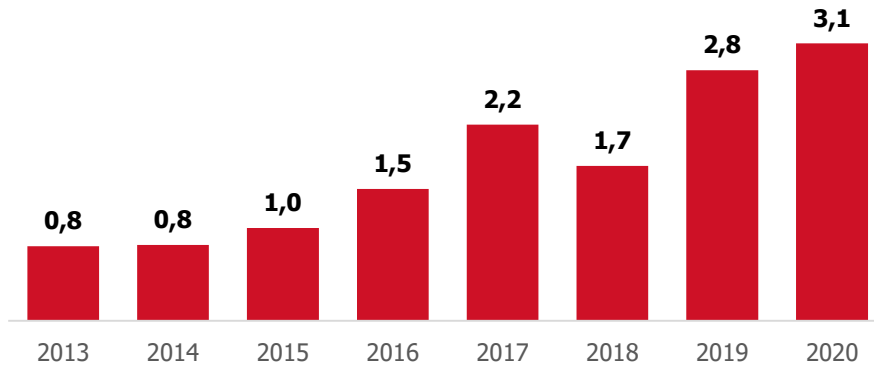
Settlement services for **Russian sovereign bonds**

2014

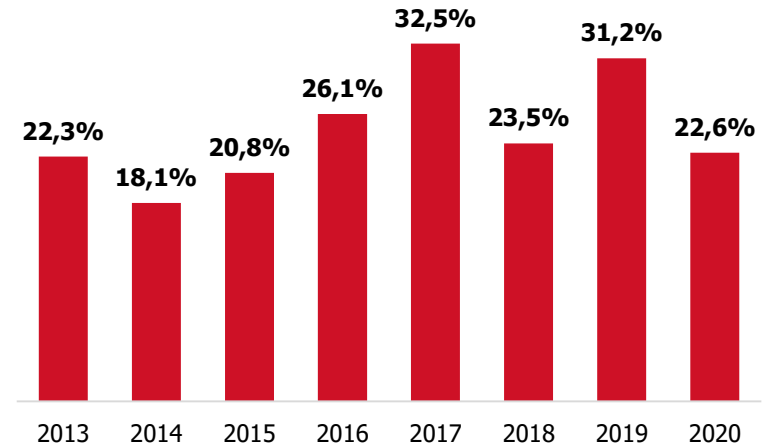
Settlement services for:

- **corporate, regional and municipal bonds**
- **equities**

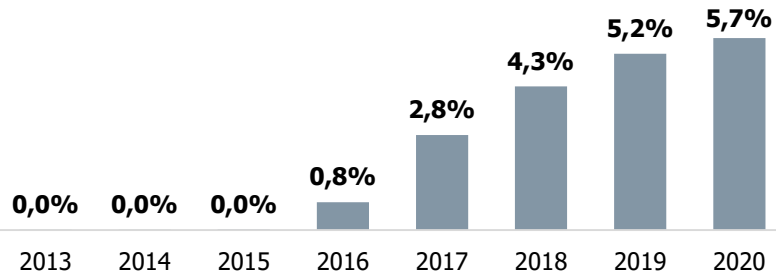
TRENDS IN SECURITIES BALANCES ON FN ACCOUNTS WITH NSD



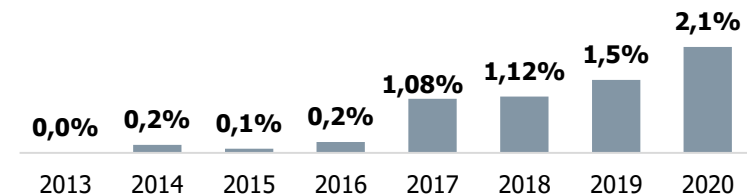
Changes in OFZ balances in FN securities accounts with NSD, RUB trillion



% OFZ balances in FN securities accounts with NSD



% bonds balances in FN securities accounts with NSD (except OFZ)

