



PRESS ANNOUNCEMENT

Friday 15th May, 2015

National Settlement Depository Concludes Second Independent Validation on its CPMI-IOSCO PFMI Level of Observance Performed by Thomas Murray

MOSCOW, LONDON - Thomas Murray, the specialist research, rating and risk information firm, has provided an independent third-party view in respect of the National Settlement Depository's (NSD's) level of observance of the CPMI-IOSCO Principles for Financial Market Infrastructures (PFMIs). Infrastructures are expected to undertake regular self-assessments in order to establish their degree of observance of the PFMIs, using the Disclosure Framework and Assessment Methodology published in 2012.



The results of the analysis show that, NSD is 'broadly' observant overall of the CPMI-IOSCO PFMIs. Of the 24 Principles, NSD 'fully' observes 6, 'broadly' observes 10, 'partly' observes 2 (Principle 7 on measuring, monitoring, and managing liquidity risk, and Principle 9 on money settlements in central bank money) and there are 6 Principles not applicable to NSD's operations¹. There are no Principles that NSD does not observe. It's worth mentioning that since 2015, NSD has launched settlements via the Bank of Russia's BESP (RTGS) system in line with Principle 9 on money settlements in central bank money, however, at the time of validation settlements via the BESP system were at the pre-launch stage.

Eddie Astanin, Chairman of the Executive Board of NSD, said "*The Russian CSD is actively integrating into the global financial infrastructure, and ensuring the compliance with common standards and rules is the key to our success in this direction. NSD has been supervised in order to establish the degree of observance of the PFMIs for the second year in a row. Last year's supervision brought us a number of valuable recommendations related to the expectations of foreign investors for our risk management system, and we have managed to implement these recommendations. The results prove the stability of the settlement infrastructure of the Russian market.*"

Simon Thomas, CEO and Chief Ratings Officer of Thomas Murray said "*Thomas Murray have confirmed the changes made by NSD to improve its level of observance of the CPMI-IOSCO PFMIs. We have seen improvements in some areas in particular in Principle 20 which was upgraded from Broadly Observed to Fully Observed and we expect further developments as NSD continues to implement its strategy in the next few years, for example by introducing settlement*

in central bank funds in 2015. We look forward to continuing our work with NSD to validate its level of observance."

CPMI-IOSCO

Financial market infrastructures (FMI) that facilitate the clearing, settlement, and recording of monetary and other financial transactions play a critical role in fostering financial stability. However, if not properly managed, they can pose significant risks to the financial system and be a potential source of contagion, particularly in periods of market stress. Although FMIs performed well during the recent financial crisis, events highlighted important lessons for effective risk management. These lessons, along with the experience of implementing the existing international standards, led the Committee on Payment and Market Infrastructures (CPMI) and the Technical Committee of the International Organization of Securities Commissions (IOSCO) to review and update the standards for FMIs. All CPMI and IOSCO members intend to adopt and apply the updated standards to the relevant FMIs in their jurisdictions to the fullest extent possible.

The Committee on Payment and Market Infrastructure (CPMI) is a part of the Bank for International Settlements. The CPMI is a standard setting body for payment, clearing and securities settlement systems. It also serves as a forum for central banks to monitor and analyse developments in domestic payment, clearing and settlement systems as well as in cross-border and multicurrency settlement schemes.

The International Organization of Securities Commissions (IOSCO) develops, implements, and promotes adherence to internationally recognized standards for securities regulation, and is working intensively with the G20 and the Financial Stability Board (FSB) on the global regulatory reform agenda. IOSCO's membership regulates more than 95% of the world's securities markets.

¹ CPSS-IOSCO Principles include standards and recommendations for all types of financial infrastructure. During validation of NSD Thomas Murray used principles applicable for CSDs.

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The company tracks and analyses over 250 custodians globally and monitors the risk of over 100 capital market infrastructures.

The company has a strong position as a provider of public and private ratings and risk assessments on global custodians, domestic custodian banks and capital market infrastructures.

For additional information about Thomas Murray Data Services, please visit ds.thomasmurray.com.

About National Settlement Depository (NSD)

National Settlement Depository (NSD) is the central securities depository* of the Russian Federation, a part of the Moscow Exchange Group. NSD was founded on 27 June 1996. Total value of assets on deposit with NSD amounted to RUB27.4 trillion as of the end of 31 March 2015. The Bank of Russia recognized NSD the systemically important central securities depository, settlement depository and repository. The NSD payment system has a status of the systemically and nationally important system.

NSD offers a wide range of services to its clients including settlement and depository services, registration of the OTC transactions (repository services), information services and collateral management services. As Russia's national numbering agency and the substitute numbering agency for the CIS, NSD is authorized to assign the international ISIN and CFI codes. NSD acts as a Local Operating Unit (LOU) allowing to assign Legal Entity Identifiers (LEIs) to the company's clients. The Bank of Russia has assigned to NSD a status of an operator of NSD Payment System (registered name).

NSD conducts all exchange settlements and a major part of OTC settlements, services Russian and foreign securities as central securities depository. Currently, NSD has accounts with central securities depositories and international central securities depositories of eight countries, as well as correspondent accounts with major foreign and Russian banks. NSD services securities issued by the companies representing more than 40 countries. The international rating agency Thomas Murray has assigned NSD an AA- rating as a central securities depository.

For additional information about NSD, please visit www.nsd.ru.

*The status of the central securities depository was assigned to NSD by the Russian Federal Financial Markets Services' order #12-2761/PZ-I dated 6 November 2012. NSD holds professional securities market participant license #177-12042-000100 for depository operations issued by the Central Bank of the Russian Federation on 19 February 2009, license #3294 for bank operations issued by the Central Bank of the Russian Federation on 26 July 2012 and license #077-00004-000010 for clearing activities issued by the Central Bank of the Russian Federation on 20 December 2012.

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