

01

Key Business Lines

Depository Services

Information Services

Tri-party Services

Trade Repository

Payment Services

IT Services



Depository Services

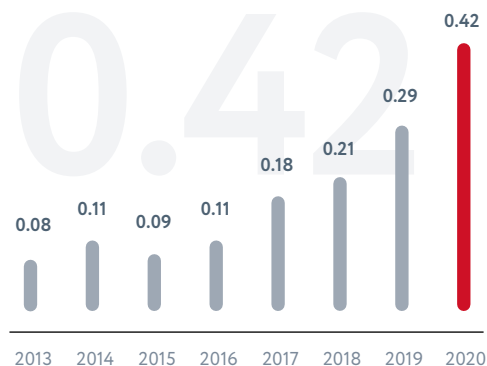
Denis Buryakov,
Managing Director
for Depository Operations

By the end of 2020, the value of securities in custody at NSD reached RUB 63.6 trillion, a 20.8% increase against 2019 (RUB 52.67 trillion). The number of securities issues in custody at NSD increased 13.6%, from 23.4 thousand in 2019 to 26.6 thousand in 2020, while the number of non-Russian securities issues and

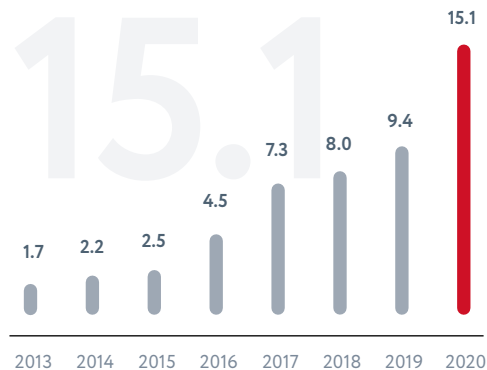
Russian Ministry of Finance's Eurobond issues increased 17.4%, to 18.2 thousand versus 15.5 thousand in 2019.

The value of Federal Loan Bond (OFZ) balances reached RUB 13.7 trillion by the end of 2020, which represents a 52.9% increase against 2019.

Number of clearing transactions (DVP), (million)



Value of clearing transactions (DVP), (RUB trillion)



The value of OFZ balances in foreign nominee accounts reached RUB 3.1 trillion by the end of the reporting year, a 10.7% increase against 2019 (RUB 2.8 trillion).

Settlement and Clearing Services

In 2020, the number of OTC trades settled on a Delivery Versus Payment (DVP) basis reached 422.7 thousand (+47.6%). The value of trades increased to RUB 15 trillion or by 60.6% against 2019. In 2020, clearing participants performed settlements in such currencies as USD, RUB, GBP, EUR, and CHF.

There was significant interest in FOP (Free of Payment) and DVP (Delivery Versus Payment) transactions at international securities depositories (ICSD) – Euroclear Bank and Clearstream, which increased by 63% and 109%, respectively. In total, clients made 286 thousand transactions in 2020.

In the reporting year, as part of its efforts to further develop its depository services, NSD implemented a number of new projects:

- In January 2020, NSD launched a service for trade settlement on a DVP-2 basis through correspondent accounts held with the Bank of Russia. In 2020, the new service was used to settle more than RUB 2 billion worth of trades. The DVP-2 model is designed to settle trades with cash netting. Transactions can be made using different accounts: either accounts held with the Bank of Russia only, or accounts one of which is held with the Bank of Russia and the second one with NSD. The use of correspondent accounts held with the Bank of Russia provides more settlement options to NSD's clients,

maintaining reliability of settlements offered by the classic DVP model and providing more flexibility in cash management. Clients, therefore, have an opportunity to make DVP-1 and DVP-2 settlements in Central Bank money (in Russian Federation currency) in line with the best global practices. The total number of DVP-1 and DVP-2 transactions in Bank of Russia's money (debits and credits from/to clients' correspondent accounts with the Bank of Russia) in 2020 rose significantly against 2019, reaching 1,431 (+41%). The amount of DVP transactions in 2020 reached RUB 685 billion.

- Steps were taken to launch trading in more than 50 U.S. securities on Moscow Exchange. The first 19 U.S. securities were made available in August. In 2021, the plans are to offer more non-Russian securities for trading on Moscow Exchange.
- In 2020, to provide its clients with access to non-Russian UIT units, NSD connected to the Euroclear Bank's platform FundSettle. Transactions are expected to be launched in 2021. NSD's clients will be able to carry out transactions with non-Russian UIT units via NSD's accounts with Euroclear Bank.
- In 2020, the first trade in commercial papers made through the OTC system in the debt market was settled. Before that, market participants had to fill in and submit their clearing instructions to NSD on their own, and now data is submitted to NSD automatically as soon as the trade is made in the OTC system in the debt market operated by Moscow Exchange. This helps simplify securities settlements significantly, reduce operational risks, improve the settlements discipline, and speed up data interchange between the trading desk and the back office.

