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KEY BUSINESS LINES

Depository Services

Information Services

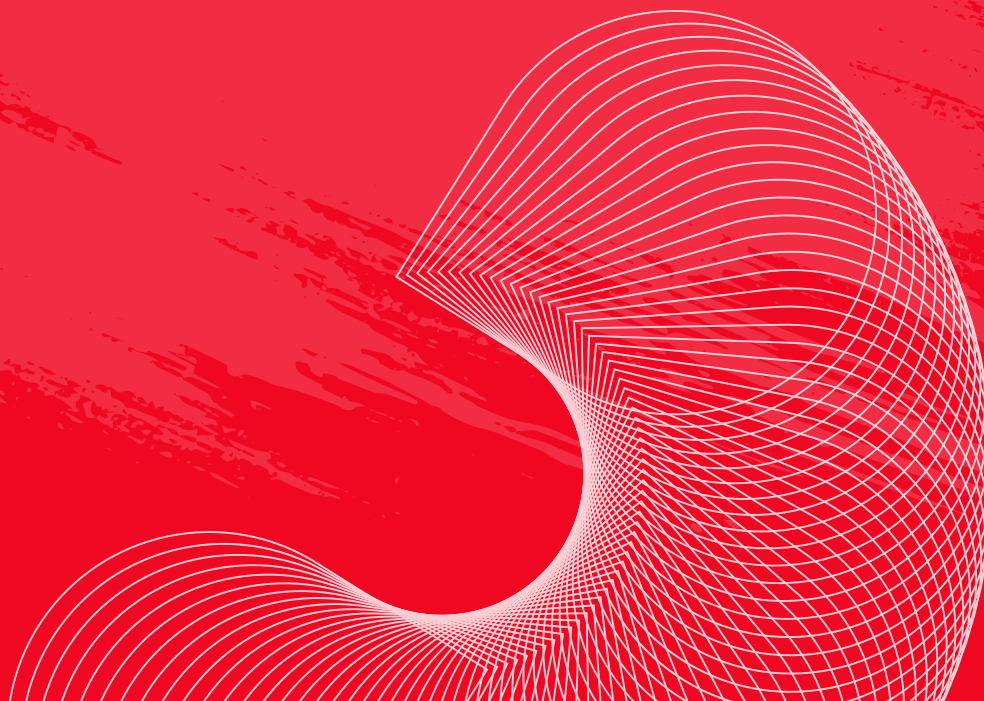
Tri-Party Services

Repository Services

Payment Services

IT Services

FinTech
and Decentralized
Technology



DEPOSITORY SERVICES



By the end of 2019, the value of securities in custody reached RUB 52.67 trillion, a 17.1% increase against 2018 (RUB 44.97 trillion). The number of securities issues in custody at NSD increased by 16.6%, from 20.1 thousand in 2018 to 23.4 thousand in 2019, while the number of non-Russian securities issues and Russian Ministry of Finance's Eurobonds surged 23.3% to 15.5 thousand from 12.6 thousand in 2018.

**Denis Buryakov,
Managing Director
for Depository Operations**

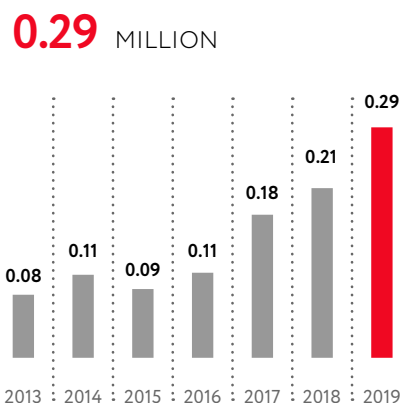


The value of Federal Loan Bond (OFZ) balances in foreign nominee accounts reached RUB 2.8 trillion by the end of the reporting year, which represents a 61.7% increase against 2018 (RUB 1.7 trillion).

