

# 03

# CORPORATE GOVERNANCE



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At NSD, corporate governance means that the principles and rules of managing and controlling the company and governing relationships between the company's executive bodies, Supervisory Board, shareholders, and other stakeholders (participants of corporate relationships), are aimed at setting NSD's objectives and determining the means to achieve them.

As the CSD, NSD is committed to satisfying the interests of its clients, regulators, and financial market participants.

# CORPORATE GOVERNANCE PRINCIPLES

NSD's Corporate Governance Principles are set out in NSD's Corporate Governance Policy (approved by NSD's Supervisory Board on 1 October 2019 and by the Bank of Russia on 31 October 2019), available on NSD's official web site.

NSD applies the best corporate governance standards and practices, including those set out in NSD's Corporate Governance Policy.

The results of compliance with the corporate governance principles set out in NSD's Corporate Governance Policy are described in the appendix to this Report<sup>1</sup>.

In corporate governance processes, NSD also follows the principles recommended by Moscow Exchange and set out in the Moscow Exchange's Corporate Governance Code, including the principle that requires acting in the best interests of users of services provided by Moscow Exchange Group companies, the principle of corporate social responsibility, and other principles.

The Supervisory Board is responsible for strategic management of NSD and exercises effective control over the performance of the Executive Board and the Executive Board Chairman.

- The Supervisory Board is also responsible for defining the company's development strategy, exercising effective control over the company's financial and business activities, and approving the company's budgets.

- The composition of the Supervisory Board ensures the most effective performance of its functions.
- The Supervisory Board members actively participate in Supervisory Board meetings, as well as meetings of the Supervisory Board Committees.
- Supervisory Board meetings are convened on a regular basis, either in the form of in-person meetings or in the form of meetings in absentia, depending on the importance of the agenda matters and in accordance with the meeting schedule.
- The Regulations on the Supervisory Board set out, in detail, the procedure for arranging and holding Supervisory Board meetings.
- The Supervisory Board comprises the Budget Committee, the Audit Committee, the Nomination and Remuneration Committee, the Strategy Committee, and the Technological Policy and Development Committee.
- In accordance with NSD's Articles of Association, the Supervisory Board may establish any other standing or ad-hoc committees, as well as Customer Committees responsible for certain key areas of NSD's business in order to deal with any current issues.
- The Supervisory Board is responsible for ensuring the effective performance of the Executive Board and the Chairman of the Executive Board, as well as for exercising control over their performance.

<sup>1</sup> In accordance with Bank of Russia's Directive No. 5062-U dated 17 January 2019.



The Executive Board and the Chairman of the Executive Board are capable of effectively and reasonably running NSD's day-to-day operations, in good faith and in the best interests of NSD.

- In accordance with NSD's Articles of Association, the Executive Board is authorized to deal with the most complex issues arising in the company's day-to-day operations.
- The composition of the Executive Board ensures that NSD's executive bodies carry out their functions most effectively.

NSD assesses its corporate governance system in accordance with the Bank of Russia's recommendations laid down in its Letter No. 11-T dated 7 February 2007 "On the Corporate Governance Assessment Questionnaire for Credit Organizations".

In accordance with clause 12.3.26.9 of NSD's Articles of Association, the company's corporate governance system is assessed on at least an annual basis. In 2019, NSD's corporate governance system was assessed, and upon completion of the assessment, a corporate governance report was prepared and approved by the Supervisory Board.

# SUPERVISORY BOARD'S PERFORMANCE REPORT FOR 2019

In 2019, as in the previous years, a number of foreign experts were among the Supervisory Board members to ensure that its decision-making process takes global trends and expertise into account.

The Supervisory Board performed the overall management of NSD's operations and held 14 meetings during the reporting year, including six in-person meetings.

At its meetings, the Supervisory Board took decisions on key issues relating to NSD's financial and business activities and business development, including the following:

- approval of the NSD Development Strategy 2019–2024;
- monitoring indicators for NSD's priority areas of business, and monitoring indicators for NSD's new products and services in 2019;
- implementation of NSD's Revenues, Costs and Income Budget and NSD's Capital Expenditures Budget for 2019;
- approval of NSD's Revenues, Costs and Income Budget and NSD's Capital Expenditures Budget for 2020;
- preliminary approval of NSD's Annual Report for 2018;

- approval of the fees payable to NSD's independent auditor;
- amendments to NSD's Fee Schedules;
- addressing various matters relating to the implementation of the project «Central Operator of Individual Pension Capital» / «Pension Operator of the Guaranteed Pension Plan»;
- addressing various matters relating to the implementation of NSD's project «Improvement of the Securities Issuance Process»;
- review of NSD's performance reports prepared by the Executive Board;
- addressing various matters relating to remuneration of the members of NSD's executive bodies; and
- addressing various matters relating to the entering into of the amended and restated Shareholders Agreement with Respect to NSD.

Also, the Supervisory Board gave a great deal of attention to addressing and deciding on issues of corporate governance at NSD, in particular:

- assessment of the state of corporate governance at NSD;

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- assessment of NSD's internal control system;
- election of members of NSD's Executive Board, and authorizing Executive Board members to hold positions in management bodies of other organizations;
- convocation of the annual General Meeting of Shareholders in 2019;
- recommendations to the annual General Meeting of Shareholders in 2019;
- convocation of NSD's extraordinary General Meeting of Shareholders held on 22 January 2020;
- recommendations to the extraordinary General Meeting of Shareholders held on 22 January 2020; and
- election of new members of Supervisory Board Committees and Customer Committees.

In addition, decisions were taken on issues relating to NSD's operational efficiency and amendments to, and approval of, NSD's internal regulations, including the following issues:

- review of reports submitted by NSD's Internal Control and Internal Audit Departments, approval of the Internal Audit Department's work plan, and review of CSD controller's performance reports;
- assessment of risks and of the effectiveness of risk management at NSD;
- review of stress testing and ICAAP reports;
- review of the report on the implementation of NSD's Risk Management Development Strategy for 2018;
- review of the Executive Board Chairman's report regarding management of the Trade Repository's regulatory risk for 2018;
- review of NSD's Customer Satisfaction Index Report;
- approval of the estimated level of NSD's economic capital for 2019;
- approval of NSD's Key Performance Indicators for 2019;
- approval of NSD's corporate Key Performance Indicators for 2020;

- approval of NSD's internal regulations, including:
  - amended and restated Technological Policy in the Field of Basic Information Technology (IT);
  - amended and restated Risk Management Rules for Risks Associated with the Activities of the Central Securities Depository;
  - amended and restated Clearing Rules;
  - amended and restated Internal Control Rules on Anti-Money Laundering, Combating the Financing of Terrorism and Financing of the Proliferation of Weapons of Mass Destruction;
  - amended and restated Risk and Capital Management Strategy;
  - Terms of Transactions in Financial Instruments of Persons Considered to be NSD's Insiders and Persons Related to Them;
  - amended and restated Internal Audit Rules;
  - amended and restated Terms and Conditions of Depository Operations;
  - amendments to the Regulations on the Strategy Committee of NSD's Supervisory Board;
  - amended and restated Risk Management Policy;
  - amended and restated Development Strategy Drafting, Approval and Monitoring Guidelines;
  - amended and restated Regulations on the Internal Audit Department;
  - amended and restated internal regulations that govern employee compensation;
  - amended and restated Financial Recovery (Self-Recovery) Plan;
  - amended and restated Pricing Policy;
  - amended and restated Regulations on Investment of NSD's Temporarily Free Cash Funds;
  - amended and restated Risk and Capital Management Strategy; and
  - amended and restated Corporate Governance Policy.

