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Client Service

During the pandemic, NSD managed to maintain a high level of availability of account managers, address difficulties with client routing within NSD, and ensure appropriate communications with clients.

To that end, the following projects and solutions were implemented in 2020:

- The 'E-Secretary' project was launched, which forwards incoming calls to appropriate employees and frees up account managers to enable them to deal with clients' practical tasks.
- To make it easier for clients to search for a list of documents required to sign up for various services, a convenient search navigator was made available on NSD's web site.

- By continuously improving the User Account solution, NSD offered its clients a possibility to enter into a number of agreements in electronic format, including a services agreement for the conduct of a general meeting of bondholders; a services agreement for registration of commercial paper issues; a collateral management services agreement; an agreement for Trade Repository's auxiliary services; an agreement for information reporting to the Trade Repository; an information services agreement; and an agreement for assignment of CFI codes to non-Russian financial instruments.
- In the remote work environment, NSD interacted with its clients through webinars. In total, 9 webinars were provided in 2020, with more than 1,000 participants.

International Cooperation.

Integration into the Global Financial Infrastructure and Cooperation with the International Community

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

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 experiences 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

Several key meetings with partners took place at the Sibos 2020 forum online. NSD met with such counterparties as the Polish and Hungarian CSDs, global custodian banks Citibank N.Y. and Raiffeisen Bank International, and ICSDs Euroclear and Clearstream.

In addition, major meetings with representatives of CSDs of China, South Korea, Turkey, and Taiwan, as well as CSDs of some CIS countries (Belarus, Kazakhstan, and Armenia) were held.

Multilateral Cooperation Formats

In 2020, 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.

On 3-5 June 2020, the annual training seminar for depositories of the AECSD member countries took place. Due to the epidemiological situation, the seminar was held online. Thanks to the online format, the event was attended by more than 60 representatives of financial institutions and regulatory authorities from the AECSD member and observer countries - Armenia, Belarus, Belgium, India, Kazakhstan, Kyrgyzstan, Russia, South Korea, Tajikistan, Turkey, Uzbekistan, and Ukraine, which was a record number for such an event.

During the seminar, the participants touched upon a number of important topics, such as the organization of accounts and correspondent relations, the implementation of the repository function, electronic voting mechanisms, and digitalization. The seminar program also included a discussion of the consequences of the COVID-19 epidemics for the industry, and participants noted that they have overcome current challenges without significant drawbacks for their activities.

On 11 September 2020, the Annual General Meeting of AECSD members was held, which was attended by representatives of the Association's members and observers. For the first time, the Meeting was held in a video conference format.

The event was attended by representatives of 12 members of the Association, as well as representatives of observer organizations. The attendees discussed the issues of the AECSD

participation in international initiatives (WFC, Single Disclosure, E-Learning, and World CSD Factbook), the functioning of the AECSD working groups, as well as the organization of the Association's events in 2020 and 2021.

The next Annual General Meeting of the AECSD will be held in September 2021 on the sidelines of the XVII International Conference of the AECSD in Tsakhkadzor, Armenia.

Also, the AECSD Secretariat started implementing the Memorandum of Cooperation signed in 2019 between the AECSD and the Financial Market Advisory Committee of the Board of the Eurasian Economic Commission (EEC). For the first time, the AECSD Secretariat initiated discussions of documents being considered by the EEC and discussions concerning barriers to cooperation in custodial business, which are observed by AECSD members from the EAEU member countries. A special working group is responsible for that.

In addition, in 2020, the AECSD set up a project team to address remote client services and software.

WFC

As a member of the Board of the World Forum of CSDs (WFC), NSD plays an active role in its work. In 2020, in the context of WFC activities, a number of meetings of the WFC Board were held, as well as meetings between the Secretariats of regional CSD associations to discuss issues relating to the work of different WFC task forces, the preparation of the WFC Conference 2022, and improvements to WFC operation.

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 particular, NSD took part in the Moscow Exchange Day (MOEX DAY) event, which took place on 7 February in Yerevan, Armenia, as part of the International Forum "National Currencies of the EAEU Countries: Practical Experience."

Forum participants included representatives of central (national) banks of the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, and the Russian Federation, Armenia's Ministry of Finance and Ministry of Economics, and the Eurasian Economic Commission, as well as commercial banks and investment companies. The organizers provided the financial and business communities of the EAEU countries with an opportunity to share experiences in working with national currencies and securities and to present their proposals.

As part of the Forum, the Moscow Exchange and the Armenia Securities Exchange organized the Moscow Exchange Day in Yerevan for professional financial market participants.

In June 2020, NSD's representatives participated in The Network Forum held online. 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 2020, the Sibos conference took place online.

Participation in Intergovernmental Commissions

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

The 21st 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 online in September 2020.

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.

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 (AECSD);
- World Forum of CSDs (WFC);
- European Central Securities Depositories Association (ECSDA);
- Association of National Numbering Agencies (ANNA);
- International Securities Services Association (ISSA);
- 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 2020, NSD assigned 1,646 ISINs, CFIs and FISNs to Russian financial instruments and 26 ISINs, CFIs and FISNs to financial instruments issued by CIS issuers.

In May 2020, 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 30 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 2020, NSD assigned 52 LEIs and verified 472 LEIs.

In late 2020, NSD and the Belarusian Currency and Stock Exchange (BCSE) agreed to conclude the Registration Agent Agreement allowing the BCSE to operate as a licensed GLEIF Registration Agent. In early 2021, participants of the Belarusian market will be able to access NSD's LEI assignment and maintenance services via the BCSE, upon provision of required documents to the Registration Agent, and to receive NSD's service reports and related documents. 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.

