

AECSD

PROFILE

2017



## GENERAL INFORMATION ABOUT THE ASSOCIATION

The Association of Eurasian Central Securities Depositories (AECSD) unites the central securities depositories of CIS countries. The Association's mission is to develop and enhance CSDs operations, to create a common depository environment, and to integrate CIS countries' central securities depositories into a global securities settlement system.

Discussion of issues for interactions between central securities depositories of CIS countries began in 2001 in Tashkent at the international seminar "Integration of Depository Systems as the Basis for Efficient Interactions on International Securities Markets." At the event, professional securities market participants were able for the first time to get acquainted with the level of development of settlement systems and the stock markets of neighbouring countries and to find ways to cooperate in the future. At that time, many seminar participants highlighted the long felt need to establish partner relations

between organisations, to integrate efforts aimed at improving and harmonising securities market legislation and to build efficient interactions between stock markets in general.

Later on, these seminars were held annually. In 2002, meetings were held in Almaty, Kazakhstan, and Bishkek, Kyrgyzstan. In 2003, the seminar was conducted in Baku, Azerbaijan.

At the meetings, representatives of CIS country central depositories exchanged opinions on key issues. Year by year, the scale of the event grew. The international conference focused on the interactions of CIS countries' CSDs held in Moscow in 2004 represented a new stage in the history of the meetings. The conference revealed that despite differences in the development levels of stock market in various CIS countries, an important market integration challenge, there was a real interest in harmonising countries' legal

acts and in establishing inter-depository relations. Conference participants made the decision to form the Association of Eurasian Central Securities Depositories (AECSD).

On 22 December 2004, the first (foundation) conference of AECSD was carried out. It was organised by the Not-for-Profit Partnership "The National Depository Center" (Russia) and Closed Joint Stock Company "Depository Clearing Company." The conference's goals included signing a resolution on AECSD establishment, forming its governing bodies, and developing its working programmes.

Association members include its founders and other participants who have joined the Association in compliance with the procedure provided for in Clause 5 of the Resolution.

## AECSD OBJECTIVES

In accordance with the Resolution, the main objective of AECSD is to establish a common "depository environment," including:

- harmonising the regulatory framework;
- developing an optimal model for the recordkeeping system to be used in the securities markets of member countries;
- establishing depository links among the members to support cross-border securities transactions;
- standardising the technologies for depository operation, procedures for depository transaction processing, and rules and regulations governing the depositories' activities
- adopting international messaging standards for depository transactions and their use in national practices;
- developing Electronic Document Interchange (EDI);
- developing harmonised standards for depository recordkeeping and reporting;
- supporting a coordinated process to enable Association members to integrate into the global post-trade infrastructure.

## THE MEMBERS OF THE ASSOCIATION

	ARMENIA Central Depository of Armenia Open Joint-Stock Company
	AZERBAIJAN ZAO "The National Depository Center of the Azerbaijan Republic"
	BELARUS Republican Unitary Entity "Republican Central Securities Depository"
	GEORGIA Georgian Central Securities Depository
	INDIA Central Depository Services Limited (CDSL)
	INDIA National Securities Depository Limited (NSDL)
	KAZAKHSTAN Joint Stock Company "Central Securities Depository"
	KOREA Korea Securities Depository (KSD)
	KYRGYZSTAN Closed Joint Stock Company "Central Depository" Kyrgyz Republic
	MOLDOVA National Securities Depository of Republic of Moldova
	RUSSIA National Settlement Depository (NSD)
	TAJIKISTAN Central Depository (closed joint stock company)
	TURKEY Merkezi Kayit Kurulusu A.S. (MKK)
	UKRAINE Public Joint-Stock Company "National Depository of Ukraine" (NDU)
	UZBEKISTAN State enterprise "Central Securities Depository" (UzCSD)

## AECSD'S GOVERNING BODIES

- General Meeting
- Chairman

### GENERAL MEETING OF AECSD MEMBERS

The General Meeting of the Association's members is AECSD's primary governing body; it is called annually. An AECSD Participant acting in the country in which the General Meeting is held is the General Meeting Organiser. The General Meeting's decisions are made by a majority vote of Meeting participants. Each Participant has one vote.

### GENERAL MEETING'S FUNCTIONS

1. Making decisions that are obligatory for AECSD participants;
2. Approving the AECSD's annual activities report;
3. Amending the Resolution;
4. Selecting the Organisation-AECSD Participant to act as the AECSD Secretariat;
5. Forming AECSD Working Groups and appointing the heads of the Working Groups;
6. Setting tasks for the AECSD Working Groups;
7. Accepting the AECSD Working Group's reports and approving/disapproving the reports;

8. Stopping the AECSD Working Group's activities;
9. Discussing issues that are in the Participants' common interest;
10. Setting the venue and date for the AECSD's next AGM;
11. Implementing other appropriate functions corresponding with the AECSD's goals.

The Chairman of the Association is an executive body of the Association performing ongoing management of the Association in the period between General Meetings of the Participants of the Association and providing for the implementation of the Association's goals, resolutions, and decisions taken at the General Meetings.

The Chairman is re-elected annually in accordance with the AECSD Charter. Valentina Timoshenko, Director of the Republican Unitary Entity "Republican Central Securities Depository," currently holds this position.

### FUNCTIONS OF THE ASSOCIATION'S CHAIRMAN

- Managing the Association's activities, and coordinating the actions of the Association's Participants;
- Providing for the organisation of coordinating events necessary to prepare

for the General Meeting of the Association's Participants, developing the Meeting's agenda;

- Chairing the General Meeting;
- Signing the protocol of the General Meeting of the Association's Participants in conjunction with the Association's Secretary;
- Calling for an Extraordinary General Meeting of the Association's Participants;
- Observing the Resolution;
- Coordinating the Working Groups' activities;
- Officially representing the Association, building cooperation and partner relations with international and foreign associations on behalf of the Association;
- Representing the Association's interests in its interactions with third parties;
- Implementing other necessary functions in the period between the General Meetings of the Association's participants.

Recordkeeping is conducted by the Association's Secretariat (NSD, the Russian Federation), as selected and approved by the General Meeting of the Association's participants.

## THE ASSOCIATION HAS 3 WORKING GROUPS

	GOALS	OBJECTIVES
<b>WORKING GROUP 1 CSDS LEGAL ISSUES AND LEGAL DEVELOPMENTS</b>	<p>Regular exchange of information on past and future events on the stock markets and on infrastructure changes.</p> <p>The possibility of being made aware of forthcoming changes in advance.</p>	<ul style="list-style-type: none"> <li>• Arrange regular information exchanges about the latest changes in national legislation</li> <li>• Describe the principal changes in national legislation that are applicable to your CSD that have been introduced this year</li> <li>• Briefly highlight the main changes in national legislation that are applicable to your CSD which should be implemented in the next year</li> </ul>
<b>WORKING GROUP 2 DEPOSITORY ACTIVITIES</b>	<p>Experience sharing, harmonising processes and formats, implementing CSD best practices relevant to all aspects of the CSD business (including recordkeeping and safekeeping of securities, settlements, corporate actions, taxation, and EDI channels, etc.)</p>	<ul style="list-style-type: none"> <li>• Describe main services introduced by your CSD this year</li> <li>• Briefly describe the services which should be implemented in the next year</li> </ul>
<b>WORKING GROUP 3 ADMINISTRATION OF THE ASSOCIATION'S WEBSITE</b>	<p>Keeping information on the Association and its members, as posted on the AECSD website, up-to-date; taking part in surveys conducted within the AECSD, and exchanging information and materials concerning performance of other regional CSD associations</p> <p>AECSD secretariat at least once a month site, up-to-date; taking part</p>	<ul style="list-style-type: none"> <li>• Share the most significant news with the AECSD secretariat at least once a month in order to publish the news on the AECSD website</li> <li>• Discuss within a group if it is required to create a closed section of the web site in order to exchange materials for the conference, photos, arrange closed message board for participants, etc.</li> </ul>

AECSD members' correspondent relations are presented in the Table on page 6. AECSD takes a proactive part in regular meetings of the World Forum of CSDs, where representatives of all central securities depositories' associations discuss the

post-trading environment and its development, in international conferences, such as SIBOS and NeMa, to share experiences and exchange opinions, to coordinate industry initiatives, and to develop its position in dialogues with regulators and

other organisations coordinating the development of the financial market and its infrastructure globally.

## THE ROLE OF CSDS AS MARKET INFRASTRUCTURES

A Central Securities Depository (CSD) is an entity which provides a central point to deposit financial instruments (securities), such as bonds and shares. CSDs' clients are financial institutions (custodians and brokers), rather than individual investors. CSDs typically perform three primary functions.

### ISSUANCE

CSDs constitute the first entry point for newly issued securities. Following the creation of new securities by issuers, they record the initial deposit. They typically

also act as guardians of the integrity of an issue, ensuring that at any point in time the number of securities initially created equals the total number of securities in circulation.

### SETTLEMENT

CSDs operate technical platforms allowing for the settlement of securities transactions. In practice, they reduce the risks for buyers and sellers of securities by offering simultaneous "delivery versus payment" (DVP), so that cash is only paid to the seller

once securities are delivered to the buyer.

### SAFEKEEPING

CSDs also provide securities accounts to their participants and manage the rights and obligations linked to securities holdings. For example, they process dividend and interest payments based on information received from the issuer.

TABLE. AECSD MEMBERS' CORRESPONDENT RELATIONS (AS OF 31 DECEMBER 2016)

		Cross-border links: 21														Bilateral: 8	
		INBOUND														21	
COUNTRY		ARM	AZE	BLR	GEO	CDSL	NSDL	KAZ	KOR	KGZ	MDA	RUS	TJK	TUR	UKR	UZB	
OUTBOUND	Armenia		-	✓	-	-	-	✓	-	-	-	✓	-	-	-	-	3
	Azerbaijan	-		-	-	-	-	-	-	-	-	-	-	-	-	-	0
	Belarus	✓	-		-	-	-	✓	-	-	-	✓	-	-	-	-	3
	Georgia	-	-	-		-	-	-	-	-	-	-	-	-	-	-	0
	India (CDSL)	-	-	-	-		-	-	-	-	-	-	-	-	-	-	0
	India (NSDL)	-	-	-	-	-		-	-	-	-	-	-	-	-	-	0
	Kazakhstan	-	-	✓	-	-	-		-	✓	-	✓	-	-	-	-	3
	Korea	-	-	-	-	-	-	-		-	-	-	-	-	-	-	0
	Kyrgyzstan	-	-	-	-	-	-	✓	-		✓	-	-	-	-	-	2
	Moldova	-	-	-	-	-	-	-	-	-		-	-	-	-	-	0
	Russia	✓	✓	✓	✓	-	-	✓	-	✓	-		-	-	✓	-	7
	Tajikistan	-	-	-	-	-	-	-	-	-	-	✓		-	-	-	1
	Turkey	-	-	-	-	-	-	-	-	-	-	-	-		-	-	0
	Ukraine	-	-	✓	-	-	-	-	-	-	-	✓	-	-		-	2
	Uzbekistan	-	-	-	-	-	-	-	-	-	-	-	-	-	-		0
	21		2	1	4	1	0	0	4	0	2	0	6	0	0	1	0



## CENTRAL DEPOSITORY OF ARMENIA (ARMENIA)

### LINKS

Inbound	Outbound
Russia	Kazakhstan
Belarus	Russia
Clearstream	Belarus
	Clearstream

### KEY EVENTS AND DEVELOPMENTS IN THE POST-TRADE INDUSTRY IN 2016

One of the main achievements in 2016 was implementation of a Clearstream Link with the Central Depository of Armenia (CDA). Foreign investors can now easily access Armenian government bonds and supranational bonds via CDA (the local custodian) and the Central Bank of the Republic of Armenia (a cash correspondent bank). In addition, in June 2016, the Central Securities Depositories of Armenia and RCSD (Belarus) established the Bilateral Interaction Channel. Thanks to this, CDA and RCSD customers get access to the entire range of services provided by depositories in respect to the registration of securities, the settlement of transactions with securities, and other services associated with exercising the rights to securities.

