

CSDs: DCC (Russia), NDC (Russia), VTB (Russia)

Date: 28 Jul 2009

SMI Markets: Russia

CMIRR Markets: Russia

## FFMS Proposed New Capital Adequacy Ratio Requirements for Professional Market Participants

The Federal Financial Markets Service (FFMS) introduced a draft law to impose higher levels of capital ratio requirements for professional market participants pending approval from the Ministry of Justice.

According to the draft law, the increase in capital ratio requirement varies for different types of activities of professional market participants. It will be increased to Russian Rouble (RUB) 35 million and RUB 50 million by 1 July 2010 and 1 July 2011 respectively for both for dealers and brokers. Currently, the minimum requirement is RUB 5 million for dealers and RUB 10 million for brokers.

The draft law also simplifies the combination of several types of activities such as broker and dealer, clearing and trading organiser. Consequently, the capital adequacy ratio will be calculated based on one license which requires the maximum capital.

### CSD Risk Impact

#### DCC (Russia)

CSD Rating: A+

CSD Flash Impact: On Watch

Impacted Risk Type: Counterparty Risk

Current Rating = A

Flash Impact = On Watch

The increase in the minimum capital adequacy ratio requirements should improve the quality of participants participating in the settlement system. This should lessen the risk of default of participants and reduce Counterparty Risk. The impact on Counterparty Risk has been placed 'On Watch' pending approval of the draft law by the Ministry of Justice.

#### NDC (Russia)

CSD Rating: AA-

CSD Flash Impact: On Watch

Impacted Risk Type: Counterparty Risk

Current Rating = A+

Flash Impact = On Watch

The increase in the minimum capital adequacy ratio requirements should improve the quality of participants participating in the settlement system. This should lessen the risk of default of participants and reduce Counterparty Risk. The impact on Counterparty Risk has been placed 'On Watch' pending approval of the draft law by the Ministry of Justice.

#### VTB (Russia)

CSD Rating: A

CSD Flash Impact: On Watch

Impacted Risk Type: Counterparty Risk

Current Rating = BB

Flash Impact = On Watch

The increase in the minimum capital adequacy ratio requirements should improve the quality of participants participating in the settlement

system. This should lessen the risk of default of participants and reduce Counterparty Risk. The impact on Counterparty Risk has been placed 'On Watch' pending approval of the draft law by the Ministry of Justice.

## Market Information Impact

### Russia

This information affects the data contained in the Settlement sections of the Securities Market Information Service.

## Infrastructure Risk Ratings Impact

### Russia

Market Rating: BBB

Market Flash Impact: On Watch

Impacted Risk Type: Counterparty Risk

Current Rating = BB

Flash Impact = On Watch

The increase in the minimum capital adequacy ratio requirements should improve the quality of participants participating in the settlement system. This should lessen the risk of default of participants and reduce Counterparty Risk. The impact on Counterparty Risk has been placed 'On Watch' pending approval of the draft law by the Ministry of Justice.

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