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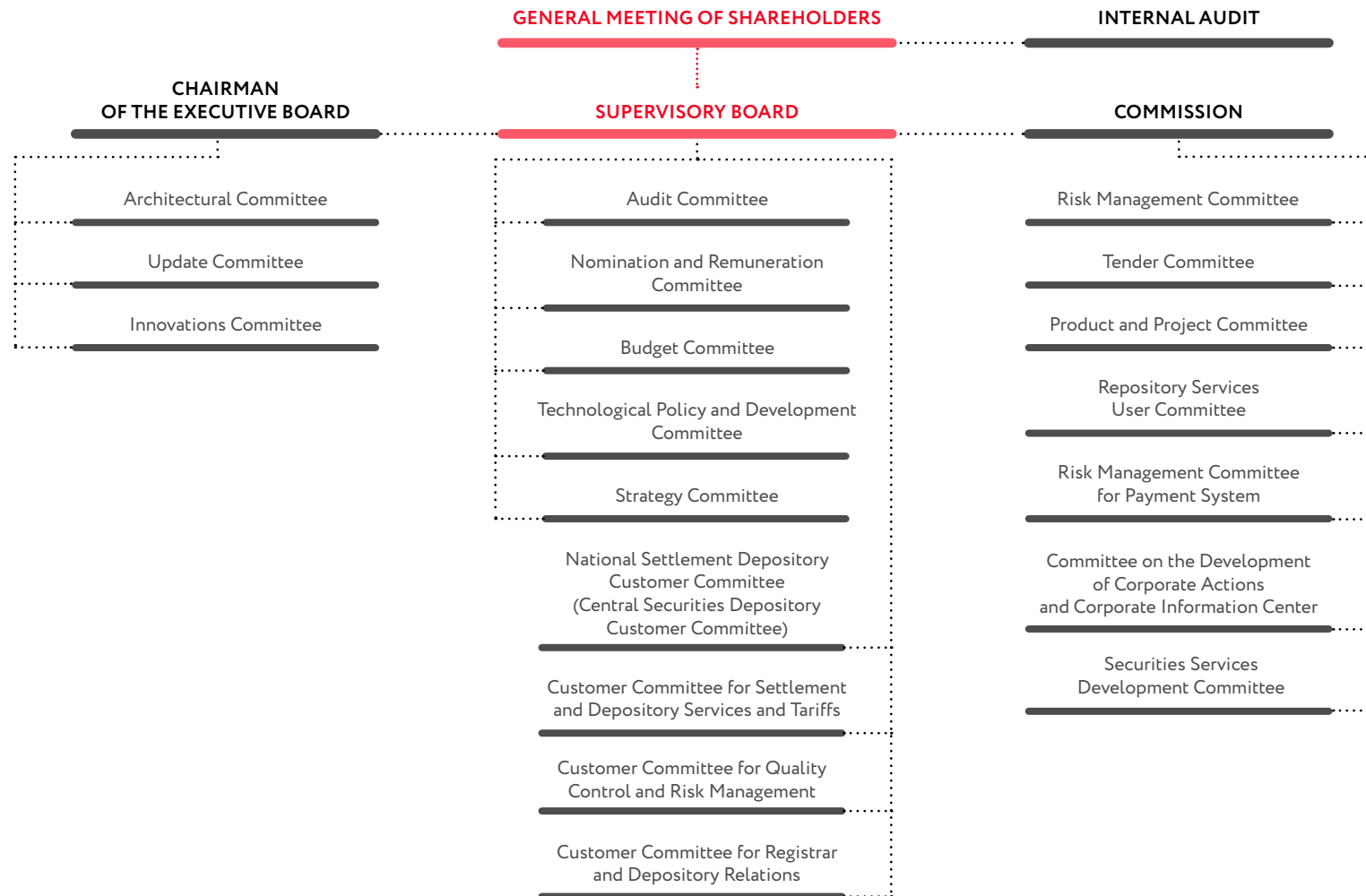
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# NSD'S CORPORATE GOVERNANCE STRUCTURE





Andrey Shlyappo,  
Deputy Chairman  
of the Executive Board

Maria Krasnova,  
Deputy Chairman  
of the Executive Board

Irina Veremeenko,  
Chief Accountant,  
Director of Accounting  
and Reporting Department

Eddie Astanin,  
Chairman  
of the Executive Board

## EXECUTIVE BOARD MEMBERS



# NSD'S MANAGEMENT BODIES

Body	Mission
<b>General Meeting of Shareholders</b>	<p>The General Meeting of Shareholders is NSD's superior management body. General Meetings are convened at least once a year.</p> <p>The General Meeting takes decisions on key matters relating to NSD's activities. The list of matters reserved to the General Meeting is set out in Federal Law No. 208-FZ dated 26 December 1995 "On Joint-Stock Companies" and NSD's Articles of Association.</p>
<b>Supervisory Board</b>	<p>The Supervisory Board is NSD's superior management body exercising management functions during the periods between General Meetings. Supervisory Board members are elected by the General Meeting of Shareholders for the period until the next annual General Meeting. The proceedings of the Supervisory Board are governed by the Regulations on the Supervisory Board approved by the General Meeting.</p>
<b>Chairperson of the Executive Board</b>	<p>The Chairperson of the Executive Board is the chief executive officer of NSD. The Chairperson of the Executive Board is appointed by the Supervisory Board for a term of three years.</p>
<b>Executive Board</b>	<p>The Executive Board is NSD's collegial executive body. Executive Board members are appointed by the Supervisory Board for a term of two years. The proceedings of the Executive Board are governed by the Regulations on the Executive Board approved by the General Meeting.</p>

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# COMMITTEES AND COMMISSIONS

Additional information regarding NSD's Committees and Commissions is available on page 67 of this Report.

## Internal Audit Commission

Committee	Mission
Internal Audit Commission	The Internal Audit Commission is the controlling body responsible for exercising internal control over NSD's financial and business activities. Members of the Internal Audit Commission are elected at annual General Meetings of Shareholders. The proceedings of NSD's Internal Audit Commission are governed by the Regulations on the Internal Audit Commission approved by the General Meeting.

## Supervisory Board Committees

Committee	Mission
Audit Committee	Ensuring efficient work of NSD's Supervisory Board in organizing the internal control and external audit system, as well as risk management at NSD.
Budget Committee	Improving the efficiency of NSD's Supervisory Board by ensuring proper control over the way funds are received and spent at NSD. The Committee thoroughly prepares materials to be considered at meetings of NSD's Supervisory Board relating to financial planning and financial resources management at NSD.
Nomination and Remuneration Committee	In-depth analysis of matters relating to the recruitment, assessment and remuneration of NSD's senior managers, including Supervisory Board members, the Chairperson of the Executive Board, Executive Board members, and members of the Internal Audit Commission, and preparation of materials to be addressed at Supervisory Board meetings.
Technological Policy and Development Committee	Analysis of development of NSD's IT systems, and making recommendations to the Supervisory Board and the Executive Board on matters relating to the technological policy pertaining to the creation, maintenance, operation, and development of IT systems.
Strategy Committee	Making recommendations to NSD's Supervisory Board as to the worst-case, baseline, and best-case scenarios and the strategy of NSD's development for a new period. Monitoring the progress in the implementation of NSD's current strategy, assessing the need to adjust NSD's current strategy, and making relevant proposals to the Supervisory Board.

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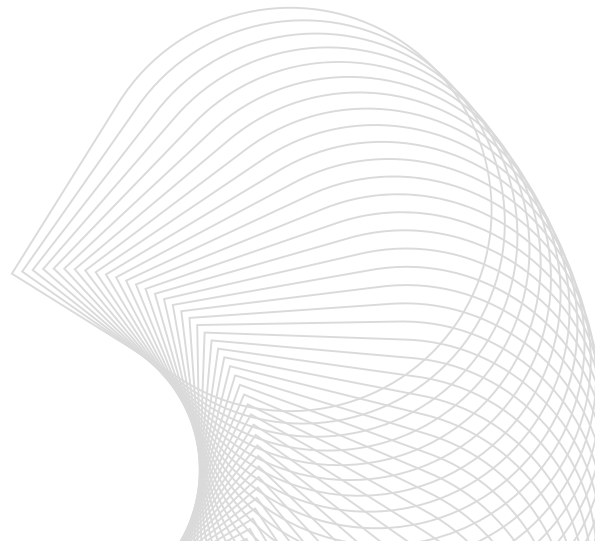
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## Customer Committees of the Supervisory Board

Committee	Mission
<b>Customer Committee for Quality Control and Risk Management</b>	Making recommendations to the Supervisory Board and/or the executive bodies on the client and marketing policy, improving the quality of client services, and approval of internal regulations relating to clearing activities.
<b>Customer Committee for Settlement and Depository Services and Tariffs</b>	Analyzing customers' needs, making recommendations to the Supervisory Board and/or the executive bodies for the development of depository and settlement products and NSD's pricing policy.
<b>Customer Committee for Registrar and Depository Relations</b>	Making recommendations to the Supervisory Board and/or the executive bodies to improve existing methods of interaction between NSD and registrars, and proposals to change existing technologies being used for the interaction between NSD and registrars.
<b>National Settlement Depository Customer Committee (Central Securities Depository Customer Committee)</b>	Approval of internal regulations of NSD as the central securities depository and NSD's fees for depository services.



