

National Settlement Depository

The National Settlement Depository (NSD) is Russia's central securities depository, offering settlement and depository services for financial market players. Established as the main depository for government securities, the NSD soon became the largest depository by value of assets held on deposit and Russia's only settlement depository servicing all types of Russian issue-grade securities.

The NSD is recognised by the Bank of Russia as a systemically important central securities depository, settlement depository and repository. The NSD payment system is considered to be of systemic and national importance.

In 2017, the value of assets deposited at the NSD rose by 8% to RUB 39.4 tn. The value of OFZ balances in foreign nominee accounts increased by 49% to RUB 2.2 tn. In 2017, the NSD handled 15,800 corporate actions involving Russian securities, with more than 4,000 meetings of securities holders organized through the e-voting system. The number of corporate actions involving foreign securities grew by 84%, to more than 14,600.

Repository

2017 saw further progress in the work of the NSD's Repository. The number of trades registered with the Repository increased by 4.4 times to more than 11 million, with a total value of RUB 472.3 tn (compared to RUB 403.9 tn in 2016).

In September 2017, the NSD's Repository extended its operating day to 24 hours in order to enhance automation and ensure end-to-end data processing.

The format and domestic launched in 2017 helped to significantly improve the quality of information provided by clients to the Repository. FLV plays an important role in minimizing the number of inaccurate trade parameters and curbing the submission of information that does not meet reporting deadlines specified by applicable legislation.

Collateral Management

In 2017, the value of repo transactions serviced by the NSD's collateral management system (CMS) declined by 10% to RUB 42.6 tn. The number of the Federal Treasury's repo transactions with the CMS went up by 12% to reach RUB 41.9 tn.

In December 2017, the NSD launched Liquidity Management, a new solution to automate money transfers between clients' trading bank accounts opened for clearing at the NSD and NCC. The service also offers regular liquidity transfers to the NSD's clearing bank account using the client's settlement code. The solution helps clients cut costs associated with managing cash positions at the NSD and NCC.

Information Services

In 2017, the NSD's Valuation Centre obtained accreditation from the Bank of Russia. Early in the year, the Valuation Centre started broadcasting data via Bloomberg. In September, the Centre launched a solution for calculating the fair value of rouble bonds based on a new methodology covering 750 issues by Russian issuers with ratings assigned by international rating agencies.

Teaming up with Interfax Group to implement RU DATA helped the project gain significant traction and increase business volumes by 2.25 times.

In 2017, the NSD completed a large-scale project to launch a new line of information services through the roll-out of nsddata.ru, a new technology platform of the Corporate Information Centre.

The new line's key product is a flexible service for the customized delivery of data on securities, relevant organizations and corporate actions to the API NSD customer account. The new platform also offers upgraded DISC NSD and Valuation Centre capabilities and an opportunity to leverage additional information services of the central depository.

Technical and Settlement Services

The NSD puts great emphasis on developing a reliable IT platform, enabling partnership programs and ensuring top-level information security. In 2017, the Depository turned its technical services capabilities into a standalone strategic line of business.

Technical access to the SWIFT connection service was granted to 19 new users, bringing the total number to 67. The average daily traffic of Service Bureau clients rose by 48% YoY, hitting 11,257 messages per day.

In 2017, the NSD created and approved a concept for developing a financial message transit service based on the NSD's electronic document flow platform. Project implementation will expand the list of transit participants by supporting document interchange between corporate clients and banks using ISO 20022 messages.

In 2017, the value of money transfers grew by 10% YoY to RUB 389.8 tn, while the number of transactions went up by 2% YoY to 1.19 million.

International Cooperation

The NSD and CSD Working Group on DLT, an association of central securities depositories (CSD), signed a Memorandum of Understanding (MOU) focusing on the CSDs' joint efforts to promote the application of blockchain technology in the post-trade sector. Today, dealing with securities, especially in areas requiring multi-party communications (for example, those involving corporate actions), implies complex multi-stage procedures (such as manual processing) that incur significant additional costs. The signed MOU sets out requirements for blockchain-based e-voting technology with regard to generally accepted ISO 20022 message exchange standards and principles.



We have created an effective domestic post-trade infrastructure for safekeeping of assets, processing of corporate actions and company information and providing settlement and collateral management services. Our infrastructure is fully integrated into the global financial system; and the reliability and quality of NSD's services are in line with international standards. Our priority is to provide straightforward and convenient access to our services for customers as well as effective risk management.

Eddie Astanin

Chief Executive Officer, NSD