



Building CSD in Russia

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Department

Cbonds Fixed Income Conference
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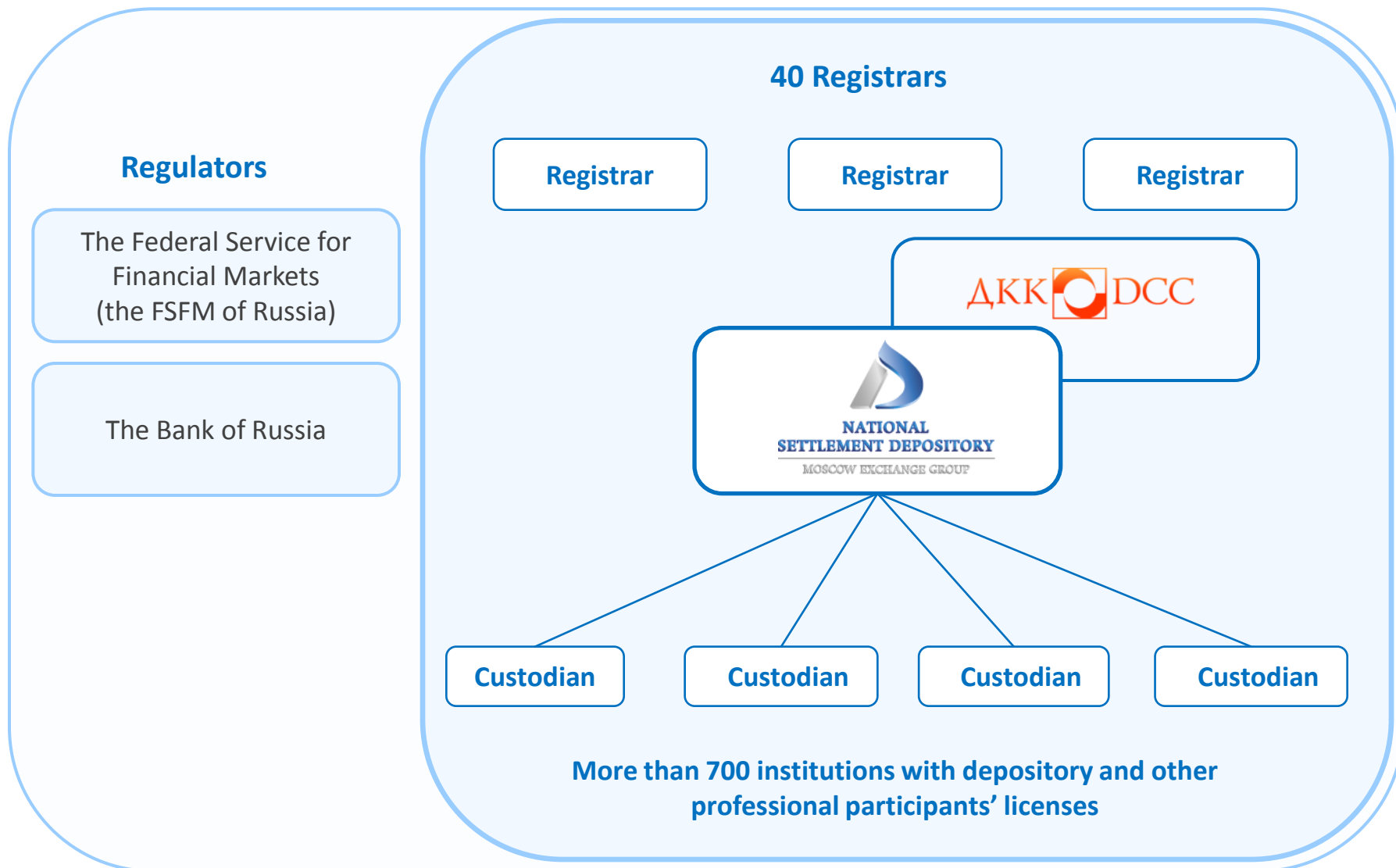
Fixed income market capitalization As of end of 1H 2012*, USD bln	
Fixed income market capitalization	302.17
Government bonds	176.01
Corporate bonds	108.27
Municipal and Regional	17.89

Number of issues (QNY) As of end of 1H 2012*,	
Government bonds (OFZ)	200
Corporate bonds**	886
Municipal and Regional bonds	94