### EXPECTATIONS REGARDING DEVELOPMENTS BY THE END OF 2017

- Provision of online & offline access to government bond auctions
- Maintenance of cash accounts



## BASIC INFORMATION

25 employees (number of full-time equivalent employees working for the CSD)

Banking license  
+ NNA  
LOU for LEI

## BIS SETTLEMENT MODEL

Model 1  
+ Model 2 (OTC: corp. securities)  
+ Model 3 (On-exchange: corp. securities)

## SECURITIES ACCOUNTS

Total: 108,335  
Legal entities: 3,301  
Individuals: 105,034

## KEY MARKET FIGURES (as of 31.12.2016)

- Market Capitalisation, USD mln: 280.8
- Average Daily Trading Volume, USD mln: 10.6
- Listed Companies: 20
- Financial Instruments: Equities, Bonds, Units
- Value of Assets under Custody Held on Behalf of Customers, USD bln: 2.8
- Number of Settled Securities Transactions, thousands: 1.5
- Value of Settled Securities Transactions,

USD bln: 0.2

- Country's Ratings:
  - Moody's: B1
  - Fitch: B+
- Depository Rating:
  - Thomas Murray: BB

## MAJOR MARKET PARTICIPANTS (INFRASTRUCTURE)

- Regulators: Central Bank of Armenia, [www.cba.am](http://www.cba.am)
- Self-regulated organisations: None
- Stock Exchange: "NASDAQ OMX Armenia" OJSC, [www.nasdaqomx.am](http://www.nasdaqomx.am)
- The functions of a centralized custodian, centralised registry and settlement system operator of securities performs Central Depository: "Central Depository of Armenia" OJSC, [www.nasdaqomx.am](http://www.nasdaqomx.am)

## MARKET SPECIFICS

- Time zone:
    - GMT +4h
  - Local Currencies:
    - Armenian Dram (AMD)
  - Numbering System:
    - ISIN; local registration number; registration number for government securities
- All Armenian equity and debt securities are issued in a dematerialised form and are held by "Central Depository of Armenia" OJSC, if there is an appropriate custodian service contract between the Depository and the client.

and the client.

CDA is a centralised custodian and a registrar. Clients are serviced via Account Managers that carry out all operations, except for clearing and netting, within a single CDA system.

## SETTLEMENT CYCLES

- Stocks:
  - On-exchange: T+0
  - OTC: T+n
- Bonds:
  - On-exchange: T+0
  - OTC: T+n

## MARKET CUT-OFF TIMES

- Government bonds, corporate securities:
  - Pre-open session: 10:50 – 10:59
  - Auction: 10:59 – 11:00
  - Trading session: 11:00 – 15:00
  - Post-trade (closing session): 15:00 – 15:05
- Credit market (7 days):
  - Trading session: 11:00 – 13:00
  - Post-trade (closing session): 13:00 – 13:10
- REPO, currency swaps:
  - Trading session: 11:00 – 15:00
- FX market:
  - Trading session: 11:00 – 15:00
  - Post-trade (closing session): 15:00 – 15:05
- OTC trades:
  - FoP: 09:00 – 17:00
  - DvP: 09:30 – 15:30

## NOMINEE CONCEPT

The custodian system of corporate securities in the Republic of Armenia is two-level. CDA acts as the first level custodian (centralised custodian), while the custodians act as the second level. Nominee accounts in CDA can be opened both for resident and non-resident custodians.

The custodial system for government bonds differs slightly from the corporate bonds custodial system. The Central Bank of Armenia acts as first level custodian for government bonds in this system. The Armenian law prohibits non-resident institutions from acting as sub-custodians for government bonds.

## CORPORATE ACTIONS

- All corporate actions entitlements are based on the settled position as of the record date
- There is no ex-date concept
- Information on corporate events can be made publicly available by CDA at the demand of a company. However, for the listed companies, the publication of corporate events is mandatory.

- For corporate events with a record date, the issuer acquires the register of shareholders for such a date via its registrar. The registrar then requests that nominee holders disclose the final beneficial owners to determine the full list of shareholders.

## PROXY VOTING

The shareholders can exercise their voting right by proxy voting except the AGM and other meetings settled by the law.

## TAXATION

## INCOME TAX:

- Withholding tax on interest income is 10% both for resident and foreign individual investors
- There is no withholding tax on dividend income and interest income on government bonds both for resident and foreign individual investors
- There is no capital gains tax for both resident and foreign individual investors

## PROFIT TAX:

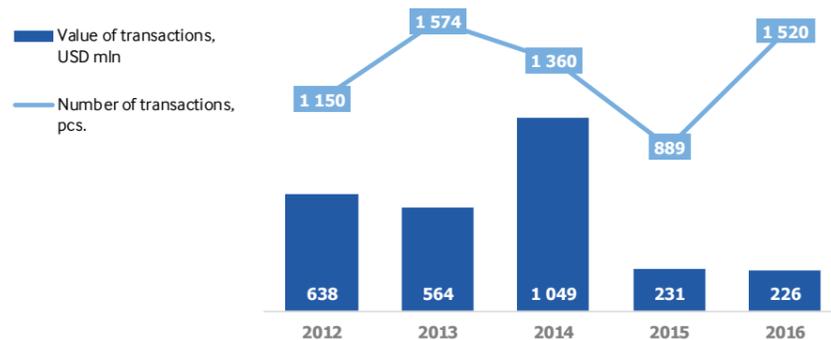
- There is no withholding tax on dividend income for residents (legal entities)
- Withholding tax for foreign investors (legal entities) on dividend income is 10%
- Government bonds and corporate bonds are taxed at 20% for residents (legal entities) and 10% for foreign investors (legal entities)
- There is no capital gains tax for residents (legal entities)
- Realized capital gains tax is 10% for foreign investors (legal entities)

To benefit from tax rates as provided by the DTT, foreign investors have to provide a tax certificate (certificate of residence) confirming their tax residency to the Armenian tax agent for the current year.

## COLLATERAL MANAGEMENT

At this moment CDA does not provide collateral management services to the customers, but CDA is in the process of creating the concept of these services. 🇷🇺

## SECURITIES TRANSACTIONS



## INVESTOR DISCLOSURE REQUIREMENTS

- Shares traded on stock exchange: 5%, 10%, 20%, 50 %, 75% and more
- Shares of financial institutions: 10%
- All companies: 100%.



# THE NATIONAL DEPOSITORY CENTER OF THE AZERBAIJAN REPUBLIC (AZERBAIJAN)

## LINKS

Inbound	Outbound
Russia	



## KEY EVENTS AND DEVELOPMENTS IN THE POST-TRADE INDUSTRY IN 2016

- A single trading, post-trade and regulatory system for the securities market was commissioned in February 17, 2016. System was named CETA (Centralised Exchange Trading in Azerbaijan). Users of new system include Baku Stock Exchange, which is organises trading, National Depository Center, which is central Depository and Clearing organisation; investment companies, which are members of trading, and regulatory authorities of the market
- The new model of opening and managing accounts in depository system was applied in April-May, 2016. The new system gives an opportunity to investment companies to open and manage securities accounts of their clients, remotely connecting to the information system of NDC
- The relevant electronic platform was created by NDC to registrar OTC transactions in organized form
- The access to the electronic interface from the depository system was opened for the clients of NDC
- NDC integrated with mobile electronic signature service "ASAN imza"

## EXPECTATIONS REGARDING DEVELOPMENTS BY THE END OF 2017

- NDC connected to AZIPS - RTGS system of Central Bank in April, 2017
- The legal and technical basis for integration with notary system was prepared

## PLANS FOR THE END OF 2017

- Introduction of new electronic services to customers
- Improvement of clearing model
- Opening of accounts in foreign depositories

## BASIC INFORMATION

58 employees (number of full time equivalent employees working for the CSD)

- Banking license
- + NNA
- LOU for LEI

## BIS SETTLEMENT MODEL

- Model 1
- + Model 2
- Model 3

## SECURITIES ACCOUNTS

Total: 108,011  
 Legal entities: 802  
 Individuals: 107,209

## KEY MARKET FIGURES (as of 31.12.2016)

- Market Capitalisation, USD mln: 1.973 (as of 07/2017)
- Average Daily Trading Volume, USD mln: 9.2
- Listed Companies: 891
- Financial Instruments: Equities, Bonds, Notes, Housing certificates
- Value of assets under custody held on behalf of customers, USD bln: 19.5
- Number of securities transactions settled, in thousands: 3.4
- Value of securities transactions settled, USD bln: 5.5
- Country's Ratings (as of 07/2017):
  - Moody's: Ba1

- Fitch: BB+
- S&P: BB+

- On-exchange: T+1
- OTC: T+N

## MAJOR MARKET PARTICIPANTS (INFRASTRUCTURE)

- Regulators: Financial Market Supervisory Authority (FIMSA), [www.fimsa.az](http://www.fimsa.az)
- Self-Regulated organisations: AFBIA, [www.afbia.az](http://www.afbia.az)
- Stock Exchange: Baku Stock Exchange, [www.bfb.az](http://www.bfb.az)
- Settlement Depositories: National Depository Center (NDC), [www.mdm.gov.az](http://www.mdm.gov.az)
- Clearing House: National Depository Center (NDC), [www.mdm.gov.az](http://www.mdm.gov.az)
- Registrars: National Depository Center (NDC), [www.mdm.gov.az](http://www.mdm.gov.az)

## MARKET CUT-OFF TIMES

- On-exchange trades:
  - 10:00 – 16:00
- OTC trades:
  - FOP: 09:00 – 18:00
  - DVP: 09:00 – 18:00

## INVESTOR DISCLOSURE REQUIREMENTS

The information can be disclosed only to the securities owners or their authorized representatives and in cases stipulated by the legislation by the request of notary and court.

## NOMINEE CONCEPT

Beneficial ownership structure at CSD level.

## CORPORATE ACTIONS

Conducting of meetings, issuing (paying) of dividends, rights issue, secondary public offering, consolidation, conversion and splitting of securities.

