

Member's Profile of NSD (Russia)

Organization Name:	National Settlement Depository NSD
Country/ Region:	Russian Federation
Name of CEO:	Dr. Eddie Astanin
Capital (US\$):	RUB 11 274.60 million (as at 31 December, 2015) = US\$ 154.70 million (according to the exchange rate of the Bank of Russia RUB 72,8827as at 31 December, 2015)
Number of Officers and Employees:	444 employees including 4 Members of the Executive Board (as at 31 December, 2015)
Ownership and Governance (Main Shareholders)	<p>Moscow Exchange (former MICEX-RTS), the largest multifunctional exchange in Russia, is the controlling shareholder of NSD.</p> <p>NSD has the following licences:</p> <ol style="list-style-type: none"> 1. The licence of the Central Bank of the Russian Federation to perform banking operations No.3294 2. Two licences of the Federal Financial Markets Service (Russian Regulatory Authority): No. 177-12042-000100 for depository activity No. 077-00004-000010 for clearing activity 3. Certificate of registration of the payment system operator No. 0014 issued by the Bank of Russia 4. The licence LSZ No. 0009523, Registration No. 13169 H, to provide data encryption services, issued by the Centre for Licencing, Certification and Protection of State Secrets of the Federal Security Service (FSB) of Russia
Brief History	<p>NSD was formed by way of the merger of MICEX Settlement House (MICEX SH) – Russian largest non-banking credit organization, and the National Depository Center (NDC) – Russian largest settlement depository, effected on November 3, 2010.</p> <p>MICEX SH was established in 1996 as a financial institution to effect settlements in MICEX on-exchange markets, at that time including currency and government bond markets. In 1997 MICEX SH became a settlement center in the organized securities market, later providing settlements in the following markets organized by MICEX: the derivatives market, the share market, the market for corporate and regional bonds. In 2001 MICEX SH launched settlements of DVP deals in OTC market.</p> <p>NDC was established in 1997 as a central settlement depository for the servicing of Federal securities. In 1998 NDC started operations with corporate, sub-federal and municipal securities. Having achieved a leading position in</p>

	<p>the market of debt instruments of Russian issuers, NDC increased the volume of transactions with shares, UITs' units, Eurobonds and securities of foreign issuers and Governments.</p> <p>Currently, NSD is Russia's central securities depository (CSD), a part of the Moscow Exchange Group. The status of the CSD was assigned to NSD by the Russian Federal Financial Markets Service Order #12-2761/PZ-I (November 6th, 2012).</p> <p>After becoming a CSD, NSD now satisfies the definition of an Eligible Securities Depository under Rule 17f-7 of the Investment Company Act of 1940.</p> <p>NSD is Russia's national numbering agency and the substitute numbering agency for the CIS, authorized to assign international ISIN and CFI codes.</p> <p>NSD is a globally endorsed pre-Local Operating Unit (pre-LOU) authorised to allocate international LEI codes accepted by regulators, market participants and pre-LOUs of other countries.</p> <p>Moreover, NSD provides:</p> <ul style="list-style-type: none"> • a wide range of depository and related services to its clients • settlement of securities and other financial instruments transactions concluded on the major trading floors in Russia: <ul style="list-style-type: none"> – Public Joint Stock Company "Moscow Exchange MICEX-RTS" (Moscow Exchange), – Closed joint-stock company "MICEX Stock Exchange" (MICEX Stock Exchange), – Stock company Saint-Petersburg Currency Exchange (SPCEX SC) <p style="margin-left: 40px;">and also on the OTC market.</p> <p>and acts as:</p> <ul style="list-style-type: none"> • The Head depository responsible for the safekeeping of global bond certificates; • The Trade repository for reporting all repo and derivative trades concluded on the terms of master agreements (single trades starting end of Q2 2016). <p>NSD is recognized by the Bank of Russia as the only systematically important Russian trade repository ;</p> <ul style="list-style-type: none"> • The operator of the payment system of national significance. <p>On the basis of agreements with the Central Bank of the Russian Federation (the Bank of Russia), NSD acts as a credit organization authorized to provide settlements on credit and deposit operations of the Bank of Russia, on REPO deals with the Bank of Russia.</p> <p>By using the fully functional electronic document interchange system NSD provides services to Russian</p>