- In 2020, NSD continued to establish contractual relationships with new places of safekeeping for non-Russian securities with the aim to diversify risks relating to services provided with respect to different financial instruments.

NSD continues developing services focused on handling non-Russian assets and working in global markets. In 2020, new clients signed up for the 'Individual Accounts with ICSDs' service. As of now, NSD holds 13 individual securities accounts with Euroclear Bank. The key advantage of the service is the opportunity to make back-to-back settlements, implying that a trade is funded by the difference between the receipt and delivery of securities. Additional advantages include additional services for dealing with ICSDs (such as technical netting, linked transactions, and instruction prioritization), which contribute to a higher liquidity and make it possible to fund the trade right before its settlement, rather than in advance. The instruction prioritization and linked transactions services that make it possible to manage the order of execution of instructions are used by NSD's clients on a daily basis, and there was a significant growth in the number of client transactions using these services. In 2020, the total number of instructions settled using the instruction prioritization and linked transactions services (pooled instructions) was more than 35 thousand, a 31.8% increase against 2019.

Remote Service Channels

Work is ongoing to migrate from Luch software to the Web-client for depository and clearing services ("DCS Web-client") to enhance the functionality and ensure comfortable interaction

between the depository and its clients. In 2020, NSD started migrating to the XML format and ISO 20022 Standard for untyped messages and depository statements.

In 2021, NSD will work on infrastructure modernization tasks. In particular, NSD proposes to put in place infrastructure for the opening of accounts for individuals and to complete integration with the Moscow Exchange's marketplace.

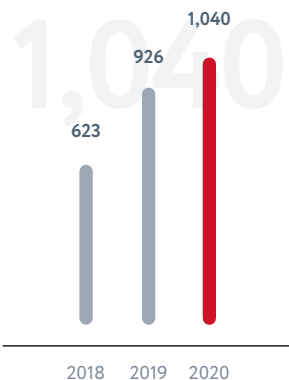
Issuer Services

As CSD, NSD is responsible for centralized safekeeping of bond issue certificates and centralized recordkeeping of rights on both Russian and non-Russian bond issues offered through Russian exchanges or in the OTC market, provides bond offering-related depository services to issuers, registers commercial papers, and performs the functions of vote counting commission at bondholder meetings.

NSD improves electronic communication channels designed to communicate with issuers for the purpose of supporting bond offerings and redemption and the conduct of corporate actions, by optimizing service processes and making issuers' access to services simpler and faster.

Various matters relating to communication channels and fees for issuer services are discussed with issuers within NSD's Securities Services Development Committee and working groups.

Corporate bond issues accepted for servicing



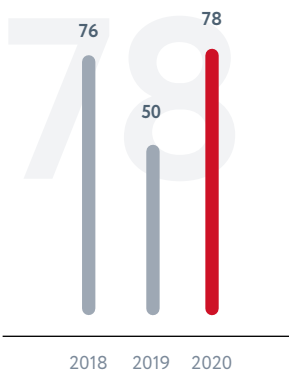
Services Supporting Corporate Bond Issuance and Trading

In 2020, 1,040 corporate bond issues with the total value of RUB 23.5 trillion were accepted for servicing, as well as 36 sub-federal and municipal bond issues with the total value of RUB 37 billion. As compared to 2019, the total number of bond issues accepted for servicing increased by 14.5%.

The bond issues accepted with issue-related documents in electronic format accounted for 78% of the total number of bond issues accepted for servicing, as compared to 48% in 2019.

In 2020, NSD supported the offering of three bond issues of the Ministry of Finance of the Republic of Kazakhstan with the total value of RUB 30 billion and one bond issue of the Ministry of Finance of the Republic of Belarus with the total value of RUB 10 billion and accepted those bond issues for servicing.

Holding of General Meetings of Bondholders



General Meetings of Bondholders

In 2020, bond issuers held 78 general meetings of bondholders (as compared to 50 meetings in 2019).

Servicing of Bonds and Eurobonds of the Ministry of Finance of Russia

NSD is the head depository responsible for centralized safekeeping and servicing of bonds and Eurobonds issued by the Ministry of Finance of Russia.

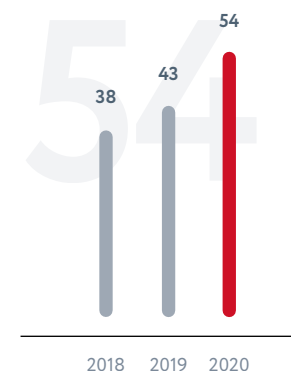
In 2020, NSD supported the offering of two Eurobond issues of the Ministry of Finance with the total value of Euro 2 billion.

