

# National Settlement Depository. Strategy 2014

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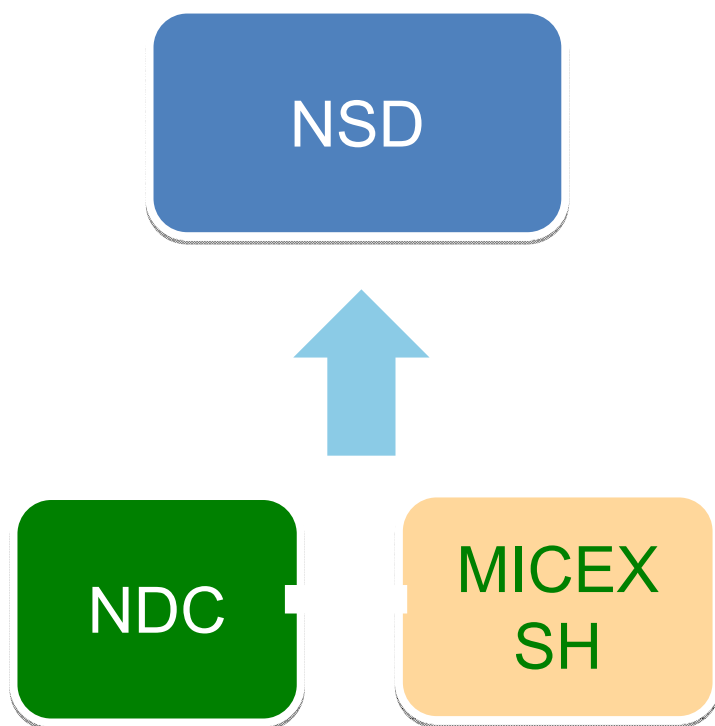
Presentation for SIBOS 2010, Amsterdam

*MICEX Group — Best venue to discover Russia*

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- NSD strategy 2014

# To complete the merge by the 2010 end is our main task



- NSD as the next generation of settlement depository
  - Forming solid basis for the Russian CSD
  - Reducing risks by raising total equity from RUB 2.6 bn to RUB 8 bn by the end of 2010
  - Cutting down tariffs
  - Increasing DVP effectiveness
  - Expanding the range of services and market segments
  - Building the corporate governance corresponding to a CSD level

# NSD current position

NDC plus MICEX Settlement House	01.01.10
Assets on deposit, RUB bn	6,086
Balance, RUB bn	137
Total Equity, RUB bn*	6.4
Income, RUB bn 2009*	4.0
Net profit, RUB bn 2009*	2.3

\* estimates

Personnel	402
Thomas Murray Rating	AA-
Rank among Russian credit organizations in terms of assets	45
Number of transactions per year, mln (2009)	3.7
Volume of transactions, RUB trillions (2009)	228

- NSD is the largest settlement depository of Russia, the CIS and the Eastern Europe
  - A banking license is an extra competitive advantage
  - Diversified assets on deposit: shares, government and corporate debt, munies, UIT units, Eurobonds, DRs
  - CSD de-jure for federal debt
  - CSD de-facto for sub-federal, municipal and corporate debt
  - 70% of the Russian shares market turnover (esteem)
  - Balanced and sustainable income structure. A European tariff model
  - Opportunities for servicing the MICEX forex market

# Market trends and new challenges

- External drivers
  - Legislation on CSD to appear in the Russian Federation
  - Russian legislation for on-exchange trading with foreign financial instruments has been approved
  - ICSDs (Euroclear, Clearstream) and exchange groups (NYSE, Nasdaq, LSE) fight for a larger-scale business, new markets and acquire new infrastructural organizations in other countries
  - New systems of cross-border trading have been launched: T2S, Link <sup>UP</sup> Markets
- New challenges
  - MICEX expands its business to the CIS markets (Ukraine, ...)
  - Support to the newly creating IFC project in a global competition for international investors
  - Thus we are to have the whole range of up-to-date services meeting domestic and global investors' expectations