## PROXY VOTING

Presence of the representative with the power of attorney is required.

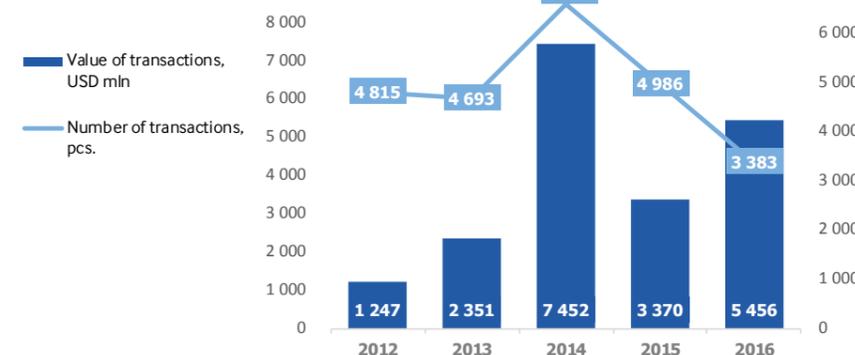
## TAXATION

- For investors: 10% from dividends and interest income. (Individuals are exempt from withholding tax)
- For Service providers: provision of financial services is exempted from VAT. Financial service is any transaction connected with the circulation of shares, bonds, certificates, bills, checks or other securities. Services on safekeeping of bills, securities and other valuables are not qualified as financial services.

## COLLATERAL MANAGEMENT

At the present time there is no specific plan to develop and provide collateral management services to the clients.

## SECURITIES TRANSACTIONS





# REPUBLICAN CENTRAL SECURITIES DEPOSITORY (BELARUS)

## LINKS

Inbound	Outbound
Armenia	Armenia
Russia (NSD)	Kazakhstan
Russia (Infinitum A.S.)	Russia
Russia (UniCreditBank)	
Kazakhstan	
Ukraine	



## BASIC INFORMATION

23 employees (number of full time equivalent employees working for the CSD)

- Banking license
- + NNA
- LOU for LEI

## BIS SETTLEMENT MODEL

- Model 1
- Model 2
- + Model 3 (On-exchange)

## SECURITIES ACCOUNTS

Total: 21,027  
Legal entities: 1,427  
Individuals: 19,600

## KEY MARKET FIGURES (as of 31.12.2016)

- Market Capitalisation, USD bln: 31.3
- Average Daily Trading Volume, USD mln: 12.0
- Listed Companies: 1,724
- Financial Instruments: Government bonds, Equities, Bonds, Non-documentary mortgage securities
- Value of assets under custody held on behalf of customers, USD bln: 31.3
- Number of securities transactions settled, in thousands: 13.4
- Value of securities transactions settled, USD bln: N/A
- Country's Ratings:
  - Moody's: Caa1
  - S&P: B-

## MAJOR MARKET PARTICIPANTS (INFRASTRUCTURE)

- Regulators: The Ministry of Finance of the Republic of Belarus (stock market regulator, acting through its Securities Department)
- Self-regulatory organisations: None; there is the Association of Securities Market Participants
- Stock exchange: OJSC Belarus Currency-Stock Exchange, [www.bcse.by](http://www.bcse.by)
- Settlement depositories: The Republican Unitary Enterprise "Republican Central Securities Depository" (RUE RCSD) (stock exchange's settlement depository), [www.centraldepo.by](http://www.centraldepo.by)
- Clearing (settlement) house: N/A
- Registrars: None; there is a two-level depository system, which includes the central securities depository and 31 sub-depositories

## MARKET SPECIFICS

- Time zone:
  - GMT +3h
- Local currencies:
  - Belarussian ruble (BYR)
- Numbering system:
  - Identification code; ISIN; CFI – are assigned on voluntary basis upon an interested party's request

## SETTLEMENT CYCLES

- Stocks:
  - On-exchange: T+0, T+n, NS, S-REPO
  - OTC: T+n
- Bonds:
  - On-exchange: T+0, T+n, NS, S-REPO
  - OTC: T+n

## MARKET CUT-OFF TIMES

- On-exchange trades:
  - 09:00 – 16:50

## INVESTOR DISCLOSURE REQUIREMENTS

Any person who becomes a holder of five or more percent of common (ordinary) shares of an issuer shall disclose the said information within five days from the date that the ownership rights were registered. This disclosure shall include personal data and shall be related to the acquisition and any other change(s) due to which the issuer's share of common (ordinary) shares exceeded 5, 10, 15, 20, 25, 30, 50, or 75 percent.

For more information please see the following link: [www.centraldepo.by](http://www.centraldepo.by).

## NOMINEE CONCEPT

There is no concept of a "nominee" in the Belarusian law. The Republic of Belarus has a two-level depository system, with sub-depositories holding correspondent LORO securities accounts with the CSD. These accounts are being used to hold securities (in aggregate, broken down by issue) rights to which are recorded in owner's securities accounts held with the relevant sub-depositories.

## CORPORATE ACTIONS

- The Law on Depository Activities defines a register of securities owners as a set of data concerning owners of the same-type securities issued by a particular issuer, as kept by a professional market participant authorized to keep a register under an agreement entered into with the issuer
- In accordance with the law, a register is kept by an issuer's depository on the basis of information concerning the status of securities accounts held with the issuer's depository and/or other depositories that record rights to securities issued by the issuer

- Registers of bond owners are drawn up for the purpose of principal and income payment as at the dates prescribed by the prospectus and the resolution to issue such bonds
- A list of shareholders entitled to receive dividends is drawn up on the basis of the same register of shareholders that was used to draw up a list of persons entitled to attend the general meeting of shareholders at which the resolution to pay such dividends was passed
- A list of persons entitled to attend a general meeting of shareholders is drawn up on the basis of the data recorded in the register of shareholders as at the date determined by a company's authorized management body
- As there is no concept of a "nominee" in the Belarusian law, a non-resident may only be included on the list either as a securities owner or as a person holding securities under an agreement (e.g. as a pledgee)

## PROXY VOTING

A shareholder may vote either in person, by personally attending an annual general meeting of shareholders, or through a proxy acting under a notarized power of attorney. In addition, a trustee holding assets in trust may take any legal and practical steps with respect to such assets on behalf of the trust settlor or beneficiaries in accordance with the trust agreement. Where the form and type of trust provides that a shareholder's rights, including the right to attend general meetings of shareholders with the right to vote on any matters reserved to the general meeting (if the shareholder is a holder of ordinary shares), or with the right to vote (if the shareholder is a holder of preferred shares), the right to vote at general meetings of shareholders may be delegated to the trustee.

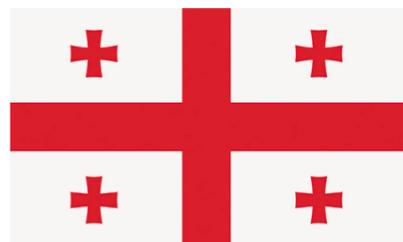
## TAXATION

- Income tax is imposed on gross profit from transactions with securities, as well as dividends and equivalent income accrued by Belarusian organisations
- The following are not treated as dividends: payments made to an organisation's member upon liquidation of the organisation or member's withdrawal from the organisation, provided that the amount paid does not exceed the member's contribution to the organisation's share capital; and distributions made to an organisation's members (shareholders) in the form of shares (units) in the organisation, or in the form of an increase in the nominal value of a share (unit), provided that such distributions are made by the organisation using its own resources, and further provided that such distributions do not result in a change in any of the members' (shareholders') interest in the organisation's share capital, or a change in such interest is less than 0.01%

- The income tax rate is 18%. The rate decreased by 50% applies to profits from the sale of all or some of the shares (units) in an organisation domiciled in the Republic of Belarus. The income tax rate applicable to dividends is 12%
- The income tax rate applicable to foreign organisations that do not operate in the Republic of Belarus through a permanent establishment is 10% (for income on securities the terms and conditions of issuance of which provide for the payment of income in the form of interest (discount), or 12% (for dividends or equivalent income)
- The individual income tax rate applicable to dividends is 13%

## COLLATERAL MANAGEMENT

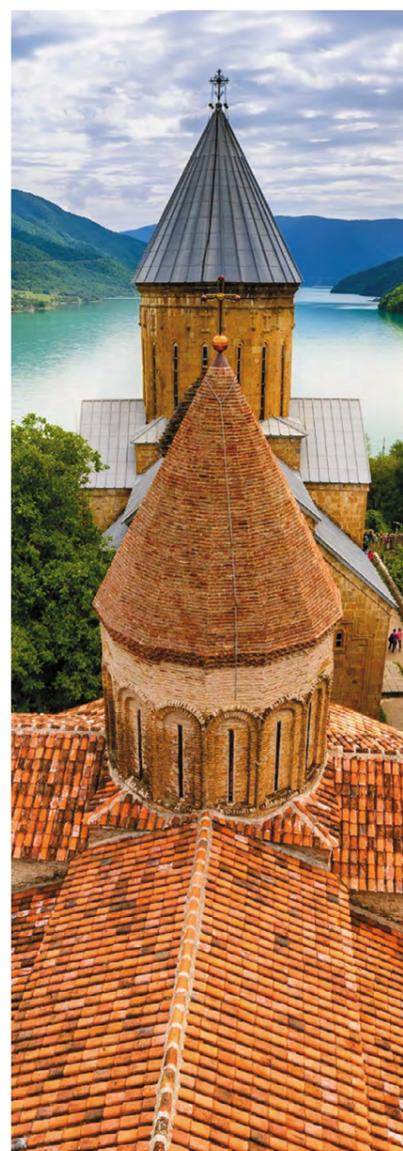
Not applicable.



# GEORGIAN CENTRAL SECURITIES DEPOSITORY (GEORGIA)

## LINKS

Inbound	Outbound
Russia	



## BASIC INFORMATION

5 employees (number of full time equivalent employees working for the CSD)

- Banking license
- NNA
- LOU for LEI

## BIS SETTLEMENT MODEL

- + Model 1 (for all types of transactions)
- Model 2
- Model 3

## SECURITIES ACCOUNTS

Total: 66  
 Legal entities: 22  
 Individuals: 44

## KEY MARKET FIGURES (as of 31.12.2016)

- Market Capitalisation, USD bln: 3.1
- Average Daily Trading Volume, USD thousands: 112 (with fixing)
- Listed Companies: 114
- Financial Instruments: Equities, Bonds
- Value of assets under custody held on behalf of customers, USD bln: 0.01
- Number of securities transactions settled, in thousands: 1.0
- Value of securities transactions settled, USD bln: 0.03
- Country's Ratings:

- Moody's: Ba3
- Fitch: BB-
- S&P: N/A

## MAJOR MARKET PARTICIPANTS (INFRASTRUCTURE)

- Regulators: National Bank of Georgia, [www.nbg.gov.ge](http://www.nbg.gov.ge)
- Self-Regulated organisations: GSE, GCSD, [www.gcsd.ge](http://www.gcsd.ge), [www.gse.ge](http://www.gse.ge)
- Stock Exchange: Georgian Stock Exchange (GSE), [www.gse.ge](http://www.gse.ge)
- Settlement Depositories: Georgian Central Securities Depository (GCSD), [www.gcsd.ge](http://www.gcsd.ge)
- Registrars: 4 registrars

## MARKET SPECIFICS

- Time zone:
  - GMT +3h
- Local currencies:
  - Lari (GEL)
- Numbering system:
  - ISIN; local registration number

All Georgian equities are issued in dematerialized registered form and are held by independent licensed companies, registrars.