Registration of Commercial Papers

As CSD, NSD registers commercial paper issues. No prospectus is needed for registration of commercial papers, and commercial papers may only be offered through private placement.

In 2020, 54 commercial paper issues of 30 issuers with the total value of RUB 446.96 billion were registered. The maturity of the issues varied from 9 months to 10 years. Also, NSD registered 11 commercial paper programs valued, in aggregate, at RUB 817.7 billion.

Commercial paper issues



In 2020, the offering of 48 commercial paper issues valued, in aggregate, at RUB 432.14 billion was completed; 12 commercial paper issues valued at RUB 2.74 billion were redeemed.

Assistance to Securities Holders in Exercising Rights Attached to Securities

NSD offers a wide range of services to assist its clients and their customers in exercising rights attached to securities held by them. Interaction with market participants in connection with their exercise of rights attached to securities held by them and data interchange are maintained using structured formats that meet the international standards, thanks to which all market participants are able to automate and optimize their processes and reduce their operational risks.

Corporate Action Processing

In 2020, NSD designed a technology that makes it possible to disclose lists of persons entitled to exercise rights attached to securities and beneficial owners of securities, as well as their details and details of securities held by them, in a structured XML format, including through the CA WEB-client. The new format was developed together with market participants and agreed upon with the relevant self-regulatory organizations, and it allows clients to send information as a single message in an STP mode, avoiding its misrepresentation or misinterpretation. In 2021, all infrastructure users, including registrars, issuers, and depositories are expected to migrate to the new technology.

In 2020, NSD continued its efforts to automate and optimize the processing of corporate actions. In particular, work was started to implement the functionality that would allow issuers, registrars, and data agencies to provide NSD with information on corporate actions upon reorganization of a joint-stock company in a structured ISO

2002-compliant format, support electronic data interchange between NSD's systems in the course of such CAs, and allow NSD to send CA confirmation to clients in accordance with the relevant international standards. The functionality will be available for use in autumn 2021.

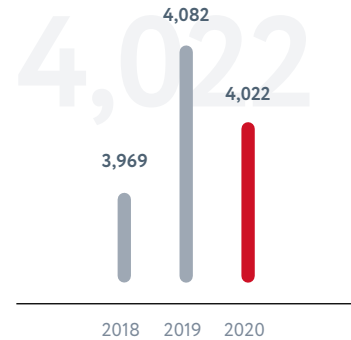
In 2021, issuers initiated 4,022 meetings of securities holders using the e-voting technology, 412 corporate actions involving the buyback of RUB 102.2 billion worth of securities, and 49 corporate actions involving the exercise of the preemptive right.

In 2020, in total, 17,286 corporate action events were initiated for Russian securities, a 9.3% increase against 2019, while the number of corporate action events initiated for non-Russian securities increased by 36.25% to reach 43,610. The increase in the number of corporate action events was mainly due to new securities issues accepted by NSD for servicing. The greatest increase was in the number of CAs involving payment of coupon or dividend income on securities.

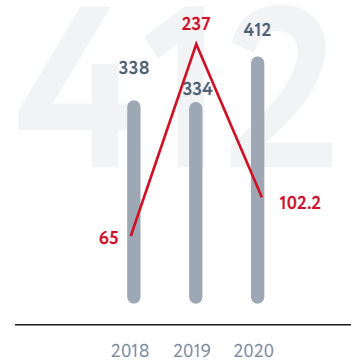
For Russian securities, the total amount paid was RUB 16.8 trillion, as compared to RUB 16.7 trillion in 2019, while for non-Russian securities, the total amount paid was the equivalent of RUB 1.2 trillion versus RUB 0.9 trillion paid in 2019.

In 2020, 17 general meetings of shareholders were held using the E-voting service. In particular, NSD's E-voting service was offered to shareholders at the general meetings of Moscow Exchange, Novolipetsk Steel (NLMK), MTS, Gazprom Neft, Sberbank, Rostelecom, ALROSA, RusHydro, IC RUSS-INVEST, and NSD. In 2020, more than 10,000 shareholders of the companies mentioned above participated in general meetings using the E-voting service. To participate in the meetings, the overwhelming majority of those shareholders identified themselves through the Public Services Portal. The number of shareholders voting using NSD's E-voting service increased 2.4 times as compared to 2019. Through the E-voting service, shareholders may vote remotely via the single interface at general meetings of different issuers. Issuers using the service provide their shareholders with extra options to participate in general meetings through the Internet.

