

**APPROVED BY
NSD's Executive Board
(Minutes No. 30 dated 7 October 2016)**

**APPROVED BY
the Bank of Russia on 28 December 2016**

**REGULATIONS ON THE REPOSITORY SERVICES CUSTOMER COMMITTEE
OF THE NATIONAL SETTLEMENT DEPOSITORY'S EXECUTIVE BOARD**

Moscow, 2016

1. GENERAL PROVISIONS

- 1.1 These Regulations on the Repository services customers committee of the National Settlement Depository's Executive Board (the "Regulations") are prepared in accordance with the requirements set forth by the Federal Law "On the Securities Market", Bank of Russia's regulations, and NSD's Articles of Association, internal regulations, rules, and procedures that govern repository activities. These Regulations set out the objectives and functions of the Repository Services Customer Committee of NSD Executive Board (the "Committee"), the procedure for its establishment, its operating and decision-making procedures, responsibilities and liability of its members.
- 1.2 The Committee shall operate in accordance with these Regulations, NSD's Articles of Association, resolutions of NSD's Supervisory and Executive Boards, NSD's internal regulations, Russian laws, and Bank of Russia's regulations.
- 1.3 The Committee shall be established by a resolution of NSD's Executive Board and shall be a standing advisory body of NSD.
- 1.4 These Regulations and any amendments hereto shall be subject to approval by the Bank of Russia and take effect on the date of such approval.

2. COMMITTEE'S OBJECTIVES AND FUNCTIONS

- 2.1 The Committee's key objectives shall include:
 - 2.1.1 Pre-approval of Trade Repository's internal regulations, in particular:
 - Rules for the provision of repository services;
 - Risk Management Rules for risks associated with Trade Repository's activities;
 - Trade Repository's Information Disclosure Rules;
 - Fee Schedules for Trade Repository's services; and
 - other internal regulations stipulated by the Russian laws.
 - 2.1.2 Reviewing proposals and making recommendations to NSD's Executive Board as to the development and improvement of NSD's repository activities.
- 2.2 To achieve its objectives, the Committee shall exercise the following functions:
 - 2.2.1 Interact with financial market players with a view of studying clients' needs connected with the provision of repository services.
 - 2.2.2 Make recommendations to NSD's executive bodies on the following matters:
 - development of repository services;
 - improvement of terms and conditions of the provision of repository services; and
 - other matters directly relating to NSD's repository activities.
 - 2.2.3 Pre-approve NSD's draft regulations listed in paragraph 2.1.1 above.
- 2.3 The Committee may engage representatives of public authorities or academic or other organizations as experts or advisors.
- 2.4 Committee's decisions on the matters listed in paragraph 2.2.2 above shall be advisory and provided for information purposes to assist NSD's executive bodies in their decision-making process.

3. COMMITTEE'S MEMBERS AND THEIR ELECTION

- 3.1 Committee members shall be elected by NSD's Executive Board.
- 3.2 Committee members shall work in their personal capacity, voluntarily, and for free.
- 3.3 The following individuals may be elected to the Committee:
 - representatives of NSD's repository service users ("Trade Repository's customers"); and
 - independent experts who are neither representatives of Trade Repository's customers, nor NSD's employees.

At least three fourths of the Committee members shall be representatives of Trade Repository's customers.
- 3.4 No more than one representative of an organization may be elected to the Committee. The following individuals may not be elected to the Committee:

- NSD's employees, and individuals who have services agreements with NSD, under which they provide services to NSD; and
- individuals who are members of any committee/commission and/or working group of any other organization engaged in securities market-related business (other than members of committees or working groups of self-regulated organizations or Bank of Russia's committees or working groups), which are responsible for trade repository services development.

Committee members elected from among individuals nominated by NSD shall not act as NSD's representatives.