## SETTLEMENT CYCLES

- Stocks:
  - On-exchange: T+1
  - OTC: T+n
- Bonds:
  - On-exchange: T+1
  - OTC: T+n

## MARKET CUT-OFF TIMES

- On-exchange trades:
  - 10:00 – 15:45
- OTC trades:
  - FOP: 09:00 – 16:30
  - DVP: 10:00 – 16:30

## INVESTOR DISCLOSURE REQUIREMENTS

Didn't exist.

## NOMINEE CONCEPT

Nominee accounts can be opened in the name of licensed (in any countries) brokerage companies, banks, custodians or depositories.

## CORPORATE ACTIONS

- All corporate actions entitlements are based on the settled position as of the record date
- There is no ex-date concept
- There is no single source of corporate action information. Information on corporate events is available in mass media, at the web sites of the issuers, registrars, CSD and other sources such as data-bases of information agencies, etc.
- For corporate event that requires a record date the issuer acquires the register of shareholders for such a date via its registrar. The registrar then requests nominee holders to disclose final beneficial owners to determine the full list of shareholders

## PROXY VOTING

The shareholder can exercise their voting rights by attending the AGM personally.

## TAXATION

- Residents and nonresidents taxed similar
- State and corporate bonds are taxed at 20%
- Withholding tax for investors on interest income and on dividend income is 5%
- Capital gains tax is 15%

## COLLATERAL MANAGEMENT

There are no plans to develop collateral management services. 🇯🇵

## SECURITIES TRANSACTIONS





# CENTRAL DEPOSITORY SERVICES LIMITED (INDIA)



## KEY EVENTS AND DEVELOPMENTS IN THE POST-TRADE INDUSTRY IN 2016

- CDSL is registered with UIDAI as Authentication Service Agency (ASA) and KSA (KYC Service Agency)
- The e-Voting platform for Corporates:
  - More than 4,300 Issuer Companies have entered into agreement for e-Voting
  - Over 8,000 e-Voting instances have been carried out by Companies
  - CDSL mVoting, a mobile App introduced to enable shareholders to cast their vote
- CDSL has implemented two factor Authentication for its Web based depository system
- Introduction of Trade Repository for Corporate Bonds
- Distinctive Number (DN) Database:
  - DN database is operational from October 01, 2015. DN information pertaining to capital of companies listed on Nationwide Stock Exchanges is being captured in the Database
- Multiple Nomination facility introduced in CDSL demat Account
- Consolidated Account Statement (CAS) launched for equity & mutual Funds investors holdings
- Online Loan against Shares (LAS) introduced with a bank DP

## EXPECTATIONS REGARDING DEVELOPMENTS BY THE END OF 2017

- CDSL had an IPO & was listed on NSE in the month of June, 2017
- GST Suvidha Provider (GSP):
  - CDSL shortlisted by GSTN as eligible to provide GSP services
- Commodities Repository:
  - LOI received from WDRA
  - New Company formed as CDSL Commodity Repository Limited;
- Linking of Aadhar number with individual demat accounts

## BASIC INFORMATION

189 employees (number of full time equivalent employees working for the CSD)

Banking license  
NNA  
LOU for LEI

## BIS SETTLEMENT MODEL

Model 1  
Model 2  
+ Model 3

## SECURITIES ACCOUNTS

Total: 11,803,464  
Legal entities: 54,512  
Individuals: 11,748,952

## KEY MARKET FIGURES (as of 31.12.2016)

- Market Capitalisation, USD mIn: N/A
- Average Daily Trading Volume, USD mIn: N/A
- Listed Companies: 6,489
- Financial Instruments: Equites, Exchange Traded Mutual Funds, Mutual Funds, Warrants, Debentures, Bonds, Treasury Bills, Commercial Papers, Certificates of Deposit, Bonds (Central and State Guaranteed), Government Securities
- Value of assets under custody held on behalf of customers, USD bln: 224.9
- Quantity of securities transactions settled, in bln: 69.5
- Value of securities transactions settled, USD bln: 88.7
- Country's Ratings:
  - Moody's: N/A
  - Fitch: N/A
  - S&P: N/A
- Depository Rating:
  - Thomas Murray: A+

## MAJOR MARKET PARTICIPANTS (INFRASTRUCTURE)

- Regulators: Securities and Exchange Board of India
- Self-Regulated organisations: CDSL as a SRO
- Stock Exchange: Bombay Stock Exchange Ltd. (BSE), National Stock Exchange of India Ltd. (NSE), Metropolitan Stock Exchange of India Ltd. (MSEI)
- Settlement Depositories: Central Depository Services (India) Limited (CDSL), [www.cdslindia.com](http://www.cdslindia.com), National Securities Depository Ltd. (NSDL)
- Clearing House: Indian Clearing Corporation Ltd (ICCL), National Securities Clearing Corporation Ltd (NSCCL) and Metropolitan Clearing Corporation of India Ltd. (MCCIL)
- Registrars: 105

## MARKET SPECIFICS

- Time zone:
  - GMT +5.5h (IST – Indian Standard Time)
- Local currencies:
  - Indian Rupees (INR)
- Numbering system: ISIN 98.4% of securities are held in book-entry form

## SETTLEMENT CYCLES

- Stocks:
  - On-exchange: T+2
  - OTC: N/A
- Bonds:
  - On-exchange: T+1; T+2; T+3
  - OTC: N/A

## MARKET CUT-OFF TIMES

- On-exchange trades:
  - 9:15 – 15:45
- OTC trades:
  - FOP: N/A
  - DVP: N/A

## INVESTOR DISCLOSURE REQUIREMENTS

The investor disclosure requirements are governed by SEBI Regulations like Substantial Acquisition of Shares and Takeovers Regulations/Prohibition of Insider Trading Regulations, etc. Foreign investment in Indian companies is governed under FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations. The onus of adhering to the Regulations is on investor and companies. Companies are provided with information about investors holding securities in dematerialized form as on any date by Depositories to enable companies to monitor limits and meet requirements of the aforesaid Regulations.

## NOMINEE CONCEPT

The Depositories maintain accounts at beneficial owner level. The nominee concept is not applicable in India.

## CORPORATE ACTIONS

- The Corporate Action entitlements are based on securities held in the Beneficial Owner's demat account as on the End of Day (EOD) of the Record Date. The Depositories provide the EOD positions of securities balances held in beneficial owner demat accounts as on the record date to the Companies.
- Non-voluntary non-cash corporate actions like bonus are processed on the effective date by Depositories based on the pre-specified ratio and the balances held by beneficial owners as on EOD of the Record Date
  - In case of voluntary non-cash corporate actions like rights, the Companies provide information about entitlements based on the EOD positions of securities balances held by the beneficial owner as on the record date

obtained from Depository and the option exercised by such an investor. Based on this information, the beneficial owner's accounts are debited / credited

- Cash corporate actions are disbursed by the Companies to beneficial owners holding securities in dematerialized form based on the Benpos received from depositories

#### PROXY VOTING

- The Company will have to update its voting schedule and also the resolutions proposed for voting
- Once the voting details and the schedule of the voting have been recorded and the list of eligible members has been uploaded in the e-Voting system, the members should be able to login and vote
- Members are provided with their login details and password where the login id is the depository account number or membership number in case of physical shareholders. The password is generated by the members themselves
- Votes once recorded cannot be modified. Once the voting is complete the scrutinizer has the access to the reports which are then provided to the company

Proxy voting is not recognized through the e-voting system.

#### TAXATION

Not Applicable.

#### COLLATERAL MANAGEMENT

No plans to develop collateral management services.

#### LINKS

No Inbound nor Outbound links as Cross border links are not permitted by Law.

# NATIONAL SECURITIES DEPOSITORY LIMITED (INDIA)

#### BASIC INFORMATION

241 employees (number of full time equivalents working for the CSD)

- + Banking license – NSDL Payments Bank, wholly owned subsidiary of NSDL has been granted a payment bank license.
- + NNA – in India the Securities and Exchange Board of India (SEBI) is NNA who has deputed NSDL to carry out all activities related to NNA on its behalf. LOU for LEI

#### BIS SETTLEMENT MODEL

- Model 1
- Model 2
- + Model 3

#### SECURITIES ACCOUNTS

Total: 15,753,033  
Legal entities: 283,426  
Individuals: 15,469,607

#### KEY MARKET FIGURES (as of 31.03.2017)

- Market Capitalisation, USD mln: N/A
- Average Daily Trading Volume, USD mln: N/A
- Listed Companies: 7,124
- Value of assets under custody held on behalf of customers, USD bln: 2,283.3
- Number of securities transactions settled, in thousands: 155,308.7

- Value of securities transactions settled, USD bln: 561
- Country's Ratings: N/A
- Depository Rating: N/A

#### MAJOR MARKET PARTICIPANTS (INFRASTRUCTURE)

- Regulators – Securities and Exchange Board of India (SEBI)
- Self-regulated organisations – NA
- Stock Exchange – National Stock Exchange of India Limited, BSE Ltd, Metropolitan Stock Exchange of India Limited
- Settlement Depositories: National Securities Depository Limited (NSDL), Central Depository Services (India) Limited
- Clearing House – Indian Clearing Corporation Ltd (ICCL), National Securities Clearing Corporation Ltd (NSCCL) and Metropolitan Clearing Corporation of India Ltd. (MCCIL)
- Registrars – 92 (this includes 29 issuers who are acting as RTAs for themselves)

#### MARKET SPECIFICS

- Time zone:
  - GMT + 5.5h (IST – Indian Standard Time)
- Local currencies: INR (Indian Rupee)
- Numbering system: International Securities Identification Number (ISIN)

#### SETTLEMENT CYCLES

- Stocks: T+2

- Bonds: Exchange Traded – T+2; OTC Trade – Choice of T+0, T+1 or T+2

#### MARKET CUT-OFF TIMES

- 9:15 – 15:45

#### INVESTOR DISCLOSURE REQUIREMENTS

Investor Disclosure requirement is regulated by SEBI through its various regulations and Guidelines. CSDs are governed by SEBI (Depositories and Participants) Regulations, 1996 and the Depositories Act, 1996. Other organisations are governed by various regulations such as SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; SEBI (Prohibition of Insider Trading), 2015; SEBI (Intermediaries) Regulations, 2008; SEBI (Disclosure & Investor Protection) Guidelines, 2009, etc.

In order to meet the regulatory requirements, the CSD has formulated its own Bye Laws and Business Rules. The Business Partners through whom the Investors carry out their activities are required to follow these Bye Laws and Business Rules.

