



NATIONAL
SETTLEMENT
DEPOSITORY
MOSCOW EXCHANGE GROUP



Elizaveta Sedyakhina
Head of corporate actions with foreign securities

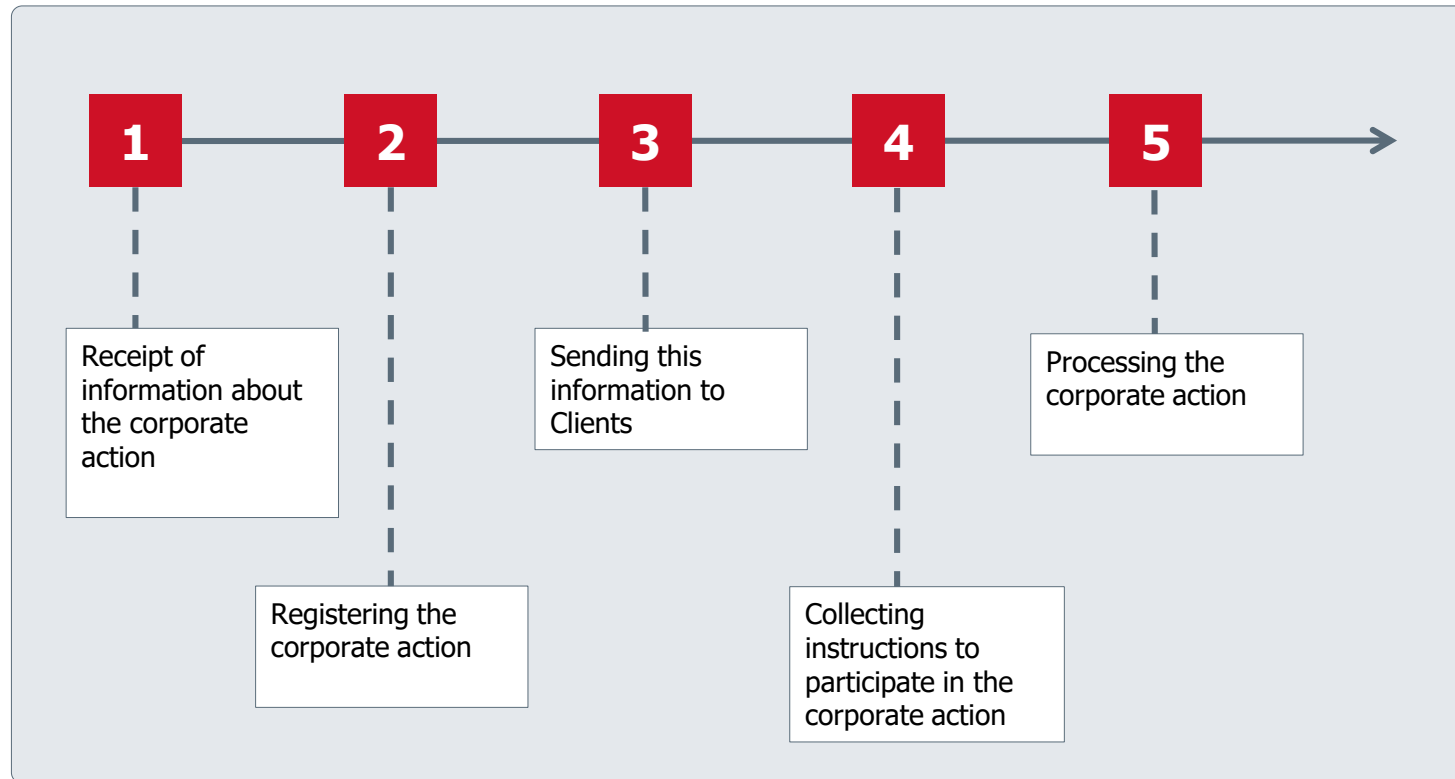
FOREIGN CORPORATE ACTIONS

INTERACTING WITH FOREIGN DEPOSITORIES

When servicing foreign securities, NSD provides services allowing NSD Clients and their clients to participate in corporate actions conducted via foreign depositories with which NSD opened accounts as a proxy acting in the interests of other persons (hereinafter referred to as Foreign depositories) and their agents:

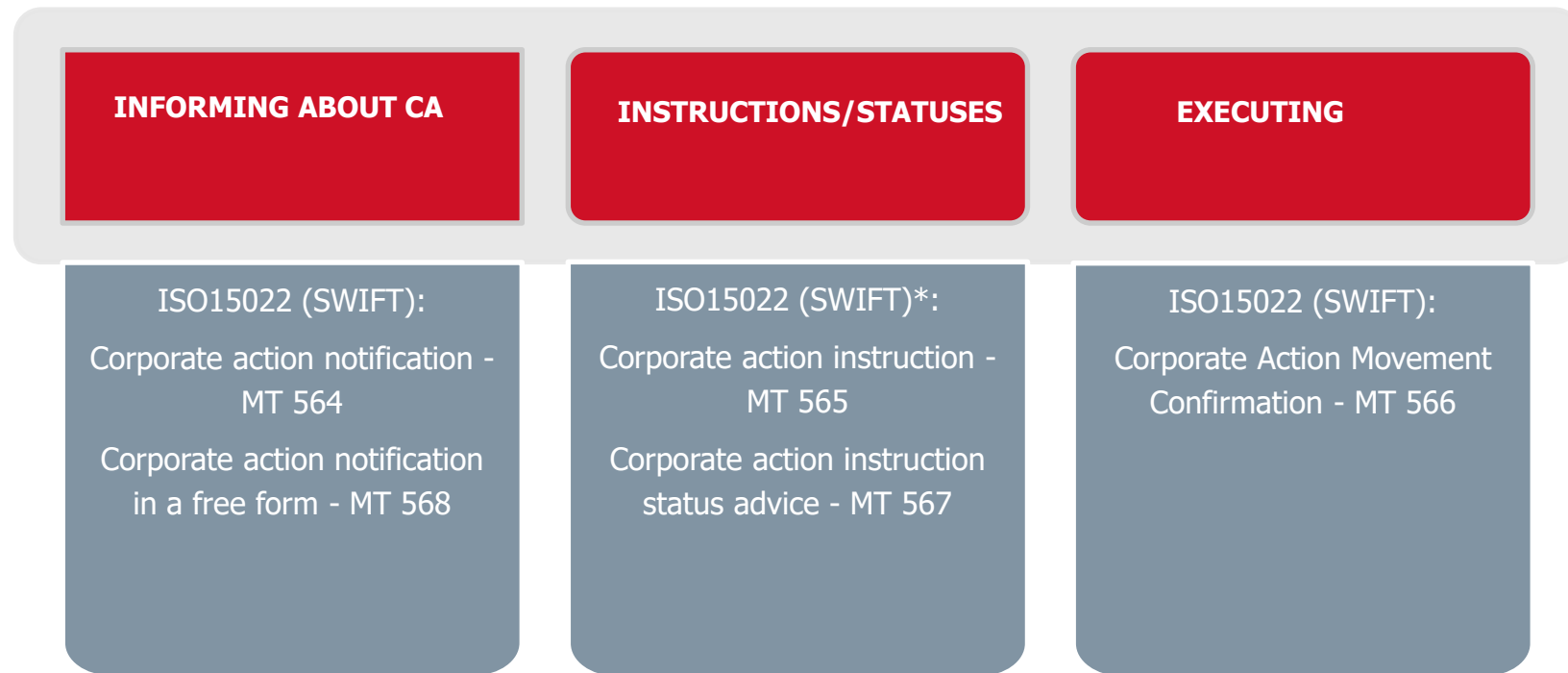
- Euroclear Bank S.A./N.V.
- Clearstream Banking S.A. /Institutional Shareholder Services Inc.;
- Central Securities Depository Joint-stock Company, Republic of Kazakhstan;
- Republican Unitary Enterprise "Republican Central Securities Depository", Republic Belarus;
- Central Depository of Armenia Open Joint Stock Company, Republic of Armenia; and
- The Bank of New York Mellon.

CORPORATE ACTION PHASES IN NSD



CHANNELS AND FORMATS OF INTERACTIONS WITH FOREIGN DEPOSITORIES

NSD supports a full range of CAs in the amount received from Foreign depositories.



* In some cases, the counterparty's software or mail services may be used for sending additional documents.

INFORMING ABOUT CORPORATE ACTIONS

PROCESSING CA NOTIFICATIONS

Phase I

- Uploading notifications in NSD systems
- Converting notifications from ISO15022 to ISO20022

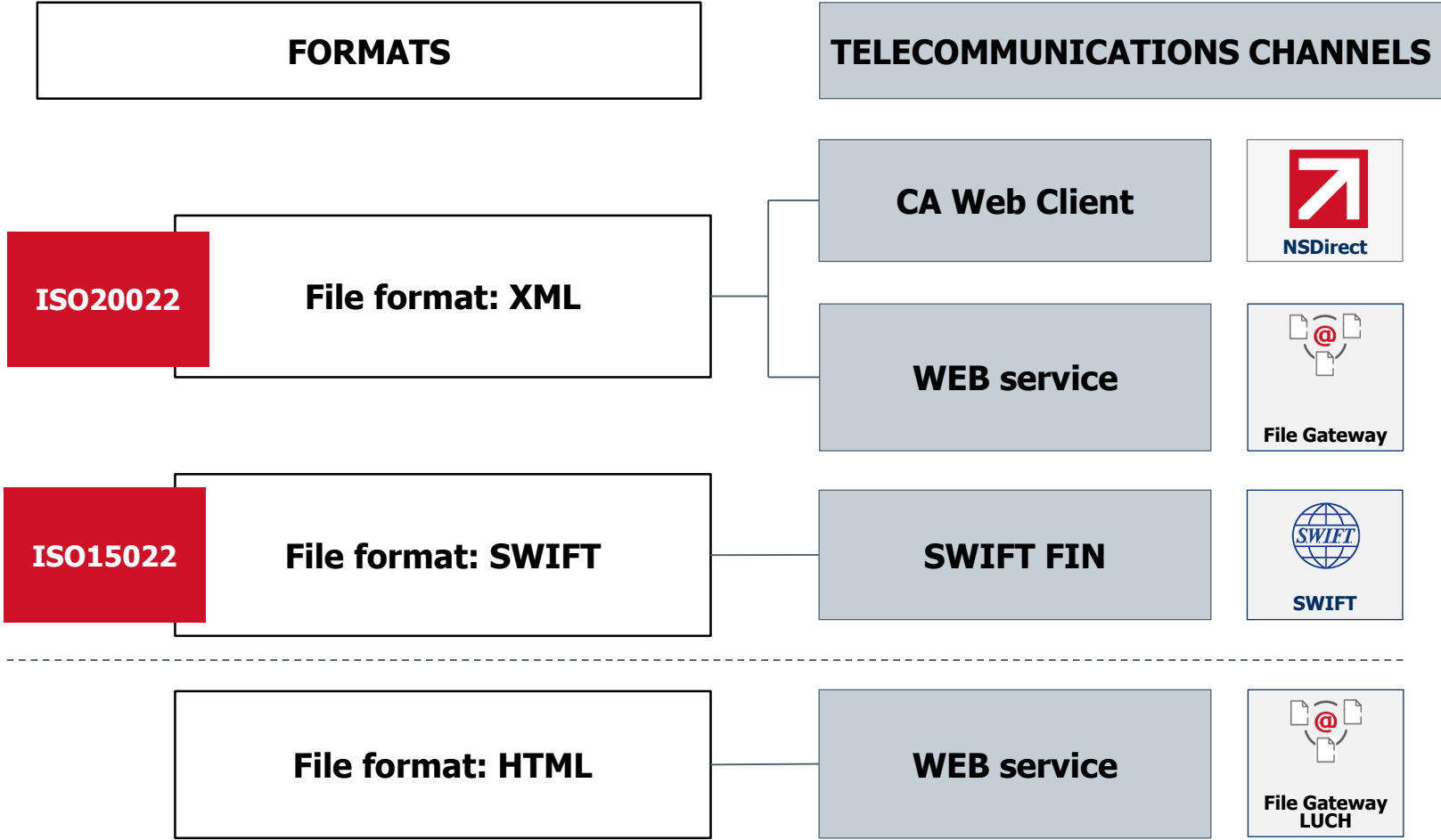
Phase II

- STP is used for initial CA notifications related to securities with the only storage place
- The Gold Record phase that involves the operator is applicable to voluntary CAs and mandatory CAs related to securities with more than one storage place