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## Committees of the Executive Board

Committee	Mission
<b>Risk Management Committee</b>	Assistance to the Executive Board in the field of corporate governance and risk management improvement.
<b>Tender Committee</b>	Securing the best terms for procuring goods, services, and works needed to support NSD's operations, and minimizing the risk of NSD's contractors failing to deliver.
<b>Product and Project Committee</b>	NSD's project management.
<b>Repository Services User Committee</b>	Considering proposals and making recommendations to the Executive Board for the development and improvement of NSD's trade repository activities.
<b>Risk Management Committee for Payment System</b>	Considering proposals and making recommendations to NSD's executive bodies in the field of risk management in the NSD Payment System.
<b>Committee on the Development of Corporate Actions and Corporate Information Center</b>	Considering proposals and making recommendations to NSD's Executive Board for the development of the Corporate Actions and Corporate Information Center.
<b>Securities Services Development Committee</b>	Considering proposals and formulating recommendations on various issues associated with NSD's securities services.

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## Committees of the Chairperson of the Executive Board

Committee	Mission
Architectural Committee	Making proposals to ensure uninterrupted operation of IT infrastructure, development of the IT strategy, and monitoring its implementation.
Update Committee	Quality analysis of controls in the course of updating software or IT infrastructure, and risk management in the course of making updates.
Innovations Committee	Development of innovative ideas to create new products and services and to improve the competitiveness of NSD's existing products and services, as well as development of NSD's innovative capacity.

## Supervisory Board members elected at the annual General Meeting of Shareholders on 31 May 2018<sup>1</sup>

Eddie Astanin	Alexander Afanasiev
Paul Anne F. Bodart	Mikhail Bratanov
Oleg Vyugin	Andrey Golikov
Yury Denisov	Sergey Ivliev
Bella Zlatkis	Sergey Lykov
Paul James Ostling	Anton Ostrovskiy
Andrey Popov	Nadezhda Ushakova
Ilya Yuzhanov	

<sup>1</sup> Information on the Supervisory Board members elected on 31 May 2018 is available in NSD's Annual Report for 2018.

## Supervisory Board members elected at the annual General Meeting of Shareholders on 30 May 2019. Information on the Supervisory Board Members<sup>1</sup>

### Eddie Astanin

**Date of birth:**

16 December 1961

**Education:**

- 1984. Mozhaisky Military Engineering Institute.
- 1996. Institute for Further Training and Qualification Upgrade in Finance and Banking at the Finance Academy under the Government of the Russian Federation.
- 1992. Ph.D. in Engineering Sciences.

**Positions held in the last 5 years, including membership in other organizations' management bodies:**

Organization	Position	Dates of appointment / election and resignation / removal
National Settlement Depository	Chairman of the Executive Board	From 11 November 2010
S.W.I.F.T.	Member of the Board of Directors	From 11 June 2015
Settlement Depository Company (Joint Stock Company)	Member of the Board of Directors	From 29 March 2018
Stock Company Saint-Petersburg Currency Exchange	Member of the Board of Directors	31 May 2012 – 28 June 2018
Petersburg Settlement Center Limited	Member of the Board of Directors	19 May 2011 – 18 May 2017
Self-Regulatory Organization "National Finance Association" (NFA)	Board member	20 April 2011 – 13 April 2017

<sup>1</sup> As of 31 December 2019.



## Svetlana Balanova

Independent director

### Date of birth:

5 October 1970

### Education:

- 1992. Moscow State Linguistic University (The Maurice Thorez Institute of Foreign Languages).
- 2000. Open University Business School (UK).
- 2019. Institute of Directors-IoD, UK.

### Positions held in the last 5 years, including membership in other organizations' management bodies:

Organization	Position	Dates of appointment / election and resignation / removal
IBS Expertise LLC	General Director	From 27 December 2013
IBS IT Services PJSC	General Director, Member of the Board of Directors	From 8 August 2017



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## Paul Anne F. Bodart

### Date of birth:

22 January 1953

### Education:

- 1976. Université Catholique de Louvain, Belgium.
- 1986. INSEAD, Fontainebleau, France.

### Positions held in the last 5 years, including membership in other organizations' management bodies:

Organization	Position	Dates of appointment / election and resignation / removal
Belfius Bank S.A.	Independent director and member of the Audit Committee	From 2016
Solvay Business School of the Brussels University	Professor in the Post Master in Financial Markets program	From 2013
European Central Bank	T2S Board Member	July 2012 – December 2015
Dexia SA	Independent Director and Chairman of the Audit Committee	January 2013 – November 2016
Moscow Exchange	Supervisory Board Member	From 25 April 2019

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## Mikhail Bratanov

### Date of birth:

16 May 1973

### Education:

- 1996. Moscow Institute of Electronic Technology (Technical University) (MIET).
- 2003. Moscow Institute of Electronic Technology (Technical University) (MIET), post-graduate course, Ph.D. (Economics).
- 2011. The Moscow School of Management SKOLKOVO, Executive MBA.
- 2014: Institute of Directors (IoD), London, Great Britain, Cert IoD, Dip IoD,
- 2017: IoD Chartered Director.
- 2019. Centre for Effective Dispute Resolution, UK.

### Positions held in the last 5 years, including membership in other organizations' management bodies:

Organization	Position	Dates of appointment / election and resignation / removal
PJSC ROSBANK	Regional Head of Societe Generale Securities Services (Russia and CIS), Head of Securities Services	From 1 February 2007
Public Joint-Stock Company "Moscow Exchange MICEX-RTS" (Moscow Exchange)	Supervisory Board member	16 September 2011 – 27 April 2016, and from 26 April 2018
Professional Association of Registrars, Transfer Agents and Depositories (PARTAD)	Member of the Board of Directors	From 10 July 2008
RB Specialized Depository LLC	Member of the Board of Directors	From 11 May 2016
Russian National Reinsurance Company	Supervisory Board member	From 29 July 2016
Self-Regulatory Organization "National Finance Association" (NFA)	Member of the Board of Directors	From 13 April 2017
Association "Improvement of Cottage Settlement "Pestovo"	Chairman of the Management Board	From 7 April 2018

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## Oleg Vyugin

### Date of birth:

29 July 1952

### Education:

- 1974. Lomonosov Moscow State University.
- 1978. Lomonosov Moscow State University, post-graduate course.