- 3.5 Committee members shall possess necessary qualifications, skills, and expertise required to enable them to pursue the Committees' objectives and functions in accordance with these Regulations.
- 3.6 Candidates shall be nominated by Trade Repository's customers, other stakeholders, and NSD, following the date when an invitation to submit nominations to the Committee ("Nominations") is posted on NSD's web site. Nominations shall be submitted along with the nominated candidates' consent to be put on the list of nominees for election to the Committee.
- 3.7 Committee Chairperson shall be elected by NSD's Executive Board. The Chairperson of NSD's Executive Board may not be elected to the position of Committee Chairperson. A Deputy Chairperson(s) of the Committee shall be elected at the Committee's first meeting from among the Committee members.

At the same time when electing Committee Chairperson, NSD's Executive Board shall approve:

- the number of Committee members, which shall be at least 10 and no more than 15; and
 - the procedure for election of Committee members (either voting for the entire list of nominees or voting for each nominee individually).
- 3.8 The Committee Chairperson shall (where necessary, with the help of NSD's responsible officers) review Nominations submitted in accordance with paragraph 3.6 above, verify whether the nominees meet the qualification requirements set out in these Regulations, and draw up a list of nominees for election to the Committee, subject to the provisions of paragraphs 3.3 and 3.4 above.
- 3.9 The voting for election of Committee members shall be performed by NSD's Executive Board in accordance with the procedure approved by NSD's Executive Board (either voting for the entire list of nominees or voting for each nominee individually).
- 3.10 The Committee members elected shall work until NSD's Executive Board resolves to elect new Committee members. NSD's Executive Board may, either at its own discretion or upon proposal by the Committee Chairperson or Deputy Chairperson, remove, at any time, any or all Committee members and elect a new member(s) of the Committee.
- 3.11 A Committee member may resign by giving notice in writing to the Committee Chairperson at least one month prior to the proposed effective date of resignation. A Committee member may be removed from the Committee upon proposal by the organization that nominated that member to the Committee. In this case, the organization may, along with the notice of removal of its nominated member, nominate a new candidate representing the organization to the Committee.
- A Committee member shall be deemed to have been removed from the Committee as soon as NSD's Executive Board resolves to remove him/her.
- 3.12 Documentary and technical support to the Committee shall be provided by the Committee Secretary appointed by the Chairperson of NSD's Executive Board from among NSD's employees. Where the Committee Secretary is absent, the Chairperson of NSD's Executive Board shall designate an NSD's employee to act as Committee Secretary on a temporary basis.

4. COMMITTEE CHAIRPERSON AND DEPUTY CHAIRPERSONS

- 4.1 The Committee Chairperson shall organize the Committee's work and have the following responsibilities:
- Supervise Committee's activities;
 - Approve meeting agendas, dates, times, places, and formats;
 - Approve the list of persons to be invited to attend a Committee meeting;
 - Convene Committee meetings and arrange for the discussion of agenda matters at Committee meetings;

- Preside over Committee meetings;
 - Sign minutes of Committee meetings;
 - Determine the rules of procedure of the Committee and ensure compliance therewith;
 - Allocate responsibilities to the Committee members;
 - Attend Committee meetings and have a decisive vote in the event of a tie vote;
 - Represent the Committee in the course of its interaction with NSD's Executive Board, or any other bodies or persons; and
 - Have any other responsibilities relating to Committee's activities in accordance with these Regulations and NSD's other internal regulations.
- 4.2 Where the Committee Chairperson is absent, his/her responsibilities shall be performed by the Deputy Chairperson of the Committee or, where there is more than one Deputy Chairperson, by a Deputy Chairperson designated by the Committee. Where a Committee meeting is attended neither by the Chairperson, nor by the Deputy Chairpersons, the Committee members present at the meeting shall elect one of them to preside over the meeting.

