NSD'S TRADE REPOSITORY ESTABLISHMENT AND OPERATION PRACTICES

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HISTORY OF EVOLUTION AND MILESTONES

Trades registered, 2013-2019

Milestones

- NSD becomes the first Trade Repository in Russia
- NDS becomes the only systemically important Trade Repository in Russia
- Introduction of LEI codes as a mandatory detail to be specified in reporting forms
- Launch of mandatory reporting for repo and currency swap trades under master agreements
- Launch of mandatory reporting for all derivative trades under master agreements
- Introduction of UTIs as a mandatory detail to be specified in reporting forms
- Launch of mandatory reporting for all repo and derivative trades regardless of whether a master agreement exists
- Launch of mandatory reporting for mark-to-market valuation and margin payments
- Number of clients (as of 1 January 2020): 1,076 participants

REPORTING SPECIFICS (1/2)
INTERACTION WITH PARTICIPANTS

Russian and global reporting practices

<table>
<thead>
<tr>
<th>Russia</th>
<th>Global practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>A trade must be reported no later than T+3 after the trade date</td>
<td>A trade must be reported no later than T+1 after the trade date or ‘as soon as possible’</td>
</tr>
<tr>
<td>A single trade is reported to one trade repository only. No data reconciliation between trade repositories</td>
<td>Each party may choose its own trade repository for reporting purposes. Data reconciliation between different trade repositories</td>
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<td>On-exchange trades are not reported to a trade repository</td>
<td>Both on-exchange and OTC trades must be reported to a trade repository</td>
</tr>
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<td>Repo trades became reportable as soon as the relevant law took effect</td>
<td>Repo trade reporting is expected to be launched in 2020</td>
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<td>There are participant categories (legal entity types) which are required to report their trades</td>
<td>All legal entities are required to report their derivative trades</td>
</tr>
<tr>
<td>Closeout netting is ‘linked’ to master agreement reporting to a trade repository</td>
<td>Closeout netting is not dependent on reports to a trade repository</td>
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</tbody>
</table>

LEIs and UTIs must be used

Reporting practices at NSD’s Trade Repository:
• A trade between two parties is reported to one trade repository only
• Reporting duties may be delegated to a counterparty or a third party
• If a trade is reported by both parties, the trade parameters are reconciled: either the trade must be confirmed by the counterparty, or the trade parameters reported by the two parties are verified by the Trade Repository
• Persons who are not obliged to report their trades are not required to become clients of the Trade Repository
REPORTING SPECIFICS (2/2)

REGULATORY REQUIREMENTS

WHO?
- Professional securities market participants
- Corporations (as soon as specific limits are reached)

WHAT?
- Master agreements and OTC contracts:
  - repo contracts
  - derivative contracts
  - Mark-to-market valuation and margin payment reports

WHEN?
- No later than T+3 after the date the contract is made, changed, or terminated

SPECIFICS OF INTERACTION WITH NSD

WHO?
- Clients
- Reporting agents
- Observers

WHAT?
Different formats:
- Trade-by-trade reporting
- Bulk reporting
- 'Automatic' trade closure

WHEN?
- Information registration 24/7
- Operational day from 00:00 to 23:59

NSD'S TECHNOLOGY SOLUTIONS

Interface solution
- Trade Repository's WEB-client (Rus/Eng)

Solutions for integration with clients' software
- File Gateway
- Web-Service

NSD'S ADDITIONAL SERVICES

- LEI assignment and verification
- UTI generation
- Information and advisory services
- Issuance of customized statements
SERVICES OF NSD'S TRADE REPOSITORY

- Reporting trades on behalf of large corporations and professional securities market participants
- Fair value measurement of contracts
- Automation of data reconciliation and settlement instruction processes
- Flexible data reconciliation rules
- Single format / format conversion
- EMIR
- SFTR

Reporting quality control:
- 'soft' control
- 'hard' control

Analytical data

Format and Logical Control (FLC)

NSD's Trade Repository

Reporting Agent

Matching platform

Registrar of Financial Transactions

Data for the Bank of Russia

Reporting agent reporting trades to non-Russian trade repositories

Source of information concerning the OTC market
Online access to information
Cooperation with market players to improve trade repository operations

Golden record' of individuals' transactions entered into on the Marketplace

In respect to any contract parameters
Customized data available for download by clients

- existing services
- prospective services under development
- service under development, potential separate business line
NUMBER OF NSD'S TRADE REPOSITORY'S CLIENTS IN THE AECSD MEMBER COUNTRIES

<table>
<thead>
<tr>
<th>Country</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>10</td>
</tr>
<tr>
<td>Belarus</td>
<td>1</td>
</tr>
<tr>
<td>Georgia</td>
<td>5</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>4</td>
</tr>
<tr>
<td>Moldova</td>
<td>3</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>2</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>2</td>
</tr>
<tr>
<td>Ukraine</td>
<td>9</td>
</tr>
</tbody>
</table>

Number of transactions in most popular instruments among the AECSD member countries, 2019, in thousand

- **Currency swaps**: 34.67
- **Currency forwards**: 65.41
- **Other contracts**: 0.27

* Repos, currency swaps, currency forwards
COOPERATION OPPORTUNITIES

OUR UNIQUE ADVANTAGES:

- 7 years in the business
- Vast client base
- Unique experience in data collection, storage, control, and structuring
- Well-established processes:
  - Reporting data collection
  - Data disclosure to the regulator and public authorities
- Experience in market data analysis
- Tried-and-true IT solutions

WE OFFER:

- Experience sharing, advisory sessions, and expertise in data reporting formats and methods
- NSD as reporting agent:
  - Reporting agent reporting trades to non-Russian trade repositories under EMIR and SFTR
  - Reporting agent reporting trades to NSD’s Trade Repository
- NSD’s IT solutions
- Development of data-based analytical services
- NSD’s role as Trade Repository or regional center for trade reporting and registration under the laws of the AECSD member countries*

* This is to be addressed at the legislative level together with regulators.
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- Competition increase from new players on the Russian market
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