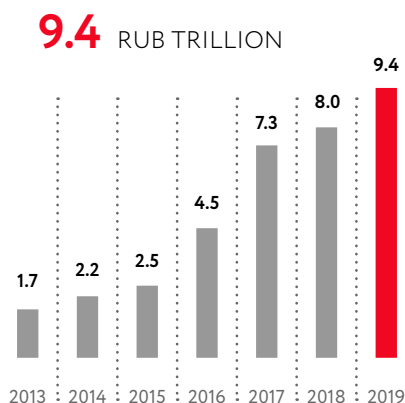
Settlement Services

In 2019, the number of OTC trades settled on a 'delivery versus payment' (DVP) basis increased by 76 thousand (+36.1%). The volume of transactions surged RUB 1.37 trillion or 17.2% against 2018. In 2019, clearing participants submitted instructions in such currencies as USD, RUB, GBP, EUR, CNY, and CHF.

Number of clearing transactions (DVP), (million)



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



There was significant interest in FOP and DVP transactions at ICSDs, which increased by 12% and 72%, respectively. In total, clients made 156 thousand transactions in 2019, as compared to 117 thousand in 2018.

NSD continues developing services focused on handling foreign assets and working in global markets. In 2019, new clients signed up for the service «Individual accounts with ICSDs». Currently, NSD holds 11 segregated 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 more 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 allowing 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. As of the end of 2019, the total number of instructions settled using the instruction prioritization and linked transactions services (pooled instructions) reached 27,661, which is 5.5 times more than in 2018.

In late 2019, NSD got prepared for the launch of DVP-2/DVP-3 settlements through clients' correspondent accounts with the Bank of Russia, so that in 2020, clients could settle their DVP trades through their correspondent accounts with the Bank of Russia either on a DVP-2 basis (cash netting only) or DVP-3 basis (both cash and securities netting), in addition to the DVP-1 model supported by NSD since 2015.

The number of DVP transactions in Bank of Russia's money (debits and credits from/to clients' correspondent accounts with the Bank of Russia) in 2019 rose significantly against 2018: the number of transactions reached 1,014, up from 298 in 2018. The amount of DVP transactions in Bank of Russia's money reached RUB 281 billion, as compared to RUB 16.8 billion in 2018.

Issuer Services

As CSD, NSD is responsible for centralized safekeeping and centralized recordkeeping of 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 trading 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.



Services Supporting Corporate Bond Issuance and Trading

Bond issues in custody

926



Bond issues accepted for servicing over the year

In 2019, 926 corporate bond issues with the total value of RUB 29.809 trillion were accepted for servicing, as well as 14 sub-federal and municipal bond issues with the total value of RUB 96.5 billion. As compared to 2018, the total number of bond issues accepted for servicing increased by 49%.

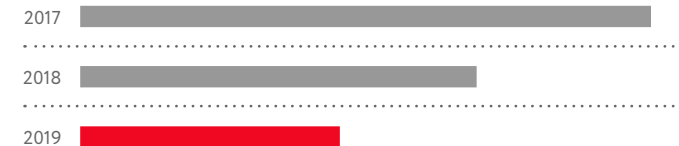
The bond issues accepted with issue-related documents in electronic format accounted for 48% of the total number of bond issues accepted for servicing, as compared to 33% in 2018.

For the first time, NSD accepted for servicing and supported the offering of an issue of structured bonds issued by LLC «SFO BCS Structured Notes».

General Meetings of Bondholders

Holding of General Meetings of Bondholders

50



In 2019, bond issuers held 50 general meetings of bondholders (as compared to 109 and 76 meetings in 2017 and 2018, respectively). The decrease was due to the reduced need for issuers to make amendments to issue-related documents, including amendments relating to debt restructuring affecting bond issues.

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.

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In 2019, NSD supported the offering of four Eurobond issues of the Ministry of Finance with the total value of USD 5.5 billion and EUR 0.75 billion.