5. RIGHTS AND RESPONSIBILITIES OF COMMITTEE MEMBERS

- 5.1 A Committee member may:
- 5.1.1 Propose matters to be put on a meeting agenda, subject to the Committee's objectives and functions set out in Section 2 above;
 - 5.1.2 Where the member is not able to attend a meeting, submit a written opinion on any agenda matter, subject to the requirements set out in paragraph 6.5 below;
 - 5.1.3 Receive information on Committee's activities; and
 - 5.1.4 Resign from the Committee.
- 5.2 A Committee member shall:
- 5.2.1 Not use his/her rights against NSD's interests or to inflict reputational damage on NSD;
 - 5.2.2 Exercise his/her rights and perform his/her responsibilities in the best interests of NSD, in good faith, and reasonably;
 - 5.2.3 Refrain from any action that may cause losses to NSD and/or its clients;
 - 5.2.4 Attend Committee meetings or vote in absentia in the event of meetings in absentia;
 - 5.2.5 Comply with the requirements set forth by NSD's internal regulations that govern NSD's operations, as well as with the requirements set forth by Russian laws and regulations and Bank of Russia's regulations;
 - 5.2.6 Neither disclose, nor use for his/her own benefit or for the benefit of third parties any confidential information or information that constitutes NSD's commercial secrets, of which the member has become aware and the list of which is set out in NSD's internal regulations, as well as any other information access to which is restricted in accordance with NSD's internal regulations;
 - 5.2.7 If elected to any committee/commission and/or working group referred to in paragraph 3.4 above, resign from the Committee by giving notice to the Committee Chairperson in accordance with paragraph 3.11 above; and
 - 5.2.8 Perform any other responsibilities provided for by these Regulations or NSD's other internal regulations.

6. COMMITTEE'S RULES OF PROCEDURE

- 6.1 Committee meetings shall be held as and when necessary and shall be convened by the Committee Chairperson (or, if the Committee Chairperson is absent, by the individual acting as Committee Chairperson on a temporary basis) either at the Committee Chairperson's own discretion, or upon a request by an Executive Board member, or a Committee member, or the head of an NSD's business unit.
- 6.2 The Committee Chairperson or the individual acting as Committee Chairperson on a temporary basis may reject convocation of a Committee meeting where the matter proposed to be discussed at the

meeting falls outside the scope of the Committee's objectives and functions, as stipulated in Section 2 above.

6.3 The following individuals may be invited to attend a Committee meeting: Executive Board members, Deputy Chairpersons of the Executive Board, heads of NSD's business units, individuals who have prepared any materials or documents on the matters to be discussed at the meeting, NSD's employees, and other individuals.

6.4 Generally, Committee meetings shall be in-person meetings. At an in-person meeting, it shall only be allowed to discuss any matter that has not been put on the meeting agenda if all of the attending Committee members so agree.

Committee meetings may be held using communication technologies (such as conference calls, etc.).

6.5 Any person invited to attend an in-person meeting, including Committee members who are not able to attend the meeting, may submit their written opinion on the agenda matters. Such written opinions shall be read aloud at the Committee meeting by the individual acting as Committee Chairperson before the voting on the matter on which the written opinions have been submitted starts. Where a decision made by the Committee takes account of the written opinion submitted by a Committee member who is not in attendance, his/her written opinion shall be attached to the minutes of the meeting.

For the purposes of establishing whether the quorum is present at a Committee meeting and determining the voting results for any agenda item, a written opinion submitted by a Committee member not present at the meeting shall be taken into account, provided that the following conditions are met:

- the written opinion on the agenda item was received before the start of the meeting; and
- the Committee member has unambiguously made clear his/her position on the agenda item by stating, in his/her written opinion, one of the voting options for the draft resolution ("for", "against", or "abstained").

A written opinion containing any corrections or reservations with respect to a proposed draft resolution shall be disregarded when establishing whether the quorum is present and determining the voting results. Where any amendments are made to a draft resolution at the Committee meeting, the written opinion shall also be disregarded when establishing whether the quorum is present and determining the voting results.

When establishing whether the quorum is present at a Committee meeting and determining the voting results, written opinions shall be taken into account separately for each agenda item, which shall be reflected in the minutes of the meeting.