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	<p>and Foreign security market participants.</p> <p>NSD is a direct participant in Banking Electronic Speedy Payments system (BESP) which is a RTGS system of the Bank of Russia.</p> <p>NSD's professional risks are insured by Ingosstrakh Insurance Company, one of the leading Russian insurance companies.</p> <p>In compliance with the Federal Law on Anti-Money Laundering and Countering Terrorism Financing and Bank of Russia requirements, NSD elaborated and implemented the "Rules of internal control of NSD, aimed at Anti-Money Laundering and Countering Terrorism Financing" (The Rules).</p> <p>NSD appointed an AML officer who is responsible for practical implementation and realization of the Rules. NSD doesn't establish relationships with shell banks-non-residents that incorporated in a jurisdiction in which it has no physical presence and which is unaffiliated with a regulated financial group.</p>
<p>Types and number of Participants</p>	<p>Among NSD clients that have securities or cash accounts opened with NSD or that joined other NSD services there are (as at 31 December, 2015):</p> <ul style="list-style-type: none"> ▪ 893 Clients that opened owner, nominee, trustee accounts with NSD, including: dealers/brokers, custodians, trust managers (Trustees) ▪ 624 Issuing Entities that signed the Agreements on centralized safekeeping of global certificates of bonds and/or on servicing of issuer account opened with NSD ▪ 3 Clearing Organizations that opened accounts with NSD for settlement of transactions after multilateral clearing as a minimum ▪ 1 173 Trade repository Clients of whom 991 are Russian residents and 182 are foreign institutions ▪ 806 clients of NSD cash settlement services ▪ 700 Payment system participants <p>etc.</p> <p>Total (as at 31 December, 2015): 2 319.</p> <p>Please note that according to the Russian regulation NSD clients can combine some professional activities on the Russian financial market and have more than one of the professional licences for several types of activities. Moreover, they can subscribe to several NSD services. Therefore, they can be mentioned in more than one of the above groups simultaneously.</p>
<p>Regulatory Environment</p>	<ul style="list-style-type: none"> ▪ NSD is governed by the following Russian laws and regulations:The Civil Code of the Russian Federation. ▪ The Federal Law "On securities market", № 39-FZ of April 22, 1996.

	<ul style="list-style-type: none"> ▪ The Federal Law “On Joint stock companies”, № 208-FZ of December 26, 1995. ▪ The Federal Law “On protection of rights and interests of investors in the securities market”, № 46-FZ of February 18, 1999. ▪ The Federal Law “On banks and banking activity”, № 395-1 of December 02, 1990. ▪ The Federal Law “On countering the legalization of illegal earnings (money laundering) and the financing of terrorism”, № 115-FZ of August 7, 2001. ▪ The Federal Law “On Competition”, № 135-FZ of July 26, 2006. ▪ The Federal Law “On the Central Depository”, № 414-FZ of December 7, 2011. ▪ The Federal Law “On the National Payment System”, No 161-FZ dated 27 June, 2011 ▪ FFMS Regulation “On Depository Activity”, № 36 of October 16, 1997. ▪ FFMS Regulation “On Clearing Activity”, No 32/ps dated 14 August, 2002 ▪ FFMS Regulation “On Maintaining the Register of Owners of Registered Securities”, № 09-33 of August 13, 2009. ▪ FFMS Regulation “On Qualified Investors”, № 27 of October 02, 1997. ▪ Bank of Russia Ordinance No. 3253- U, dated 30 April 2014 “On the procedure for maintaining the register of contracts concluded on terms of a master agreement (single agreement), timeframes for providing information necessary for maintaining the said register and information from the said register, and submitting the register of contract concluded on terms of a master agreement (single agreement) to the Central Bank of the Russian Federation (Bank of Russia). <p>and other Russian laws and regulations.</p>
Stock Exchanges	<p>Major Stock Exchanges:</p> <ul style="list-style-type: none"> – Moscow Exchange (former MICEX-RTS), – MICEX Stock Exchange, – SPCEX SC
Other CSDs or clearing organization in your country	<p>Another CSDs: No</p> <p>Clearing Organizations:</p> <ol style="list-style-type: none"> 1. NSD 2. Bank “National Clearing Centre” (Closed joint-stock company) (NCC) is Moscow Exchange subsidiary 3. SPCEX SC is Moscow Exchange subsidiary 4. Public Joint Stock Company «Clearing Centre MFB» 5. Settlement depository company (Closed Joint Stock Company), SDCO (CJSC)