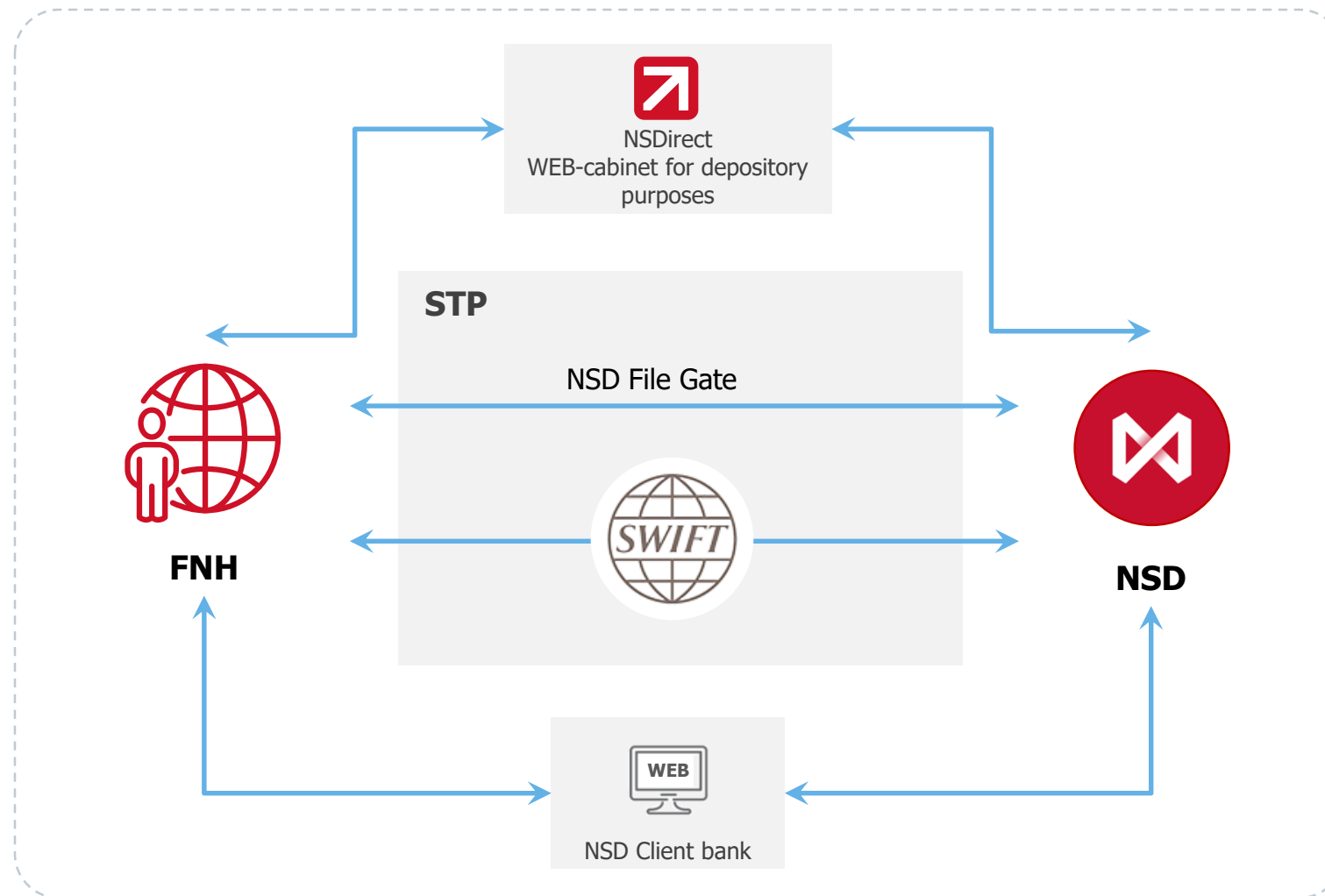


% Equities and mutual funds balances in FN securities accounts with NSD

FOREIGN NOMINEES ACCOUNT OPENING SCHEME



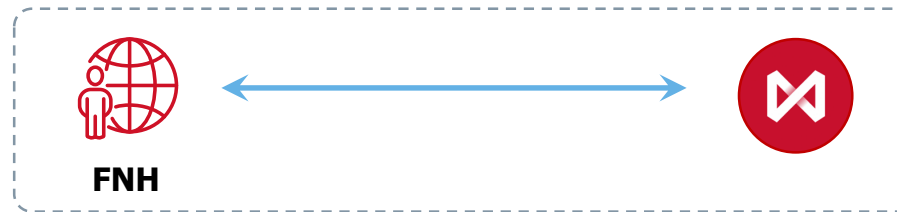
EDI INTERACTION WITH NSD



FNA – foreign nominee holder