### Positions held in the last 5 years, including membership in other organizations' management bodies:

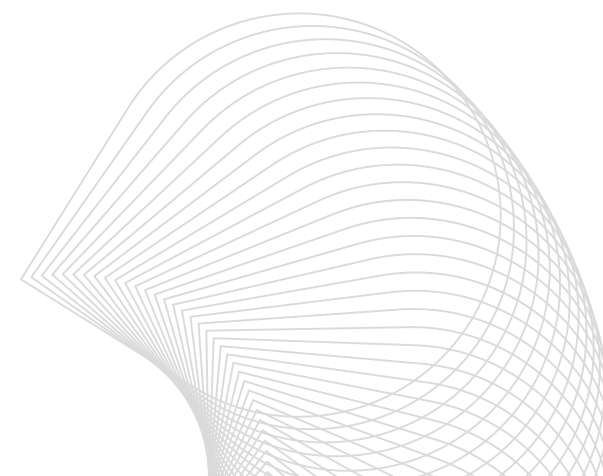
Organization	Position	Dates of appointment / election and resignation / removal
Federal State Autonomous Educational Budgetary Institution of Higher Professional Education "National Research University Higher School of Economics"	Professor of the School of Finance, Faculty of Economics	From 1 June 2007
Rosneft Oil Company PJSC	Member of the Board of Directors	From 17 June 2005
NAUFOR	Member of the Board of Directors, Chairman of the Board of Directors from 14 September 2010	From 3 June 2010
Public Joint-Stock Company "Moscow Exchange MICEX-RTS" (Moscow Exchange)	Supervisory Board member, Supervisory Board Chairman from 26 April 2018	From 27 April 2017
Center for Strategic Research Foundation	Board member	From 7 February 2002
PJSC SAFMAR Financial Investments	Chairman of the Board of Directors	From 26 June 2017
Unipro PJSC	Member of the Board of Directors	From 7 December 2017
The New Economic School Endowment Fund	Member of the Board of Trustees	From 2 July 2008

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Organization	Position	Dates of appointment / election and resignation / removal
European University at St. Petersburg (EUSP) Endowment Fund	Member of the Board of Trustees	From 15 February 2008
Not-For-Profit Fund "Analytical Center Forum"	Member of the Board of Trustees	From 26 April 2011
National Council on Corporate Governance	Presidium member	From 9 September 2011
Youth Enterprise Support Fund "AGATE"	Board member	From 19 July 2016
Skolkovo - Venture Investments	Member of the Board of Directors	22 March 2017 – 28 June 2019
B&NBANK PJSC (known as MDM Bank before 18 November 2016, and URSA Bank before 6 August 2009)	Chairman of the Board of Directors from 7 August 2009 – 18.11.2016 Member of the Board of Directors	29 July 2009 – 28 February 2017
SF Holdings Company Plc	Board Member	From 23 January 2019

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## Andrey Golikov

### Date of birth:

14 March 1969

### Education:

- 1991. Lomonosov Moscow State University.
- 2016. Institute of Directors (IoD), UK.

### Positions held in the last 5 years, including membership in other organizations' management bodies:

Organization	Position	Dates of appointment / election and resignation / removal
Public Joint-Stock Company "Moscow Exchange MICEX-RTS" (Moscow Exchange)	Deputy Chairman of the Supervisory Board	From 24 April 2003
Central Counterparty National Clearing Centre	Supervisory Board member	From 30 June 2014
Self-Regulatory Organization "National Finance Association" (NFA)	Co-chairperson of the Board of Directors	From 13 April 2017
Russian National Reinsurance Company	Supervisory Board member	From 19 December 2016
Commercial bank "Absolut Bank" (PAO)	Member of the Board of Directors	From 30 June 2017
"Bank Otkritie Financial Corporation" (PJSC)	Supervisory Board member	From 21 December 2017

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## Yury Denisov

**Date of birth:**

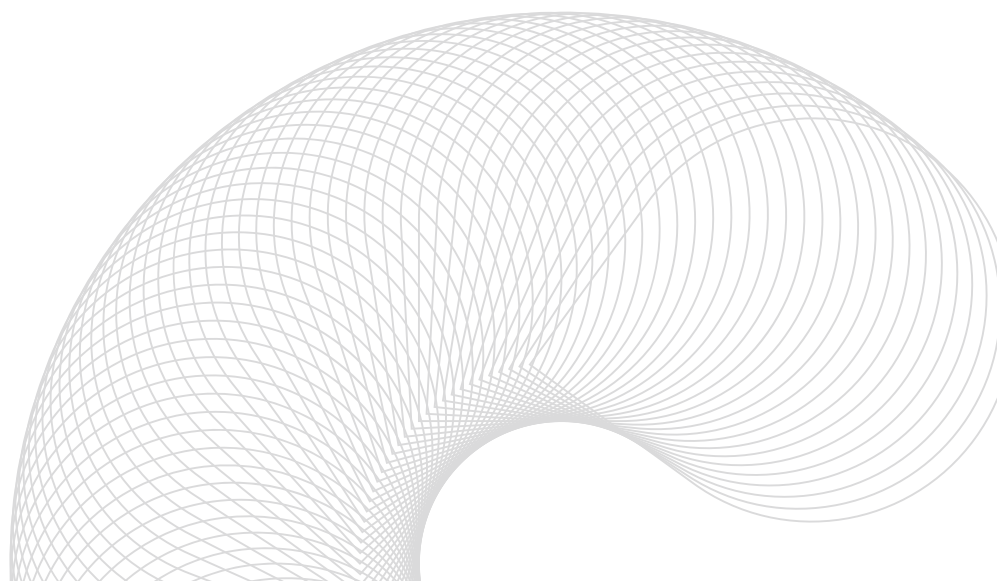
31 May 1970

**Education:**

- 1993. Moscow State Institute of International Relations of the Ministry of Foreign Affairs of Russia.

**Positions held in the last 5 years, including membership in other organizations' management bodies:**

Organization	Position	Dates of appointment / election and resignation / removal
Public Joint-Stock Company "Moscow Exchange MICEX-RTS" (Moscow Exchange)	Chairman of the Executive Board and CEO	From 16 May 2019
Public Joint-Stock Company "Moscow Exchange MICEX-RTS" (Moscow Exchange)	Supervisory Board member	From 25 June 2013
Central Counterparty National Clearing Centre	Supervisory Board member	From 29 May 2008
The Russian Union of Industrialists and Entrepreneurs	Executive Board member	From 9 October 2019



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## Bella Zlatkis

### Date of birth:

5 July 1948

### Education:

- 1970. Moscow Finance Institute.
- 1978. All-Union Correspondence Financial Institute, post-graduate course.
- Ph.D. (Economics).

### Positions held in the last 5 years, including membership in other organizations' management bodies:

Organization	Position	Dates of appointment / election and resignation / removal
Sberbank of Russia	Deputy Chairperson of the Executive Board	From 28 May 2004
	Member of the Executive Board	From 8 July 2005
Public Joint-Stock Company «Moscow Exchange MICEX-RTS» (Moscow Exchange)	Supervisory Board member	From 16 September 2011
Sberbank of Russia	Supervisory Board member	30 June 2000 – 29 May 2015 and from 8 June 2018

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## Igor Kalganov

Independent director

### Date of birth:

16 May 1987

### Education:

- 2009. Tomsk Polytechnic University.

### Positions held in the last 5 years, including membership in other organizations' management bodies:

Organization	Position	Dates of appointment / election and resignation / removal
LLC "Center of Practical Application of Blockchain Technology Orbita"	Managing Partner, General Director	From 24 November 2017
LLC ICS Holding	Vice President, Chief Technology Officer	22 April 2019 – 25 December 2019
LLC «Tekhnologii Nedvizhimosti»	General Director	19 September 2016 – 25 April 2018
LLC "Elektronniy Realtor"	General Director	21 July 2014 – 6 February 2017
LLC Mail.Ru	Project Manager	1 September 2017 – 1 April 2018
LLC "Cometrika"	Chief Technology Officer	1 June 2018 – 1 February 2019

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## Sergey Lykov

### Date of birth:

12 December 1952

### Education:

- 1975. Moscow Finance Institute.
- 1988. All-Union Distance Institute of Finance and Economics, post-graduate course, Ph.D. (Economics).

### Positions held in the last 5 years, including membership in other organizations' management bodies:

Organization	Position	Dates of appointment / election and resignation / removal
State Development Corporation "VEB.RF"	Deputy Chairman of the Management Board, Member of the Management Board	From 28 June 2007
Central Counterparty National Clearing Centre	Deputy Chairman of the Supervisory Board	From 28 January 2009
Moscow Exchange	Supervisory Board member	20 May 2004 – 27 April 2016
EXIMBANK OF RUSSIA	Member of the Board of Directors	8 June 2006 – 9 June 2015
Bank BelVEB OJSC	Supervisory Board member	28 March 2008 – 25 August 2016
Sviaz-Bank	Member of the Board of Directors	22 January 2009 – 6 February 2017
VEB-Leasing JSC	Member of the Board of Directors	29 June 2015 – 30 June 2016

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## Paul James Ostling

Independent director

### Date of birth:

22 September 1948

### Education:

- 1969. Fordham University (Mathematics, Philosophy).
- 1973. Fordham University School of Law.
- 1973. Academic degree: JD Cum Laude.
- 1983. Harvard University, advanced management program.