For the first time, NSD's clients holding Ministry of Finance's Eurobonds were offered an option to choose the currency in which they wished to receive income from the Eurobonds, by giving specific instructions using the scheme devised by NSD.

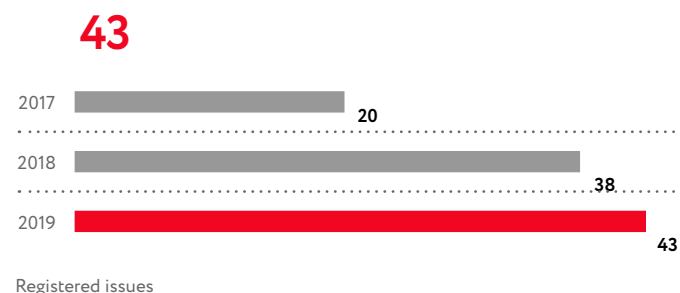
The offering by the Ministry of Finance of a variable coupon Federal Loan Bond (OFZ) issue accrued interest on which is calculated based on the RUONIA rate became a highlight of the year. Information on accrued interest calculated by NSD on a daily basis is available through NSD's information services.

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 summer 2019, NSD, together with Moscow Exchange, offered issuers the opportunity to submit documents required for registration of a commercial paper issue to NSD via Issuer User Account. Since the launch of Issuer User Accounts, NSD has registered 5 commercial paper issues and one commercial paper program.

Commercial paper issues



In total, in 2019, 43 commercial paper issues with the total value of RUB 14.502 billion were registered. The maturity of the issues varies from 3 months to 5 years. Also, NSD registered 10 commercial paper programs valued, in aggregate, at RUB 560 billion. In 2019, the offering of 29 commercial paper issues valued, in aggregate, at RUB 9.753 billion was completed; 11 commercial paper issues valued at RUB 0.54 billion were redeemed.

In addition, the debut USD commercial paper issue for USD 17 million was offered in 2019. The issue was accepted for servicing at Euroclear.

Assistance to Securities Holders in Exercising Rights Attached to Securities

NSD offers the 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 2019, NSD automated the process of conversion of Russian securities and migrated to electronic data interchange with registrars, issuers, and clients in connection with corporate actions, using the international messaging formats.

In addition, a new mechanism for repurchase and early redemption of bonds by issuers was implemented, and an option was offered to make settlements via NSD, involving submission of instructions to NSD and securities blocking.

As for non-Russian securities, in 2019, NSD completed a major project, automating securities and cash transactions in connection with corporate actions, providing visualization of print forms and transaction details in NSDirect in a user-friendly format, and offering structured CA statements to clients.

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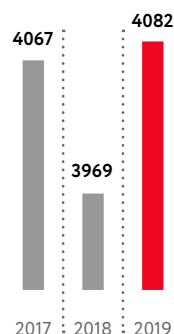
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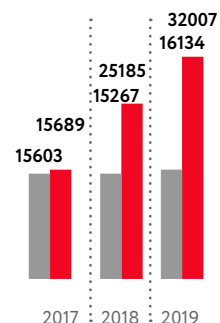


Number of general meetings of securities holders held using the e-proxy voting technology

4082 шт.

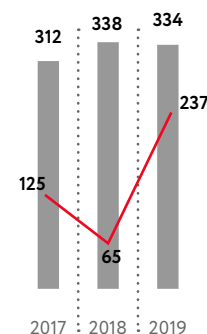


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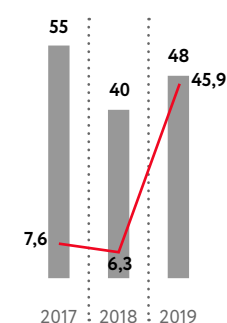
■ Number of CAs for Russian securities
■ Number of CAs for foreign securities

334



■ Number of securities buybacks
— Amount of securities buybacks (RUB billion)

