



NATIONAL
SETTLEMENT
DEPOSITORY
MOSCOW EXCHANGE GROUP



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GOVERNMENT SECURITIES AS AN EFFICIENT SECURITIES MARKET DEVELOPMENT TOOL

SPECIAL FEATURES OF OFZ BOND SERVICING

OFZ bonds covered by NSD's services may be broadly classified into several types: OFZ bonds for individuals; inflation-indexed OFZ bonds; and fixed/floating coupon OFZ bonds.

They have the following special features:

- Bond offerings through exchanges
- Availability of FOP and DVP transactions at NSD
- Possibility to transfer bonds to Euroclear/Clearstream's accounts with NSD (other than for OFZ bonds for individuals)

OFZ STATISTICS: AS AT 23 MAY 2019

Federal Loan Bonds (OFZ) covered by NSD's services:

- **77** issues
- Total value = **RUB 10,042 billion**

OFZ-n (Federal Loan Bonds for individuals) covered by NSD's services:

- **6** issues
- Total value = **RUB 70 billion**

OFZ-in (inflation-indexed Federal Loan Bonds) covered by NSD's services:

- **2** issues
- Total value = **RUB 300 billion**

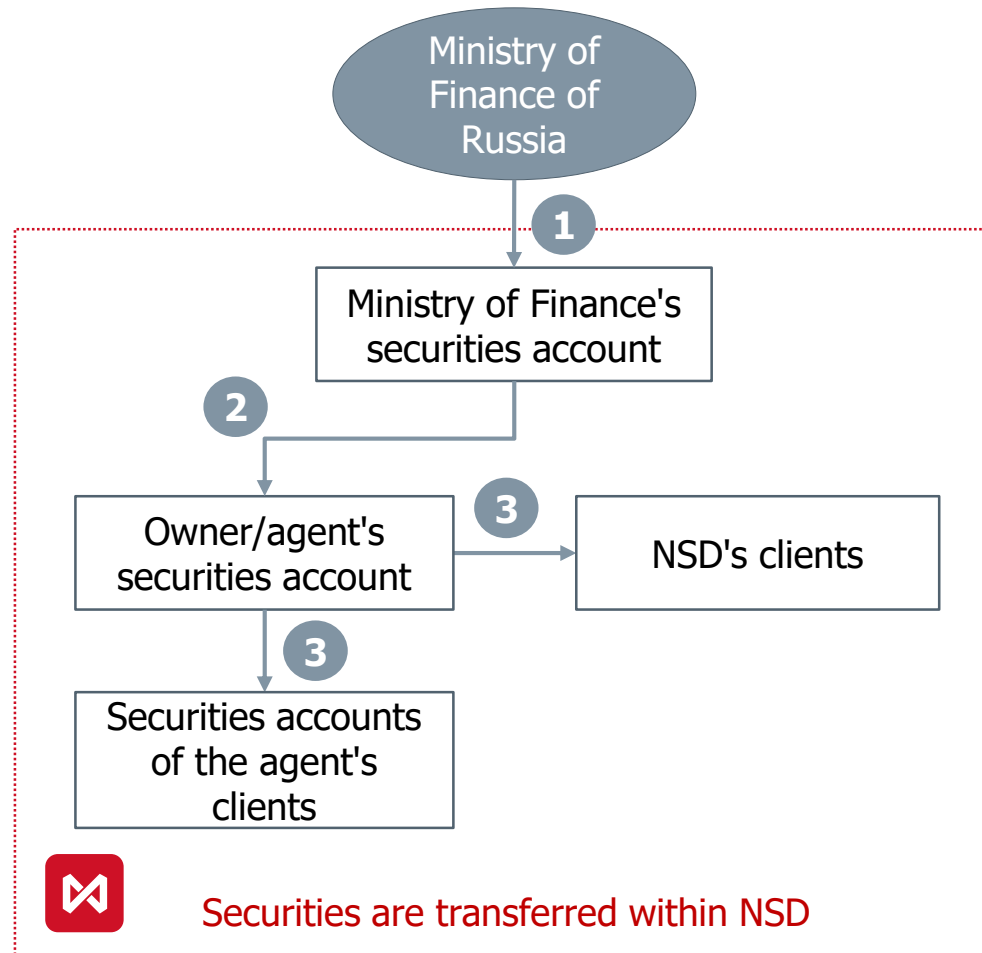
EUROBONDS ISSUED BY THE MINISTRY OF FINANCE OF RUSSIA

- Eurobonds of the Russian Federation denominated in USD or Euro and governed by English law ("Bonds")
- Such Bonds may be issued in two ways:
 - 1) Under Regulation S (Reg S), Bonds are offered and sold outside the United States; and
 - 2) Under Rule 144A, Bonds are offered and sold in the United States to qualified institutional buyers only
- The rights represented by Global Bonds are certified by record entries made in accounts held by NSD and NSD's clients (including clients holding foreign nominee securities accounts with NSD), and Global Bonds may only be transferred by making such record entries

NSD'S KEY FUNCTIONS RELATED TO THE SERVICING OF MINISTRY OF FINANCE'S EUROBONDS