Positions held in the last 5 years, including membership in other organizations' management bodies:

Organization	Position	Dates of appointment / election and resignation / removal
Uralkali, PJSC	Member of the Board of Directors	From 2011
Business Council for International Understanding (Non-profit organization)	Board member	From 2001
Boy Scouts of America Transatlantic Council (non-profit organization)	Member of the Board of Directors	From 2007
PSINOS Inc.	Chairman of the Board of Directors	From 2013
PSIN ADVISORS LIMITED	Chairman of the Board of Directors	2018 - 2019
Phoenix Neftegaz Services, LLC	Member of the Board of Directors	2009 - 2019
	Chairman of the Board of Directors	2012 - 2015
	Member of the Board of Directors	2015 - 2016
Brunswick Rail Limited	Chairman of the Board of Directors	From early 2016 to 15 November 2016
	General Director	From early 2016 to 15 November 2016

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## Anton Ostrovskiy

Independent director

### Date of birth:

14 February 1971

### Education:

- 1993. Moscow State Institute of International Relations of the Ministry of Foreign Affairs of Russia.

### Positions held in the last 5 years, including membership in other organizations' management bodies:

Organization	Position	Dates of appointment / election and resignation / removal
Fund "Institute of Contemporary Development"	Deputy Research Advisor – Director, Head of Research and Project Activities	From 1 November 2018
Endowment Fund «InSovR-Capital»	Director	20 May 2008 – 31 October 2018
	Board member	From 21 May 2008
All-Russian Insurance Association	Advisor to the President	1 September 2013 – 31 December 2016



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## Andrey Popov

Independent director

**Date of birth:**

21 January 1973

**Education:**

- 1995. Truman State University (Missouri, USA).
- 1996. Finance Academy under the Government of the Russian Federation.

**Positions held in the last 5 years, including membership in other organizations' management bodies:**

JSC RaiffeisenBank, Russia, Chief Information Officer (CIO), Member of the Management Board from 2013 to 24 December 2018.

## Nadezhda Ushakova

**Date of birth:**

6 February 1967

**Education:**

- 1989. State Finance Academy.

**Positions held in the last 5 years, including membership in other organizations' management bodies:**

Organization	Position	Dates of appointment / election and resignation / removal
VTB Bank	Senior Vice President, Head of Depository, VTB Bank	From 21 September 2009
VTB Capital (in parallel)	Team Leader, Department of Fixed Income Market Transactions	21 September 2009 – 28 February 2017
	Team Leader, Office of the General Director	From 1 March 2017
CJSC VTB Specialized Depository	Chairperson of the Board of Directors	From 29 June 2010

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## Ilya Yuzhanov

Independent director

### Date of birth:

7 February 1960

### Education:

- 1982. Leningrad State University.
- 1989. Ph.D. (Economics).
- 2013. Institute of Directors, UK, IoD Chartered Director.

### Positions held in the last 5 years, including membership in other organizations' management bodies:

Organization	Position	Dates of appointment / election and resignation / removal
United Wagon Company	Member of the Board of Directors	From March 2015
Independent Directors Association, Russia	Supervisory Board member	From July 2011
ROSNANO	Member of the Board of Directors	From June 2015
Consumer Council for the Activities of Russian Railways OJSC and its Subsidiaries, established within the Government Transport Commission of the Russian Federation	Chairman of the Council	From January 2016
Polyus Gold International Limited	Chairman of the Board of Directors	October 2013 – March 2016

The members of the Supervisory Board do not own any shares in NSD.

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## Information on the Executive Board Members

### Eddie Astanin

**Date of birth:**

16 December 1961

**Education:**

- 1984. Mozhaisky Military Engineering Institute.
- 1996. Institute for Further Training and Qualification Upgrade in Finance and Banking at the Finance Academy under the Government of the Russian Federation.
- 1992. Ph.D. in Engineering Sciences.

**Positions held in the last 5 years, including membership in other organizations' management bodies:**

Organization	Position	Dates of appointment / election and resignation / removal
National Settlement Depository	Chairman of the Executive Board	From 11 November 2010
S.W.I.F.T.	Member of the Board of Directors	From 11 June 2015
Settlement Depository Company (Joint Stock Company)	Member of the Board of Directors	From 29 March 2018
Stock Company Saint-Petersburg Currency Exchange	Member of the Board of Directors	31 May 2012 – 28 June 2018
Petersburg Settlement Center Limited	Member of the Board of Directors	19 May 2011 – 18 May 2017
Self-Regulatory Organization "National Finance Association" (NFA)	Board member	20 April 2011 – 13 April 2017

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## Irina Veremeenko

**Date of birth:**

24 May 1965

**Education:**

- 1987. Moscow Finance Institute.

**Positions held in the last 5 years, including membership in other organizations' management bodies:**

Organization	Position	Dates of appointment / election and resignation / removal
National Settlement Depository (NSD) (formerly known as MICEX Settlement House)	Chief Accountant, Director of Accounting and Reporting Department	From 25 September 2000

## Maria Krasnova

**Date of birth:**

13 February 1970

**Education:**

- 1992. Lomonosov Moscow State University.

**Positions held in the last 5 years, including membership in other organizations' management bodies:**

Organization	Position	Dates of appointment / election and resignation / removal
National Settlement Depository	Deputy Chairman of the Executive Board	From 1 July 2013
	Vice President, Director for Corporate Matters, Risks and Legal Support (in parallel)	6 April 2012 – 30 June 2013
	Deputy Chairman of the Executive Board	21 July 2011 – 5 April 2012

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## Andrey Shlyappo

**Date of birth:**

12 September 1968

**Education:**

- 1998. Moscow State Institute of Steel and Alloys (Technological University).

**Positions held in the last 5 years, including membership in other organizations' management bodies:**

Organization	Position	Dates of appointment / election and resignation / removal
National Settlement Depository (NSD)	Deputy Chairman of the Executive Board	From 1 April 2014
	Vice President, Director of Operations	1 February 2012 – 31 March 2014
	Director of Depository Transactions Department	11 November 2010 – 31 January 2012

The members of the Executive Board do not own any shares in NSD.

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# SHAREHOLDERS

On 21 November 2019, NSD's shareholders signed the amended and restated Shareholders Agreement with respect to NSD, and NSD became a party to the Shareholders Agreement. Moscow Exchange holds a 99.997% interest in NSD's share capital, while each of the other 34 shareholders (banks, brokerage firms, registrars, Republican Unitary Enterprise "Republican Central Securities Depository" (Republic of Belarus), and ICSDs (Euroclear Bank SA/NV и Clearstream Banking S.A.)) holds one share. The full list of NSD's shareholders is shown in the table below. Thanks to such shareholder structure, the Shareholders Agreement strikes a balance between shareholders' interests and interests of NSD's service users.

The Shareholders Agreement needed to be amended and restated to reflect certain changes in Russian laws and regulations applicable to the CSD. Besides, since the execution of the previous Shareholders Agreement in 2011, NSD, in addition to acting as CSD, has taken a number of other infrastructure roles, including those of a systemically important trade repository and a nationally important payment system, all of which required to update the Shareholders Agreement. The Shareholders Agreement demonstrates that the Moscow Exchange Group is willing to establish a corporate governance system that is transparent to securities market participants.

Because certain international central securities depositories became shareholders in 2014, NSD is now able to position itself as a Eurasian (regional) international central securities depository. This allows NSD to offer foreign investors CSD services for execution of transactions in securities of Russian or other CIS issuers, and also to offer investors from CIS countries services for execution of transactions in foreign securities through accounts held by international or CIS CSDs with NSD.

The presence of foreign infrastructure institutions among NSD's shareholders demonstrates that Russia's central securities depository is recognized in the global arena and that its corporate governance system is trusted.

