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CLIENT SERVICES AND INTERNATIONAL COOPERATION

Integration into the global financial infrastructure and cooperation with the international community

NSD's membership in international associations and other organizations

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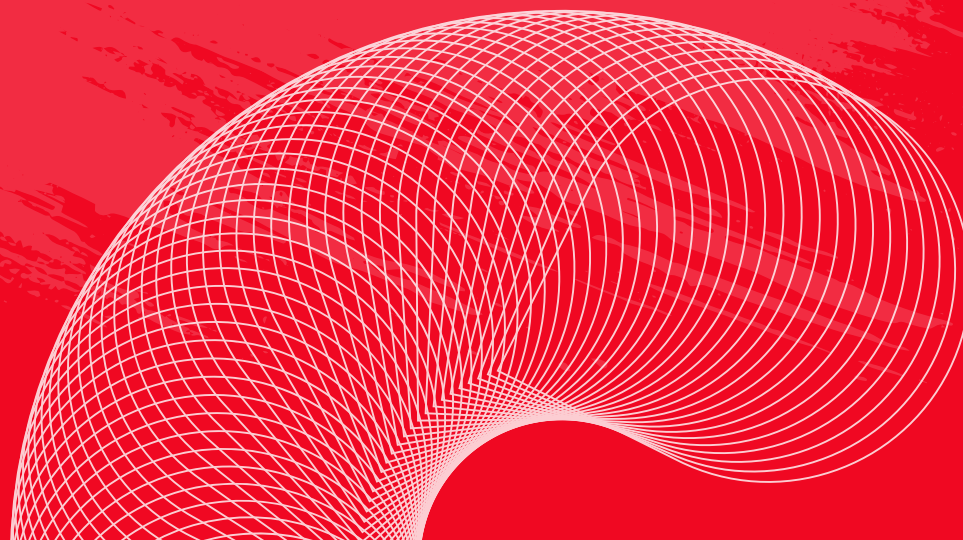
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Client Services

In 2019, NSD continued to develop electronic communications with clients: NSD's clients were offered a new, state-of-the-art communication channel, Web-client for Depository and Clearing Services (DCS Web-client), the main benefits of which are modern and user-friendly interface and usability.

In 2019, NSD launched its new web site optimized for desktops, tablets, and mobile devices, with effective navigation design and a modern search engine.

The web site contains a self-service technical support portal that allows users to submit and track support requests and view the request history.

In 2019, further improvements were made to the User Account (LKU), the service designed to submit documents to NSD in electronic format, track their statuses in real-

time, and view the full list of submitted documents, including the dates when relevant actions were taken on those documents. In 2019, 55% of the documents submitted to NSD by clients were submitted through their User Accounts.

Active communications with clients were maintained both through physical seminars and webinars: in total, 12 seminars and webinars were provided in 2019, with more than 1,000 participants.

International Cooperation

The main goal of NSD's international activities is to widen the scope of opportunities available to the company's clients

INTEGRATION INTO THE GLOBAL FINANCIAL INFRASTRUCTURE AND COOPERATION WITH THE INTERNATIONAL COMMUNITY

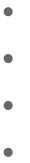
NSD's key goals in the global arena are to build a positive reputation of the company and Russian securities market, promote the Russian securities market, strengthen relationships with foreign partners, and share experience and expertise in various financial areas.

To those ends, NSD holds regular bilateral meetings with its partners, participates actively in a number of international organizations, attends major international forums and conferences, and acts as a member of some intergovernmental committees and working groups.

Bilateral meetings

In February 2019, in Minsk, NSD's representatives met with officials from the Ministry of Finance of Belarus to discuss certain initiatives and cooperation plans between the systemically important financial market infrastructures of Belarus and Russia.

A number of key meetings with partners also took place on the sidelines of SIBOS 2019, including with CSDs of South Korea, China, Vietnam, South Africa, and Taiwan, as well as with Euroclear and Clearstream.



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In addition, major meetings with representatives of CSDs of China, South Korea, Turkey, and some CIS countries (Belarus and Georgia) took place during the Moscow Exchange Forum 2019.

Multilateral cooperation formats

In 2019, as a member of the Association of Eurasian Central Securities Depositories (AECSD), NSD took steps to strengthen relationships across the region, which contributed to greater integration between AECSD members.

A traditional training seminar for AECSD members took place in June 2019 in Dushanbe, Republic of Tajikistan. The seminar was attended by representatives of 9 countries: Armenia, Belarus, Kazakhstan, Kyrgyzstan, Uzbekistan, Russia, Tajikistan, Turkey, and South Korea. Among the guests were also representatives of the Stock Exchange, Ministry of Finance, and National Bank of Tajikistan. For the first time in the history of such seminars, speakers from NSD and Moscow Exchange participated in the seminar by video conferencing (Webex), which allowed them to provide comprehensive information in response to all questions raised by seminar participants.

