



PRESS ANNOUNCEMENT

Thursday 24th March, 2016

Thomas Murray Data Services Affirms the Central Securities Depository Rating for Russia's National Settlement Depository (NSD) at AA- with a 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 30th November and 3rd December 2015, hence all information and analysis is valid as of these dates. The overall rating is made up of the following components:



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 translates as a very low risk exposure profile with a 'Stable' outlook. The 'Stable' outlook indicates that although there are some developments planned for 2016, these are not expected to impact the overall rating. However, the outlook for Asset Servicing Risk has been improved as "Positive" due to the corporate actions reform that NSD is undertaking to automate the corporate actions

process and centralise the provision of corporate actions information. Although there were no changes to the overall ratings for any of the risk components, some criteria were upgraded as a result of the developments implemented by NSD within the last year, including:

- The introduction of an additional batch for OTC settlements at NSD at 2.00pm
- The introduction of optional settlement in central bank funds
- The decrease in the proportion of OTC trades settled on a non-DVP basis
- The introduction of e-proxy voting
- Enhancements to the Internal Audit team and methodology

Nick Bradley, Chief Risk & Ratings Officer of Thomas Murray Data Services said: "*Thomas Murray Data Services notes that NSD has implemented a number of initiatives and has addressed some of the weaknesses identified in our previous ratings' analyses. Thomas Murray will be monitoring how changes in the world economy and other external and internal factors have an impact on the capital markets in Russia.*"

Eddie Astanin, Chairman of the Executive Board of NSD, said "*NSD performs the functions of central securities depository in the Russian market and at the same time is a globally integrated company that interacts with key players of the banking sector and the global settlement infrastructure. This status requires special attention to risk management as it is critically important to comply with international standards. We are trying to maintain high standards and use the international expertise for our audit. NSD has taken measures to significantly improve risk mitigation in the Russian market. In particular, NSD was noted for its efforts regarding the corporate actions automation and the launch of electronic voting, both of which contribute to increasing the transparency of the corporate governance in Russia, as well as DVP settlement in Central Bank money via the Bank of Russia's Real-Time Gross Settlement (BESP) System. These developments will enhance the reliability of settlement schemes. We are delighted to see that NSD's achievements were reflected in the public rating assigned by Thomas Murray.*"

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 Data Services maintains 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 on-line store at 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. Thomas Murray was established in 1994. The Company monitors and analyses over 250 custodians globally and evaluates the risk of around 90 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. On 31 January 2016, the value of securities under custody amounted to RUB 31.6 trillion. 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 Thomas Murray Data Services, 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.