* According to Moscow Exchange data

** Excluding corporate bonds which global certificate is not placed in NSD (approximately less than 1% of all volume)

NSD on the Russian Securities Market



CSD Law: Highlights

**Came into
force on 1
January 2012**

Establishes:

- CSD legal status and operational requirements
- Procedure for granting the CSD status
- Government control and oversight of CSD activity

Timeline for Obtaining a CSD status:

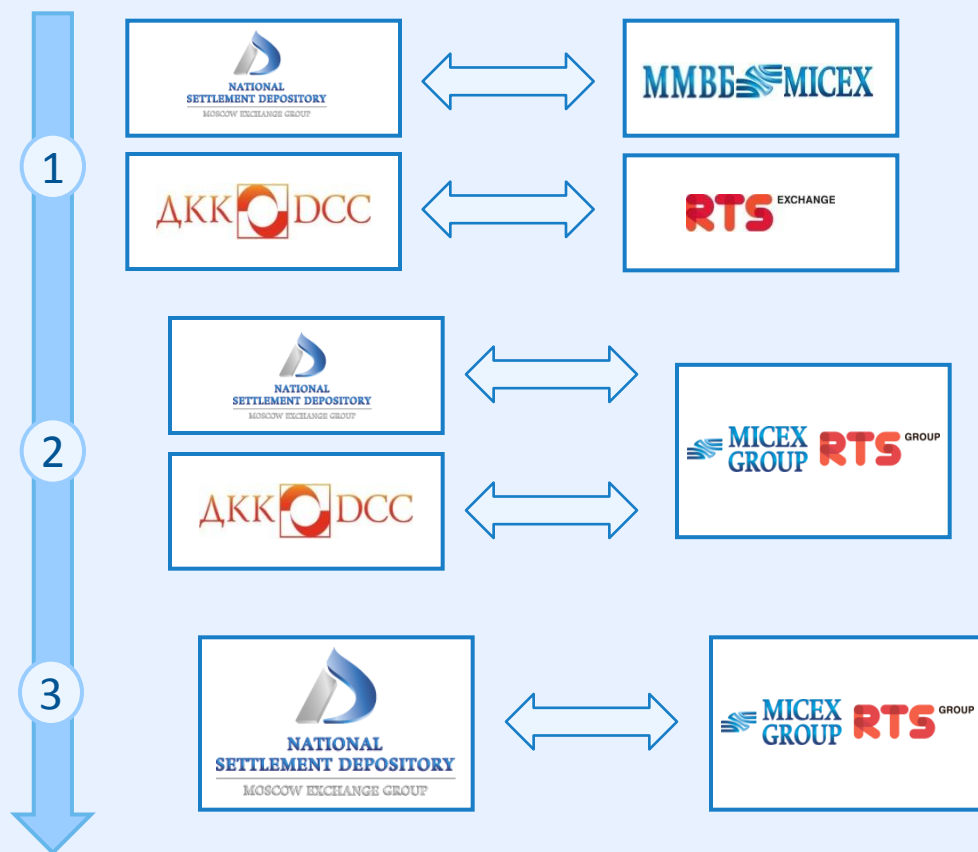
1	NSD submitted the first application set to FSFM in order to obtain the CSD status	25 July 2012
2	Submitting a complete set of documents to FSFM	September 2012
3	FSFM reviews NSD documentation and activity to ensure compliance with the CSD status requirements	Within 4 months from submitting documents, in accordance with the Federal Law on the Central Securities Depository No. 414-FZ
4	Expected timeframe for obtaining the CSD status	November 2012
5	Opening CSD/ICSD foreign nominee accounts	After granting the CSD status to NSD
6	Opening CSD nominee accounts in registers of securities shareholders	Within one year from granting the CSD status to NSD

Benefits:

- **Lower costs:** Fixed settlement fees (no more high bps registrar fees)
- **Shorter settlement cycles:** defragmented post-trade environment
- **Simplified settlement:** 'spaghetti' system with multiple options eliminated
- **17f-7 eligibility** => green light for US funds
- **Lower risks:** One place of settlement - NSD
- CSD has exclusive **rights to open nominee accounts** at registrars
- **Finality of settlement:** issue solved
- **Foreign Nominee:** investors participate directly in corporate actions
- **EDI mandatory for registrars:** no more paper flows