The Joint Conference of the AECSD and the International Association of Exchanges, named "Integration Processes on Financial Markets: Eurasia and Global Economy", took place in September 2019 in Bishkek, Kyrgyzstan, featuring senior executives and leading experts in stock exchange/depository operations from CIS and other countries.

The conference was attended by more than 100 delegates, including representatives of CSDs from CIS countries, ICSDs, stock exchanges, regulators, investment banks, analytical agencies, and international organizations, as well as representatives of the financial sector of China, Turkey, United Kingdom, Iran, South Korea, Belgium, and other countries.

By tradition, the conference involved the Annual General Meeting of AECSD members attended by representatives of AECSD members and observers. The Meeting participants discussed prospects and outcomes of various international initiatives, such as the 2019 conference of the World Forum of CSDs (WFC) in Morocco and the forthcoming WFC conference 2021 in the Czech Republic, the Single Disclosure project, the World CSD Fact Book, the E-learning initiative, successful cooperation with the Asia-Pacific Central Securities Depository Group (ACG), and further cooperation with other regional CSD associations. AECSD members were presented a number of projects: further improvement of the web site, trainings and seminars, new missions and members of working groups, etc. By a decision taken by the AECSD members, the Central Depository of Armenia (CDA) took the chair in the AECSD, and Vagan Stepanyan, President of the CDA, became the new Chairman of the Association. The next international conference of the AECSD will take place in the Republic of Armenia in September 2020, and the next international training seminar of the AECSD will be hosted by the Republic of Belarus in June 2020.

On 14 November 2019, in Moscow, the AECSD and the Advisory Committee on Financial Markets of the Board of the Eurasian Economic Commission (EEC) signed a Memorandum of Cooperation. The signing ceremony was attended by Timur Zhaksylykov, Minister for Economics and Financial Policy of the EEC, and Vagan Stepanyan, Director of the Central Depository of Armenia, Chairman of the AECSD. On behalf of NSD acting as AECSD Secretariat, the event was attended by Maria Krasnova, Deputy Chairman of NSD's Executive Board. The parties agreed to establish long-term cooperation in the field of depository activities, improve the custody systems in securities markets, and develop financial market infrastructures. The signatories noted that joint efforts and expanded cooperation were extremely important for the development of integration processes in the Eurasian region, putting in place integrated securities market infrastructure, and introducing new financial technologies. Moreover, it was noted that the depositories of the Eurasian Economic Union (EAEU) member countries play the key role in setting the stage for the implementation of the Concept for the Common Financial Market of the EAEU, and that their experience and expertise could be extensively used in this process.

WFC

As a member of the Board of the World Forum of CSDs (WFC), NSD plays an active role in its work. In particular, NSD's representatives attended the WFC Conference in Marrakesh, Morocco, in April 2019. The WFC 2019 program was focused mainly on the impact new technologies have on CSDs' principal business. The Conference participants discussed various IT-related aspects, including prospects of cloud computing, cyber security, robotics, and artificial intelligence. At the joint session of regional CSD associations, their general secretaries discussed the recent trends and challenges faced by securities markets across the regions.

As part of the WFC 2019, meetings of the regional CSD associations were held. In particular, the AECSD arranged a regional meeting attended by its members from Armenia, India, Kazakhstan, South Korea, Russia, and Turkey. The meeting participants discussed recent business developments and were updated on the AECSD's activities and preliminary results of the WFC's E-learning initiative development. The meeting was wrapped up with a discussion of hot topics to be addressed by the forthcoming Annual General Meeting of the AECSD.

Other activities

NSD also develops contacts with key players in the global financial sector and participates, on a regular basis, in events hosted by other regional associations, as well as in major international conferences and forums.

In March 2019, in Yogyakarta, Indonesia, the 21st ACG seminar took place, which, as part of cooperation between the AECSD and the ACG, was attended by representatives

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of NSD permanently acting as the AECSD Secretariat. The AECSD Secretariat presented the key areas of focus both of the Association and its members, as well as the progress in research and implementation of contemporary digital technologies (blockchain, DLT, AI, robotics). The presentation was highly praised by the seminar sponsors and ACG Secretariat, and the seminar participants found it very useful to get insight into CSDs' activities across the AECSD region.

In November 2019, the ACG hosted an international conference in Bangkok, Thailand, at which NSD made a presentation focused on e-voting systems, the WFC's E-learning platform, and NSD and AECSD's other prospective projects and initiatives.

In April 2019, the 10th Moscow Exchange Forum attended by more than 2,000 participants took place. The key topics addressed by the Forum were financial policy in support of economic growth and financial and capital market drivers. The Forum was attended by representatives of banks and brokerage companies, Russian and global investment funds, independent experts and analysts, regulators, and business owners.

In June 2019, NSD's representatives attended The Network Forum in Athens, Greece. The Network Forum is a platform for discussion of challenges facing the financial services industry. The Forum provides a wide range of opportunities both for understanding key trends in financial markets and for networking.