#### NOMINEE CONCEPT

The Depositories maintain accounts at beneficial owner level. The nominee concept is not applicable in India.

#### CORPORATE ACTIONS

Corporate actions are classified as cash corporate actions like dividend, interest payments, etc. and non-cash corporate actions like bonus, rights, etc. The distribution of cash corporate actions is handled by the Issuer/R&T Agent. Non-cash corporate actions where debit or credit of securities to accounts in NSDL is involved are effected by the Issuer/R&T Agent through NSDL.

NSDL informs the DPs about the record date/book closure as announced by the Issuers for the corporate actions. NSDL provides the details of the beneficial own-

ers and their holdings as on the EOD of the record date or the EOD on the business day prior to commencement of book closure to the Issuer/R&T agent.

The Issuer/R&T agent provides allotment details and the date on which the necessary credit entries are to be made in the accounts of the beneficial owners (referred to as execution date) to NSDL. NSDL performs the necessary bookings and the relevant credit entries are booked in the Depository System on the execution date.

#### PROXY VOTING

NSDL provides an e-Voting platform using secure Internet Infrastructure that enables shareholders of companies to vote electronically on resolutions of companies put to vote by shareholders from the comfort of their home.

NSDL has also recently started Tablet based e-Voting system which enables shareholders to cast vote electronically at the time of general meeting at the venue using handheld tablets. This has made it more convenient for investors to vote even during AGM. This app enables instantaneous availability of voting results immediately after the meeting by combining the results or remote e-Voting and venue e-Voting.

The salient features of the e-Voting system of NSDL and certified by STQC Directorate are as under:

- The e-Voting system of NSDL is a secured system wherein shareholders/ members can cast their votes in respect of resolutions for voting by postal ballots/ at general meetings
- In respect of the shareholders/ members whose email addresses are available with the Issuers/ Registrar & Transfer (R & T) Agents, the user ID and password are e-mailed to the shareholders/ members in an encrypted manner. In respect of shareholders whose email

addresses are not available, the user ID and password are delivered by the Issuers/R & T Agents at the address of the shareholders/ members available with the Issuers/R & T Agents

- In respect of shareholders/ members having depository accounts, the same log-in credentials can be used by the shareholders/ members for voting in respect of all the resolutions of the companies which have entered into an agreement with NSDL for availing the services of the e-Voting system and where they are the shareholders/ members as of the cut-off date (record date). Thus, the e-Voting platform of NSDL helps the shareholders/ members to conveniently participate in voting through postal ballots/ general meetings for all companies where they are shareholders and which have availed the services of e-Voting system of NSDL
- Shareholders/ members can update their contact details (mobile number and email address) and user profile details shall be recorded by the e-Voting system. Shareholders will also have the facility to reset their password
- Facility for IDeAS users of NSDL to cast vote on resolutions through their IDeAS login

#### TAXATION

Not Applicable.

#### COLLATERAL MANAGEMENT

Not Applicable.

#### LINKS

No inbound nor outbound links as Cross border links are not permitted by law. 



# CENTRAL SECURITIES DEPOSITORY (KAZAKHSTAN)

## LINKS

Inbound	Outbound
Armenia	Belarus
Kyrgyzstan	Kyrgyzstan
Russia	Russia



## KEY EVENTS AND DEVELOPMENTS IN THE POST-TRADE INDUSTRY IN 2016

- The Central Securities Depository in cooperation with the Kazakhstan Stock Exchange JSC has finalized a project on implementing T+3 daily net-settlement system with partial collateral, and established legislative regulatory framework, developed information system enabling the Central Securities Depository to maintain the Derivative Transaction Register (performing functions of trading repository)
- In order to save costs of clients and its own costs the Central Securities Depository has entered into an Agreement on Rendering Services in the Interbank Clearing System with the Interbank Settlement Centre effective from May 2016, resulting in a material fee reduce in paying agent services
- In November 2016 the Central Securities Depository implemented automated settlements on new instruments of the monetary policy of the National Bank of the Republic of Kazakhstan: on direct repo transactions through holding an auction of repurchase securities sales and reverse repo within the standing facility
- Follow-up 2016 results Thomas Murray Company confirmed a rating of the Central Securities Depository at the level "A+", that complies with low risk level

## EXPECTATIONS REGARDING DEVELOPMENTS BY THE END OF 2017

- Reorganisation of the Central Securities Depository and the Integrated Securities Registrar for the purpose of integrated legal entity establishment
- Optimisation of client servicing schemes in the consolidated company

## BASIC INFORMATION

65 employees (number of full time equivalent employees working for the CSD)

- + Banking license
- + NNA
- + LOU for LEI

## BIS SETTLEMENT MODEL

- + Model 1
- + Model 2
- + Model 3

## SECURITIES ACCOUNTS

Total: 57  
Legal entities: 57  
Individuals: No

## KEY MARKET FIGURES (as of 31.12.2016)

- Market Capitalisation, USD mln: 42,865
- Average Daily Trading Volume, USD mln: 1,127.6
- Listed Companies: 139
- Financial Instruments: Equities, Corporate Bonds, Government securities of the Ministry of Finance of the Republic of Kazakhstan, short-term notes of the National Bank of the Republic of Kazakhstan, municipal securities, Eurobonds, Euronotes of the Ministry

of Finance of the Republic of Kazakhstan, Units, Depository Receipts

- Value of assets under custody held on behalf of customers, USD bln: 53.6
- Number of securities transactions settled, in thousands: 139.7
- Value of securities transactions settled, USD bln: 598.1
- Country's Ratings:
  - Moody's: Baa3
  - Fitch: BBB
  - S&P: BBB-
- Depository Rating:
  - Thomas Murray: A+

## MAJOR MARKET PARTICIPANTS (INFRASTRUCTURE)

- Regulators: The National Bank of Kazakhstan, [www.nationalbank.kz](http://www.nationalbank.kz)
- Stock Exchange: Kazakhstan Stock Exchange, [www.kase.kz](http://www.kase.kz)
- Settlement Depositories: Central Securities Depository, [www.kacd.kz](http://www.kacd.kz)
- Clearing House: Kazakhstan Stock Exchange, [www.kase.kz](http://www.kase.kz)
- Registrars: The Integrated Securities Registrar, [www.tisr.kz](http://www.tisr.kz)

## MARKET SPECIFICS

- Time zone:
  - GMT +6h
- Local currencies:
  - Tenge (KZT)

- Numbering system:
  - ISIN: CFI; National identification number

## SETTLEMENT CYCLES

- Stocks:
  - On-exchange: T+0, T+2 (stocks, included in Kazakhstan Stock Exchange (KASE)'s index)
  - OTC: T+0, T+n
- Bonds:
  - On-exchange: T+0
  - OTC: T+0, T+n

## MARKET CUT-OFF TIMES

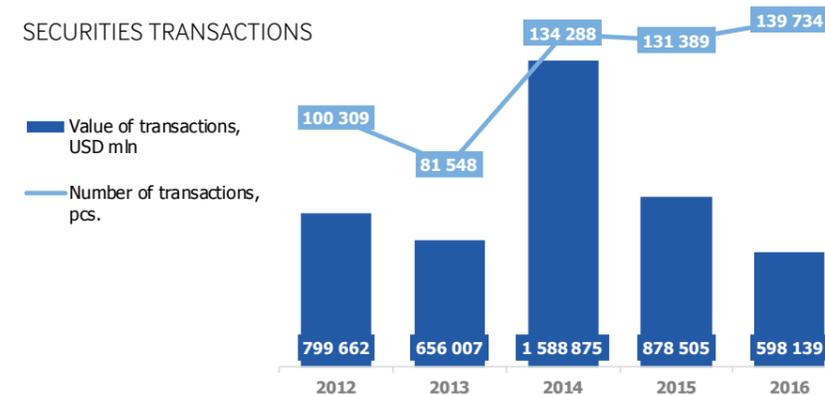
- On-exchange trades:
  - 11:30 – 17:30
- OTC trades:
  - FOP: 09:30 – 18:30
  - DVP: 09:30 – 18:30

## INVESTOR DISCLOSURE REQUIREMENTS

According to legislation of the Republic of Kazakhstan at acquisition of ten or more percent placed (minus exclusive and redeemed by society) bank or the insurance (reinsurance) company shares, the physical or legal entity has to receive a consent of the authorized body (National Bank of the Republic of Kazakhstan) to receiving the status of the large participant of the relevant organisation. For receiving a consent, the person, wishing to become the large participant of bank or insurance (reinsurance) company, is obliged to present to authorized body the statement for acquisition of the status of the large participant of bank with attached documents and the data determined by the legislation of the Republic of Kazakhstan.

Besides that, the person independently or jointly with the affiliated persons, having intention to get on secondary securities

## SECURITIES TRANSACTIONS



market thirty or more percent of voting shares of joint-stock company or other number of voting shares, who in result of such acquisition will belong thirty or more percent of voting shares of joint-stock company, is obliged to send the notice of it to this joint-stock company and to authorized body. The notice has to contain information about number of the acquired shares, the estimated buying price and other information determined by regulations of authorized body.

In the other cases the duty of disclosure of information on the transaction is assigned to the issuer. For example, the issuer is obliged to open information before authorized body and shareholders of securities about change of structure of the shareholders owning ten and more percent of its voting shares.

**NOMINEE CONCEPT**

CSD opens securities accounts on the name of:

- professional participants of securities market of the Republic of Kazakhstan,

- who implement custodian activities based on the license
- professional participants of securities market of the Republic of Kazakhstan, who are nominee holders for securities (brokers and dealers who have the right to maintain clients' accounts as nominee holders)
- professional participants of securities market of the Republic of Kazakhstan, who implement dealer activities based on the license
- organisations, that implement dealer activity without the license according to the legislation of the Republic of Kazakhstan
- National Bank of the Republic of Kazakhstan (if it doesn't under the effect of two above subitems)
- foreign depositories and custodians

**CORPORATE ACTIONS**

- Information on corporate actions is available in the mass media, on the web sites of the Kazakhstan Stock Exchange and The Depository of Financial Statements

- For corporate actions that require a record date the issuer acquires the register of shareholders for such a date via The Integrated Securities Registrar

**PROXY VOTING**

Shareholder can exercise their voting rights by attending the AGM personally or by proxy.