Number of general meetings of securities holders held using the e-proxy voting technology

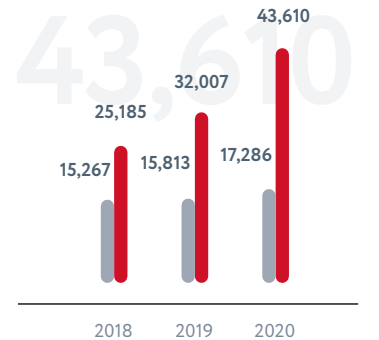


Number and amount of securities buybacks



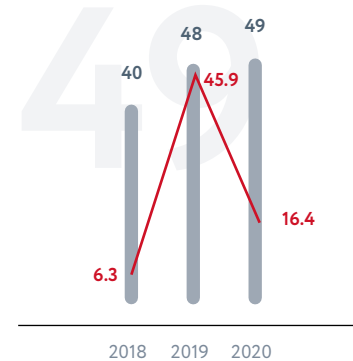
Number of CAs for Russian securities
Number of CAs for foreign securities

Number of CAs for Russian and foreign securities



Number of CAs for Russian securities
Number of CAs for foreign securities

Number of CAs involving the exercise of the preemptive right. Value of securities

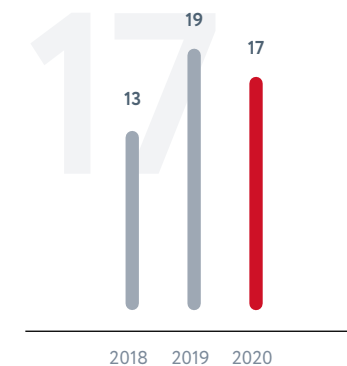


Number of CAs involving the exercise of the preemptive right
Value of CAs involving the exercise of the preemptive right (RUB billion)

In 2021, NSD will further develop the E-voting service by making necessary upgrades that would make it possible to use it at meetings of collegial bodies and meetings of companies of different legal forms. In addition, a new method of user identification is expected to be introduced.

NSD also plans to complete the process of its adaptation to the European CSDR regulation, which will change the way NSD interacts with ICSDs (Euroclear Bank and Clearstream Bank). In 2020, NSD launched the project to implement certain changes relating to the identification of securities holders and the holding of general meetings of shareholders in accordance with the requirements of the Shareholders Rights Directive (SRD II). The Directive aims to strengthen shareholder involvement in management of companies registered in European Economic Area (EEA) member states, irrespective of the shareholders' location and the place of safekeeping of securities, to raise issuers' awareness of shareholders involved in management, and to simplify shareholder identification by calling on intermediaries to communicate information regarding shareholders upon company's request. The Directive took effect on 3 September 2020 in all EEA member states and affects European equity securities serviced by NSD.

Number of meetings held using the E-voting service



NSD as a Withholding Agent

In accordance with the Russian Tax Code, since 2014, NSD has been acting as a withholding agent when paying out income on Russian equities and bonds.

In the cases provided for by law, NSD calculates, withholds, and pays to the budget of the Russian Federation corporate or personal income tax in accordance with the provisions of the Russian Tax Code and double taxation treaties of the Russian Federation. As a securities depository, NSD acts as withholding agent when paying out income on securities to foreign organizations or foreign nominee holders, as well as when paying out dividend income to Russian organizations on shares held, inter alia, in owner securities accounts with NSD.

With effect from 1 January 2021, in accordance with the amendments made to the Russian Tax Code by Federal Law No. 102-FZ, coupon income on federal, sub-federal, or municipal bonds, as well as on Russian corporate bonds traded in the securities market, became subject to personal income tax.

To comply with the new requirements, NSD made substantial efforts to elaborate:

- a methodology of foreign nominee holder disclosure for securities mentioned above for taxation purposes; and
- a method of tax calculation and withholding.

NSD designed and implemented dedicated software for full automation of processes relating to withholding agent services provided with respect to the said securities, from electronic tax disclosure processing to income payment and delivery of tax statements to clients.

Tax Management

As part of tax management services provided when paying out income on non-Russian securities, NSD, since 2014, has been providing tax exemptions and reliefs under double taxation treaties. When paying out income on depositary receipts, NSD acts as an intermediary in the chain of nominee holders of DRs and provides withholding agents with information required for beneficial owners of the income to enjoy tax exemptions or reliefs in accordance with the Russian Tax Code. When providing tax exemptions or reliefs on U.S. securities that fall under Chapters 3 and 4 of the U.S. Internal Revenue Code, NSD acts as a qualified intermediary for FATCA purposes, which allows clients to hold U.S. securities and enjoy tax exemptions or reliefs on income paid, at a lower cost than when holding such securities on accounts held directly with ICSDs.

NSD's tax management services for non-Russian securities have allowed NSD's clients to enjoy tax benefits of 13% to 100% of the amount of tax, depending on the securities and the tax jurisdiction in which the securities were issued.





Information Services

Alexander Diakovskiy,
Chief Data Officer

2020 was the most successful year in the history of NSD's information services. The number of existing commercial contracts for information

services increased ten-fold since 2015 and reached 641. Over the same period, the NSD Valuation Center's income grew eight-fold, going up 35% in 2020 alone.

