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Network Manager

AECSD TRAINING SEMINAR
NSD PROFILE
KEY NSD FACTS AND FIGURES

**Systemically important** infrastructure as recognized by the Bank of Russia
- CSD
- NSD payment system
- Settlement depository
- Trade repository

**Largest settlement depository in Russia, the CIS and Eastern Europe**
- Provides both bank and custody services to the clients
- Standardised tariff model similar to that of European market

**Lobbying and advocacy voice**
- Participant of the major working groups organized by Russian regulators
- Promotion of market developments and shaping through various customer committees and the international consulting committee

**Registration, maintenance and validation of identification codes**
- National Numbering Agency (NNA) for ISIN and CFI codes
- Substitute Numbering Agency for the CIS countries
- Local Operating Unit (LOU) for assigning Legal Entity Identification (LEI) codes

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**As of April 1, 2020**

**Assets under Custody**, RUB trln*
- Including foreign issuers’ securities**

**Number of clients**
- Residents
- Non-residents

- Depository
- Payment system
- Repository

**January – April, 2020**

**Settled securities transactions**
- ths pcs
- RUB trln

**Settled cash transfers***
- ths pcs
- RUB trln

**Settled trades in collateral management**
- ths pcs
- RUB trln

**Repository transactions**
- ths pcs
- RUB trln

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* Value of securities under custody on behalf of clients on the end of reporting period
** The figures includes foreign issuers’ securities and MinFin’s eurobonds
*** The figure includes only outgoing cash transfers in RUB and other currencies in RUB equivalent in clients’ accounts with NSD
OUR BUSINESS

SECURITIES DEPOSITORY
- Secure post-trading infrastructure
- Safekeeping, settlement of on-exchange and OTC transactions (FOP, DVP)
- Corporate actions
- Issuer services, tax agent services

PAYMENT SYSTEM
- The largest payment system, providing secure and convenient settlements
- Cash settlement services, FX services, authorized currency control, cash accounts maintenance

COLLATERAL MANAGEMENT
- Collateral management (tri-party services) and cash and securities netting
- Integration with market and OTC platforms
- Single platform and comprehensive automation of processes

INFORMATION SERVICES
- Consolidated information on securities and corporate actions
- Analytics for the formation and transfer of reports
- Unique source of corporate information

TECHNOLOGICAL SERVICES
- Innovative technologies, high level of comfort for market participants
- SWIFT Service Bureau
- Electronic Documents Transit

REPOSITORY
- The first in Russia systemically important repository
- Number of services for optimization business processes
- Registration of OTC derivative and REPO trades
KEY NSD BUSINESS INITIATIVES (8M19)
COMPLETED AS PART OF THE DEVELOPMENT PLAN 2019-2020

✔ Launch of record-keeping and payment services for Marketplaces
  • A new Marketplace operation scheme was prepared for distribution of securities (Stage 1. Access to OFZ bonds for individuals (OFZ-n))
  • Works were completed to ensure that the NSD Payment System is prepared (in terms of compliance and technology) to act as a payment platform for the Marketplace (for individuals' deposits).

✔ Registrar of Financial Transactions
  • The functionality was implemented within the Trade Repository for commercial operations (for individuals' deposits).
  • The functionality was demonstrated to representatives of the Ministry of Finance, Bank of Russia, and State Duma

✔ A foreign nominee account was opened for Raiffeisen Bank International

✔ Collateral management was launched for liquidity investment by St. Petersburg

✔ Transit 2.0
  • Active onboarding of clients (5 banks, 5 corporations)
  • An agreement in principle was reached with VTB and Sberbank to start integration works

✔ Valuation Center
  • Fair valuation methodologies for floaters, mortgage-backed securities, and Eurobonds of the Russian Ministry of Finance have been prepared and implemented
  • Disclosure of fair value measurements for IFRS 13 purposes was launched, and open testing of corporate Eurobond valuation started
**KEY DIRECTIONS AND STRATEGIC PRIORITIES 2019-2024**

**MISSION**
To be a reliable and trusted provider of high-tech infrastructure solutions and contribute to the implementation of the national policy aimed at the development of innovative technologies in the financial market.

**VISION:** To become the infrastructure foundation of the Russian financial market ecosystem, the regional leader which provides services for various types of assets and complimentary services creating added value for market participants.

<table>
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<tr>
<th>SETTLEMENT AND CUSTODY INFRASTRUCTURE</th>
<th>NEW SERVICES AND CUSTOMER SEGMENTS</th>
<th>DATA ASSETS</th>
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</table>
| Maintaining and developing NSD’s positions as the leading provider of post-trade services contributing to the competitiveness of the Russian financial market infrastructure:  
- Maintenance of operational reliability  
- Infrastructure modernization: infrastructure consolidation, collateral management and segregated account structure  
- Integration into the global market: regional ICSD in the Eurasian space | Diversification of income by offering new products and services that add value for clients:  
- Launch of custody and settlement services for marketplaces/online trading platforms, pension and insurance industry, sub-federal and corporate segments  
- Management of new collateral types. Posttrading services for digital assets  
- Implementation of complimentary services and innovative technologies, including the distributed ledger technology | Unlocking the potential of data as the 'new oil':  
- Development of NSD's information services as the 'gold standard' for financial market players  
- Big Data-based analytical solutions  
- RegTech development |
THE PLAN OF ACTIONS TO COUNTER THE PANDEMIC 2020

was prepared in a very short time, with active involvement of a number of NSD's business units and regular involvement of NSD's senior managers, which has contributed to prompt decision-making, idea generation, and flexible implementation of preventive measures.

- Taking all sanitary and health measures* required by the Moscow City Mayor's Decrees and recommended by the Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor)
- Sending most employees to work from home
- Imposing restrictions on office visits and physical meetings
- Waiver of the statutory limits applicable to a sick pay
- Making changes to a number of processes and procedures required for work-from-home arrangements (document control, HR management, support)

Work-from-home arrangements were planned earlier as part of the business continuity strategy

*Sanitary and health measures:
- More thorough and frequent cleaning of the office premises; complete disinfection on a weekly basis; canteen closure
- Procurement of personal hygiene aids / personal protective equipment for staff; installation of dispensers and air cleaners
- Staff health monitoring; screening of employees upon their arrival at the office: temperature checks, symptom control
- Restricted access to the office (access control lists); access control system
- Confinement (self-isolation) of staff from high-risk groups; quarantine (work from home) for employees exposed to a high risk of infection (for the duration of the incubation period)
- COVID-19 testing of staff
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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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