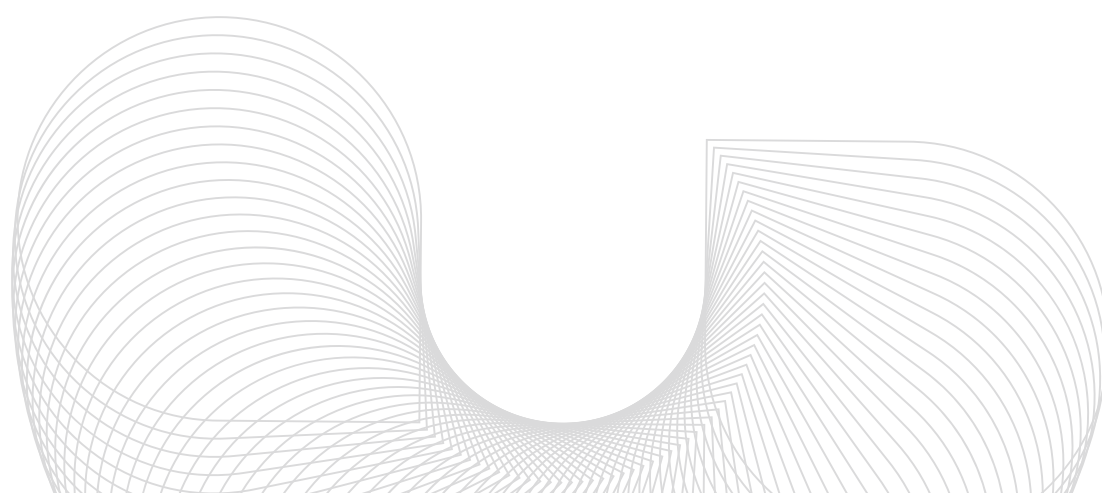
In October 2019, a SIBOS international conference was held in London. During the event, Maria Krasnova, Deputy Chairman of NSD's Executive Board, gave an interview on «The Future of the Securities Market Infrastructure in Russia».

Participation in intergovernmental commissions

The Asia-Pacific Region remains one of the key focuses of NSD's international cooperation.

The 20th meeting of the Sub-commission for Financial Cooperation of the Russian-Chinese Commission for the Preparation of Regular Meetings between Heads of Governments took place in August 2019 in Kaliningrad, Russia. Arman Melkumyan, Head of NSD's Network Management Division, was among those who attended the meeting of the Sub-commission's working group on cooperation in the financial markets, and the Sub-commission's plenary meeting.

The meeting participants discussed potential ways of cooperation in the financial sector between Russia and China, including development of cooperation in the context of various aspects of their CSDs' operations, information sharing regarding the national stock markets and CSDs' services (including custody, settlement, and information services), and cooperation within the regional CSD associations.



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NSD'S MEMBERSHIP IN INTERNATIONAL ASSOCIATIONS AND OTHER ORGANIZATIONS

Membership in both domestic and international industry associations is essential as it enables NSD to adopt international best practices and standards and to ensure NSD's successful integration into global markets.

NSD is a member of the following leading international organizations in the post-trade industry:

- Association of Eurasian Central Securities Depositories (AECS);
- World Forum of CSDs (WFC);
- European Central Securities Depository Association (ECSDA);
- Association of National Numbering Agencies (ANNA);
- International Securities Services Association (ISSA);
- National Finance Association (NFA);
- Russian National SWIFT Association (ROSSWIFT);
- DLT Working Group.

NSD's Activities as Numbering Agency and Local Operating Unit (LOU)

NSD acts as National Numbering Agency (NNA) for Russia and Substitute Numbering Agency (SNA) for the CIS countries, and as such assigns ISINs, CFIs and FISNs to financial instruments. In 2019, NSD assigned 1,592 ISINs, CFIs and FISNs to Russian financial instruments and 43 ISINs, CFIs and FISNs to financial instruments issued by CIS issuers.

In May 2019, NSD successfully passed annual re-accreditation as Local Operating Unit (LOU) authorized to assign and verify, on an annual basis, LEIs and to provide other services, including accepting LEIs issued by other LOUs for servicing and providing data to the LEI database maintained by the Global Legal Entity Identifier Foundation (GLEIF). NSD is the first and the only company in Russia and CIS with that status.

As LOU, NSD covers 29 jurisdictions, including, in addition to Russia, CIS, Western and Eastern European, and other countries, market players from which may request that NSD assign and service their LEI codes. At the request of its clients, NSD continues extending the list of covered jurisdictions. In 2019, NSD assigned 83 LEIs and verified 540 LEIs.

In 2019, to meet the needs of clients from CIS countries, NSD arranged for the assignment and further servicing of LEIs through GLEIF-licensed Registration Agents acting in clients' countries. Thanks to such Registration Agents, access to NSD's LEI assignment and verification services for non-Russian market participants will be simpler and quicker.

By acting as Numbering Agency and LOU, NSD contributes to the introduction of the global coding standards in the Russian and CIS markets, which improves their transparency, helps them integrate into the global market infrastructure, and simplifies and optimizes financial market transactions.

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