Phase III

- Indicating the specifics of CA processing in NSD
- Indicating deadlines for receiving instructions and the procedure for sending the instructions
- Verifying the entered information

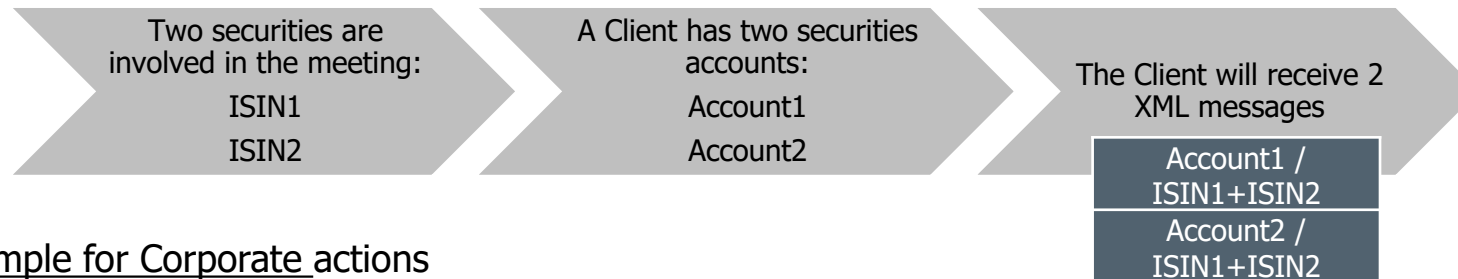
MESSAGE FORMATS AND CHANNELS FOR INFORMING NSD CLIENTS



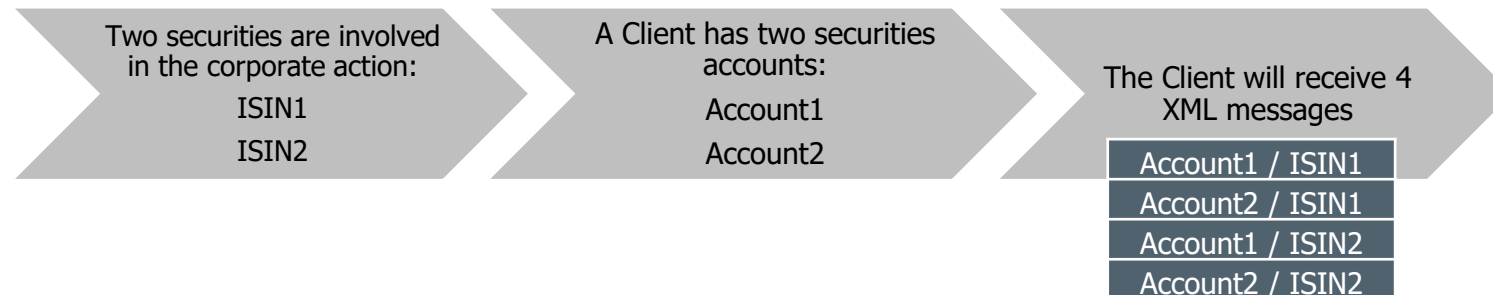
XML MESSAGES

- Certain messages are formed for each securities account and each security
- A text in Russian and/or a text in a foreign language is transferred directly without being transliterated
- For a general meeting, one message is formed which includes information about securities involved*

Example for Meetings**



Example for Corporate actions



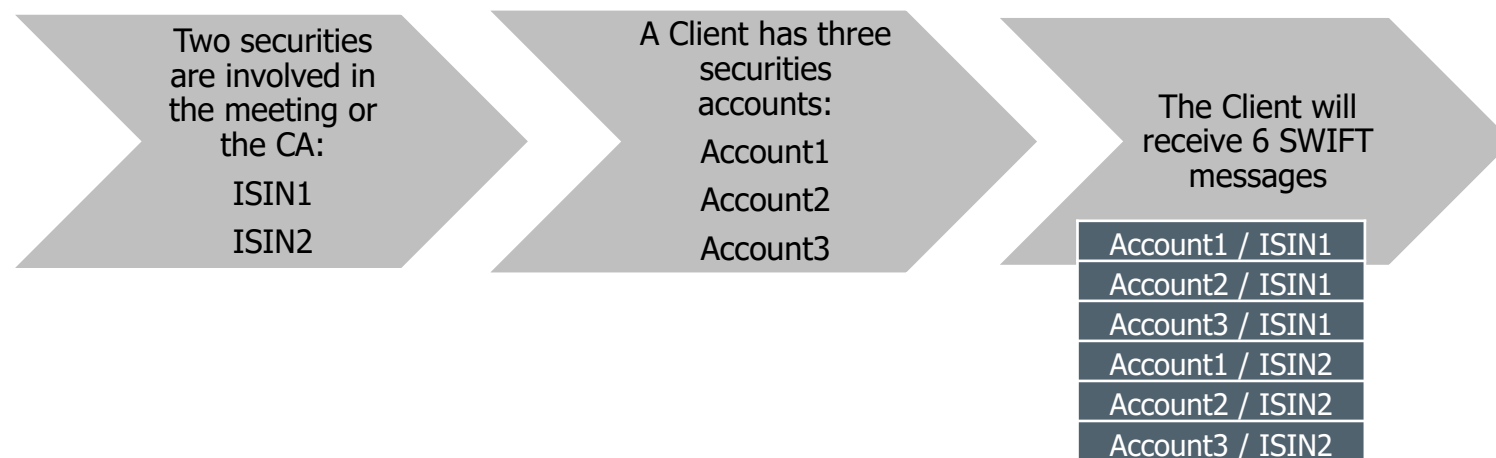
RESTRICTIONS:

* Only for CAs that involve Russian securities.