<p>Services Provided</p>	<p>NSD as the Russian Central Securities Depository (CSD) provides a full range of core depository and additional services for Russian professional market participants and foreign clients in accordance with the legislation. Detailed information about NSD services is available on the following link: https://www.nsd.ru/en/services/</p> <p>1. Custody Services</p> <p>NSD provides its clients with following services:</p> <ul style="list-style-type: none"> - securities safekeeping and recordkeeping - transfer of ownership rights on the basis of instructions given by clients - confirming ownership rights - informing clients on account balances and all operations carried out on their accounts - corporate actions services. <p>In order to provide the above services NSD:</p> <ul style="list-style-type: none"> - opens securities owner's accounts to maintain records of securities owned by the account holder; - opens nominee holders' accounts to maintain records of securities owned by the account holder's clients; - opens trustee accounts to maintain records of securities held in fiduciary management by account holder; - open sub-accounts for segregated securities safekeeping; - deposits and withdraws securities; - transfers securities within one main account and between different securities accounts; - registers pledge/ release of securities; - provides reports on clients requests; - confirms ownership rights and provides reports on the results of account operations (including corporate actions). <p>2. On-exchange Trade Settlement</p> <p>NSD acts as the settlement depository and provides settlement services to Russia's major marketplaces – Moscow Exchange, MICEX Stock Exchange, SPCEX SC.</p> <p>NSD services 100% of transactions conducted in the federal bond and the Bank of Russia bond markets, over 99% of trades on corporate, regional and municipal bond market, 100% of exchange trades with Russian equities and other securities traded at MICEX Stock Exchange.</p> <p>Settlement of on-exchange trades is done upon 2 clearing sessions: trading system submits information on trading participants' net obligations to NSD and claims for processing.</p> <p>NSD delivers settlement and safekeeping services for securities listed on stock exchanges. The relevant information is exchanged between NSD and the MICEX Stock Exchange in real time, which means that securities</p>
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	<p>credited to a trading sub-account of a securities account with NSD are immediately available for trading. NSD clients are able to promptly trade securities, listed on stock exchanges.</p> <p>3. OTC Trade Settlement</p> <p>NSD settles OTC securities transactions on a free of payment (FOP) or delivery versus payment (DVP) basis using Electronic matching and Hold&Release mechanisms, with payments made in Russian roubles or foreign currency.</p> <p>NSD also settles transactions via accounts with CIS CSDs and ICSDs, settles deals with investment shares.</p> <p>4. Issuer Services</p> <p>NSD has a unique experience of working with issuers and professional securities market participants and provides issuers with assistance in raising investments on the Russian stock market.</p> <p>NSD provides depository services for global certificates of bond issues. In so doing, NSD performs the following functions:</p> <ul style="list-style-type: none"> - consults issuers and bond issue managers on the matters of depository processing, including various corporate actions; - assists issuers in determining an optimal structure for new bond issues and efficient ways for servicing them; - supports exchange flotation and OTC placement of bond issues; - provides settlement of initial bond offerings on a free of payment or delivery versus payment basis; - provides centralized safekeeping of global certificates of bonds; - processes settlements, interest payments, and redemptions of bond issues: <ul style="list-style-type: none"> o for bonds issues registered before January 01, 2012 NSD acts as a paying agent providing a full range of income payment services, that include: the calculation, distribution, as well as coupon payments and principal redemptions (based on the separate agreement). o starting with January 01, 2012 distribution of securities income became an inalienable part of the depository services provided by a depository to its clients. Amendments to the relevant Law cover bonds issues registered after January 01, 2012 and all federal securities with mandatory centralized safekeeping regardless of the date of registration of
