



PRESS ANNOUNCEMENT

Friday 23rd May, 2014

National Settlement Depository Concludes Independent Validation on its CPSS-IOSCO PFMI's Level of Observance Performed by Thomas Murray

LONDON, MOSCOW - 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 CPSS-IOSCO Principles for Financial Market Infrastructures (PFMIs).



The results of the analysis show that, NSD is 'broadly' observant overall of the CPSS-IOSCO PFMIs. Out of the 24 Principles, NSD 'fully' observes 6, 'broadly' observes 10, 'partly' observes 2 and there are 6 Principles not applicable to NSD's operations¹. There are no Principles that NSD does not observe.

Eddie Astanin, Chairman of the Executive Board of NSD, said "*CPSS-IOSCO Principles implementation is one of NSD's core tasks in respect of the "Strategy for Risk management development". The exercise has helped us to identify key areas of focus in order to improve our level of observance of the CPSS-IOSCO's Principles for FMI's for the next few years, as well as to get independent recommendations, which include expectations of international investors regarding the NSD risk management. NSD Supervisory board and top management always pay close attention to the risk-management system, aimed at securing the sustainable functioning of all NSD information systems and services as a CSD, system-relevant payment services provider, clearing organisation and repository. We appreciate the work undertaken by Thomas Murray, as its results have brought an international perspective to our own self-assessment*".

Simon Thomas, CEO and Chief Ratings Officer of Thomas Murray, said "*Thomas Murray is pleased to have worked with NSD in providing our view of the level of observance on the CPSS-IOSCO's Principles. Our analysis shows that NSD has already incorporated many of the required elements to observe the principles, although there are some areas that require additional improvement. We look forward to continuing our support to NSD*".

CPSS-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 Settlement Systems (CPSS) and the Technical Committee of the International Organization of Securities Commissions (IOSCO) to review and update the standards for FMIs. All CPSS 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 Settlement Systems (CPSS) is a part of the Bank for International Settlements. The CPSS 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 multi-currency settlement schemes.

The International Organization 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.

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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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 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) holds the status of the central securities depository* of the Russian Federation and is part of the Moscow Exchange Group. NSD was founded on 27 June 1996. The total value of securities held on accounts reached RUB 21.5 trillion as at 1 May 2014.

NSD offers its clients a wide range of services, including settlement and depository services, OTC trade registration services (repository), collateral management services and information services. Holding the status of Russia's National Numbering Agency and the Substitute Numbering Agency for the CIS, NSD is authorised to assign international ISIN and CFI codes. NSD also has the status of a Local Operating Unit (LOU) allowing the company to allocate Legal Entity Identifiers (LEIs) to Russian legal entities. The Bank of Russia has assigned the status of a payment system operator to NSD under the registered name of "NSD Payment System."

NSD settles all on-exchange and the majority of OTC transactions, and services both Russian and foreign securities as the central securities depository. As of now, NSD has accounts with central securities depositories and international central securities depositories of 8 countries, as well as correspondent accounts with a number of the largest foreign and Russian banks. NSD performs the safekeeping of securities of issuers from 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 Federal Financial Markets Service's Order No 12-2761/PZ-I dated 6 November 2012. NSD holds professional securities market participant license No 177-12042-000100 to perform depository operations issued by the Central Bank of the Russian Federation on 19 February 2009. License No 3294 to perform banking operations was issued by the Central Bank of the Russian Federation on 26 July 2012. License No 077-00004-000010 to carry out clearing activities was issued by the Central Bank of the Russian Federation on 20 December 2012.

About Thomas Murray Data Services

Thomas Murray Data Services is a specialist custody rating, risk management, research and information provider specialising in the global securities services industry.

Our range of products and services provide reports on over 250 custodians, 130 central securities depositories and 100 markets globally.

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