STP – Straight-Through Processing

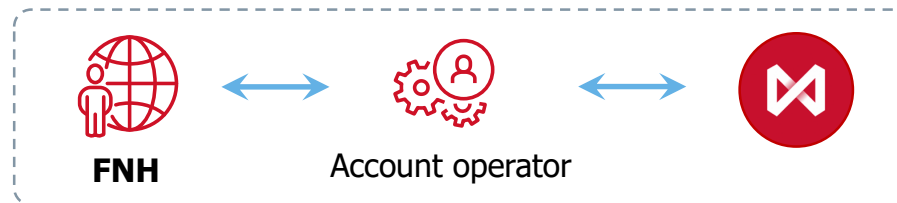
ROUTING POSSIBILITIES & REPORTING FOR FNH CLIENTS

Option 1
Direct interaction



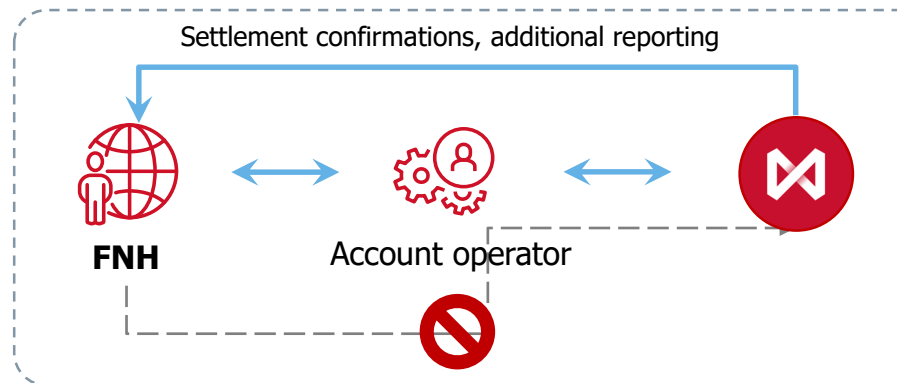
FNH deals with NSD directly: settlement, CA, TAX, disclosure, etc.