A written opinion submitted by a Committee member who cannot attend an in-person meeting of the Committee shall be signed, stating the member's last name and initials, and shall be submitted by the start time of the Committee meeting, either in the original form or by fax, followed by the original.

6.6 The Committee Chairperson (or the individual acting as Committee Chairperson on a temporary basis) may decide that Committee's resolutions shall be passed by absentee voting.

6.7 When convening a Committee meeting, the Committee Chairperson (or the individual acting as Committee Chairperson on a temporary basis) shall determine the meeting date, time, agenda, place, and format, as well as the list of persons to be invited to attend the meeting.

6.8 Where any circumstances occur which make it impossible to hold, or hinder the holding of, the Committee meeting of which the Committee members have been notified, the Committee Chairperson (or the individual acting as Committee Chairperson on a temporary basis) may adjourn the meeting to another date with the same agenda.

In the event of changes in the date and/or time of a Committee meeting, the Committee Secretary shall give notice to all members of the Committee.

6.9 A Committee meeting shall be capable to transact business (shall be deemed to have the required quorum) if attended by at least half of the total number of its members. Whether or not the quorum is present shall be determined by the chairperson of the meeting upon declaring the meeting open. Where the quorum is not present at a Committee meeting, the Committee Chairperson (or the individual acting as Committee Chairperson on a temporary basis) shall decide to adjourn a meeting to be held with the same agenda or to put the agenda matters that should have been discussed at

the failed meeting on the agenda of the next scheduled Committee meeting.

- 6.10 Each Committee member, including the Chairperson, shall have one vote. No Committee member may transfer his/her vote to another Committee member.
- 6.11 Decisions at Committee meetings shall be made by simple majority vote of the Committee members attending the meeting. In the case of a tie vote, the Committee member presiding over the meeting shall have the decisive vote.
- 6.12 When a Committee meeting is to be held in absentia, along with the materials (information) on the meeting agenda items, the Committee members shall be sent, by email, voting ballots.
- 6.13 A completed voting ballot shall be sent to the Committee Secretary by email by the deadline for submission of voting ballots.
- 6.14 Decisions taken at a Committee meeting shall be laid down in the minutes of the meeting, which shall be issued within three (3) business days following the meeting date. The minutes of any meeting shall be signed by the member presiding over the meeting who shall be responsible for ensuring the accuracy of the minutes, as well as by the Committee Secretary.
An individual opinion of a Committee member who voted against or abstained from voting on a decision on any agenda item may, if so wished by such member, be reflected in the minutes of the meeting.
- 6.15 On agenda matters for which the Committee has made recommendations for a meeting of NSD's Executive Board, such recommendations shall be recorded in the form of an excerpt from the minutes of the Committee meeting, which shall accompany the materials prepared for the Executive Board meeting for the purposes of discussion of the relevant matter.

7. COMMITTEE'S WORKING GROUPS

- 7.1 The Committee may have working groups established to make recommendations on certain aspects of NSD's repository activities.
- 7.2 The functions of working groups and the procedure for their establishment shall be approved by the Committee.
- 7.3 Meetings of working groups shall be convened as and when necessary, including upon the initiative of the Committee Chairperson, a working group member, or NSD.

8. LIABILITY OF COMMITTEE MEMBERS

Committee members shall be held liable, in accordance with the laws of the Russian Federation and NSD's internal regulations, for failure to perform or improper performance of their responsibilities, resulting in damages to NSD.

9. MISCELLANEOUS

- 9.1. Any matters omitted in these Regulations shall be governed by NSD's Articles of Association and other internal regulations, as well as by the applicable Russian laws.
- 9.2. Where any provision of these Regulations becomes inconsistent with any amended laws, or NSD's Articles of Association, or NSD's other internal regulations, that provision shall cease to be in force, and, until relevant amendments are made to these Regulations, the Committee shall act in compliance with such amended laws, or NSD's Articles of Association, or NSD's other internal regulations.

Chairman of the Executive Board, NSD

Eddie Astanin

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