** Only for CAs that involve Russian securities. For foreign securities, the procedure for generating messages about meetings is similar to the procedure for generating messages about corporate actions.

- Certain messages are formed for each securities account and each security
- The unique six-digit reference of the CA is indicated in the LINK unit CORP// field
- If there is a text in Russian, it shall be transliterated

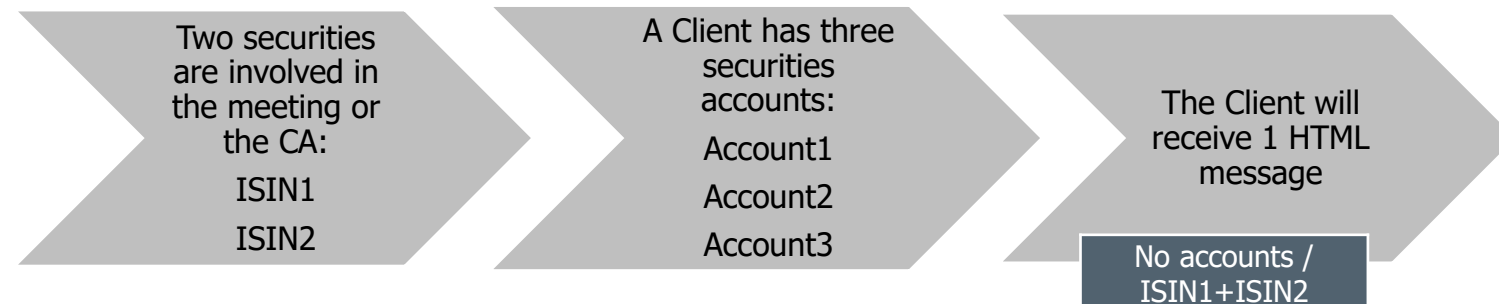
Example



HTML MESSAGES

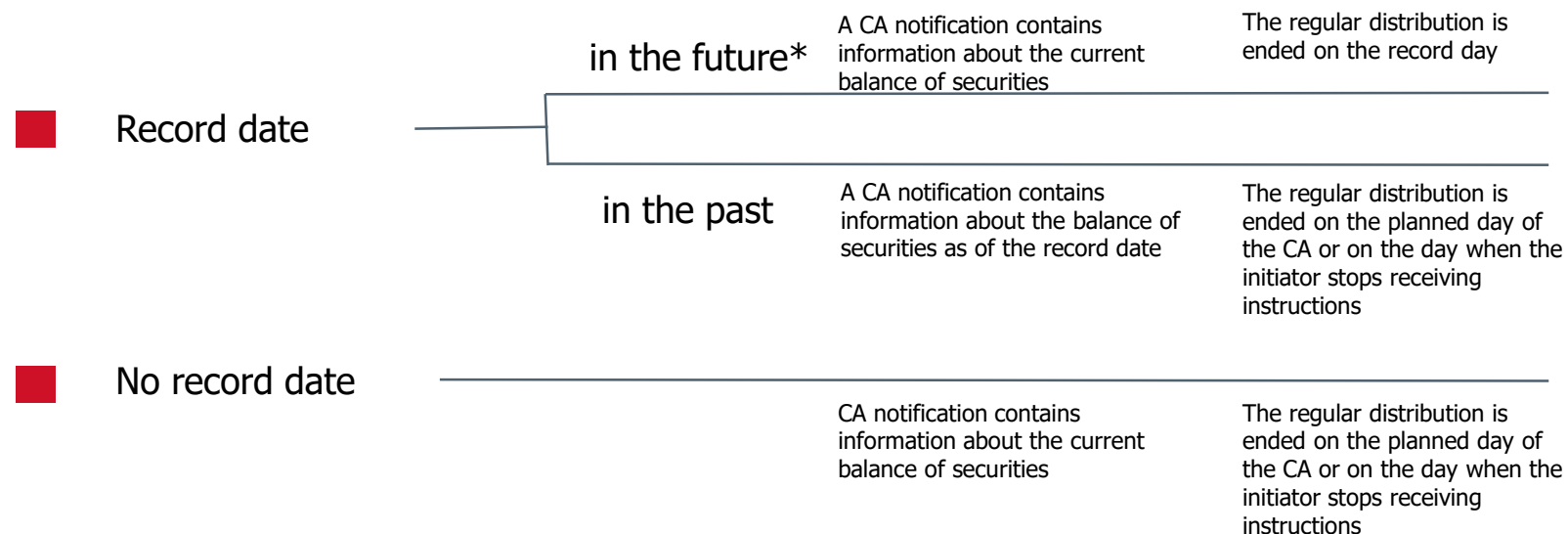
- One message is generated based on the client's code for all securities involved in the CA
- Balances in depositors' securities accounts are not included in the message

Example



RULES FOR INFORMING

INFORMING ABOUT CA: IDENTIFYING CLIENTS WITH BALANCES



REGULAR DISTRIBUTION:

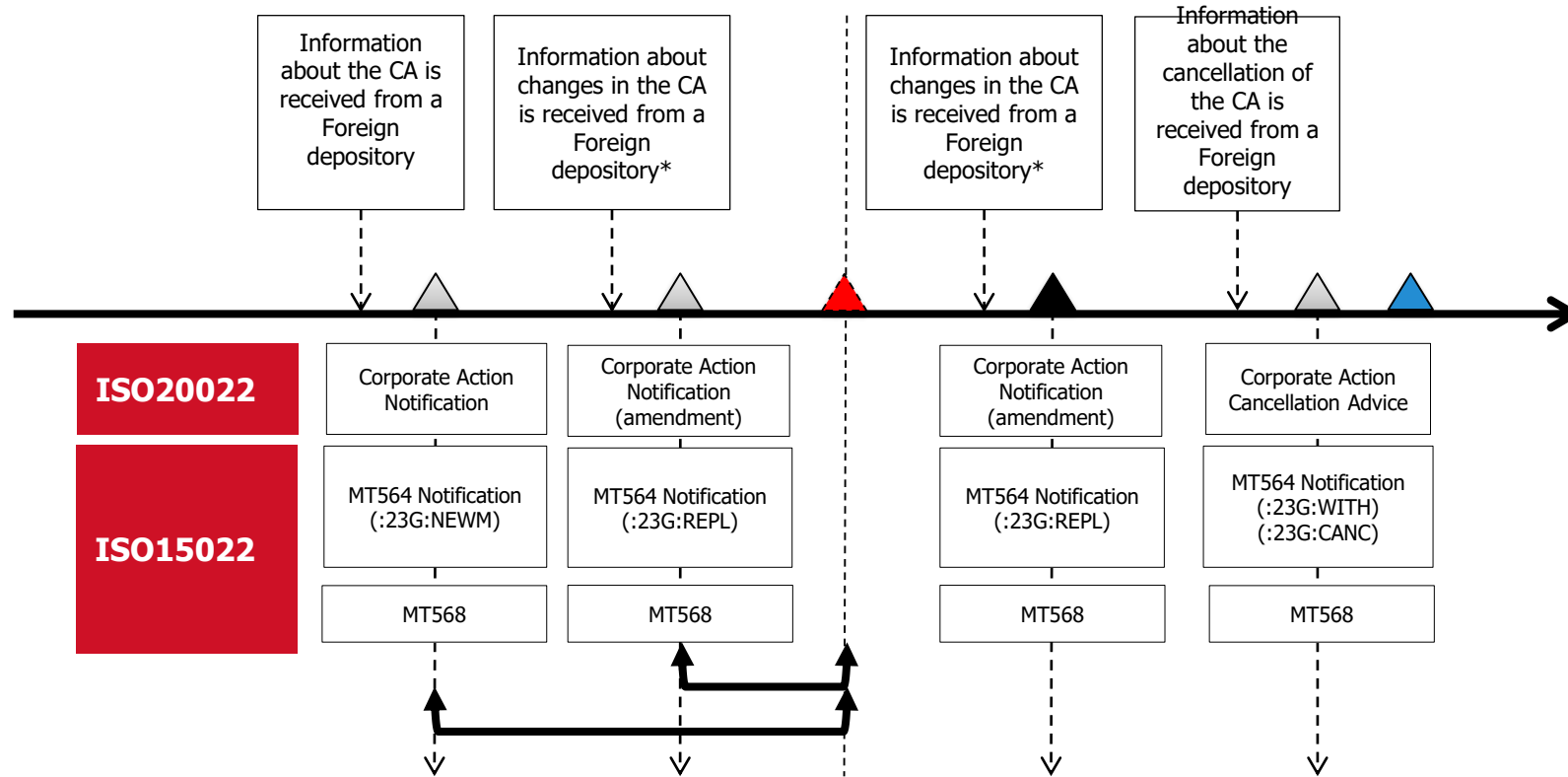
The distribution period begins on the day when an information message is generated in NSD and ends on the record day, on the planned day of the CA, on the day when the initiator stops receiving instructions, or on the other day in accordance with CA specifics.

DISTRIBUTION PHASE	WHO RECEIVES CA NOTIFICATIONS	WHEN CA NOTIFICATIONS ARE SENT
Initial notification	All Clients with balances as of the current moment or as of the end of the previous operating day	Online or as of the end of the day
Further notifications	Clients with new balances	Every two hours from 9 am to the end of the operating day






NOTE:

* For CAs that involve Russian securities after the record date the informing mode is implemented in accordance with the algorithm "The record date in the past."
 ** Except for certain types of CAs.