**TAXATION**

- State bonds and municipal bonds aren't taxed
- Withholding tax for foreign investors on interest and dividend income is 15% for shares
- Foreign investors have the right to use DTT regulations
- To benefit from tax rates as provided by the DTT

**COLLATERAL MANAGEMENT**

There are no plans to develop collateral management services. 🇰🇷



# KOREA SECURITIES DEPOSITORY (KOREA)

**LINKS**

Inbound	Outbound
Japan	Japan



**KEY EVENTS AND DEVELOPMENTS IN THE POST-TRADE INDUSTRY IN 2016**

- A law introducing an electronic securities system in Korea was promulgated on March 22, 2016. The Act on the Electronic Registration of Stocks and Bonds, etc. will allow the issuance, transfer, pledge and right exercise of securities by electronic means, precluding the need for the issuance or possession of physical certificates involved
- KSD was licensed as a registrar and formed a task force responsible for the implementation of the electronic securities system, which will be launched in 2020
- The KSD launched ISA-Net to support financial institutions such as banks, securities firms, and insurance companies in operating of Individual Savings Accounts (ISAs). ISA-Net is a one-stop solution that automatizes transactions between financial companies regarding the management of ISA customers' assets.
- ISA is a versatile account allowing customers to make deposits and manage a wide range of financial products, such as stock-type or bond-type funds, exchange-traded funds, and equity-linked securities. It enables users to save or invest money without paying taxes on the interest or on the investment returns users receive
- KSD started providing deposit and settlement services for Shenzhen-Hong Kong Stock Connect. With the introduction of the new services, 17 securities companies came to access the Shenzhen market. As part of the program, the KSD appointed Citi as the custodian for KSD's deposit and settlement services for Shenzhen-Hong Kong Stock Connects, utilizing Citi-bank's Special Segregated Accounts (SPSA).

## BASIC INFORMATION

505 employees (number of full time equivalent employees working for the CSD)

Banking license  
NNA  
+ LOU for LEI

## BIS SETTLEMENT MODEL

- + Model 1 (OTC Bond)
- + Model 2 (OTC Stock)
- + Model 3 (On-exchange stock, On-exchange bond)

## SECURITIES ACCOUNTS

Total: 5,234  
Legal entities: 5,234  
Individuals: N/A

## KEY MARKET FIGURES (as of 31.12.2016)

- Market Capitalisation, USD bln: 2,584
- Average Daily Trading Volume, USD bln: 46
- Listed Companies: 2,128
- Value of assets under custody held on behalf of customers, USD bln: 2,936
- Number of securities transactions settled, in thousands: 17,359
- Value of securities transactions settled, USD bln: 4,553
- Country's Ratings:
  - Moody's: Aa2
  - S&P: AA
  - Pitch: AA-
- Depository Rating
  - Thomas Murray: A+

## MAJOR MARKET PARTICIPANTS (INFRASTRUCTURE)

- Regulators
  - Financial Services Commission (FSC): [www.fsc.go.kr/eng/](http://www.fsc.go.kr/eng/)

- Financial Supervisory Service (FSS): <http://english.fss.or.kr/fss/eng/main.jsp>
- Self-regulated organisations
  - Korea Financial Investment Association (KOFIA): <http://www.kofia.or.kr/wpge/redirecteng.do>
- Stock Exchange
  - Korea Exchange (KRX): <http://global.krx.co.kr/main/main.jsp>
- Settlement Depositories
  - Korea Securities Depository (KSD): <http://www.ksd.or.kr/eng/index.home>
- Clearing House: KRX, KSD
- Registrars
  - Bond Registrar:
    - KSD (Municipal Bonds, Special Bonds, Financial Bonds, Corporate Bonds and Certificates of Deposit (CD))
    - Bank of Korea (BOK) (Government Bonds): <http://www.bok.or.kr/eng/engMain.action>
  - Transfer Agent: KSD, Hana Bank, Kookmin Bank

## MARKET SPECIFICS

- Time zone: GMT +9h
- Local currencies: Korean won (KRW)
- Numbering system: ISIN, CFI, Local registration number

## SETTLEMENT CYCLES

- Stocks: T+2
- Bonds:
  - Korea Treasury Bond Market: T+1
  - Retail Bond Market: T+0
  - OTC Bonds: T+1:30

## MARKET CUT-OFF TIMES

- On-exchange Stocks: 09:00 – 16:00
- Institutional Settlement of Stocks: 09:00 – 16:50
- Korea Treasury Bonds Market: 09:00 – 16:00
- Retail Bonds Market: 15:30 – 16:30

- OTC Bonds:
  - DVP: 09:00 – 17:30
  - FOP: 17:30 – 18:30

## INVESTOR DISCLOSURE REQUIREMENTS

The FSC and KRX regulate investor disclosure requirements according to relevant laws and regulations.

Shareholders who own more than 5% of shares issued by a listed company have to report the status of shares they hold to the FSS and KRX. In case of a change of more than 1% of the total number of shares held by the shareholders, the fact shall be reported to the regulators. (Financial Investment Services and Capital Market Act (FSCMA) Article 147).

The executive officers of the listed companies shall report the status of shares they own to the FSC and KRX. (FSCMA Article 173).

As for foreign investors, their brokers or custodians shall report their transactions with listed securities and outstanding balances to the regulators. (Article 6-8 of Financial Investment Business Regulation).

## NOMINEE CONCEPT

KSD's account structure is a two-tiered system composed of a proprietary and client portion. Participants open accounts at KSD and their clients deposit securities through the participants, who are usually financial institutions including brokers, banks and insurance companies. KSD manages the participants' account book and beneficial owners are recorded in the clients' account book managed by the participants.

## CORPORATE ACTIONS

KSD provides C/A services for the beneficial owners of deposited stocks and bonds.

- Stocks: Voting rights, dividends, rights issues, appraisal rights, warrants and conversion rights, etc.
- Bonds: Principal and interest payment, exercise of the rights on BW, CB, EB and options-embedded bonds, etc

In the centralized deposit system, deposited stocks are registered in the name of KSD in the shareholders book and the beneficial owners are recorded in the beneficial owners' book, which has the same legal effects as the shareholders' book.

KSD receives the dividends exercised in the name of KSD and distributes them to participants that manage the beneficial owners' book.

## PROXY VOTING

KSD provides proxy voting services for deposited securities according to the requests of issuers and beneficial owners.

Shareholders can directly exercise their voting rights by attending the general meeting or by using KSD's e-voting system.

## TAXATION

- Income Tax
  - Interest income: 14%
  - Dividend income: 14%

Any person who pays the income has to withhold income tax from such a resident or nonresident pursuant to the law ("Income Tax Act").

- Securities Transaction Tax
  - Shares transferred in the KOSPI Market: 1.5/1,000

- Shares transferred in the KOSDAQ, KONEX and K-OTC market: 3/1,000
- The other transaction: 5/1,000

KSD is a taxpayer for transaction on the KOSPI Market, KOSDAQ, KONEX and K-OTC Market. In case that the shares are transferred through a financial investment entity, the entity has to pay the tax.

When it comes to the transactions in the KOSPI Market, 1.5/1,000 of the Special Rural Development Tax is levied.

## COLLATERAL MANAGEMENT

In Korea, securities have been used as collateral in derivatives transactions. However, collateralised securities have limits in reuse as they are categorized as pledged securities whose title transfer is prohibited.

To tackle this problem, KSD, as an intermediary of SLB, will launch "SLB Collateral Transaction Service" in March, 2017, making possible the transfer of collateralized securities.

A debtor for a certain transaction (e.g., derivatives) provides a creditor with securities via an SLB transaction. In the transaction, the debtor becomes the lender and the creditor becomes the borrower. Through this process, the creditor who receives collateral in the SLB transaction is allowed to reuse it as collateral for other transactions. 🇰🇷



# CENTRAL DEPOSITORY (KYRGYZSTAN)

## LINKS

Inbound	Outbound
Kazakhstan	Kazakhstan
Russia	Russia



## KEY EVENTS AND DEVELOPMENTS IN THE POST-TRADE INDUSTRY IN 2016

- New systems were developed and introduced. Existing systems were optimized by calculations of auctions operations and the secondary market of State securities
- The software "The operator of calculations system" for interacting with the National Bank's and trading system was upgraded
- Added new types of instructions (cash transactions) directly accessible to depositors in the client part of the DEPO2001 software
- Regularly updated and made changes in the DEPO2001 software. Development of new reports, updating of reference books, regular updating of the used cryptographic means
- In 2016 much attention was paid to preparation for the implementation of the Kyrgyz Republic Law "Mortgage-Backed Securities", on July 22, 2016

## EXPECTATIONS REGARDING DEVELOPMENTS BY THE END OF 2017

- For further qualitative growth of the CD, are necessary the technological development and the provision of better services for all categories of customers and partners. In 2017 it is planned:
- The work to ensure the process of assigning domestic securities to international codes will be continued
  - Wider dissemination of secure electronic document circulation between market participants
  - Expand the functionality of the client part of the depository system by opening and maintaining sub-accounts of customers, recording rights to securities and customer funds for each sub-account, creating reports on sub-accounts of customers
  - To develop proposals on ensuring access of domestic securities to foreign markets by correspondent relations with the Central Depository of Russia

## BASIC INFORMATION

6 employees (number of full time equivalent employees working for the CSD)

Banking license  
NNA  
LOU for LEI

## BIS SETTLEMENT MODEL

- + Model 1 (OTC, On-exchange)
- + Model 2 (On-exchange: corp. securities)
- + Model 3 (On-exchange: corp. securities)

## SECURITIES ACCOUNTS

Total: 219  
Legal entities: 206  
Individuals: 7

## KEY MARKET FIGURES (as of 31.12.2016)

- Market Capitalisation, USD mln: 251.65 (only listed companies)
- Average Daily Trading Volume, USD mln: 0.55
- Listed Companies: 26
- Value of assets under custody held on behalf of customers, USD mln: 450.56
- Number of securities transactions

settled, in thousands: 7.8

- Value of securities transactions settled, USD bln: 0,605
- Country's Ratings: N/A
- Depository Rating: N/A

## MAJOR MARKET PARTICIPANTS (INFRASTRUCTURE)

- Regulators: the State Service for the Financial Market Regulation and Supervision, the Government of the Kyrgyz Republic, [www.fsa.kg](http://www.fsa.kg)
- Self-regulatory organisations: None
- Association of Independent Registrars and Depositories
- Stock exchanges: Kyrgyz Stock Exchange, [www.kse.kg](http://www.kse.kg)
- Depositories: Central Depository of the Kyrgyz Republic CJSC, [www.cds.kg](http://www.cds.kg)
- Clearing houses: Central Depository of the Kyrgyz Republic CJSC acts as a clearing house, [www.cds.kg](http://www.cds.kg)
- Registrars: 19 companies

## MARKET SPECIFICS

- Time zone:
  - GMT +6h
- National currency:
  - Kyrgyz som (KGS)
- Numbering system:
  - ISIN; local registration number

## SETTLEMENT CYCLES

- Shares:
  - On-exchange: T+0, T+3
- Bonds:
  - On-exchange: T+0, T+3

## MARKET CUT-OFF TIMES

- On-exchange trades (corporate securities):
  - 10:30 – 15:00
- On-exchange trades (government securities):
  - 09:30 – 12:00
  - 13:00 – 15:00

## INVESTOR DISCLOSURE REQUIREMENTS

A shareholder holding at least 5% in a strategically important company (open joint-stock company) is required to disclose such shareholding.

