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

2010
MERGER OF MICEX AND RTS
ESTABLISHMENT OF NSD, MERGER WITH MICEX SETTLEMENT HOUSE

2011
T+N
TRADE REPOSITORY
COLLATERAL MANAGEMENT

2012

2013
CSD, PAYMENT SYSTEM
Foreign investors' direct access through foreign nominee accounts

2014
CORPORATE ACTIONS REFORM
Strategy 2015-2020

2015
CORPORATE INFORMATION CENTER.
VALUATION CENTER

2016 - 2017

2018 - 2019

2020
Registrar of Financial Transactions (RoFT)

2010-2015
Settlement services for Russian sovereign bonds

2016-2017

2018-2019

2020-2024

2014
Settlement services for:
• corporate, regional and municipal bonds
• equities

2013
Settlement services for Russian sovereign bonds
TRENDS IN SECURITIES BALANCES ON FN ACCOUNTS WITH NSD

1 Securities balances at the end of the day of the reporting period
2 FN – foreign nominees
FOREIGN NOMINEES ACCOUNT OPENING SCHEME

Providing Constituent Documents

- Conclusion of a depository service agreement
- Conclusion of an agreement on electronic document management
- Optionally: conclusion of a clearing agreement / bank account agreement / information service agreement

Testing of Depository and Banking Services

Ongoing support and annual due diligence
EDI INTERACTION WITH NSD

FNA – foreign nominee holder
STP – Straight-Through Processing
### ROUTING POSSIBILITIES & REPORTING FOR FNH CLIENTS

<table>
<thead>
<tr>
<th>Option 1</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct interaction</strong></td>
<td>FNH deals with NSD directly: settlement, CA, TAX, disclosure, etc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Option 2</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Full service AO option</strong></td>
<td>FNH does not deal with NSD directly, all messages are routed through AO</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Option 3</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enhanced service AO option</strong></td>
<td>FNH does not deal with NSD directly, all messages are routed through AO, and FNH would receive additional reporting from the NSD</td>
</tr>
</tbody>
</table>

### 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

ICSDs – International central settlement depositories (Euroclear and Clearstream)

NSD

NSD client

NSD client/ FNH

ICSDs

ICSDs clients

Local markets

Access to local markets via ICSDs

NSD

CIS Local markets

Kazakhstan

Armenia

Kyrgyzstan

Belarus

USA

Great Britain

Switzerland

Hong Kong
## 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

- 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)
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:
THANK YOU!
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.