

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 8 281.00 million (as at 31 July, 2014) = US\$ 231.78 million (according to the exchange rate of the Bank of Russia RUB 35,7271 as at 31 July, 2014)
Number of Officers and Employees:	483 employees including 3 Members of the Executive Board (as at 31 July 2014)
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>

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.

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).

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.

NSD is Russia's national numbering agency and the substitute numbering agency for the CIS, authorized to assign international ISIN and CFI codes.

NSD is a globally endorsed pre-Local Operating Unit (pre-LOU) authorised to allocate international pre-LEI codes accepted by regulators, market participants and pre-LOUs of other countries.

Moreover, NSD provides:

- 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:
 - Open 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)
 and also on the OTC market.

and acts as:

- The head depository responsible for the safekeeping of global bond certificates;
- The Trade repository that maintains all types of contracts concluded on the OTC market, on the basis of the master agreement;
- The operator of the payment system of national significance.

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.

NSD functions as a center of technical support of dealer's sub-depository in Russia's federal securities, the circulation of which is supervised by the Bank of Russia.

By using the fully functional electronic document interchange system NSD provides services to professional participants of the securities market and

	<p>investors from all over Russia.</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-nonresidents 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 July, 2014):</p> <ul style="list-style-type: none"> ▪ 899 Clients that opened owner, nominee, trustee accounts with NSD, including: dealers/brokers, custodians, trust managers (Trustees) ▪ 596 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 ▪ 1 027 Trade repository Clients of whom 834 are Russian residents and 193 are foreign institutions ▪ 856 clients of NSD cash settlement services ▪ 684 Payment system participants <p>etc.</p> <p>Total (as at 31 July, 2014): 2119.</p> <p>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>	<p>NSD is governed i.a. by the following Russian laws and regulations:</p> <ul style="list-style-type: none"> - Federal Law on the Central Depository No 414-FZ dated 07 December, 2011

	<ul style="list-style-type: none"> - Federal Law No 39-FZ dated 22 April, 1996 that regulates the professional activities in the securities market; - Federal Law No 208-FZ dated 26 December, 1995 that regulates activities of the Joint Stock Companies; - Regulation of the Federal Commission on Securities Market (FCSM) (No 36 dated 16 October, 1997) that adjusts the rules of depository activities; - Regulation of the FCSM (No 32/ps dated 14 August, 2002) that adjusts the rules of clearing activities - Federal Law No 395-I dated 2 December, 1990 that adjusts the rules for banks and banking activities - Federal Law on the National Payment System No 161-FZ dated 27 June, 2011 - Federal Law No 115-FZ dated August 7th, 2001 on Anti-Money Laundering and Countering Terrorism Financing <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. "JSC "Moscow Stock Exchange" (MSE) 5. Settlement depository company (Closed Joint Stock Company), SDCO (CJSC)
Services Provided	<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;

	<ul style="list-style-type: none"> - 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 Moscow Exchange and MICEX Stock Exchange.</p> <p>Settlement of 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 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, with payments made in Russian roubles or foreign currency.</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;
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	<ul style="list-style-type: none"> - 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; - collects data and makes security holders' lists; - provides paying agent services, including the calculation, distribution, and coupon payments and principal redemptions for bonds. <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. Under phase 1, only repo and currency swap contracts require mandatory registration (mandatory reporting for the rest of OTC derivative trades is scheduled from 1 January, 2015, Trades concluded not under master agreements are scheduled for reporting starting 1 July, 2015); - 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. Information services</p> <p>NSD provides its clients with the following information services :</p> <ul style="list-style-type: none"> - publication of notifications on NSD's sites regarding acceptance of securities by NSD and termination of securities services, shareholder meetings and shareholder disclose for corporate action, securities income payments and redemptions, other issuer, their agents and registrar news; - regular update of the ISIN databases on the
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	<p>special web-site www.isin.ru;</p> <ul style="list-style-type: none"> - circulation of messages on securities accepted by NSD for deposit via the remote access system; - circulation of market update report in English containing information on changes in regulation, infrastructure development, NSD and Moscow Exchange Group news; - circulation of information bulletins in Russian containing unique statistical data on the OTC bond transactions and information on securities accepted for servicing by NSD. <p>7. Banking operations</p> <ul style="list-style-type: none"> - opening and administration of bank accounts of legal entities; - cash management services for legal entities, and credit organizations; - effecting settlements by order of legal entities, including correspondent banks; - providing foreign exchange operations. <p>8. 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>NSD executes all payment processing without intermediary of any entities. 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>Corporate Action services Provided? Yes/No (If yes, what kinds of services provided?)</p>	<p>Yes</p> <ul style="list-style-type: none"> - providing securities holders' lists to the issuing/management companies to exercise the securities holders' rights on their bonds, shares, units of UITs; - execution of clients' instructions regarding the exercise of their rights; - dividend/coupon payments and repayments; - proxy voting services etc.
Value of Securities in Custody (US\$):	RUB 22 476 billion as at 31 July, 2014 (US\$ 629 billion, according to the exchange rate of the Bank of Russia 35,7271 as at 31 July, 2014)
Amount of Cash Settled per annum (US\$):	RUB 168 133 billion for 2013 – (US\$ 5 137 billion, according to the exchange rate of the Bank of Russia 32,7292 as at 31 December, 2013)