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	<p style="text-align: center;">the issue</p> <ul style="list-style-type: none"> - collects data and makes security holders' lists;. <p>NSD technology allows to promptly service not only Moscow but regional issuers: in 2003 issuers started to work with NSD using the electronic document interchange (EDI) system. Connection to NSD EDI system allows issuers to send instructions and receive reports on their accounts in electronic format</p> <p>5. Repository services</p> <p>NSD's Trade repository provides its clients with the following services:</p> <ul style="list-style-type: none"> - gathering and registering information on derivative and repo contracts, concluded under Master agreements. Current phase requires registration of repo and derivative trades concluded only under master agreements and reporting on mark-to-market valuation and credit support transfers. Next phase (Q3 2016) shall include mandatory usage of UTI and reporting trades concluded without master agreements; - bookkeeping of contracts register; - providing confirmations to clients and authorities on registered contracts; - information safekeeping and ensuring its confidentiality; - transferring information on registered contracts to the Bank of Russia. <p>6. Collateral management system</p> <p>Collateral management system (CMS) is a range of services for REPO trades allowing to minimize related costs and efficiently manage associated risks through using advanced Central Depository infrastructure. NSD undertakes most of the functions regarding REPO trades (settlement and maintenance) providing high quality service with daily control of collateral while the participants keep the rights to set parameters of collateral.</p> <p>Key services:</p> <ul style="list-style-type: none"> ▪ Collateral management with basket technology ▪ Automatic collateral selection ▪ Mark-to-market ▪ Margin calls in cash and securities ▪ Collateral replacement ▪ Corporate actions processing considering tax regime ▪ Trade reporting to NSD's Repository <p>7. Information services</p> <p>Public information:</p> <ul style="list-style-type: none"> - corporate actions notifications - reference data on issuers and securities
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	<ul style="list-style-type: none"> - direct notifications about significant corporate actions via EDI system - ISIN database - LEI database <p>Fee liable information services:</p> <ul style="list-style-type: none"> • DISC NSD as a desktop display solution for reference data and corporate actions access • Data feed for enterprise solutions which provides customer with access to reference, corporate actions and price data • Issuer communication service, aimed to distribute non-regulatory news to the holders • Issuer prospectus, terms and conditions database provision <p>8. Banking operations</p> <ul style="list-style-type: none"> - opening and administration of bank accounts of legal entities; - cash management services for legal entities including credit organizations; - effecting settlements by order of legal entities, including correspondent banks; - foreign exchange operations. <p>9. The payment system services</p> <p>The NSD Payment System conducts the following types of money transfers:</p> <ul style="list-style-type: none"> - associated with the Bank of Russia's operations in the open market and refinancing credit organizations; - on transactions concluded in exchanges (including transactions conducted by Moscow Exchange OJSC); - on OTC transactions. <p>All payments are processed in the NSD payment system in real time.</p>
Eligible Securities	<p>Shares</p> <p>Bonds</p> <p>Units of UITs</p> <p>Depository receipts</p> <p>Mortgage certificates</p>
<p>Corporate Action services Provided?</p> <p>Yes/No</p> <p>(If yes, what kinds of services provided?)</p>	<p>Yes,</p> <p>NSD as a CSD provides a full range of Corporate actions services on Russian and Foreign securities, including;</p> <ul style="list-style-type: none"> - providing securities holders' lists to the issuing/management companies for exercise of the securities holders' rights on their bonds, shares, units of UITs; - execution of clients' instructions regarding the exercise of their rights in the voluntary corporate action events officially announced by the Russian and Foreign Issuers, such as buy-back, tender offer, proxy voting, etc.;

	<ul style="list-style-type: none"> - facilitating dividend/coupon payments and redemptions; - e-proxy voting services for Russian securities etc.