## List of NSD's Shareholders<sup>1</sup>

1. Public Joint-Stock Company «Moscow Exchange MICEX-RTS»
2. Gazprombank (Joint Stock Company)
3. Public joint-stock company ROSBANK
4. CentroCredit Bank
5. VTB Bank (Public Joint-Stock Company)
6. State Development Corporation «VEB.RF»
7. ALOR Plus Corporation
8. Joint Stock Company Raiffeisenbank
9. Stock Company Saint-Petersburg Currency Exchange
10. Joint Stock Company UniCredit Bank
11. KIT Finance (Joint-stock company)
12. Commercial Bank «J.P. Morgan Bank International» (Limited Liability Company)
13. ATON Limited Liability Company
14. Kompaniya Brokercreditservice Limited Liability Company
15. OOO Morgan Stanley Bank
16. Joint-Stock Company «ALFA-BANK»

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<sup>1</sup> As of 31 December 2019.



17. BANK SAINT PETERSBURG Public Joint-Stock Company
18. Otkritie Broker Joint Stock Company
19. Sberbank of Russia
20. Joint Stock Company "Bank DOM.RF"
21. INFINITUM Asset Services
22. Renaissance Broker Limited
23. Limited Liability Company "Reestr-RN"
24. Joint Stock Company "Noviy Registrator"
25. Professional Registration Center JSC
26. JSC "DRAGA"
27. JSC Independent Registrar Company R.O.S.T.
28. Investment Company "Zerich Capital Management" Joint Stock Company
29. Evrofinance Mosnarbank
30. Clearstream Banking S.A.
31. Euroclear Bank SA/NV

32. Republican Unitary Enterprise "Republican Central Securities Depository" (Republic of Belarus)
33. Joint Stock Company Commercial Bank Citibank
34. Joint Stock Company «Russian regional development bank»
35. RON Invest

## General Meeting of Shareholders

The proceedings of General Meetings of Shareholders are governed by the Rules of Procedure of NSD's General Meeting of Shareholders approved by the General Meeting.

On 30 May 2019, the annual General Meeting of Shareholders approved NSD's Annual Report for 2018 and appointed NSD's external auditor. In addition, the General Meeting took decisions on profit distribution and dividend payment for 2018, elected the new members of the Supervisory Board and Internal Audit Commission, and took decisions on remuneration of the Supervisory Board members.

No extraordinary General Meeting of Shareholders was held in 2019.

## Registrar

The Registrar maintaining the share register of NSD is Joint Stock Company «Registry society «STATUS».

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# REPORT ON THE PAYMENT OF DECLARED (ACCRUED) DIVIDENDS ON THE SHARES IN NSD

In accordance with Federal Law No. 208-FZ dated 26 December 1995 “On Joint-Stock Companies”, a company may declare dividends on its issued and outstanding shares and is required to pay the dividends so declared.

The annual General Meeting of Shareholders held on 30 May 2019 passed the following resolutions in relation to dividend payment to NSD’s shareholders:

1. Distribute NSD’s net profit for 2018 as follows:

- Use 100% of NSD’s net profit for 2018 amounting to RUB 2,757,282,000 to pay dividends to the shareholders.

2. Determine the dividend amount of RUB 2,335.34 per NSD’s registered ordinary share before dividend income tax under article 284 (sub-paragraph 1, paragraph 3) of the Russian Tax Code.

3. Determine that the record date for dividend payment purposes shall be 10 June 2019.

4. Pay the dividends within the time limits required by the Russian laws.

The dividends were paid in full and within the prescribed timeframe.

## REMUNERATION OF NSD’S SUPERVISORY BOARD MEMBERS

In accordance with the Federal Law «On Joint-Stock Companies», the General Meeting of Shareholders may resolve to pay remuneration to Supervisory Board members during their term in office. The amount of such remuneration is to be approved by the General Meeting of Shareholders in accordance with NSD’s Supervisory Board Members’ Remuneration and Expenses Reimbursement Regulations.

In determining the amount of remuneration payable to Supervisory Board members, the following factors are taken into account:

- independent director status;

- the exercise of functions of Chairperson / Deputy Chairperson of the Supervisory Board;

- Supervisory Board Committee membership;

- the exercise of functions of Supervisory Board Committee Chairperson; and

- attendance at in-person Supervisory Board meetings and meetings of Supervisory Board Committees.

The total remuneration paid in 2019 to the Supervisory Board members amounted to RUB 54,395,206, including RUB 31,395,206 paid to the independent directors.

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# REMUNERATION OF NSD'S EXECUTIVE BOARD MEMBERS

In accordance with NSD's Articles of Association, the amount of remuneration is approved by the Supervisory Board.

Remuneration payable to the Executive Board members comprises two components:

- Monthly remuneration (salary) payable for the performance of duties under the employment contract; and
- Performance-based remuneration. Key performance indicators are set by the Supervisory Board in accordance with the recommendations made by the Nomination and Remuneration Committee of the Supervisory Board. Individual key performance indicators are set for each Executive Board member, and the amount of remuneration payable to that member depends on whether the KPIs are achieved.

# NSD'S SUPERVISORY BOARD COMMITTEES AND OTHER COMMITTEES

## Audit Committee

### Mission:

The Audit Committee's role is to ensure efficient work of NSD's Supervisory Board in organizing the internal control and external audit system, as well as risk management at NSD.

In 2019, as in the previous year, NSD continued to face such challenges as global geopolitical and financial uncertainty; evolving financial policy and regulation; and heightening concerns around risk management and cyber security. Throughout the reporting year, the Audit Committee and NSD's business units were actively involved in addressing these challenges. Despite the continuing volatility caused by the underlying factors, NSD continued to display stability in updating its processes and systems to proactively address them.

### Members (as of 31 December 2019)

1	Paul James Ostling	Chairperson of the Committee Independent member of NSD's Supervisory Board
2	Oksana Loginova	Member of the Board of Directors, SBER LEGAL LLC
3	Anton Ostrovskiy	Independent member of NSD's Supervisory Board
4	Andrey Popov	Independent member of NSD's Supervisory Board
5	Nadezhda Ushakova	Senior Vice President, Head of Depository, VTB Bank

### Highlights of the year:

In 2019, the Audit Committee held 13 meetings and dealt with 66 issues.



At its meetings, the Audit Committee mainly reviewed regular reports of the Risk Management, Internal Audit, and Internal Control Departments and of the Information Security Division; internal risk management, control, and audit processes; and external audit findings (encompassing audit of NSD's financial statements and operational audit).

In 2019, the Audit Committee also addressed the risks relating to NSD's new development strategy 2024 and steps to be taken to reduce those risks. In addition, NSD successfully passed operational audit under ISAE 3402 Type II (SOC 1). To revise NSD's internal rules and regulations, new versions of the Regulations on the Internal Audit Department (to bring them in line with the international standards for the professional practice of internal auditing) and Financial Recovery (Self-Recovery) Plan were approved.

In 2020, the Audit Committee will be supporting NSD's business development initiatives and infrastructure projects, such as RoFT, which commonly require Committee's involvement to control and prevent risks. Moreover, the Committee will focus strongly on cyber security and business continuity, as vulnerability of the relevant IT systems gives rise to potential risks for NSD's business.

## Budget Committee

### Mission:

The Budget Committee's role is to improve the efficiency of NSD's Supervisory Board by ensuring proper control over the way funds are received and spent at NSD. The Committee thoroughly prepares materials to be considered at NSD's Supervisory Board meetings on matters relating to financial planning and financial resources management at NSD.

### Members (as of 31 December 2019):

1	Maxim Lapin	Chairperson of the Committee Chief Financial Officer, Moscow Exchange
2	Mikhail Bratanov	Regional Head of Societe Generale Securities Services (Russia and CIS), Head of Securities Services, PJSC ROSBANK
3	Andrey Popov	Independent member of NSD's Supervisory Board
4	Nadezhda Ushakova	Senior Vice President, Head of Depository, VTB Bank

### Highlights of the year:

In 2019, the Committee held 12 meetings.