## NOMINEE CONCEPT

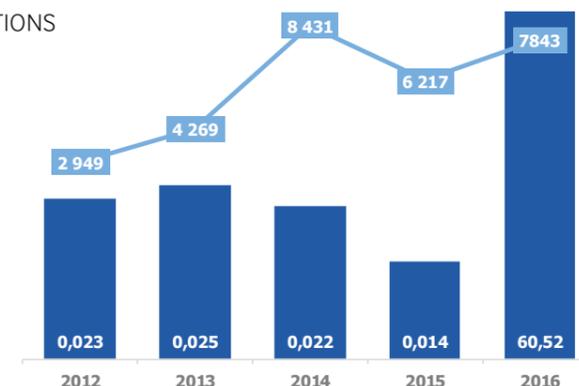
- The central securities depository holds its clients' securities as a nominee under agreements entered into with these clients
- The central securities depository transfers securities to and from securities accounts; registers transfers of rights to securities as a result of trades; acts as a paying agent; and keeps separate records of securities owned by its clients and clients' customers

## CORPORATE EVENTS

- The central securities depository gives notice of an annual or extraordinary general meetings of shareholders to issuers (whose shares are held by the CSD acting as a nominee)
- The central securities depository sends written notifications (in electronic format and by mail) the time, place, and form of general meetings
- Independent registrars request nominees to disclose ultimate owners for the purpose of drawing up a full list of shareholders

## SECURITIES TRANSACTIONS

Value of transactions, USD mln  
Number of transactions, pcs.



PROXY VOTING

- A shareholder may attend general meetings of shareholders and has the number of votes equal to the number of shares held by the shareholder. A shareholder may also vote through a proxy acting under a power of attorney issued by the shareholder
- The central securities depository acts as a nominee holder of securities and may not attend general meetings of shareholders, unless a CSD's client issues a power of attorney in the form approved by Kyrgyz laws to authorize the CSD to represent the client at such general meetings

TAXATION

- The tax rate on income from government or municipal bonds is 10% (for residents) or 0% (for foreign investors).
- For non-residents, the income tax rate for interest income is 20%, and the income tax rate for dividend income is 10%
- Interest and capital gain on securities listed, as at the sale date, on a stock exchange in the highest or next-to-the-highest listing category are exempt from the income tax

COLLATERAL MANAGEMENT

Currently, the CD does not provide collateral management services. It plans to develop this range of services as demand develops in the financial market. 🇷🇺



LINKS

Inbound	Outbound
Armenia	Armenia
Belarus	Azerbaijan
Kazakhstan	Belarus
Kyrgyzstan	Georgia
Tajikistan	Kazakhstan
Ukraine	Kyrgyzstan
Clearstream	Ukraine
Euroclear	Clearstream
	Euroclear



# NATIONAL SETTLEMENT DEPOSITORY (RUSSIA)

KEY EVENTS AND DEVELOPMENTS IN THE POST-TRADE INDUSTRY IN 2016

DEPOSITORY OPERATIONS

- NSD acted as a head depository and a tax agent for the Ministry of Finance sovereign Eurobonds issue placement in May and September 2016 (\$1.75 billion and \$1.25 billion respectively)
- The Bank for International Settlements assigned the highest rating to Russia's FMI
- NSD opened depository account with the Georgia's CSD
- NSD signed MoUs with the CSDs of China (CSDS) and Egypt and with Shanghai Clearing House

CORPORATE ACTIONS

- On 1 July 2016, legislative changes associated with corporate actions reform went into effect:
  - new ways of participation in general meetings of shareholders
  - a new approach of listing
  - a new procedure for realisation of rights in conducting corporate actions was centralized through accounting system institutions
- Corporate Information Center's functions to NSD came into effect
- The launch of NSDirect – updated NSD's web office
- The ability of depositors to supply instructions on foreign securities in electronic form has been implemented

ISSUERS SERVICES

- NSD registered the first issue and first program for commercial bonds

PAYMENT SYSTEM

- First transactions using PVP settlements were held

CLEARING AND COLLATERAL MANAGEMENT

- The Federal Treasury introduced repo transactions with more than 1 day maturity

REPOSITORY

- NSD received a license issued by the Bank of Russia to conduct repository operation

IT SERVICES

- NSD became the first SWIFT's Service Bureau with Premier status in Eastern Europe

INNOVATIONS

- CSDs of Russia and South Africa signed a letter of intent focused on cooperation in the sphere of distributed ledger technology
- NSD successfully tested the e-voting prototype based on the blockchain technology

EXPECTATIONS REGARDING DEVELOPMENTS BY THE END OF 2017

DEPOSITORY OPERATIONS

- Implement DVP-2 model via Bank of Russia's RTGS concept
- UIT service development: optimize foreign UIT transactions, implement Agency Scheme service in NSD's UIT Centralized Record Keeping System
- Implement new settlement service through individual accounts with ICSDs

CORPORATE ACTIONS

- Facilitate voluntary CAs associated with securities repurchase and funds transfers
- Inform investors about early redemption/purchase of bonds and to process electronic instructions

ISSUERS SERVICES

- Reduce the number of paper forms submitted by issuers to NSD
- Attract new issuers of commercial bonds

PAYMENT SYSTEM

- Implement Application Programming Interface (API) – a facility that links a client's software complex with NSD payment system
- Introduce PVP service for non-banks and non-resident

CLEARING AND COLLATERAL MANAGEMENT

- NSD tri-party services for new liquidity providers (Global lenders)
- Margining conception development for OTC derivatives with NSD CMS
- Federal Treasury repo functionality extension (Eurobonds will be accepted as collateral, floating rate will be introduced)

REPOSITORY

- All OTC derivative trade types and repo contracts are reported to the Repository as of 2016

- The NSD Trade repository will revise business processes and procedures for full STP in interactions with clients

- Bank of Russia is expected to issue mandatory information disclosure regulations (NSD started data disclosure in advance, anticipating requirements from the Bank of Russia)

INFORMATION SERVICES

- Proceed with the global project of the "Single Source of Information Disclosure"

- Implement a new valuation center (VC) methodology

- Implement a new "API NSD" technological product for clients' s access to NSD information services

IT SERVICES

- Offering the Service Bureau functionality to banks with their own SWIFT interface, which are about to migrate to version 7.2 and to obtain self-certification in respect of SWIFT infrastructure security (CSP)
- The concept for developing the Transit system will be agreed with the Bank of Russia

## BASIC INFORMATION

456 employees (number of full time equivalent employees working for the CSD)

- + Banking license
- + NNA
- + LOU for LEI

## BIS SETTLEMENT MODEL

- + Model 1 (OTC, On-exchange)
- + Model 2 (OTC, On-exchange)
- + Model 3 (On-exchange)

## SECURITIES ACCOUNTS

Total: 3,537

Legal entities: 3,537

Individuals: No

## KEY MARKET FIGURES (as of 31.12.2016)

- Market Capitalisation, USD bln: 627.5
- Average Daily Trading Volume, USD bln: 55.6
- Number of Listed Companies: 245
- Financial Instruments: Equities, Bonds, Units, Eurobonds, Depository Receipts, Warrants, Mortgage Participation Certificates, Clearing Participation Certificates
- Value of assets under custody held on behalf of customers, USD bln: 600.2
- Number of securities transactions settled, in thousands: 2,673.3

tled, in thousands: 2,673.3

- Value of securities transactions settled, USD bln: 5,448.9
- Country's Ratings:
  - Moody's: Ba1
  - Fitch: BBB-
  - S&P: BB+
- Depository Rating:
  - Thomas Murray: AA-

## MAJOR MARKET PARTICIPANTS (INFRASTRUCTURE)

- Regulators: Central Bank of Russia, [www.cbr.ru](http://www.cbr.ru)
- Self-Regulated organisations: NAUFOR, NFA, NLU
- Stock Exchange: Moscow Exchange, [www.moex.ru](http://www.moex.ru)
- Settlement Depositories: National Settlement Depository (NSD), [www.nsd.ru](http://www.nsd.ru)
- Clearing House: National Clearing Center (NCC), [www.nkcbank.com](http://www.nkcbank.com)
- Registrars: 39 registrars
- Trade repositories: 2 companies

## MARKET SPECIFICS

- Time zone:
  - GMT +3h
- Local currencies:
  - Ruble (RUB)
- Numbering system:
  - ISIN; CFI; local registration number

All Russian equities are issued in dematerialized registered form and are held by independent licensed companies, registrars. 99% of Russian debt securities are held in global certificate form placed in CSD.

## SETTLEMENT CYCLES

- Stocks
  - On-exchange: T+2
  - OTC: T+n
- Bonds
  - On-exchange: T+0
  - OTC: T+n

## MARKET CUT-OFF TIMES

- On-exchange trades:
  - 09:30 – 19:00
- OTC trades\*:
  - FOP: 09:00 – 20:00
  - DVP: 09:00 – 19:30

## INVESTOR DISCLOSURE REQUIREMENTS

- Normal shares: 20% or more
- Banks: 1% or more
- Insurance companies: more than 49%
- Strategic companies: 25% or more

In accordance with the Federal Law "On Foreign Investments in the Russian Federation", which sets out general guarantees on the rights of foreign investors with regards to investments and receiving income, most types of investments in Russia's financial market are freely available to foreign investors. Foreign investors may acquire shares and other securities of Russian commercial organisations and state securities in accordance with Russian legislation on securities, legislation on joint-stock companies, antimonopoly laws and other applicable laws.

\* - depending on the type of transaction. Please see timeline on the following link:

<https://www.nsd.ru/ru/services/timeline/>

Pursuant to this law, transactions effected by foreign states, international organisations or organisations under their control, acquiring the right to dispose directly or indirectly of more than 25 percent of the total number of votes attributable to voting shares of Russian companies' capital or other abilities to block the decisions of management bodies of such companies, are subject to prior approval in accordance with the Federal Law "On the Procedure for Foreign Investments in Strategic Entities or Entities Ensuring of National Defense and State Security". There are also several limitations with regard to acquiring enough shares to have a vote, when investing in banks, insurance companies and strategic entities set out in the Russian laws and acts issued by Russian governmental authorities.

It should be taken into consideration that if a foreign investor is operating on the Russian securities market via an omnibus account holder (a nominee holder), the investor and the issuer of securities are responsible for monitoring thresholds for the ownership of securities in accordance with the applicable legislation of the Russian Federation. Nominee holders are responsible for disclosing the owners of securities at the issuer's request, but they are not responsible for reporting on the thresholds of their clients.

## NOMINEE CONCEPT

Starting from July 1, 2012 eligible foreign institutions are allowed to establish foreign nominee accounts, foreign trustee accounts and depository program accounts in accordance with applicable procedures.

## CORPORATE ACTIONS

- The majority of corporate actions entitlements are based on the settled position as of the record date. In some corporate actions there is no exact re-

cord date, but there is a special period for executing shareholders rights (tender offer, conversion and etc.)

- There is no ex-date concept
- There is no single source of corporate action information. Information on corporate events is available in mass media, on the web sites of the issuers, registrars, CSD and other sources such as databases of information agencies, etc.
- For a corporate event that requires a record date the issuer acquires the register of shareholders for that date via its registrar. The registrar then requests nominee holders disclose the final beneficial owners to determine the full list of shareholders

## PROXY VOTING

The shareholder can exercise their voting rights: by attending an AGM personally or by proxy (POA is required) or by mailing the voting bulletin (only issuers which have more than 1000 shareholders as of record date).