Russian Market Consolidates

Integration Process



NSD to become the single settlement depository/bank of Moscow Exchange in 2012

May 2012

Parallel settlement depository for former RTS markets

Sep 2012

Single settlement depository for all Moscow Exchange trades

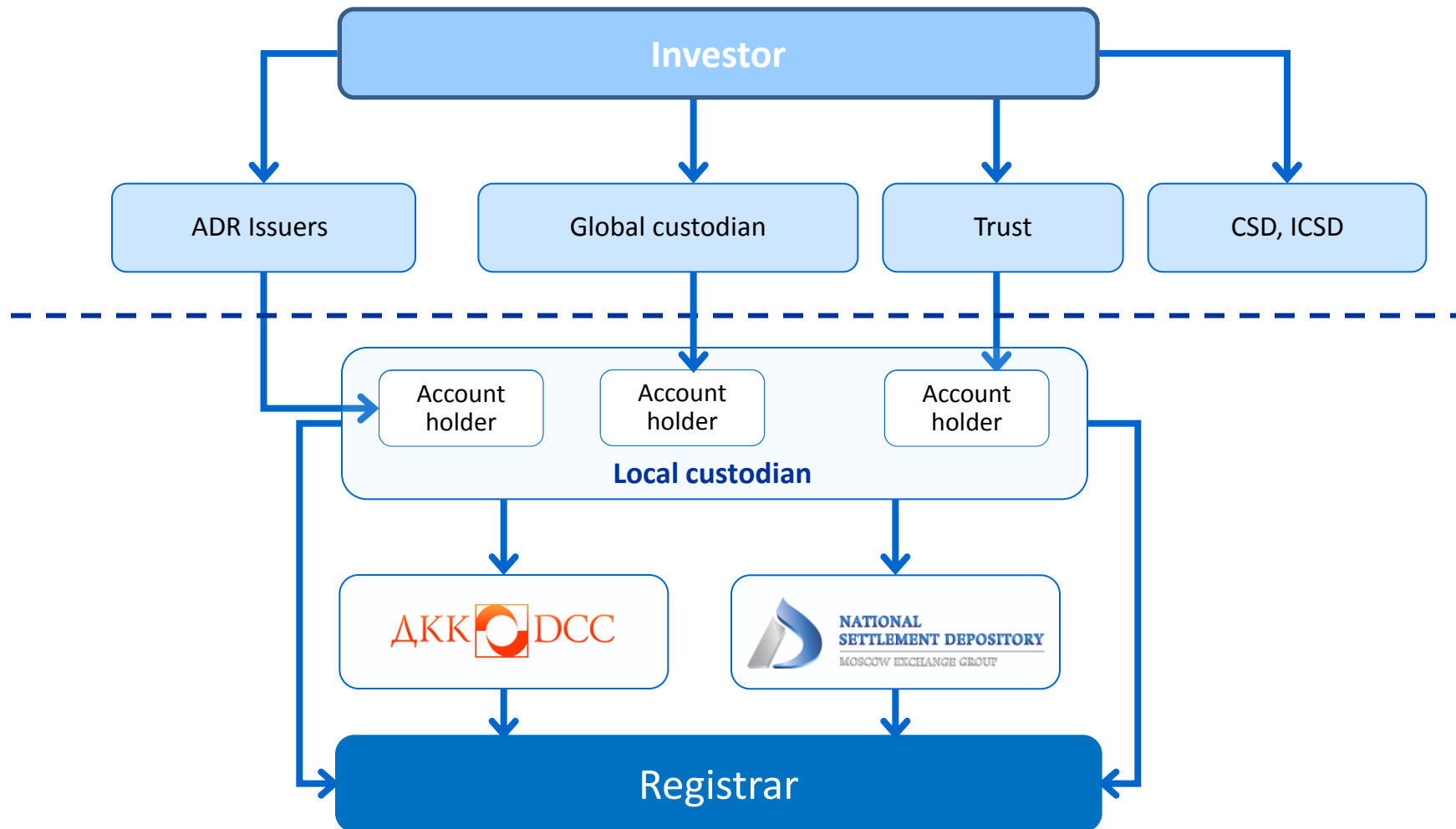
Oct 2012

Single settlement bank for all Moscow Exchange trades

End of 2012

Transfer of essential OTC services of DCC to NSD

Account Structure **before** CSD Law



Limited foreign accounts, multifunctional settlement

Contacts



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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;
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 - the ability to attract new customers on the domestic market and in foreign jurisdictions;
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