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PRESS ANNOUNCEMENT

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NSD Concludes Third Independent Validation of its CPMI-IOSCO PFMI's Level of Observance Performed by Thomas Murray

MOSCOW, LONDON - Thomas Murray Data Services, the post-trade research, ratings and risk information firm, has provided an independent third-party view of National Settlement Depository's (NSD's) level of observance of the CPMI-IOSCO Principles for Financial Market Infrastructures (PFMIs). FMI's 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 2015 analysis show that NSD has improved observance of 5 of the 24 principles, and remains as 'broadly' observant overall of the PFMIs. Of the 24 principles, NSD 'fully' observes 10, 'broadly' observes 8, and there are 6 principles not applicable to NSD's operations^[1]. There are no principles that NSD partially observes or does not observe.

The main improvements were in the following principles:

- Principle 2 "Governance";
- Principle 7 "Liquidity Risk";
- Principle 9 "Money Settlements";
- Principle 16 "Custody and Investment Risk"; and
- Principle 21 "Efficiency and Effectiveness".

Eddie Astanin, Chairman of the Executive Board of NSD, said "*NSD has the status of a central securities depository on the Russian market. Bank of Russia has recognized NSD as the systemically important CSD and settlement depository, and our payment system has a status of national importance. All this triggers special requirements for the company's risk management. Apart from this, the Russian post-trading infrastructure is actively integrating into the global financial market, and ensuring 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 PFMI's for the third year in a row. In 2015 we have managed to achieve our goal - all principles applicable to NSD activity are fully or broadly observed."

Nick Bradley, Chief Risk & Ratings Officer of Thomas Murray Data Services said: "Thomas Murray has assessed the changes made by NSD to improve its level of observance of the CPMI-IOSCO PFMI's. We have observed significant improvements in some areas, in particular in Principle 9, Money Settlements, where NSD launched a facility to settle in central bank funds. Although, this is not currently used due to low liquidity in the central bank's RTGS System, it has provided an option for participants to settle in central bank money and has paved the way for the market to move away from internal cash settlements. Thomas Murray expects further developments as NSD continues to implement its strategy in the next few years."

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

CPMI-IOSCO

Financial market infrastructures (FMIs) 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 Organisation 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 Organisation of Securities Commissions (IOSCO) develops, implements, and promotes adherence to internationally recognised 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.

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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.