NSD continued expanding the scope and functionality of its information services, with a main focus on improvement of competencies in the field of data analysis and creation of value-added services. In 2020, the number of products being used by an average user increased from 3.8 to 4.6. For the first time, the sales of value-added products and RU DATA-branded services exceeded the sales of NSD's conventional reference data services, API NSD and DISC NSD.

The following work streams remain key for the Valuation Center:

- Reference Data on securities and issuers;
- measurement of fair value and other pricing parameters; and
- distribution of NSD's data through partners' products, such as RU DATA and Moscow Exchange's channels.

In 2020, NSD added new analytical products launched as part of the Data Management work stream.

Also, as part of the Reference Data work stream, the scope of DISC NSD services was significantly expanded. In January, the following new options were offered to users: view securities no longer serviced; download data from DISC NSD; and send questions to NSD regarding any data available through the service. In February, Valuation Center and DISC NSD users got access to the new service "My Portfolio" that makes searching for and tracking necessary data much faster. The service allows users to set up a list of securities they are interested in and to download data. Users can also subscribe for a daily newsletter on forthcoming events for any securities in their 'portfolio'.

Products offered through the NSD Valuation Center, the sales of which have been doubling for three consecutive years, are the key factor that drives the growth of Information Center's income. NSD estimates that almost 70% of active market participants have already become users of Valuation Center's products. The value of almost 90% of debt securities issued by issuers operating in the Russian Federation is measured on a daily basis by the NSD

Valuation Center. In 2020, the NSD Valuation Center started covering floating-rate bonds, Eurobonds issued by the Ministry of Finance of Russia, and corporate Eurobonds. The value measurement methodology for mortgage bonds was made consistent with the Pricing Convention for Mortgage Securities, which is used by Moscow Exchange and Joint Stock Company DOM.RF.

2020 saw the rapid evolution of the RU DATA products the sales of which increased 1.9 times on a year-over-year basis. The growth was contributed to mainly by the RU DATA PRICE product based on data from the NSD Valuation Center and the RU DATA NEXT product (the next generation of the RU DATA basic service). The number of users of both products more than tripled over the year. NSD continued promoting its 'one-stop shop' service designed for disclosure of corporate information by Russian issuers, the sales of which grew 37%.

Moscow Exchange became a new channel for access to NSD's data. In particular, in November 2020, Moscow Exchange started providing its clients with NSD's reference data on securities, issuers, forthcoming and past corporate actions, a calendar of corporate events, and current fair values of bonds measured by the NSD Valuation Center.

As part of the NSD Development Strategy 2024, the NSD Valuation Center launched a new work stream, Data Management. NSD started building competencies in this field by setting up a centralized team responsible for continuous generation and testing of hypotheses, and a network of data stewards distributed across company's business units. In 2020, more than 20 hypotheses that affect all NSD's Business Lines were tested. This resulted in launching the first ever commercial product that analyzes changes in the percentage of Russian non-residents in OFZ holdings. Major Russian and global banks became the first clients using the new service. Further efforts are being made to expand the product's coverage to other groups of financial instruments and holder categories. Besides, NSD is intensively implementing artificial intelligence-based information services in-house. Processing of non-structured messages relating to securities became one of the first machine learning-based services made available at NSD. The service was found to be promising for using it as a tool to automate corporate information processing within the Moscow Exchange Group companies.

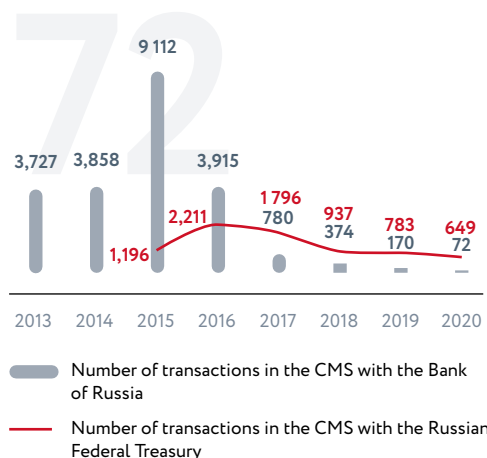


Tri-Party Services

Alina Akchurina,
Managing Director for Collateral
Management and Tri-Party Services

2020 was characterized by a significant drop in the structural liquidity surplus in the banking sector (in 2020, the average surplus was RUB 1.957 trillion versus RUB 3,026 trillion in 2019), and by a decrease in the base interest rate from 6.25% in January 2020 to 4.25% in December 2020.