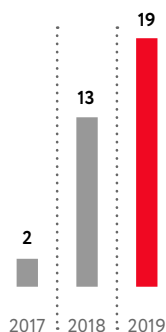
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■ Number of CAs involving the exercise of the preemptive right
— Value of CAs involving the exercise of the preemptive right (RUB billion)

Number of meetings held using the E-voting service

19



In 2019, 4,082 meetings of securities holders using the e-proxy voting technology, 334 corporate actions involving the buyback of RUB 237 billion worth of securities, and 48 corporate actions involving the exercise of the pre-emptive right, as the result of which securities were purchased for approximately RUB 46 billion, were initiated.

In the reporting year, in total, 16,134 corporate action events were initiated for Russian securities, a 6% increase against 2018, while the number of corporate action events initiated for non-Russian securities increased by 27% to reach 32,007. 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 from securities.

In 2019, the amount of income and redemption proceeds paid on securities through NSD decreased against 2018, mainly due to the fact that, in 2018, Russian issuers redeemed or repurchased a number of large bond issues. For Russian securities, the total amount paid was RUB 16.6 trillion, as compared to RUB 19.3 trillion in 2018, while for non-Russian securities, the total amount paid was the equivalent of RUB 0.9 trillion vs RUB 1.0 trillion paid in 2018.

In 2019, 19 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), Gazprom Neft, Sberbank, NSD, IC RUSS-INVEST, Rostelecom, ALROSA, and RusHydro. In 2019, 4,446 shareholders participated in general meetings using the E-voting service. Most of them identified themselves through the Public Services Portal. The number of shareholders voting using NSD's E-voting service increased more



than 6 times against 2018. 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.

In 2020, NSD plans to modernize the process of compiling a list of securities holders for Russian securities, which will include migration to new e-list formats agreed upon with market participants. Other plans include expansion of NSDirect's functionality for clients and automation of corporate actions involving reorganization of issuers, which will simplify data interchange between NSD and issuers/registrars and allow NSD to provide clients with CA confirmations using the international formats. NSD also plans to automate voluntary conversions of securities and the delivery of issuer-provided corporate information to securities holders.

In 2020, NSD will continue its efforts to improve corporate action processes for both Russian and foreign securities. In particular, improvements will be made to the process of providing information concerning CAs; statements to be sent to clients upon completion of CAs will be enhanced in accordance with the ISO standards; and such statements will be made available to clients via the CA Web-client.

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 a 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 in owner securities accounts with NSD.

Tax Management

As part of withholding agent services provided when paying out income on foreign 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 income beneficiaries 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 withholding agent services for foreign 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.

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INFORMATION SERVICES



2019 was the most successful year in the history of NSD's information services. The number of contracts for delivery of information products to market participants surged 70% against the previous year to reach 900, while the total volume of information services provided by NSD over the last five years increased seven times.

Alexander Diakovskiy,
Chief Data Officer



The key driving factors behind the growth of NSD's Information Center were the expansion of the product range and growing demand for NSD's products and services from market players. The number of information products offered to clients almost doubled year-on-year, from 11 to 21, while the number of products used by an average user increased from 2.3 to 3.8. For the first time in the history of NSD's Information Center, the sales of value-added products have overtaken the sales of NSD's conventional Reference Data services.

2019 marked a turning point in the growth of NSD's Information Center. Early in the year, NSD launched a new product — valuation of Russian Ministry of Finance's Eurobonds — that was immediately highly praised by market experts and by the Russian Federal Treasury and subsequently officially accredited by the Bank of Russia. In 2019, with the

introduction of advanced valuation methodologies for mortgage-backed securities, floaters, corporate Eurobonds, and non-rated bonds, data offered by the Valuation Center made it possible for market participants to measure the value of almost any debt instruments available in the Russian market.