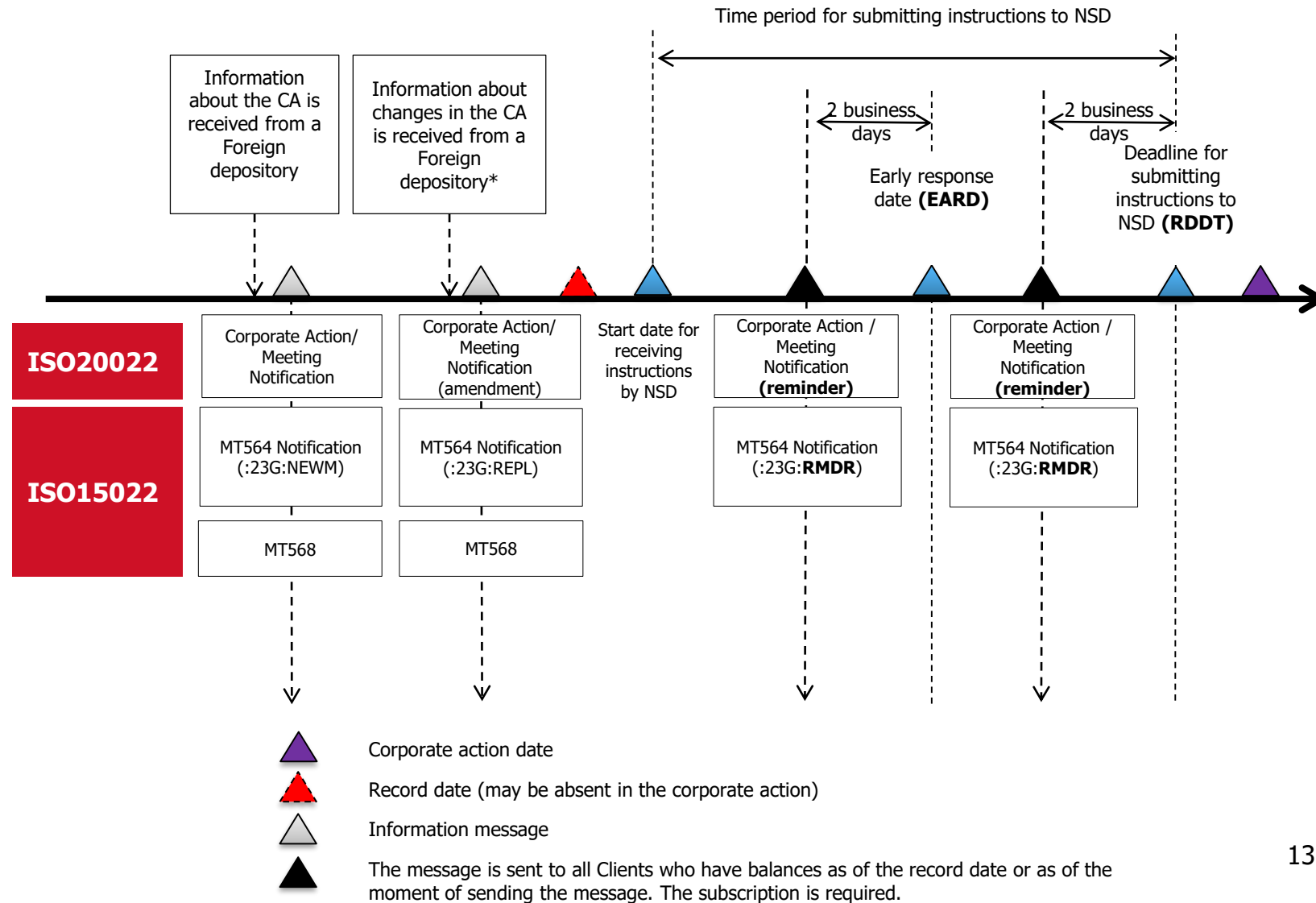
MANDATORY CORPORATE ACTIONS. DISTRIBUTION SCHEME



* - in accordance with the specifics of Foreign depositories' operations, messages about changes and amendments to CAs may be sent either before or after the record date (if any), as well as after the CA date.

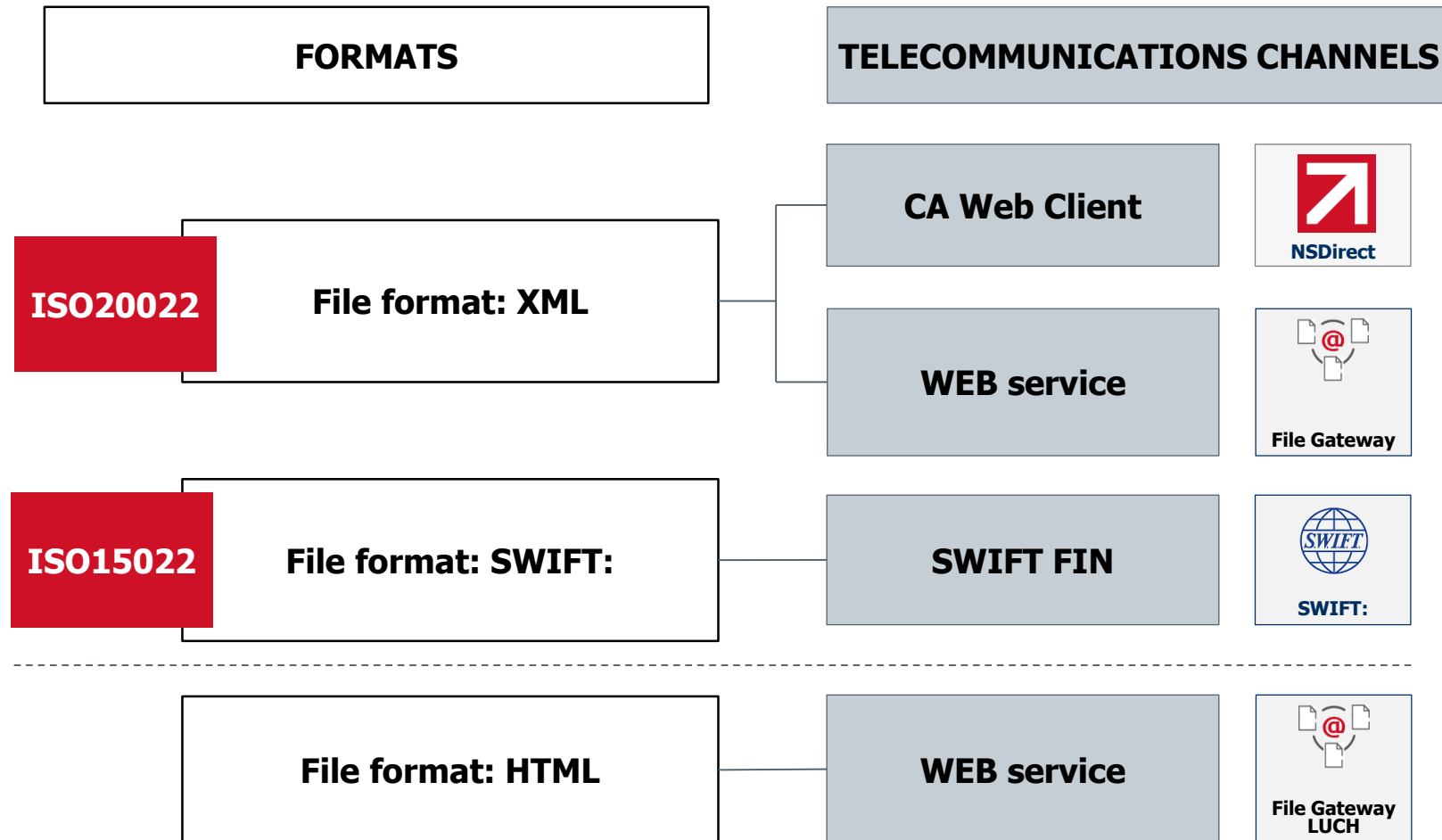
-  Corporate action date
-  Record date (may be absent in the corporate action)
-  Information message
-  The message is sent to all Clients on whose securities accounts balances occurred in the specified period
-  The message is sent to all Clients who have balances as of the record date (if any) or as of the moment of sending the message.

