

CSD Law Addresses Historic Concerns of AGC

No Legislation-based CSD Mandate

How the CSD Law addresses this concern:

Under Russian Law Today

The legal framework for the CSD has been established by the CSD Law. The CSD Law has been in effect since January 1st, 2012 (except for a few provisions that will come into effect at the later dates).

The CSD Law establishes rules on:

- the legal status and activities of the CSD;
- the procedure for awarding the CSD status;
- the regulatory control and supervision over the CSD's activity.

References under CSD Law

Federal Law “On the Central Depository” of December 7, 2011 (the “CSD Law”).
Corresponding changes were made to other core laws, including the Federal Law "On The Securities Market" of April 22, 1996.

Articles 1, 2, 20, 21, 22
Chapters 4 and 5

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(continued)

How the CSD Law addresses this concern:

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References under CSD Law

The CSD Law requires that all settlements (except for settlements between share owners who both have direct accounts with the registrar) be effected via CSD and establishes rules on the finality of settlements.

Articles 24, 29, 30

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Non-CSD License

How the CSD Law addresses this concern:

Under Russian Law Today

Although there is still no specific license, the CSD status is now awarded by the FSFM.

Only a depository which fits within the parameters established by the CSD Law could be awarded the CSD status.

Currently, only NSD fits within these parameters.

References under CSD Law

Articles 1, 2

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Partial Systemic Evolution

How the CSD Law addresses this concern:

Under Russian Law Today	References under CSD Law
<p>After the CSD is created,</p> <ul style="list-style-type: none">• only the CSD will provide mandatory central settlement and transfer facilities for traded securities;• registrars will not provide any settlement services (except for settlements between share owners who both have direct accounts with the registrar);	Articles 24, 29, 30
<ul style="list-style-type: none">• usage of electronic links between the CSD and all its counterparts will be mandatory.	Article 12

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Open Questions Re Finality

How the CSD Law addresses this concern:

Under Russian Law Today	References under CSD Law
<p>All settlements will occur within the CSD system. Reconciliation procedures between CSD and registrars are mandatory on a daily basis and must also take place after each transaction.</p> <p>In case of discrepancy between the books of the CSD and the books of a registrar, the books of the CSD (the most recent confirmed reconciliation results) will prevail.</p>	<p>Articles 24, 29, 30</p>