Number of transactions in the CMS



Amount of liquidity offered in transactions in the CMS, RUB trillion



Volume of repo trades with collateral management, RUB trillion



The liquidity offered by the Federal Treasury through repo trades, involving NSD's Collateral Management System (CMS), amounted to RUB 24 trillion in 2020, a RUB 5 trillion increase against 2019. The Federal Treasury was responding to changes in the market environment in a flexible manner, offering more than one-third of its liquidity through repo trades at a floating rate, with a long maturity (more than 30 days). The average maturity of Federal Treasury's repos was 18.9 days, as compared to 7.4 days in 2019.

To offer liquidity through repos, the Federal Treasury fully migrated to the Moscow Exchange's OTC terminal.

Key areas for development of the Liquidity Management Platform:

- The Federal Treasury implemented the 'single treasury account' concept. This made it possible to accumulate liquidity not immediately required from public budget accounts of all levels and to offer such liquidity in a centralized manner, including through repos with collateral management by NSD. Such repos will be launched in Q1 2021.
- In 2020, new instruments were added to the collateral basket available for Federal Treasury's repos. In particular:
 - Russian Ministry of Finance's Eurobonds were added in October; and
 - in December, technical preparations were completed to start providing services with respect to mortgage-backed bonds, additionally secured by guarantees from DOM.RF. The relevant repos are expected to be launched in Q1 2021.
- In July 2020, the Collateral Management System for Global Creditors' forex repo trades went live. The liquidity offered through forex repos amounted to USD 401 million (RUB 30.66 billion).
- In the context of its efforts to support the national economy and banking sector during the pandemic, the Bank of Russia launched repo auctions and increased the maturity of repos to one year. NSD rolled out an intellectual tool designed to automatically select securities as collateral for repos, depending on their

maturity. One-month repos at a fixed rate and one-year repos at a floating rate were offered in May 2020 and June 2020, respectively. The amount of liquidity offered by the Bank of Russia through repos, involving NSD's CMS, increased from RUB 0.2 trillion in 2019 to RUB 4.6 trillion in 2020. One-month repos accounted for the largest percentage of liquidity offerings, reaching RUB 2.6 trillion.

- The St. Petersburg Finance Committee continued offering its liquidity to the market through repos with collateral management by NSD. The amount of liquidity offered by them in 2020 reached RUB 95.3 billion, a RUB 8.2 billion increase against 2019. Floating-rate OFZ bonds and government bonds issued by the Government of St. Petersburg were added to the collateral basket for St. Petersburg Finance Committee's repo trades. NSD's platform for Global Creditors' liquidity management is ready to be made available to another Global Creditor, the Finance Committee of Leningrad Region. Their repos with collateral management by NSD will be launched in Q1 2021.

In 2020, the evolution of the 'Single Account' service continued. Insurers and brokerage firms are the key client segment on-boarded for the service. The Single Account is a tool designed to automate securities transfers between positions intra-day and outside sessions under a standing instruction, which helps speed up asset movements, cut funding

costs, and reduce operational risks for clients of the Moscow Exchange Group companies.

In 2020, the CMS and NSD's clearing system were integrated into brokers' repos within a bank. The new service satisfies advanced technology requirements and makes it possible to reduce the load on front, middle, and back offices. Thanks to the alert system a broker is notified online of all developments affecting a repo trade and can promptly give notices to its clients and counterparties. In 2020, the daily average size of open positions in interbank repos with collateral management by NSD amounted to RUB 55.2 billion, a 27% increase on a year-over-year basis.

In addition, NSD continuously upgrades the CMS Web-client by adding new services available through it, and, in late 2020, started publishing analytical data on liquidity offerings by Russian regions on a weekly basis.

The plans with respect to NSD's CMS include further development of NSD's liquidity management platform to cover new segments of the financial market, offering new infrastructure services, and improvement of clearing and collateral management technologies for Global Creditors' repos in order to minimize market participants' risks.



Trade Repository

Anastasia Kiseleva,
Managing Director
for Repository Services

Following the entry into force of Federal Law No. 211-FZ dated 20 July 2020 "On Making Financial Transactions through a Financial Platform", NSD split its repository business into two streams, one being the 'classic' Trade Repository and the new one being the Registrar of Financial Transactions (RoFT).

To optimize the process of interaction with clients, two sub-committees were established within the Repository Services Customer Committee: the Trade Repository Sub-committee and the RoFT Sub-committee.