VOLUNTARY CAS/MEETINGS. REMINDERS



INSTRUCTIONS AND STATUSES

FORMATS OF INSTRUCTIONS RECEIVED AND INTERACTION CHANNELS



PROCESSING CLIENTS' INSTRUCTIONS

Phase I

- Uploading notifications in NSD systems
- Conversion from ISO15022 to ISO20022 for instructions submitted via SWIFT
- Technical checks
- Blocking securities if such condition exists

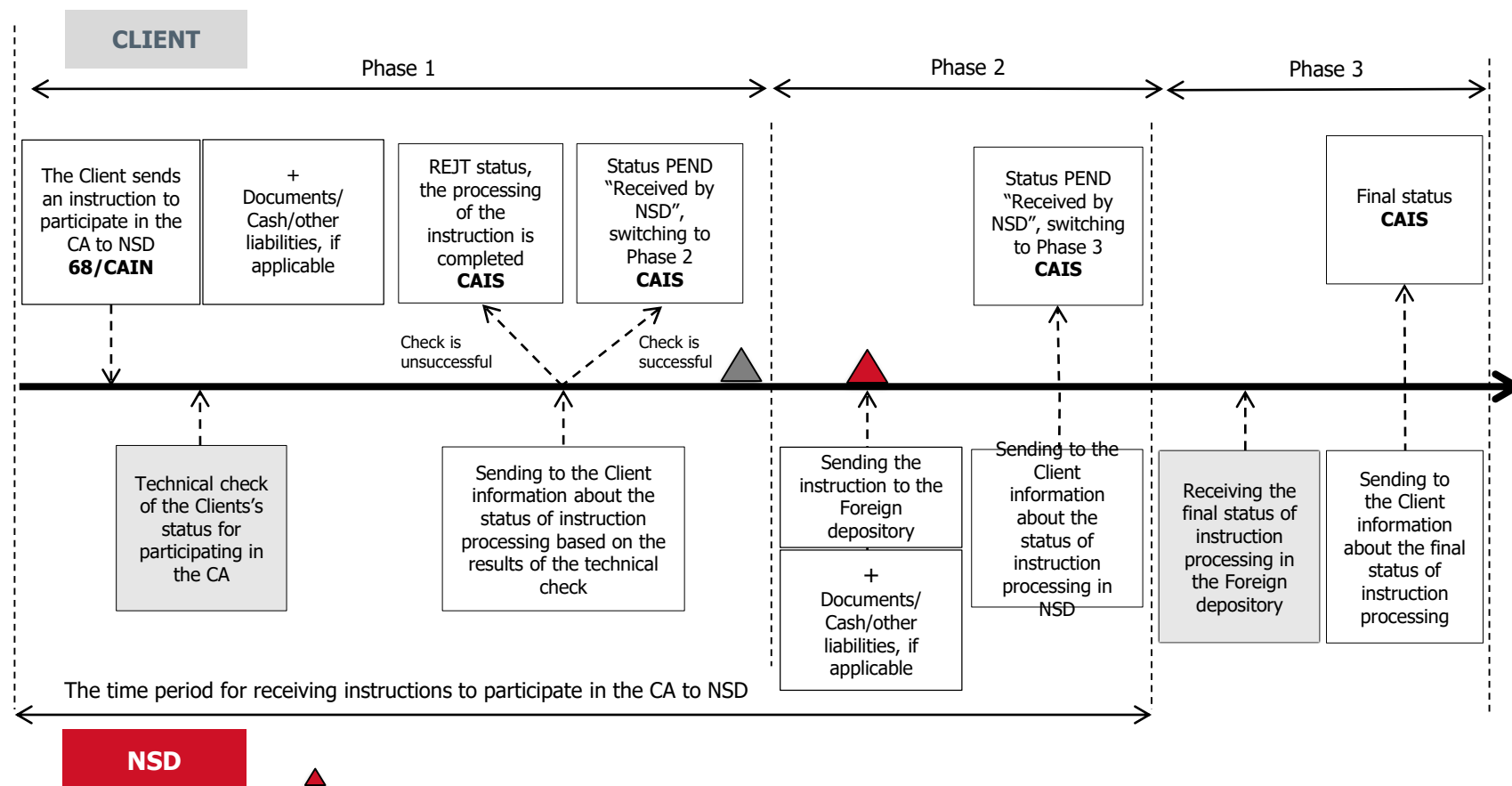
Phase II

- STP is available for instructions for securities with one place of storage, meanwhile, the conversion from ISO20022 to ISO15022 is held
- For instructions with several places of storage or with specifics of their processing (for instance, it is required to wait for funds or additional documents) - a user shall manually determine where and when the instruction should be sent

Phase III

- Once the instruction is passed in NSD and technical checks are successful, the status PEND "Received by NSD" shall be sent to the Client
- Once the instruction is sent to the Foreign depository, the status PEND "Accepted by NSD" shall be sent to the Client
- Once the final status is received from the Foreign depository it shall be translated to the Client

PHASES FOR PROCESSING AN INSTRUCTION TO PARTICIPATE IN THE CA



The date/time of NSD's deadline in case if aggregated instructions are sent or the date on which all additional terms for participating in the CA are observed, if applicable.

▲ Blocking securities if the participation in the corporate action provides restrictions of management of securities by the Depositor. Exception: securities stored in special sub-accounts.

For an Individual account the control over the sufficient amount of securities allowing to execute instructions sent by the Client is performed

