



PRESS ANNOUNCEMENT

Tuesday 20th January, 2015

## Thomas Murray Data Services Maintains the Central Securities Depository Rating for Russia's National Settlement Depository (NSD) at AA- with Stable Outlook

**LONDON** - Thomas Murray Data Services, the specialist custody rating, risk management and research firm, has maintained the CSD rating for Russia's National Settlement Depository (NSD) at AA-, which translates as 'very low Overall Risk'. The rating due diligence took place between 6-10 October 2014, hence all information and analysis is valid as of these dates. The overall rating is made up of the following components:



**NATIONAL  
SETTLEMENT  
DEPOSITORY**  
MOSCOW EXCHANGE GROUP

CSD Rating	Overall Rating	Asset Commitment Risk	Liquidity Risk	Counterparty Risk	Asset Safety Risk	Asset Servicing Risk	Financial Risk	Operational Risk	Governance & Transparency
NSD Rating:	AA-	AA-	A+	AA-	AA-	AA-	AA	AA-	AA-

The overall rating of 'AA-' reflects a weighted average of the eight risk components and relates to a very low risk exposure profile with 'Stable' outlook. Governance and Transparency Risk was upgraded from A+ to AA-. The rating increase in Governance and Transparency risk is the result of the changes introduced by the Board of Directors including that one-third of the Board is now composed of independent directors. An additional customer committee was also created for

discussions on Corporate Actions developments, which makes five different groups for discussing key business areas. Participants' feedback also indicates that NSD is very client-oriented.

The 'Stable' outlook indicates that although there are some developments planned for 2015, these are not expected to impact the overall rating.

Other changes during the 2014 review included:

- The introduction of an additional batch for on-exchange settlements at 4.30pm
- NSD introducing a collateral management system for repo trades with the central bank to improve access to liquidity for market participants and to reduce the Counterparty Risk
- NSD starting to provide information on Shareholder Meetings which helps participants collect this information and pass it onto their clients
- Improvements to the business continuity site
- NSD establishing a resolution plan.

Simon Thomas, CEO and Chief Rating Officer of Thomas Murray, said "*Thomas Murray Data Services is delighted to be able to continue supporting NSD through our public risk rating programme. The transformation in the Russian securities market over the past few years has been significant. We will be carefully watching to assess how the market infrastructure is affected by any external supranational factors. We look forward to continuing working with NSD as additional developments come to fruition.*"

Eddie Astanin, Chairman of the Executive Board of NSD, said "*NSD places special emphasis on operational reliability and risk management. These are two areas of focus for the Supervisory board and for all the employees of NSD. It's very important for NSD to be recognised on both national and international levels. In 2014 NSD was recognised by the Bank of Russia as a systemically important infrastructure organization of the financial market. NSD has made significant improvements in reducing risk in the Russian market and it is encouraging to see this reflected in the rating issued by Thomas Murray Data Services. During several years the CSD of Russia has been upgrading its overall rating (from A+ to AA- in 2012) and separate rating components (Asset Servicing Risk was upgraded in 2013, and Governance and Transparency Risk - in 2014). We look forward to continuing our work aimed at enhancing the risk management system of the Russian post-trading services market in 2015, taking into account the recommendations of Thomas Murray Data Services.*"

The CSD rating assesses the risk exposures for investors associated with the processes the CSD has in place to facilitate the safekeeping and the clearing and settlement of securities, where applicable. It assesses eight key risks (rating components). The methodology considers the capabilities of the depository and the quality and effectiveness of its operational infrastructure. It also assesses the depository's willingness and ability to protect its participants or clients from losses. As part of the rating, the scope and quality of the depository's services is assessed. The ratings are on a consistent global scale, using the familiar AAA to C ratings scale. Once the rating is assigned there is an ongoing surveillance process to monitor the depository.

Separately, Thomas Murray has maintained proprietary assessments of over 130 CSDs globally as part of the Thomas Murray Depository Risk Assessment services. These reports are available via the Thomas Murray Data Services at [ds.thomasmurray.com](http://ds.thomasmurray.com).

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## About Thomas Murray Data Services

Thomas Murray Data Services is a specialist custody rating, risk management and research firm specialising in the global securities services industry. TMDS was established in 1994.

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](http://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.

NSD is Russia's national numbering agency and the substitute numbering agency for the CIS, authorized to assign the international ISIN and CFI codes. The international rating agency Thomas Murray has assigned NSD an AA-rating as a central securities depository. Total value of assets on deposit with NSD amounted to RUB21.2 trillion as of 30 November 2013.

The status of central securities depository was assigned to NSD by the Russian Federal Financial Markets Service's order #12-2761/PZ-I dated 6 November 2012.

For additional information about Thomas Murray Data Services, please visit [www.nsd.ru](http://www.nsd.ru).

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