The priorities for the Committee were matters relating to the budgeting of NSD's operations and the company's pricing policy.

The Committee has contributed to fine-tuning the cost control process, analyzing the company's revenue model and prospective projects, analyzing company's economic capital.

In 2020, the Committee will focus on the quarterly monitoring of CTOI and fees and commissions, analysis of revenue streams from business lines, and analysis of the 'Registrar of Financial Transactions' and 'Pension Operator of the Guaranteed Pension Plan' projects.

## Nomination and Remuneration Committee

### Mission:

In-depth analysis of matters relating to the recruitment, assessment and remuneration of NSD's senior managers, including Supervisory Board members, the Chairman of the Executive Board, Executive Board members, and other key employees and members of the Internal Audit Commission, and preparation of materials to be considered at Supervisory Board meetings.

### Members (as of 31 December 2019):

1	Ilya Yuzhanov	Chairperson of the Committee Independent director
2	Yury Denisov	Chairman of the Executive Board and CEO, Moscow Exchange
3	Oleg Vyugin	Chairman of the Supervisory Board, Moscow Exchange
4	Bella Zlatkis	Deputy Chairperson of the Executive Board, Sberbank of Russia

### Highlights of the year:

In 2019, the Committee held 8 meetings at which the Committee members made recommendations concerning the composition of NSD's Executive Board and remuneration payable to the Executive Board members, as well as recommendations as to:

- new nominees to the Supervisory Board to be elected at the annual General Meeting in 2019;
- NSD's Key Performance Indicators (KPI) for 2019 and assessment of the achievement of NSD's KPIs for 2018;



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- updating NSD's Supervisory Board Members' Remuneration and Expenses Reimbursement Regulations;
- remuneration of the Chairman of the Executive Board and Executive Board members for 2018, and remuneration of the heads of the business units in charge of internal control and risk management;
- updating NSD's employee compensation plans in accordance with Bank of Russia's Instruction No.154-I dated 17 June 2014; and
- NSD's corporate Key Performance Indicators for 2020.

The Committee Chairman coordinated efforts to assess the state of corporate governance at NSD based on the results of 2019.

## Technological Policy and Development Committee

### Mission:

Analysis of development of NSD's IT systems to ensure they meet the needs of financial markets participants, and making recommendations to the Supervisory Board and the Executive Board on matters relating to the technological policy concerning the creation, maintenance, operation, and development of such IT systems.

### Members (as of 31 December 2019):

1	Alexander Izosimov	Chairperson of the Committee Supervisory Board member, Moscow Exchange
2	Svetlana Balanova	Independent member of NSD's Supervisory Board
3	Dmitry Ereemeev	President, FIX Group
4	Igor Kalganov	Independent member of NSD's Supervisory Board
5	Vladimir Kurlyandchik	Director for Development, ARQA Technologies
6	Kirill Menshov	Senior Vice President for IT, PJSC "Rostelecom"

7	Andrey Popov	Independent member of NSD's Supervisory Board
8	Yury Yartsev	Deputy Head of the Project Office Department, Moscow Office of BCS Prime Brokerage Limited

### Highlights of the year:

In 2019, the Committee held one meeting to discuss various issues relating to the preparation of NSD's IT strategy 2024 and selection of a prospective IT platform for the NSD Payment System.

In 2020, the Committee will focus on the implementation and, if necessary, revision of NSD's IT strategy and take part in expert discussions of other issues concerning NSD's IT development.

## Strategy Committee

### Mission:

Making recommendations to NSD's Supervisory Board as to the worst-case, baseline, and best-case scenarios and the strategy of NSD's development for a new period.

Monitoring the progress in the implementation of NSD's current strategy, assessing the need to adjust NSD's current strategy, and making relevant proposals to the Supervisory Board.

### Members (as of 31 December 2019):

1	Бодар Пол Анне Ф.	Chairperson of the Committee
2	Братанов Михаил Валерьевич	Regional Head of Societe Generale Securities Services (Russia and CIS), Head of Securities Services, PJSC ROSBANK
3	Вьюгин Олег Вячеславович	Chairman of the Supervisory Board, Moscow Exchange
4	Денисов Юрий Олегович	Chairman of the Executive Board and CEO, Moscow Exchange

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**5 Островский Антон Олегович** Independent member of NSD's Supervisory Board

**6 Попов Андрей Александрович** Independent member of NSD's Supervisory Board

### Highlights of the year:

In 2019, the Committee held six meetings.

At its meetings, the Committee worked to devise NSD's new development strategy 2024 eventually approved by NSD's Supervisory Board on 23 April 2019. As part of the Strategy implementation, a new version of NSD Development Strategy Drafting, Approval and Monitoring Guidelines was drafted. The current statuses of strategic initiatives were monitored on a regular basis. To align the NSD strategy with the strategy of the Moscow Exchange Group, the Committee cooperated with the Strategy Planning Commission of Moscow Exchange's Supervisory Board. The Committee also approved the following prospective initiatives: selection of a prospective IT platform for the NSD Payment System; monetization of data (Big Data) collected by NSD; NSD's IT Strategy for the Period until 2024; and amended and restated Shareholders Agreement with respect to NSD.

Committee's key objectives in 2020 will include:

- Review and discussion of a Report on the Progress in the Implementation of the NSD Development Strategy in 2019. Formulating recommendations to NSD's Supervisory Board;
- Monitoring of the current statuses of the strategic initiatives covered by the Strategy;
- Review and discussion of prospective initiatives that can potentially be put on the list of strategic initiatives.

## Customer Committees of the Supervisory Board

### National Settlement Depository Customer Committee (Central Securities Depository Customer Committee)

#### Mission:

The Committee is responsible to review and approve internal regulations (amendments thereto) of NSD as central securities depository, including regulations that require approval by the Bank of Russia.

<sup>1</sup> Before 1 August 2019, the Committee was headed by Alexey Fedotov, Deputy Head of Depository, Russian Agricultural Bank.

#### Chairperson:

Svetlana Kamasheva, Vice President, Head of Depository's New Product Development Department, VTB Bank (PJSC)<sup>1</sup>.

#### Highlights of the year:

In 2019, the Committee held three meetings, at which the Committee approved the amended and restated Risk Management Rules for Risks Associated with the Activities of the Central Securities Depository and the amended and restated Terms and Conditions of Depository Operations, as well as the amendments to the Fee Schedule for NSD's Depository Services, as relating the fee for tax support services in connection with payment of income from securities and removal of the fees for NSD's services in connection with instruction cancellation upon acceptance of securities for safekeeping or withdrawal of securities from safekeeping (securities held with international central securities depositories, ADRs, GDRs).

## Customer Committee for Quality Control and Risk Management

#### Mission:

The key role of the Customer Committee for Quality Control and Risk Management is to make recommendations to NSD's Supervisory Board and executive bodies on the following matters:

- NSD's customer policy, in particular a client onboarding process and servicing principles applicable to various client categories;
- NSD's marketing policy in promoting its services;
- improving customer services and ensuring control over their quality, including in the field of software, hardware and technological support of NSD's activities;
- improving products and services offered by NSD;
- reducing NSD's operational risks in delivering services;
- informing NSD's customers about new products and services, and supporting the promotion of such services in the financial services market; and
- approving internal regulations relating to NSD's clearing operations.



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### Chairperson:

Vladimir Itunin, Head of Operations, Alfa-Bank<sup>1</sup>.

### Highlights of the year:

In 2019, the Committee held three meetings at which the Committee approved the amended and restated Risk Management Rules for Risks Associated with the Activities of the Central Securities Depository and reviewed and discussed reports regarding the level of customer satisfaction of NSD's services, software design and improvement process, operational audit findings, and insurance coverage maintained by NSD. The Committee also addressed various information security issues and the key achievements in the development of the company's business continuity management system.

## Customer Committee for Settlement and Depository Services and Tariffs

### Mission:

The key functions of the Customer Committee for Settlement and Depository Services and Tariffs are as follows:

- liaising with financial market participants for the purpose of studying customers' needs and analysing new market trends; and
- making recommendations to NSD's Supervisory Board and executive bodies on the following matters:
  - development of depository and settlement services and products;
  - development and standardization of a pricing model;
  - marketing policy aimed at offering competitive services; and
  - other matters directly relating to NSD's Development Strategy.