EXECUTING CORPORATE ACTIONS

EXECUTING A CA



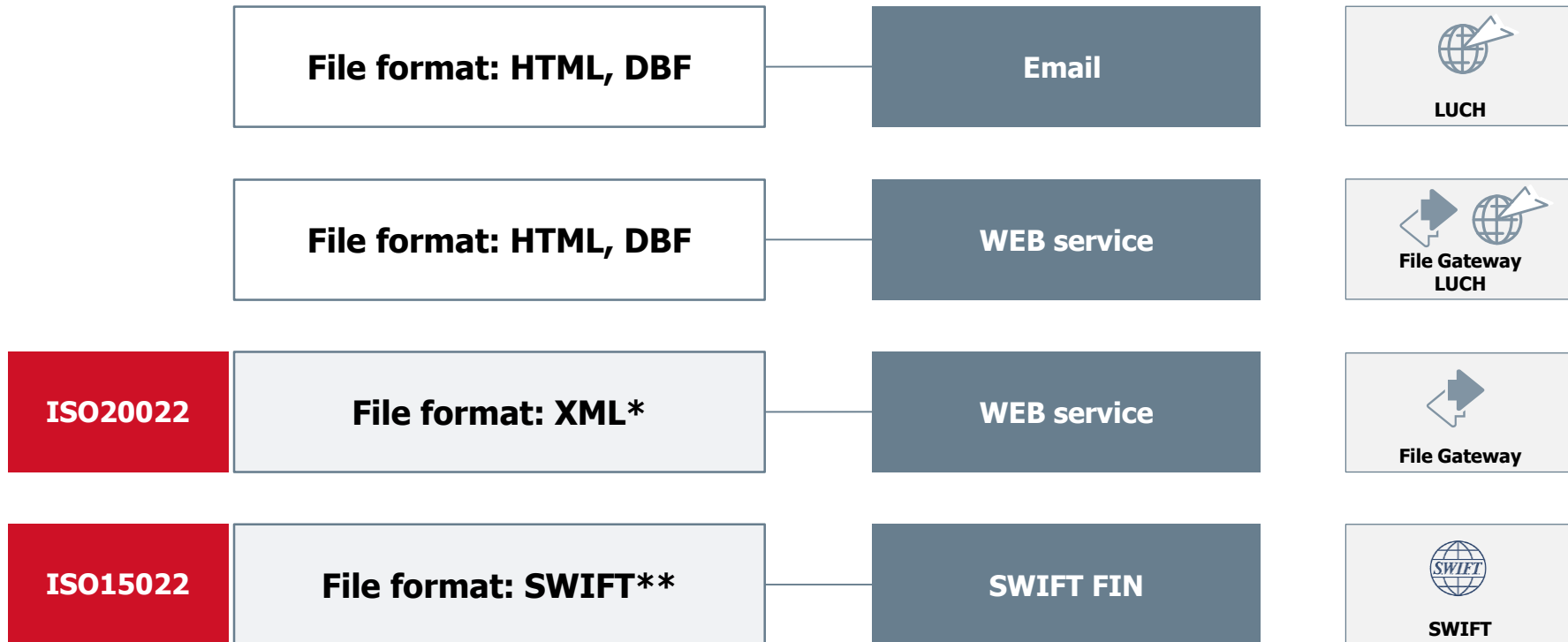
- Uploading confirmations on CA execution in NSD systems*

- Comparing calculated values with actual ones automatically
- Generating entries in NSD systems

- Sending reports on CA execution results

MESSAGE FORMATS AND INTERACTION CHANNELS USED TO EXECUTE THE CA

The current scheme for sending a verification of debiting/crediting cash/securities as a result of the corporate action

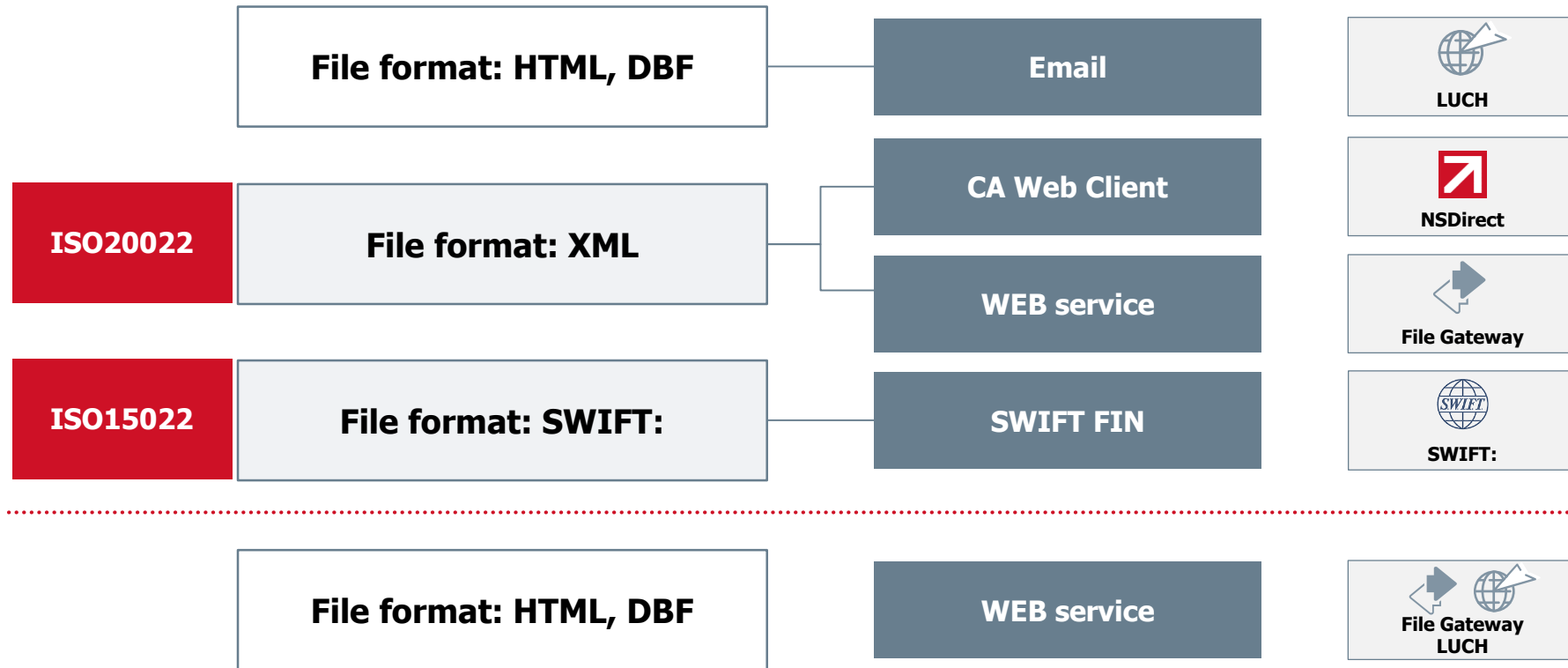


* The limited set of information is implemented

** The limited set of information about securities flow is implemented

MESSAGE FORMATS AND INTERACTION CHANNELS USED TO EXECUTE THE CA

The future scheme for sending a verification of debiting/crediting cash/securities as a result of the corporate action



THANK YOU!



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 - 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
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