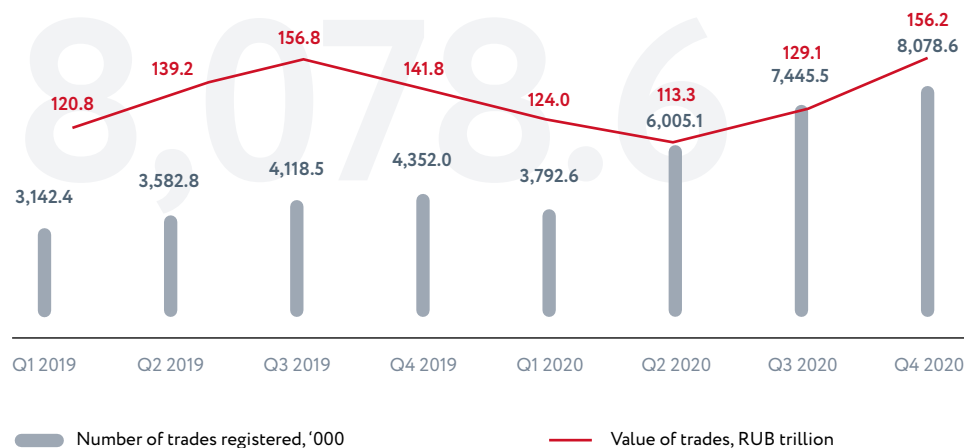
Trade Repository Services

2020 saw a significant increase in the number of trades registered by NSD's Trade Repository: 25.3 million trades (+66.6%), while the value of trades reported slightly decreased, from RUB 559 trillion in 2019 to RUB 523 trillion. Forex instruments and repo contracts remained the main drivers behind the growth.

As part of its core business, the Trade Repository continued to enhance services to facilitate clients' interaction with the Trade Repository and to help clients cut their operating costs:

- Further development of the 'Reporting Agent' service: In 2020, the first professional market participants signed up for the service. Users of the Reporting Agent service can

Number and value of trades



interact with NSD's Trade Repository through an intermediary or agent (NSD), in a format convenient to them. By working through NSD as their Reporting Agent, clients can avoid putting in place their own infrastructure to report their OTC trades, as the Reporting Agent's processes are fully adaptable to clients' needs and IT capacity.

- NSD offered a new service designed to control registration actions of a Reporting Agent. The service allows a client to automatically receive, at the close of business, a statement (Form RM004) that shows the contracts registered for the client by its reporting agents in the Trade Repository's contracts register. Statements are provided either through the Trade Repository's Web-client, or via the File Gateway of the NSD EDI system.

As part of the efforts to develop analytical information products on a commercial basis, NSD's Trade Repository implemented the following projects.

- Together with Moscow Exchange, NSD launched a service designed to provide information from NSD's Trade Repository via Moscow Exchange's channels. Information provided includes details of OTC repo and derivative trades, disaggregated by contract type, underlying asset type, and counterparty category. Demand for data, including standardized reporting, is a global trend. By implementing projects linked to Moscow Exchange Group's products and services, NSD helps market participants get access to data on OTC derivative and repo trades that used to be non-public and use that data to develop their business and meet their customers' needs.
- NSD signed an agreement with the National Finance Association (NFA) for the provision of aggregate data from the Trade Repository.

As part of technology modernization in accordance with NSD's IT Strategy, steps were taken to optimize and accelerate the repository traffic. Repository messages were separated into a standalone flow, as a result of which the transmission of messages became much faster and reliable.

In September 2020, NSD's Trade Repository started applying a new pricing model.

Registrar of Financial Transactions

The Registrar of Financial Transactions (RoFT) is a register of legally relevant information on transactions made through financial platform operators. Information available from the RoFT is a 'golden copy'.

In 2020, in compliance with the Federal Law "On Making Financial Transactions through a Financial Platform", NSD built the infrastructure for the RoFT as the key element of the Bank of Russia's Marketplace ecosystem:

- The RoFT improved its functionality to be able to receive reports on any types of financial transactions.
- On 1 September 2020, the RoFT started registration of financial transactions.
- By September 2020, the RoFT's integration with the Public Services Portal was completed. Any user with a verified account in the Unified Identification and Authentication System (ESIA) may request RoFT statements for free via the Public Services Portal, which contain full information on the transactions made by the user on financial platforms.

The first transaction type reported to the RoFT was bank deposit transactions. In late 2020, first transactions involving OSAGO insurance policies, UIT units, and bonds were also reported to the RoFT.

The RoFT infrastructure can accommodate both new product types that will be available through the marketplace, and an increased number of transactions reported to the RoFT. In particular, in 2021, the RoFT expects to start registration of credit/loan transactions and transactions in OFZ bonds for individuals (OFZ-n).

In 2021, the Trade Repository will continue revising messaging formats and repository document forms to reflect any potential amendments to Russian laws and regulations, including Bank of Russia's regulations. As part of its efforts to further develop its electronic communication channels, the Trade Repository improves and simplifies tools through which clients can connect to the Trade Repository. For instance, clients were offered an option to connect via API-services, thanks to which clients are now flexible in fine-tuning their own systems for interaction with NSD. In 2021, NSD will continue developing and improving its API tools.

Work will be continued to further develop products designed for providing analytical information on a commercial basis, including customized reports at the request of market participants.

