

Secure Structures

The National Depository Center is at the centre of the depository and settlement infrastructure in Russia. Director general **Eddie Astanin** reviews progress.

The integration process and unification of depository and settlement infrastructure are topical issues practically for all developed and developing financial markets. The National Depository Center (Closed Joint Stock Company) (NDC) is an active participant in such processes in Russia.

Among our priority tasks we see provision of settlements on securities and monetary assets on Delivery Versus Payment (DVP) term held in various currencies, bringing of national standards of exchange of information related



to securities in conformity with international norms, implementation and expansion of Electronic Data Interchange (EDI) on Straight Through Processing (STP) base. Being involved in solving of the problems mentioned above NDC actively cooperates with international community: international and national numbering depositories, their associations and the Association of National Numbering Agencies (ANNA).

In its role as Russia's national numbering agency, NDC assigns international ISIN and CFI codes to Russian financial instruments, places information of the assigned codes into international database and updates information of Russian ISIN and CFI codes in international database. For 2009 NDC assigned international ISIN and CFI codes to 727 Russian securities; ISIN codes were withdrawn from 261 Russian securities. In autumn 2009 NDC began assigning ISIN codes to additional share issues of Russian joint stock companies after getting of an appropriate approval by ANNA's Board of Directors and ANNA Service Bureau Advisory Board.

On 13 October, 2009 we launched a new version of www.isin.ru web site, an official source of information on international ISIN codes assigned to Russian financial instruments. In 2008 the web site has been authorized by Russia's Federal Financial Markets Service (FFMS) as a source of information on foreign financial instruments complying with FFMS's qualification requirements.

Development of a new version of the web site has been undertaken to improve Russia's stock market participants' awareness of NDC's activities as Russia's national numbering agency and a substitute numbering agency for the CIS in ANNA. The new version of the site provides expanded

search capabilities for information regarding assigned ISIN codes.

With regard to interaction with national depositories we follow a principle of opening of nominee accounts with Russian depositories by foreign central depositories, at first instance by the depositories-members of the Association of Eurasian Central Securities Depositories (AECSD) (<http://www.aecsd.com/en/>). Now foreign depositories are only allowed to open Omnibus accounts with Russian depositories according to Russian legislation.

Speaking on development of NDC's settlement services we would like to mention implementation of a technology of settlements on OTC cross border transactions with Eurobonds included in the Bank of Russia's Lombard List and with depository receipts on Delivery Versus Payment term (DVP-1 model according to the Bank for International Settlements, Basel) through Euroclear Bank S.A./N.V., an international central depository. NDC clients were also suggested to use a service providing settlements on the Bank of Russia's REPO transactions on the OTC market (DVP-3 model according to the Bank for International Settlements, Basel).

Having accounts opened with ICSD Euroclear Bank S.A./N.V. and Clearstream Banking S.A., NDC began providing services associated with the corporate actions of the issuers of foreign financial instruments. These actions included voting of Eurobonds owners in the course of regular/extraordinary meetings on decisions (with or without compensation paid), certification of Eurobonds owners, voluntary early redemption and buy back of Eurobonds (with or without compensation paid), exchange/conversion of Eurobonds and participation in Dutch auction. Thus NDC's clients can use services associated with the corporate actions, and these services are generally accepted in developed markets.

Settlement services have been developed and implemented by NDC jointly with MICEX Settlement House, a MICEX Group's company with banking license. It is worth pointing out that in 2009 MICEX Group's shareholders decided to integrate the Group's depository and settlement businesses represented by NDC and MICEX Settlement House correspondingly and to form a united company which would be acting as a settlement depository with a status of credit organization. According to our plans, a synergy due to the integration will give the new company's customers additional opportunities related to settlements on transactions. It will also allow the new company to decrease its costs. This is a key NDC's project for 2010.