The implementation of modern approaches to data management at NSD has become a new and promising area of focus for the Information Center. In 2019, the Strategy Committee of NSD's Supervisory Board approved a concept of monetization of data (Big Data) collected by NSD. The company started rolling out an end-to-end data stewardship system at the level of NSD's business lines, as well as testing hypotheses and prototypes of analytical products based on NSD's data.



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TRI-PARTY SERVICES



In 2019, the amount of liquidity injection through the flagship product of NSD's tri-party services – repo trades with the Russian Federal Treasury – reached RUB 19.9 trillion, up from RUB 17.3 trillion in 2018. The reporting year saw a slight decrease in structural liquidity surplus in the banking sector, as compared to 2018 (RUB 3.026 trillion on average versus RUB 3.332 trillion) and a gradual decline in interest rates.

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



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. Long-term repos (for more than 30 days) accounted for 75% (RUB 118.6 trillion out of RUB 148.5 trillion). The average maturity of Federal Treasury's repos was 7.41 days, as compared to 6.17 days in 2018.

Starting from October 2019, Federal Treasury's repos with collateral management by NSD became available also through Moscow Exchange's OTC terminal. By January 2020, the percentage of trades made through the OTC terminal exceeded 7% of the Federal Treasury's open position in repos and tends to grow rapidly.

St. Petersburg became the first Russian region to connect to NSD's Collateral Management System (CMS). The pilot repo auction of the St. Petersburg Finance Committee took place on 5 July 2019, and the total amount offered by them through repos reached RUB 87.1 billion. The use of repos involving NSD's CMS allows Russian regions to expand the range of instruments available to them for investing public funds that are not immediately required, reduce risks arising from depositing such funds in unsecured bank deposits, get access to a larger pool of credit institutions willing to make repo trades, and, as a result, benefit from a higher yield of liquidity management operations.

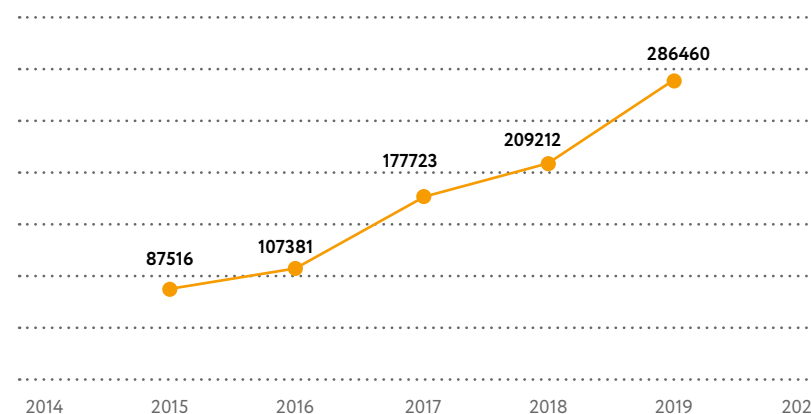
The amount of Bank of Russia's repo trades involving NSD's CMS continued its downward trend in 2019, including due to the market availability of cheaper money than money offered by the lender of last resort: their amount reached the all-time low level of RUB 216.37 billion.

Promotion of CMS services in the OTC market helped increase the amount of interbank repos involving CMS four times against 2018, with the average daily open position being RUB 50 billion as at the year-end. Thanks to the e-confirmation exchange functionality offered by the CMS Web-client for repo trades involving CMS, along with the automated process of settlement instruction generation, the time required to process OTC transactions by clients' back offices decreased. Multiple sources of market

values of securities for collateral valuation purposes make it possible to use more than 23 thousand securities serviced by NSD in repo trades. NSD's clearing system supports the repo rate change and security replacement options, thanks to which clients may hold their open repo positions in CMS, with either a fixed or an open-end settlement date of the second leg of their transactions, over a lengthy period of time.