The new initiatives include fair value measurement of contracts on the basis of information collected by the NSD Valuation Center, and establishment of a platform designed to match and confirm OTC trades (Match Point).





Payment Services

Svetlana Gryanchenko,
Director of Operations Department

For NSD, it is a priority to maintain the high quality of existing services and to introduce new ones in the NSD Payment System. Not only bank account (payment) services are a separate business line, but they are also integrated into NSD's depository and clearing operations, thus creating all-inclusive services for clients.

In 2020, the following changes were made to the payment infrastructure, which helped improve bank account services provided to NSD's clients:

- NSD connected to the Bank of Russia's Faster Payments System (FPS) and provided its clients a possibility to make instant and secure C2B payments, including money transfers by retail investors to broker accounts held with NSD. Brokerage firms, asset management companies, and e-platforms that hold accounts with NSD now have such options as quick management of retail investors' funds in their on-exchange or OTC trades and quick liquidity management and can provide their customers with more services.
- In 2020, NSD, together with a number of major forex market players, continued to improve the PVP service. In line with current trends in the market of payment and post-trade services and in response to client requests, NSD revised its regulatory procedures, put in place additional controls, and improved compliance and technical processes.

Also, NSD revised its pricing policy with respect to transactions involving the use of the PVP service. The marketing period introduced on 1 January 2020 allowed clients to significantly reduce their costs relating to payment transactions. A decision was taken to apply the marketing period fee on a continuous basis.

All of these will help NSD further increase its client base and the amount of transactions.

In 2021, the following will be key areas of focus in the field of payment services:

- Launch of B2C payments through the Faster Payments System.
- Final transition from Bank-Client systems to the Web-client for bank account services.

In 2020, the amount of cash transfers in RUB and foreign currencies reached RUB 328.1 trillion, an 8.1% increase against 2019 (RUB 303.6 trillion). The amount of cash transfers in RUB increased 8.4%, from RUB 265.4 trillion in 2019 to RUB 287.7 trillion in 2020, while the amount of cash transfers in foreign currencies grew 5.7%, from the equivalent of RUB 38.2 trillion in 2019 to the equivalent of RUB 40.4 trillion in 2020.

In 2020, the number of transactions was 1.54 million, a 25.6% increase against 2019 (1.23 million). The number of transactions in RUB increased 8.6% from 0.82 million in 2019 to 0.89 million in 2020, while the number of transactions in foreign currencies surged 59.8% from 0.4 million in 2019 to 0.65 million in 2020. In terms of the volume of payment transactions, capitalization, and the number of clients in the financial markets, NSD is one of Russia's largest settlement non-banking credit institutions and a systemically and nationally important payment system.

In 2020, the Risk Management Committee for Payment System assessed the risk management system implemented in the NSD Payment System. The assessment showed that the risk management system implemented in the NSD Payment System met the applicable criteria.

The assessment corroborated the findings of the previous assessment that the NSD Payment System operator ensured compliance with the requirements of the Russian laws and Bank of Russia's regulations which set forth the rules governing operation of payment systems, and the NSD Payment System Rules, and observed the Principles for Financial Market Infrastructures applicable to NSD.





IT Services

Alexander Nam,
Managing Director
for Technology Solutions

As the core of the financial market, NSD gives particular attention to developing a reliable IT platform, implementing partnership programs, and ensuring a high level of information security.

SWIFT Service Bureau

In 2020, NSD's SWIFT Service Bureau was certified for compliance with the Shared Infrastructure Programme (SIP) 2020. Compliance with the SIP requirements demonstrates a high level of security and reliability of NSD's SWIFT Service Bureau's operations.

In 2020, the total number of SWIFT Service Bureau users was 66. The average monthly messaging traffic generated by SWIFT Service Bureau users reached 580,859 messages, a 37.8% increase against the previous year.

Transit 2.0

By year-end 2020, 8 new corporate clients connected to the Transit 2.0 platform. The total number of platform users reached 33, including: 22 corporations (12 of which started using the platform in their operations) and 11 banks (including 8 systemically important ones). A new functionality of forex transfers and foreign exchange control was implemented on the platform.

In addition, a light version of the Transit 2.0 platform was launched, which is accessible to a wider range of clients thanks to simpler integration and installation.

Bank of Russia's Financial Messaging System Service Bureau

In 2020, NSD became the first institution in Russia to receive the status of Bank of Russia's Financial Messaging System (SPFS) Service Bureau. The SPFS Service Bureau built on NSD's infrastructure allows financial institutions and corporate clients to get access to the SPFS quickly and cost effectively.

As of now, three clients are connected to the SPFS via the SPFS Service Bureau. Further development of the SPFS Service Bureau will be one of NSD's priorities, including in the CIS markets.

In 2021, the SPFS functionality will be integrated into the Transit 2.0 platform to create a single interface for convenience of market participants.