- As Russia's National Numbering Agency, NSD assigns an individual ISIN, CFI and FISN to each Global Bond
- NSD maintains the Register of Global Bonds for the purposes of the Global Bonds and the Terms & Conditions governed by English law
- NSD accepts Global Bonds for safekeeping and ensures safekeeping of Global Bonds in its capacity as Central Securities Depository
- NSD keeps records of securities in clients' securities accounts
- As a paying agent, NSD processes 'cascade' payments of coupon income and redemption proceeds in accordance with the documents governing the particular issue. NSD allows securities holders to choose a payment currency in accordance with the issue-related documents
- NSD allows to convert a Reg S Bond into a Rule 144A Bond and back

OTC OFFERING



1. The issuer (Ministry of Finance of Russia) gives an MF010 Form instruction for the FOP transfer of securities from sub-account 19 of the issuer account with NSD to the owner/agent's securities account.
2. NSD executes the issuer's instruction and transfers the securities to the owner/agent's securities account.
3. As soon as the securities are credited to the owner/agent's securities account, the owner/agent distributes the securities to NSD's clients on a FOP or DVP basis.

EUROBOND TRADING

- Bonds are held in clients' securities accounts with NSD
- In the course of their secondary trading, Euroclear may accept Bonds for servicing (transfer to the Euroclear's account with NSD)
- Bond trades are settled through securities accounts of NSD's clients

EUROBOND STATISTICS: AS AT 23 MAY 2019

USD-denominated Eurobonds under Reg S and Rule 144a:

- **5** issues
- Total value = **USD 16.9 billion**

Euro-denominated Eurobonds under Reg S and Rule 144a:

- **1** issue
- Total value = **EUR 1.75 billion**

NSD'S SERVICES PROVIDED TO ISSUERS OF SUB-FEDERAL AND MUNICIPAL BONDS

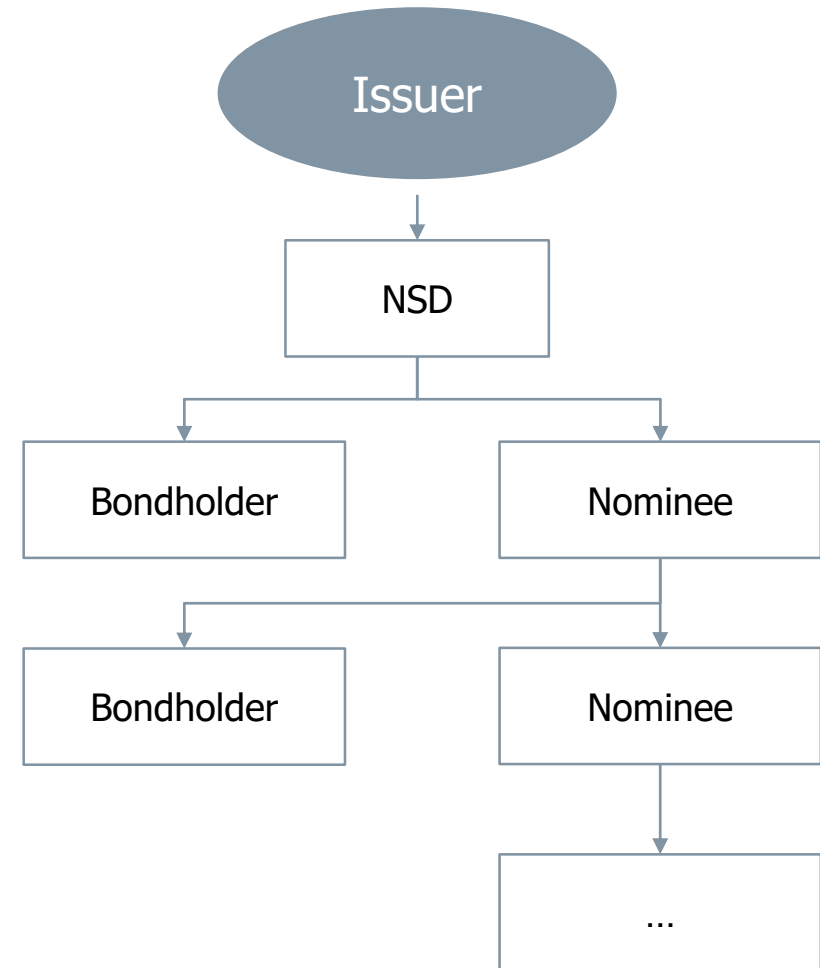
- Opening and maintaining an issuer account to keep records of the bonds in the course of their offering and redemption.
- Opening and maintaining an issuer's treasury securities account to keep records of the bonds redeemed.
- Safekeeping of a certificate of certificated bonds subject to mandatory centralized safekeeping.
- Providing support to on-exchange or OTC offerings.
- Transfer of payments made on bonds (coupon income and redemption proceeds) from the issuer to NSD's clients.
- Compiling a list of bondholders at the issuer's request.
- Assigning international identification codes to securities.

STAGES OF INTERACTION BETWEEN THE ISSUER AND NSD IN CONNECTION WITH THE BOND OFFERING

- Agreeing upon issue-related draft documents that would govern depository services to be provided with respect to the particular bond issue
- Entering into a contract with a **single-source supplier (under Federal Law No. 44-FZ)**
- Entering into an issuer account agreement and opening an issuer account (if necessary)
- Entering into an issuer's treasury securities account agreement and opening an issuer's treasury securities account (if necessary)
- Agreeing upon a set of documents for the bond issuance and submitting those to NSD
- Delivery of a bond certificate to NSD for safekeeping

PAYMENT OF INCOME AND REDEMPTION PROCEEDS

- The issuer remits money to NSD on the dates and in the manner required by the issue-related documents
- Bondholders receive payments on the bonds subject to mandatory centralized safekeeping through the depository that keeps records of the holders' rights to the bonds



SUB-FEDERAL AND MUNICIPAL BONDS:

As at 23 May 2019

Number of issuers receiving NSD's services:

- **53** issuers

Number of issues covered by NSD's services:

- **127** issues

EUROBONDS OF THE CIS COUNTRIES

- NSD provides services with respect to 24 Eurobond issues of CIS countries (Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Tajikistan, and Ukraine)
- The issues are serviced through NSD's accounts with the upstream depositories: Euroclear/Clearstream
- Availability of securities settlements on a FOP or DVP basis at NSD

BONDS OF THE REPUBLIC OF BELARUS

- Until 2012, NSD provided centralized safekeeping services with respect to the bond issue of the Republic of Belarus for RUB 7 billion

CONTACTS

Should you have any questions, please do not hesitate to contact the Issuers Relationship Unit

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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
- 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