The number of users of the Single Account service launched in December 2018, which allows automating standard asset transfers between clients' positions held with CCP NCC and NSD, doubled to reach 21, with a quarter of them representing a new user category (issuers). The Single Account service helped clients cut their funding costs, speed up the movement of assets, and reduce operational risks. Moreover, it became possible for customers of clearing participants also to automate their cash transfers between accounts within the Moscow Exchange Group.

Number of DVP transactions



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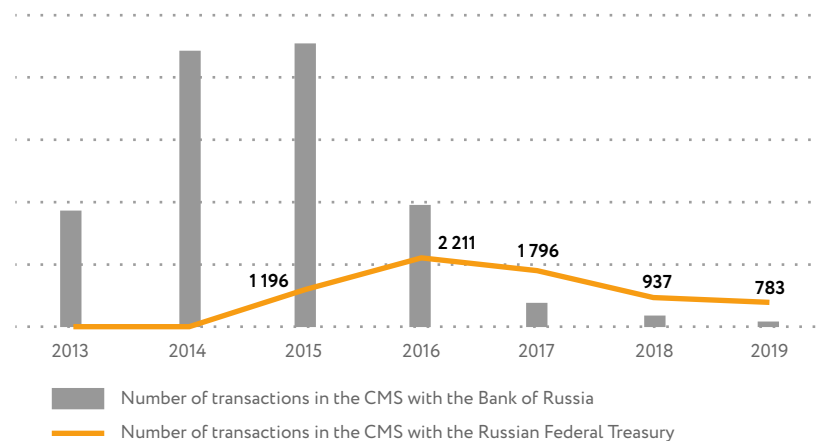
The volume of clearing services for DVP settlements reached the all-time high in 2019, in terms of both the number of transactions (286 thousand, a 37% increase against 2018) and the amount of transactions (the equivalent of RUB 9.4 trillion). Of those transactions, transactions settled on a DVP-2 basis accounted for 91%.

Transactions in foreign currencies accounted for 70% of the total number of transactions. In 2019, market participants benefited from adjusting their business solutions to reflect the relevant amendments made to Federal Law No. 173-FZ dated 10 December 2003 «On Currency Regulation and Currency Control» in late December 2018 and the clarifications issued by the Bank of Russia in January 2019 regarding settlement of cleared securities trades.

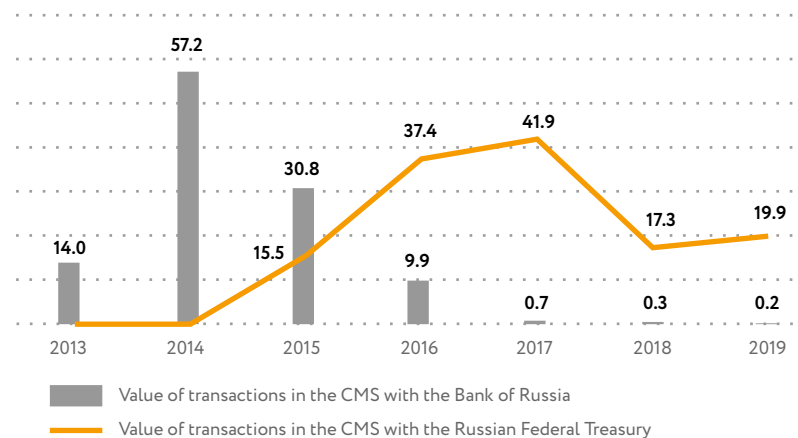
By January 2020, NSD got prepared (in terms of both technology and compliance) to settle trades on a DVP-2/DVP-3 basis, cleared by NSD, in Central Bank money. This allowed NSD to offer its clients a contemporary and secure settlement method that meets Principle 9 of the Principles for Financial Market Infrastructures.

The further plans for NSD's Collateral Management System development include expanding services to new financial market segments and offering new infrastructure services.