	RUB 109 610 billion for seven months of 2014 – (US\$ 3 068 billion, according to the exchange rate of the Bank of Russia 35.7271 as at 31 July, 2014)
Percentage of Securities Immobilized/ Dematerialized:	100%
Market Capitalization/ Trading volume per annum (US\$):	NA
Total Revenue/ Expense and Net income Per annum (US\$):	<p>Total Revenue/ Expense: RUB 33 534.20 million / RUB 29 921.81 million for 2013 (US\$ 1 024.60 million / US\$ 914.22 million, according to the exchange rate of the Bank of Russia 32.7292 as at 31 December, 2013);</p> <p>RUB 55 425.93 million / RUB 53 360.90 million for seven months of 2014 (US\$ 1 551.37 million / US\$ 1 493.57 million, according to the exchange rate of the Bank of Russia 35.7271 as at 31 July, 2014)</p> <p>Net income Per annum: RUB 3 612.39 million for 2013 (US\$ 110.38 million, according to the exchange rate of the Bank of Russia 32.7292 as at 31 December, 2013);</p> <p>RUB 2 065.03 million for seven months of 2014 (US\$ 57.80 million, according to the exchange rate of the Bank of Russia 35.7271 as at 31 July, 2014)</p>
Memorandum of Understanding/ Business Agreement (Date)	<p>Memorandum of Understanding:</p> <ol style="list-style-type: none"> 1. Euroclear Bank S.A./N.V. 2. REGIS-TR (European Trade Repository) owned by Clearstream (Deutsche Borse Group) and Iberclear (BME) 3. CSD of the Republic of Uzbekistan - State Central Securities Depository of Republic Uzbekistan 4. CSD of the Republic of Azerbaijan - Closed Joint Stock Company National Depository Center 5. CSD of the Republic of Belarus - The Republican Unitary Enterprise "The Republican Central Securities Depository" 6. NDU (Ukraine) - PJSC National Depository of Ukraine 7. CDA (Republic of Armenia) – “Central Depository of Armenia” open joint stock company 8. NSDL (Republic of India) - National Securities Depository Limited 9. CDSL (Republic of India) - Central Depository Services Limited 10. HKSCC (Hong Kong) - Hong Kong Securities Clearing Company Limited 11. JASDEC (Japan) - Japan Securities Depository Center, Inc. 12. KSD (Republic of Korea) – Korean Security Depository 13. KDPW (Poland) - the Central Securities

	<p>Depository of Poland</p> <p>14. CSD Romania - Depozitarul Central</p> <p>15. Central depository (Kyrgyz Republic)</p> <p>16. OeKB (Austria) - Oesterreichische Kontrollbank Aktiengesellschaft</p> <p>Business Agreements:</p> <ol style="list-style-type: none"> 1. Standard agreements on depository service as well as on banking service of clients 2. Standard agreements on electronic document interchange with clients in the course of provision of depository service and banking service 3. Standard agreements on electronic document interchange with Registrars 4. Standard agreements on centralized safekeeping of global certificates of bonds and/or on servicing of issuer account with issuing entities (sub-federal, municipal and corporate) 5. Standard agreements on providing payment agent services to the issuing entities 6. Standard agreements on the terms and conditions for the provision of repository services (for legal entities and individuals) 7. The Standard Rules on the terms and conditions of an adherence to services of the NSD's Payment system 8. A set of agreements with the Bank of Russia on cooperation in various spheres of activity 9. Agreements on settlement services for 3 marketplaces: Moscow Exchange, MICEX Stock Exchange, SPCEX SC 10. Agreements on correspondent cooperation with major Russian custodians, including Sberbank, Rosbank, CitiBank, ING BANK (EURASIA) ZAO 11. Agreements with international clearing organizations: Clearstream Banking S.A., Euroclear Bank S.A./N.V. 12. Foreign nominee account agreements with the Central Securities Depository of Belarus (RCSD), the Central Securities Depository of Kazakhstan (KACD), the Central Securities Depository of Ukraine (NDU), Central Depository of Armenia (CDA), and Austrian Central Securities Depository operated by OeKB, 13. Agreement on information cooperation in terms of performing of SNA functions by NSD: with CSD of the Republic of Uzbekistan 14. Agreement on information cooperation in terms of providing NSD with information about the domestic securities and their issuers as well as about current national market regulations by the CSDs of the CIS's countries: with CSD of the Republic of Belarus, with CSD of the Republic of Kazakhstan
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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 and EUR accounts with NSD and external DVP – cash flows via USD accounts with such foreign banks as Citibank, New York, J.P. Morgan & Co., New York and Deutsche Bank, 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>T+0</p> <p>Settlement period for DVP transactions through NSD accounts opened with Euroclear Bank S.A./N.V. Brussels and Clearstream Banking S.A., Luxembourg is determined by their Rules.</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>Advisor to Chairman of the Executive Board</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> <tr> <td>Phone</td> <td>+7 495 232 5573</td> <td>+7 495 234 4827 ext. 4397</td> </tr> <tr> <td>Fax</td> <td></td> <td>+7 495 956 0938</td> </tr> <tr> <td>E-Mail</td> <td>Astanin@nsd.ru</td> <td>UlianovaE@nsd.ru</td> </tr> <tr> <td>Web-Site</td> <td colspan="2">http://www.nsd.ru http://www.isin.ru</td> </tr> </table>	Name	Dr. Eddie Astanin	Mrs. Elena Ulianova	Title	Chairman of the Executive Board	Advisor to Chairman of the Executive Board	Address	12, Spartakovskaya St., Moscow 105066, Russia		Postal address	12, Spartakovskaya St., Moscow 105066, Russia		Phone	+7 495 232 5573	+7 495 234 4827 ext. 4397	Fax		+7 495 956 0938	E-Mail	Astanin@nsd.ru	UlianovaE@nsd.ru	Web-Site	http://www.nsd.ru http://www.isin.ru	
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