# NSD's market position for 2014





# NSD corporate governance

Main rule is a balance of shareholders and participants' interest



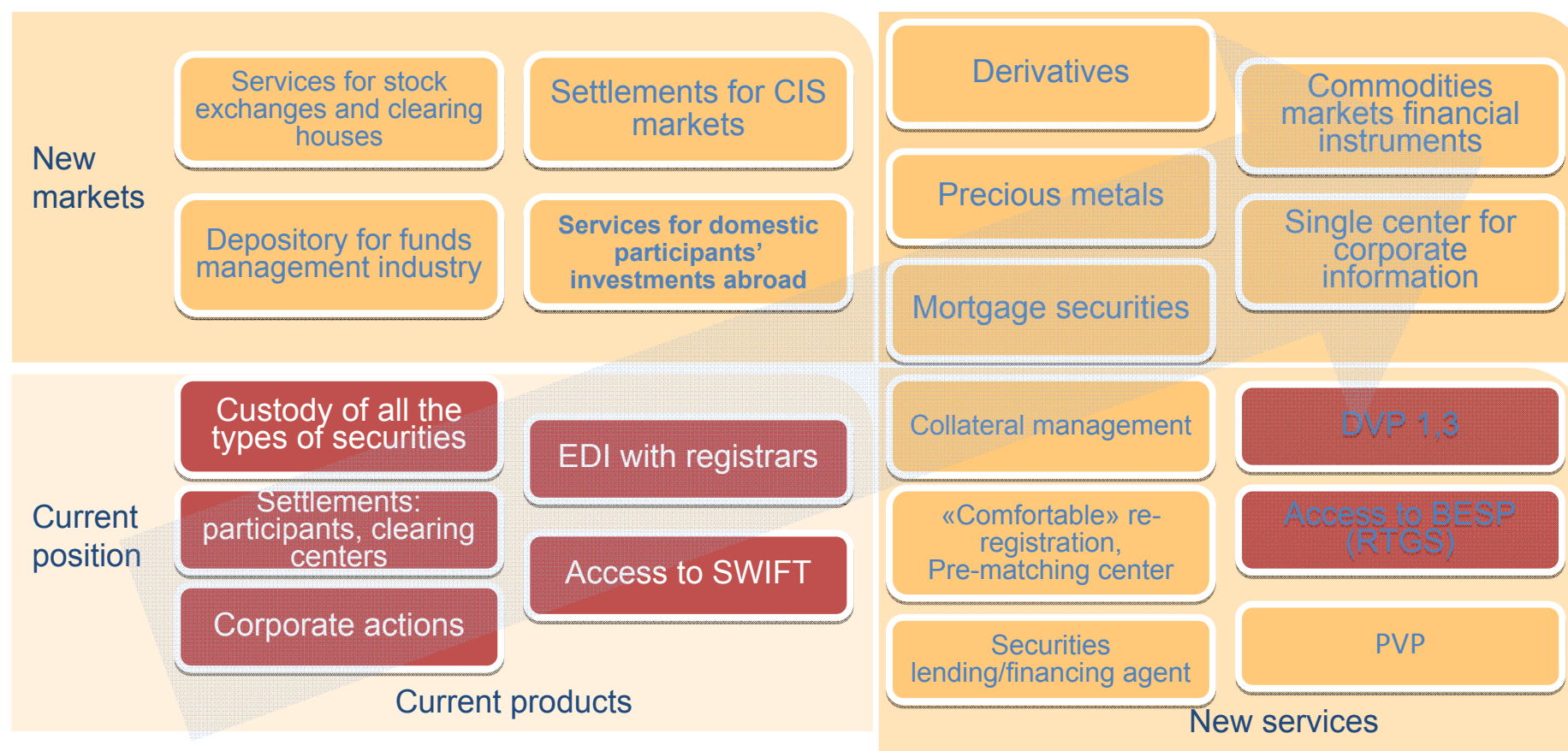
- Board of Directors Committees
  - HR and Remuneration
  - Audit Committee
  - Technological Policy and Development
  - Budgeting
- NSD Users' Committees
  - Innovations and New products
  - Interactions with Registrars and Depositories
  - Quality control
  - Tariffs

# NSD as a single entrance point for foreign investors: vision for 2014

New clients	Intermediaries	Custody, Settlements, Securities Lending, Access to RTGS
	Issuers	IPO/SPO, corporate actions, corporate information
	Bank of Russia	Lombard Loans, REPO, Collateral Management
	Ministry of Finance	CSD for the government debt market
	Commercial banks	Custody, Interbank, Forex, Precious metals
	MICEX SPICEX RTS PFTS	Settlements on the basis of clearing
	OTC Russia Abroad	Transaction Settlements, Pre-matching settlements
	Foreign intermediaries (CSDs, ICSDs)	Custody, Cross-border settlements




# Service mix to meet the domestic and foreign investors' requirements



# Thank you

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