Option 2
Full service AO option



FNH does not deal with NSD directly, all messages are routed through AO

Option 3
Enhanced service AO option

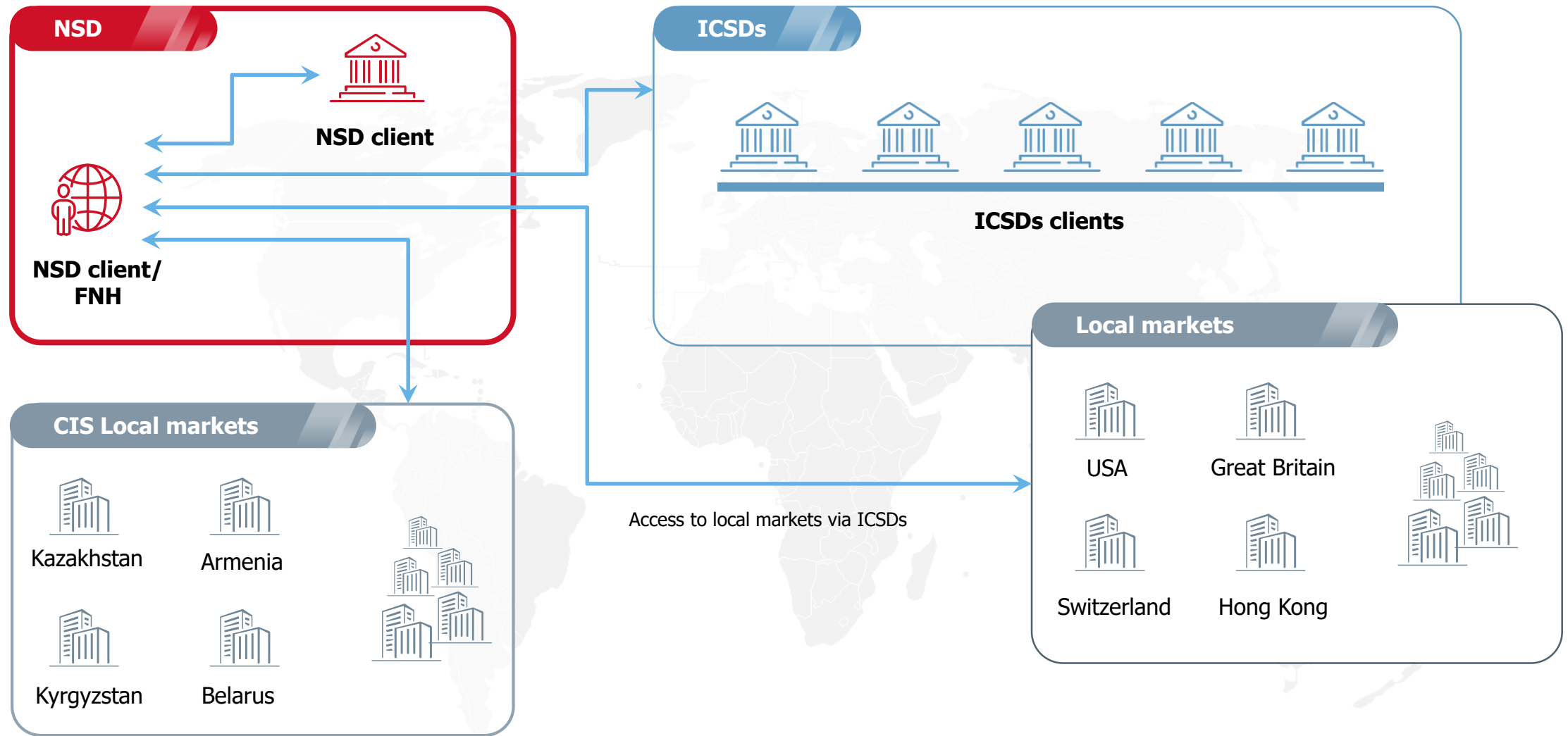


FNH does not deal with NSD directly, all messages are routed through AO, and FNH would receive additional reporting from the NSD

Reporting

- Intra-day and EoD reporting is available
- Specific reporting requirements shall be determined upon finalisation of particular settlement structure, account set-up, other specifics

TYPES OF SETTLEMENTS WITH FOREIGN NOMINEE HOLDERS



OPERATIONS WITH SECURITIES

Access to local markets

- Great Britain
- Germany
- Hong Kong
- Italy
- Slovakia
- Slovenia
- USA
- Finland
- France
- Switzerland
- Armenia
- Belorussia
- Kazakhstan
- Kirgizia
- Russia

Securities

- External bonds
- Corporate bonds
- Government bonds
- American and Government Depositary Receipts
- Shares
- Other securities on request

Currencies

- USD
- EUR
- CHF
- GBP
- RUB
- CNY
- HKD
- Other currencies on request

CORPORATE ACTIONS

New approach to corporate actions processing

- Legislative changes associated with corporate actions reform went into force on July the 1st 2016
- Investors can participate in corporate actions via custodians without providing PoAs or any other documents
- Processing any and all corporate actions in a centralized manner, through custodians, CSD and registrars
- Implementation of international MARKET STANDARDS FOR GENERAL MEETINGS and MARKET STANDARDS FOR CORPORATE ACTIONS PROCESSING
- All corporate actions are processed in the electronic form with the use of ISO 20022 standards (ISO 15022 for SWIFT users)

Corporate Information Center

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TAXATION OF FNH ACCOUNTS

KEY POINTS

- Aggregated tax disclosure needs to be provided to NSD by Foreign Nominee Holders
- Disclosure could be submitted by representative of FNH
- 13%/15% for Russian tax residents
- 30% for non-Russian tax residents
- 30% for undisclosed positions
- If there are double taxation treaties (DTT) between Russia and the relevant foreign jurisdictions, foreign retail investors will pay personal income tax at the rates provided for in those DTTs
- 25-days for tax refund

For more details please visit:

<https://www.nsd.ru/en/publications/news/tax-management/news-tax-management-for-russian-securities-2020-07-31/>

<https://www.nsd.ru/en/publications/news/tax-management/tax-disclosure-formats-for-ofz-bonds-regional-or-municipal-bonds-applicable-with-effect-from-1-janua/>

<https://www.nsd.ru/en/publications/news/tax-management/personal-income-tax-rate-of-15-from-2021/>

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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