Value of Securities in Custody (US\$):	RUB 31 690 billion as at 31 December, 2015 (US\$ 435 billion, according to the exchange rate of the Bank of Russia 72,8827 as at 31 December, 2015)
Amount of Cash Settled per annum (US\$):	<p>RUB 104 933 billion for 2015 – (US\$ 1 440 billion, according to the exchange rate of the Bank of Russia 72,8827 as at 31 December, 2015)</p> <p>*Covering only delivery money transfer on NSD clients' accounts</p>
Percentage of Securities Immobilized/ Dematerialized:	100%
Market Capitalization/ Trading volume per annum (US\$):	<p>394,7 billion / 9 404 billion</p> <p>*According to the exchange rate of the Bank of Russia 72,8827 as at 31 December, 2015</p>
Total Revenue/ Expense and Net income Per annum (US\$):	<p>Total Revenue/ Expense: RUB 6 617.20 million / 3 310.23 million for 2014 (US\$ 90.79 million / US\$ 45.42 million, according to the exchange rate of the Bank of Russia 72.8827 as at 31 December, 2015); RUB 4 923.78 million / 2 059.21 million for six months of 2015 (US\$ 67.56 million / US\$ 28.25 million, according to the exchange rate of the Bank of Russia 72.8827 as at 31 December, 2015).</p> <p>Net income Per annum: RUB 3 306.97 million for 2014 (US\$ 45.37 million, according to the exchange rate of the Bank of Russia 72,8827 as at 31 December, 2015); RUB 2 864.57 million for six months of 2015 (US\$ 39.30 million, according to the exchange rate of the Bank of Russia 72,8827 as at 31 December, 2015).</p>
Memorandum of Understanding/ Business Agreement (Date)	<p>Memorandum of Understanding:</p> <ol style="list-style-type: none"> 1. Greece: Hellenic Central Securities Depository S.A. ("ATHEXCSD") 21 September 2015 2. Serbia: Central Securities Depository and Clearing House (CR HoV) 07 September 2015 3. People's Republic of China: China Central Depository and Clearing Co., Ltd. 24 June 2015 4. Turkey: CSD of Turkey, Merkezi Kayıt Kuruluşu A.Ş. (MKK) 7 November 2014 5. Armenia: Central Depository of Armenia (CDA) 10 January 2014 6. Kyrgyz Republic: Closed Joint-Stock Company "Central Depository" of the Kyrgyz Republic 12 September 2013 7. Romania: Depozitarul Central S.A. 30 May 2013 8. Mongolia: Mongolian Securities Clearing House and Central Depository 28 May 2013 9. Luxembourg: REGIS-TR, the European Trade Repository 22 May 2013

	<p>10. Poland: Krajowy Depozyt Papierów Wartościowych S.A.(KDPW) 15 May 2013</p> <p>11. Republic of Belarus: Republican unitary entity "Republican Central Securities Depository" (RUE "RCSD") 4 April 2013</p> <p>12. Austria: Oesterreichische Kontrollbank Aktiengesellschaft (OeKB) 18 March 2013</p> <p>13. Korea: Korea Securities Depository (KSD) 2 May 2012</p> <p>14. Ukraine: Public joint-stock company "Settlement center" 22 February 2012</p> <p>15. Japan: Japan Securities Depository Center, Inc. (JASDEC) 18 September 2011</p> <p>16. Hong Kong: Hong Kong Securities Clearing Company Limited (HKSCC) 17 September 2009</p> <p>17. India: Central Depository Services Limited (CDSL) 8 April 2008</p> <p>18. India: National Securities Depository Limited (NSDL) 8 April 2008</p> <p>19. Azerbaijan: National Depository Center of Azerbaijan Republic (NDC) 7 September 2007</p> <p>20. Uzbekistan: State enterprise "Central Securities Depository" (UzCSD) 9 February 2006</p> <p>Business Agreements:</p> <ul style="list-style-type: none"> • A set of agreements with the Bank of Russia and Treasury of Russia on interaction in various spheres of market activity, • Agreements on settlement services for 3 Russian marketplaces: Moscow Exchange, MICEX Stock Exchange, SPCEX SC • Agreements on nominee accounts with ICSDs and CSDs of 8 countries. NSD setups direct links with CSDs of Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, and Ukraine and ICSDs: Euroclear Bank S.A./N.V. and Clearstream Banking S.A. <p>NSD performs safekeeping of securities of issuers from more than 40 countries.