

CSDs: DCC (Russia), NDC (Russia)

Date: 25 May 2010

SMI Markets: Russia

CMIRR Markets: Russia

## FFMS Announces CSD Concept - Update

In an update to our previous newsflash, the Federal Financial Market Services (FFMS) revealed further information in relation to the introduction of a Central Securities Depository (CSD) concept in Russia. The salient points are as follows:

- The CSD will provide services to listed securities holders such as settlement and other post-trading activities while the registrar will carry out activities on behalf of the issuer of securities such as processing of corporate actions. The registrar will also provide other services for unlisted securities;
- The CSD will maintain the post-trading activities in accordance with participant agreements. Reconciliations of positions between the CSD and registrars will take place on a daily basis. The CSD will be responsible for submitting a list of position holdings at the end of the day. If there is a discrepancy, the related securities will be blocked until the discrepancy is solved;
- The CSD and registrars will be able to maintain accounts at the beneficial owner level, on an omnibus basis and at the beneficial owner under a trust account. However, the CSD will only open beneficial owner accounts or beneficial owner under a trustee account for licensed companies;
- The issuers or the registrars acting on their behalf will have the right to obtain information regarding beneficial owners and nominee holders for both listed and un-listed securities;
- Transfer of securities between the two parties will be conducted in accordance with the procedures established in the relevant regulation;
- The CSD functions include settlement finality, legal title of securities, completion of securities settlement on a delivery versus payment (DVP) basis and receipt of securities-related income;
- The activity of the CSD will be exclusive and can only be combined with the activities of credit/banking institutions, clearing entities, verification centres and numbering agencies;
- The CSD will have the monopoly right to carry out post-trading related activities such as settlement of securities, which will be governed by its operational rules, standards of cooperation with registrars and account holders as well as the standards of document interchange with registrars and participants. Furthermore, the State will regulate the fees charged by the CSD to make sure they are in line with the monopoly regulations;
- A corporate governance code will be created to provide accounting transparency and protection for the CSD's participants. The CSD will be regulated by the FFMS and Central Bank of Russia (CBR) in relation to certain corporate decisions. The CSD will be required to establish a risk management system;
- The concept envisages the existence of a single CSD, after it has been approved. The legislation will include the procedure regarding the selection of the CSD from the existing settlement depositories.

The official draft of the CSD concept has yet to be announced at this stage.

## CSD Risk Impact

### DCC (Russia)

CSD Rating: A+

CSD Flash Impact:

The creation of a CSD is expected to have an impact on DCC. At this early stage, however, the potential impacts cannot be properly assessed due to insufficient information.

### NDC (Russia)

CSD Rating: AA-  
CSD Flash Impact:

The creation of a CSD is expected to have an impact on NDC. At this early stage, however, the potential impacts cannot be properly assessed due to insufficient information.

## Market Information Impact

### Russia

This information affects the data contained in the Local Market Administrative Organisations sections of the Securities Market Information Service.

## Infrastructure Risk Ratings Impact

### Russia

Market Rating: BBB  
Market Flash Impact: Stable

The creation of a CSD is expected to have impacts on DCC and NDC. At this early stage, however, the potential impacts cannot be properly assessed due to insufficient information.

Related Flash: [FFMS Announces CSD Concept, 10/05/2010 \(click to view\)](#)

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