### Chairperson:

Ksenia Vlasova, Head of Operations, Business Support Department, Aton LLC<sup>2</sup>.

### Highlights of the year:

In 2019, the Committee held four meetings at which the Committee addressed proposed improvements to the functionality of Web-client for Depository and Clearing Services (DCS Web-client) and services relating to foreign corporate actions; potential integration between the Moscow Exchange's OTC system for the debt market and NSD's DCS Web-client; and the DVP-2 service with the use of correspondent accounts with the Bank of Russia. The Committee discussed specific aspects of application of Article 8.5 of Federal Law No. 39-FZ dated 22 April 1996 "On the Securities Market" and addressed the issue of discrepancies in securities quantities arising from Article 8.5 of the Federal Law «On the Securities Market». In addition, the Committee focused on the improvement of paperwork in connection with mutual payments for services and harmonization of NSD's fees (introduction of a monthly fixed fee for clearing services).

## Customer Committee for Registrar and Depository Relations

### Mission:

The key functions of the Customer Committee for Registrar and Depository Relations are as follows:

- making recommendations to improve NSD's existing relations with registrars that maintain registers of registered securities holders, and with specialized depositories that maintain registers of UIT unit holders;
- making proposals to change NSD's communication technologies being used to interact with registrars, including electronic data interchange technologies;
- making proposals to design new technologies to improve the quality of NSD's relations with registrars and specialized depositories; and
- addressing any other matters relating to the Committee's tasks and objectives.

<sup>1</sup> Before 18 December 2019, the Committee was headed by Natalia Sidorova, Head of Global Securities Services, Transaction Banking Services Department, JSC UniCredit Bank.

<sup>2</sup> Before 18 December 2019, the Committee was headed by Evgenia Klimova, Head of Custody Services Department, JSC Raiffeisenbank, Russia.

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#### Chairperson:

Vadim Protasenko, First Deputy General Director, JSC Independent Registrar Company R.O.S.T.<sup>1</sup>

#### Highlights of the year:

In 2019, the Committee held one meeting to discuss changes in NSD's securities services and corporate action processing methods resulting from the entry into force of Federal Law No. 514-FZ dated 27 December 2018, and the implementation of a new format of a list of securities holders of record in interactions with depositories and registrars.

## Committees of the Executive Board

### Risk Management Committee

#### Mission:

The Risk Management Committee's role is to provide assistance to the Executive Board in the field of corporate risk management. The Committee focuses on improving and strengthening risk management at NSD and ensuring immediate response to critical risks.

#### Chairperson:

Maria Krasnova, Deputy Chairman of the Executive Board, Executive Board member, NSD.

#### Highlights of the year:

In 2019, the Committee held 10 meetings, at which the Committee members addressed a number of matters relating to operational reliability of NSD's services, operation and development of the risk management system, business continuity, and information security. In particular, the Committee focused on the following matters:

- steps aimed at enhancing the level of NSD's cyber security;
- information security testing;
- progress in the implementation of the business continuity and disaster recovery plans and plans for building resilient infrastructure;
- acceptance of risks in NSD's ongoing operations; and

- findings of investigations into the causes and circumstances of material incidents in NSD's operations, and steps taken to prevent their re-occurrence.

The outcomes of Committee meetings are regularly reported to the Executive Board.

## Risk Management Committee for Payment System

#### Mission:

The Committee makes recommendations in the field of risk management in the NSD Payment System, including recommendations as to the eligibility criteria for participation in the NSD Payment System, requirements to payment infrastructure service providers, and issues of information security in the NSD Payment System.

#### Chairperson:

Viktor Utkin, a representative of Alfa-Bank.

#### Highlights of the year:

In 2019, the Committee held three meetings at which the Committee assessed risk management in the NSD Payment System and discussed potential broadening of standard reporting forms being used as raw data for stress testing of financial risks, as well as the usefulness of stress testing of liquidity risk in the NSD Payment System in view of the sources of liquidity risk in the Payment System.

## Tender Committee

#### Mission:

Securing the best terms for procuring goods, services, and works needed to support NSD's operations, and minimizing the risk of NSD's contractors failing to deliver.

#### Chairperson:

Georgy Uryutov, Director of General Economic Department, NSD.

<sup>1</sup> Before 18 December 2019, the Committee was headed by Maksim Murashov, General Director, JSC "DRAGA"



### Highlights of the year:

In 2019, the Committee held 38 meetings. Most of the matters addressed by the Committee were relating to the outsourcing of the design and maintenance of various IT systems and software solutions, and repair and maintenance of the office building occupied by NSD at 12 Spartakovskaya Street in Moscow. In particular, counterparties were selected to conduct market researches, to provide advisory services, insurance coverage, and staff training, and to acquire licences, computer hardware, and other equipment.

## Product and Project Committee

### Mission:

The Committee was set up to manage project activities at NSD, including the development of new products and services. The Committee's key role is to assist the Executive Board in deciding on the project and product management of the company and to ensure that the project implementation complies with management policies and regulations.

### Chairperson:

Irina Veremeenko, Chief Accountant, Director of Accounting and Reporting Department, Executive Board member.

### Highlights of the year:

In 2019, the Committee held 18 meetings, at which the Committee members, among other things, discussed the following projects: transit service for financial notifications; integration with the Prospective Payment System; improvement of electronic communications with clients; Registrar of Financial Transactions; and W8BEN service.

## Repository Services User Committee

### Mission:

The Committee's primary role is to consider proposals and make recommendations to NSD's Executive Board for the development and improvement of NSD's repository activities.

### Chairperson:

Marina Presnyakova, Executive Director, COO, Commercial Bank "J.P. Morgan Bank International" (Limited Liability Company).

### Highlights of the year:

In 2019, the Committee did not meet.

## Committee on the Development of Corporate Actions and Corporate Information Center

### Mission:

The Committee's primary role is to consider proposals and make recommendations to NSD's Executive Board for the development of the Corporate Actions and Corporate Information Center.

### Chairperson:

Natalia Shtalenkova, Head of Product Development Division, Depository Services Department, Commercial Bank «J.P. Morgan Bank International» (Limited Liability Company).

### Highlights of the year:

In 2019, the Committee did not meet.

## Committees of the Chairperson of the Executive Board

### Update Committee

### Mission:

The Committee's key role is to mitigate the negative impact that software updates have on the quality of services provided to NSD's clients. The Committee's objectives

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are analysis of whether control measures used or planned in connection with software updates are adequate; and development of measures to mitigate the risk of the negative impact that the software updates have on the quality of services.

#### Chairperson:

Andrey Shlyappo, Deputy Chairman of the Executive Board.

#### Highlights of the year:

In 2019, the Committee held 21 meetings to discuss matters relating to the installation of software releases, as well as to the assessment of non-project-related requests.

## Architectural Committee

#### Mission:

The Architectural Committee's key responsibilities are as follows:

- making proposals to ensure failure-free and reliable operation of electronic systems and IT infrastructure critical for NSD's business; and
- making proposals to ensure competitive advantages and leadership for NSD by developing and monitoring the implementation of the IT strategy, introducing and using advanced and promising settlement, depository, and clearing technologies to address tasks set before NSD.

#### Chairperson:

Alexander Chekanov, Chief Architect.

#### Highlights of the year:

In 2019, the Committee held 11 meetings. Among the matters addressed by the Committee were the following: robotics-related risks; IPC project architecture; AI technologies; selection of a secure data interchange system for data interchange with the Bank of Russia; DLT-based commodities clearing OTC system; and selection of a prospective IT platform for the NSD Payment System.

## Innovations Committee

#### Mission:

The Innovations Committee's key responsibilities are as follows:

- development of innovative ideas to create new products and services and to improve the competitiveness of NSD's existing products and services; and
- development of NSD's innovative capacity.

#### Chairperson:

Artem Duvanov, Director for Innovations, NSD.

#### Highlights of the year:

In 2019, the Committee did not meet.