</p> <ul style="list-style-type: none"> • Agreements on correspondent accounts with a number of the largest foreign and Russian banks. • Agreements on service of nominee accounts and CSD's accounts of NSD with Registrars. <p>Standard NSD's agreements/Rules on:</p> <ul style="list-style-type: none"> • depository service • banking service • electronic document interchange service for clients, Registrars, other market participants • centralized safekeeping global certificates of bonds and/or servicing accounts of their issuers
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	<p>(sub-federal, municipal and corporate)</p> <ul style="list-style-type: none"> • providing payment agent services to the issuing entities • providing clearing rules • provision of repository services (for legal entities and individuals) • the terms and conditions of an adherence to services of the NSD's Payment system • collateral management service 												
Cross-Broader Transaction (Counterpart)	Yes												
Withholding Tax Treatment of Cross-Border Trading Transactions (Details)	NA												
DVP Implementation (Yes/No)	<p>Yes</p> <p>NSD offers its clients two DVP settlement schemes: internal DVP – cash flows and securities transactions via RUB, USD, EUR, CNY, HKD, GBP, CHF accounts with NSD and external DVP – cash flows via USD accounts with such foreign banks as Citibank N.A., New York, JP Morgan Chase Bank N.A., New York and Deutsche Bank Trust Company Americas, New York. For both schemes NSD offers 3 models of DVP settlement: with obligations netting (DVP model 2, 3) and without netting (DVP model 1).</p> <p>In addition NSD settles client's securities transactions on DVP basis through NSD securities and cash accounts opened with Euroclear Bank S.A./N.V., Brussels and Clearstream Banking S.A., Luxembourg.</p> <p>The settlement of DVP transactions is provided in the following currencies: US dollar, Euro, Swiss franc, Pound sterling, Russian rouble, Chinese yuan.</p>												
Settlement Period	<p>On-exchange market: All bonds are traded in the main trading mode T0 ("T+0" order book), except for OFZs. Trading of OFZ is held in T+1 order book. The main trading mode on equity market is a "T+2";</p> <p>OTC market: T+0 - Settlement period for FOR/DVP transactions through NSD</p>												
Contact Information	<table> <tr> <td>Name</td> <td>Dr. Eddie Astanin</td> <td>Mrs. Elena Ulianova</td> </tr> <tr> <td>Title</td> <td>Chairman of the Executive Board</td> <td>Project Manager/pre-LOU Manager</td> </tr> <tr> <td>Address</td> <td colspan="2">12, Spartakovskaya St., Moscow 105066, Russia</td> </tr> <tr> <td>Postal address</td> <td colspan="2">12, Spartakovskaya St., Moscow 105066, Russia</td> </tr> </table>	Name	Dr. Eddie Astanin	Mrs. Elena Ulianova	Title	Chairman of the Executive Board	Project Manager/pre-LOU Manager	Address	12, Spartakovskaya St., Moscow 105066, Russia		Postal address	12, Spartakovskaya St., Moscow 105066, Russia	
Name	Dr. Eddie Astanin	Mrs. Elena Ulianova											
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