Number of transactions in the CMS



Value of transactions in the CMS, RUB trillion



REPOSITORY SERVICES



2019 saw a steady increase in both the number and the amount of trades registered by NSD's Trade Repository: 15.196 million trades for the total amount of RUB 559 trillion, an increase of 2.679 million contracts (+21%) and RUB 124 trillion (+28%) against 2018, respectively. Forex instruments and repo contracts remained the main drivers behind that growth.

Anastasia Kiseleva,
Managing Director
for Repository Services



NSD continued working on the project to establish the Registrar of Financial Transactions (RoFT), the key component of the Bank of Russia's Marketplace ecosystem. Significant improvements were made to the RoFT system's functionality, including data processing, transaction registration, and user information functionality. Further steps were taken to have the RoFT platform integrated with Russia's Public Services Portal.

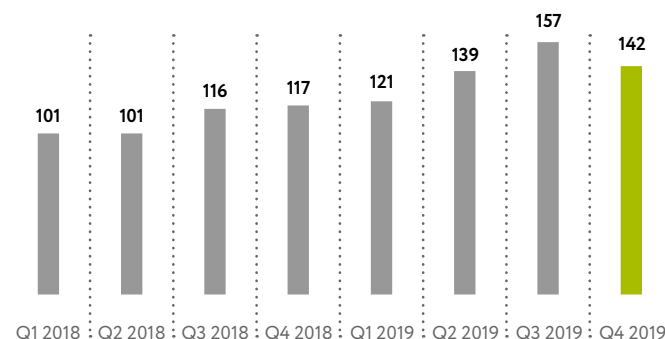
RoFT's readiness for registration of transactions was demonstrated by the integration testing of its functionality together with Marketplace project participants. Currently, regulatory documentation is being drafted which is necessary for NSD to obtain RoFT status.

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

- The 'Reporting Agent' service allows clients who do not have any experience in reporting their trades to the Trade Repository (e.g., corporations or professional securities market participants) to outsource their reporting obligation to NSD. As part of the service, NSD examines a client's primary contract documents and, if so requested by the client, prepares an easy and ready-to-use report. A 'delegated trade reporting' service to report trades to European trade repositories is in the pipeline and will soon be offered to clients.
- Drawing on the experience of developed European and U.S. markets, a base functionality was built for a new service integrating the single fair value measurement methodology (mark-to-market or MTM) for OTC contracts, implemented within the Moscow Exchange Group together with Central Counterparty National Clearing Centre (CCP NCC). The initiative applies CCP NCC's methodology and capabilities to measure an MTM value using data reported to the Trade Repository. The service allows clients to use the single methodology to measure the fair value of OTC derivatives. The service may be used to assess risks, prepare analytical reports, and delegate the MTM reporting obligation.
- NSD offered a service designed to control registration actions of a reporting agent. Having signed up for the service, clients who report their trades through a reporting agent are automatically issued a statement regarding their trades registered by the Trade Repository, in which they are identified as parties to the relevant contracts. Before, such statements were issued to message senders only.

Amount of trades (RUB trillion)

142 RUB TRILLION



- Thanks to the implementation of advanced technologies and Web-service optimization, the performance of the Trade Repository's WEB-client was improved. Testing demonstrated that the average response time to a user action in the interface was 1 to 4 seconds, in line with global best practices for WEB applications.

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

- Together with the National Finance Association (NFA), drafted an OTC repo market report template to be issued to market participants on a regular basis
- In line with global best practices, the Trade Repository drafted a pilot commercial report template intended to disclose summarized figures for contracts, broken down by financial product type and financial sector, which will be distributed through Moscow Exchange's information channels. As a result, all financial market participants will get access to information that is inaccessible now.

PAYMENT SERVICES



In 2019, NSD continued maintaining the high quality of existing services and introducing new ones to 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.

