



PRESS ANNOUNCEMENT

Monday 30th December, 2013

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

LONDON/MOSCOW - Thomas Murray, 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 overall rating is made up of the following components:



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

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. Asset Commitment Risk was upgraded from A+ to AA-. The rating increase in Asset Commitment risk was a result of the change in the settlement model for Moscow Exchange trades (switching to T+2 settlement cycle). The new settlement model eliminated the full pre-funding requirement for the most liquid securities. Therefore, the opportunity cost of having traded stocks blocked intra-day has been eliminated for these securities.

The other change for this year's review was the inclusion of two new components into the Overall Risk calculation, namely

Asset Safety Risk which was rated as AA-, and Governance and Transparency Risk rated as A+. The outlook indicates there are no significant developments in the marketplace that may alter the Overall Risk in the near future.

Other changes during the 2013 review included:

- Although NSD has assumed more potential risk by taking on the processing of equities corporate events from DCC, the controls and systems appear to have coped well, resulting in no discernible increase in Asset Servicing risk exposure for its participants
- NSD developed an internal risk training programme for employees
- NSD opened nominee accounts with all registrars after becoming the single CSD in the market
- NSD signed an agreement with Interfax for the collection of corporate actions information
- NCC now acts as CCP for the most liquid securities and has a fails management procedure with clearing members. NSD cooperates with NCC for clearing and settlement of on-exchange trades
- NSD now offers DVP settlements for OTC trades on optional BIS Models 1, 2 and 3.

Simon Thomas, CEO and Chief Ratings Officer of Thomas Murray, said "*Thomas Murray is pleased to have been able to continue supporting NSD by independently assessing its risk profile as it develops its strategy as the single CSD in the Russian market. The rating reflects the emphasis that NSD has input in recent years in reducing risks for market participants. This year, in particular, the change from a fully pre-funded model to a T+2 cycle (with margining) has proved beneficial for investors. In addition, NSD managed a smooth transition as DCC was integrated into NSD.*"

Eddie Astanin, Chairman of the Executive Board of NSD, said "*Risk management is a major focus of NSD management bodies' attention - both the Supervisory Board and the management team. In October 2013 the Supervisory Board approved the medium-term strategy of NSD risk management system development. Implementation of this strategy will make our risk management system more comprehensive and efficient. We believe that the assessment maintained by Thomas Murray provides our clients and investors with comfortable conditions for safekeeping and asset servicing at NSD being the central securities depository.*"

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 maintains proprietary assessments of over 130 CSDs globally as part of the Thomas Murray Depository Risk Assessment services. These reports are available via Thomas Murray at <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.

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.

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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