Svetlana Gryanchenko,
Director of Operations Department



In 2019, the following changes were made to the payment infrastructure, which helped improve bank account (payment) services provided to NSD's clients:

- Migration to the Bank of Russia's new automated workplace (KBR-N). This project was implemented due to the transition of the reconciliation of electronic payment messages and electronic information messages to automated systems of credit organizations in accordance with the requirements to information protection in the Bank of Russia Payment System.
- Works were completed to ensure that the NSD Payment System is prepared (in terms of compliance and technology) to act as a settlement platform for the financial services marketplace. The adoption of a Federal Law that would govern operations of e-platforms is forthcoming.
- A decision was taken to launch C2B payments in the Bank of Russia's Faster Payments System (FPS). NSD acceded to the Rules of the MIR Payment System. A project was launched to connect to the FPS.
- New foreign currencies were added to the basket of currencies to support clients' settlements.
- The number of corporate clients making payments through their bank accounts in the NSD Payment System increased.
- The SWIFT GPI service was implemented. NSD is the first CSD to adopt SWIFT GPI.

The benefits offered by SWIFT GPI include:

- Faster and more transparent payments via SWIFT.
- End-to-end tracking of global payments via SWIFT.
- Online tracking of clients' payments (SWIFT MT 103).

In 2019, the amount of cash transfers in Russian rubles and foreign currencies decreased 9.6% to RUB 303.6 trillion against 2018 (RUB 335.7 trillion).

In 2019, the number of client transactions was 1.22 million, a 5.8% increase against the previous year (1.16 million). The number of transactions in Russian rubles decreased 5.4% from 0.87 million (2018) to 0.82 million (2019), while the number of transactions in foreign currencies surged 39.4% from 0.29 million (2018) to 0.40 million (2019).

The decrease both in the amount of payments through the NSD Payment System and in the number of transactions in Russian rubles was due to market volatility, shorter operating hours for payments via the Bank of Russia Payment System, and the decrease in the number of market participants.

In 2019, the Canadian dollar (CAD) was added to the basket of currencies available to clients for their transactions.

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 2019, 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 observed the Principles for Financial Market Infrastructures applicable to NSD.

In 2019, further efforts were made to improve the governing documentation of the NSD Payment System, including documentation governing such crucial aspects as continuous operation and risk management. In particular, NSD approved the amended and restated NSD Payment System Rules; new versions of regulations for risk monitoring in the NSD Payment System; and a procedure for risk management assessment in the NSD Payment System.



IT SERVICES



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.

Alexander Nam,
Managing Director
for Technological Services



SWIFT Service Bureau

In 2019, NSD's SWIFT Service Bureau was certified for compliance with the Shared Infrastructure Programme (SIP) 2019. Compliance with the SIP requirements is evidence of the high level of security and reliability of NSD's SWIFT Service Bureau's operations.

In 2019, 7 new clients signed up for NSD's SWIFT Service Bureau's services, and the total number of Service Bureau users reached 71.

The Service Bureau's clients sent 5,057 thousand SWIFT messages via NSD, a 27% increase against 2018.

Transit 2.0

As at the end of 2019, 15 corporations and 11 banks (including 8 systemically important ones) use the Transit 2.0 platform. The platform offers money transfers in Russian rubles without any restrictions and the limited functionality of forex money transfers and currency controls.

FINTECH AND DECENTRALIZED TECHNOLOGY

In 2019, NSD continued building its capacity and expertise in digital technology and blockchain usage in post-trade services.

For the purpose of enhancing Russia's national commodity market infrastructure, NSD in cooperation with Russian Agricultural Bank launched a pilot project to digitalize and tokenize grain stocks and to trade grain tokens using blockchain technology.

As part of the pilot project, NSD acted as blockchain platform operator responsible for the custody of digital rights to grains and clearing of trades. In the future, the new model

would help minimize risks and costs in the commodity market and improve the effectiveness of trades and settlements thanks to the use of advanced technology. The model could be upscaled to cover other commodities, such as metals and coal.

For digital technologies to be rolled out in the financial and commodity markets on a commercial scale, it is vital to have proper regulation in place, including laws and related secondary legislation.



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