As of August 2014 electronic proxy voting is allowed. Custodian of shareholder is entitled to submit a voting document via Custodian chain to Issuer / Registrar. And no PoA is required if there specific powers are provided by SLA between shareholder and custodian.

## TAXATION

- Government bonds, sub-federal and municipal bonds are taxed at 15% for residents (legal entities), and 0% for foreign investors and Russian individuals
- Withholding tax for foreign investors on corporate bonds interest income is 20% for foreign legal entities and 30% for foreign individuals; on dividend income tax rate 15% for foreign investors
- Capital gains tax for foreigners is 20% only for listed equities of Russian issuers over 50% of whose assets consist

of immoveable property situated on the territory of the Russia

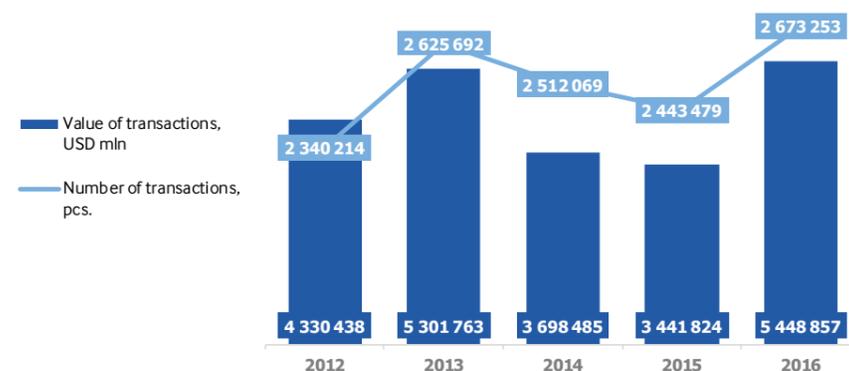
To benefit from the reduced tax rates as provided by the Double taxation treaty (DTT), foreign investors have to provide a tax certificate (certificate of residence) confirming their tax residency to the Russian tax agent for the current year. DTT agreement is signed with 80 countries.

## COLLATERAL MANAGEMENT

Collateral management is the post-trade triparty service provided for OTC REPO transactions. The main idea is that participants outsource to a third party the collateral management function – allocation of collateral, daily mark-to-market, margining, corporate actions processing and reporting to a trade repository.

CSD provides triparty services for OTC REPO transactions concluded with the Bank of Russia, with the Federal Treasury or between market participants. NSD's collateral management platform is interoperable with the Moscow Exchange or Bloomberg trading venues or accessible directly via web-interface or SWIFT. 

## SECURITIES TRANSACTIONS





# CENTRAL DEPOSITORY (TAJIKISTAN)

## LINKS

Inbound	Outbound
	Russia



## BASIC INFORMATION

3 employees (number of full time equivalent employees working for the CSD)

Banking license  
NNA  
LOU for LEI

## BIS SETTLEMENT MODEL

Model 1  
Model 2  
Model 3

## SECURITIES ACCOUNTS

Total: 23  
Legal entities: 3  
Individuals: 20

## KEY MARKET FIGURES (as of 31.07.2017)

- Market Capitalisation, USD: No data
- Average Daily Trading Volume, USD: 1,700
- Listed Companies: 1
- Value of assets under custody held on behalf of customers, USD: 2,275,313
- Number of securities transactions settled: 23
- Value of securities transactions settled, USD: 135,187

## MAJOR MARKET PARTICIPANTS (INFRASTRUCTURE)

- Regulators: Agency for the Development of Capital Market and specialized registrar under the Ministry of Finance, [www.asmd.tj](http://www.asmd.tj)
- Stock Exchange: OJSC "Central Asian Stock Exchange", [www.case.com.tj](http://www.case.com.tj)
- Settlement Depositories: CJSC "Central Depository", [www.csd.tj](http://www.csd.tj)
- Clearing House (settlement bank, Government Savings Bank of the Republic of Tajikistan "Amonatbank")
- Registrars: 4 companies

## MARKET SPECIFICS (as of 31.07.2017\*)

- Time zone
  - GMT +5h
- Local currencies
  - Somony (TJS)
- Numbering system
  - ISIN; local registration number

## SETTLEMENT CYCLES

- Stocks
  - On exchange: T+0, T+2
- Bonds
  - On exchange: T+0, T+2

## MARKET CUT-OFF TIMES

- On exchange 12:00 – 13:00

\* - considering that the operating activity of CJSC "Central Depository", Dushanbe, Tajikistan began in April 2017, the provided information will be for 31.07.2017

## INVESTOR DISCLOSURE REQUIREMENTS

No information

## NOMINEE CONCEPT

Nominee accounts can be opened in the name of depository licensed by Regulator.

## CORPORATE ACTIONS

No information

## PROXY VOTING

No information

## TAXATION

According to the tax legislation of the Republic of Tajikistan, (article 313) professional participants of the capital market exempt from the following taxes for five-year term:

- Profits tax
- VAT

Issuers (both residents and non-residents) are tax exempt for a five-year term, depending on incomes generated from such an activity.

Investors (both residents and non-residents), profiting from securities on the stock exchange are tax exempt for five-year term from the following taxes:

- Income tax from the capital gain on securities
- Tax on dividends

## COLLATERAL MANAGEMENT

Company has a plan to the develop inside collateral management. Currently we are learning the experience of other countries.





# MERKEZI KAYIT KURULUSU A.S. (TURKEY)

## LINKS

Inbound	Outbound
Austria	Austria



## KEY EVENTS AND DEVELOPMENTS IN THE POST-TRADE INDUSTRY IN 2016

- The head offices of MKK and Takasbank were moved to the Borsa Istanbul premises and MKK brand name has changed to Merkezi Kayit Istanbul
- MKK's Electronic General Meeting System (e-GEM) application was used for the first time by African investors, on the occasion of AFRICLEAR Board of Directors meeting (held on 23 March 2016 in Kenya) & CSCS general meeting on 19 May 2016 Nigeria
- Public Disclosure Platform (PDP) 4.0 (version upgrade) was successfully launched on 13 June 2016
- New functions were implemented on the Takasbank-BISTECH transaction platform on 30 May 2016

## EXPECTATIONS REGARDING DEVELOPMENTS BY THE END OF 2017

- MKK plans to establish a trade repository to register contract details for OTC and on-exchange derivatives
- An Electronic Board of Directors meeting system (e-BDS) is planned to be launched
- e-GEM is expected to be implemented in at least one foreign market
- MKK plans to establish links with at least one regional and international central securities depository

## BASIC INFORMATION

178 employees (number of full time equivalent employees working for the CSD)

- Banking license
- NNA
- LOU for LEI

## BIS SETTLEMENT MODEL

- + Model 1 (OTC Model 2)
- + Model 3 (On-exchange)

## SECURITIES ACCOUNTS

Total: 46,833,776  
 Legal entities: N/A  
 Individuals: N/A

## KEY MARKET FIGURES (as of 31.12.2016)

- Market Capitalisation, USD bln: 174 (for listed companies only)
- Average Daily Trading Volume, USD mln: 946
- Listed Companies: 405
- Financial Instruments: Shares, Government Debt Securities, Corporate Debt Securities, Investment Funds, ETFs, Warrants, Asset Backed Securities, Covered Bonds, Real Estate Certificates, Sukuk and other instruments deemed eligible by the Capital Markets Board of Turkey

- Value of assets under custody held on behalf of customers, USD bln: 261
- Number of securities transactions settled, in thousands: 159,8
- Value of securities transactions settled, USD bln: 4,602
- Country's Ratings:
  - Moody's: Ba1
  - Fitch: BBB-
  - S&P: BB

## MAJOR MARKET PARTICIPANTS (INFRASTRUCTURE)

- Regulators: Capital Markets Board of Turkey and Central Bank of Turkey
- Self-regulated organisations: N/A
- Stock Exchange: Borsa Istanbul A.S.
- Settlement Depositories: "Merkezi Kayit Kuruluşu A.Ş. (MKK)"
- Clearing House: Takasbank, [www.takasbank.com.tr](http://www.takasbank.com.tr)
- Registrars: "Merkezi Kayit Kuruluşu A.Ş. (MKK)", [www.mkk.com.tr](http://www.mkk.com.tr)

## MARKET SPECIFICS

- Time zone
  - UTC +3h
- Local currencies:
  - Turkish Lira (TRY)
- Numbering system:
  - ISIN; CFI

## SETTLEMENT CYCLES

- Stocks
  - On-exchange: T+2
  - OTC: T+0
- Bonds
  - On-exchange: T+0
  - OTC: T+0

## MARKET CUT-OFF TIMES

- On-exchange trades:
  - 08:00 – 16:45
- OTC trades:
  - FOP: 08:45 – 18:30
  - DVP: 08:00 – 16:45

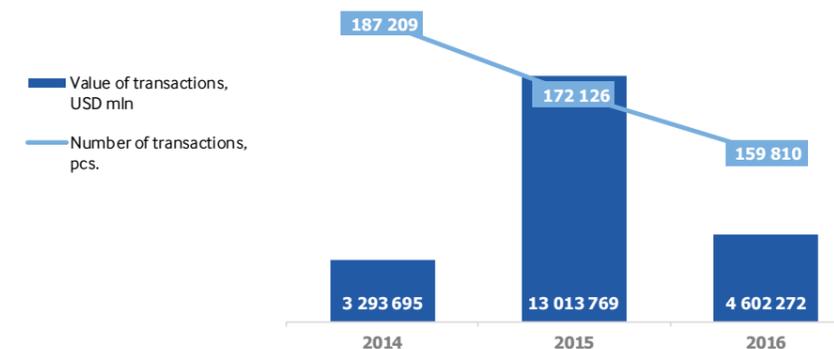
## INVESTOR DISCLOSURE REQUIREMENTS

Disclosure requirements exist to determine changes in the capital structure of issuer companies, determine voting rights of shareholders, and prevent insider trading. If and when direct or indirect shares or voting rights of a natural person or legal entity or of other natural persons or legal entities acting together with that natural person or legal entity in the capital of a publicly traded issuer reach or fall below 5%, 10%, 15%, 20%, 25%, 33%, 50%, 67% or 95%, the disclosure obligation is performed by the said persons. Moreover, if and when direct or indirect shares or voting rights of investment funds belonging to a founder in the capital of an issuer reach or fall below 5%, 10%, 15%, 20%, 25%, 33%, 50%, 67% or 95%, a disclosure obligation must be submitted by said founder.

In case insider information is learned by shareholders directly or indirectly holding 10% or more of capital shares or voting rights of a company, those shareholders should make a public disclosure of the information.

There are no restrictions on foreign investments, repatriation of capital or profits in Turkey.

## SECURITIES TRANSACTIONS



## NOMINEE CONCEPT

The nominee ownership concept is not recognized under Turkish law. MKK operates a beneficial owner based accounting system in Turkey. However, foreign CSDs are allowed to open omnibus accounts at MKK subject to the official approval of the Capital Markets Board of Turkey.

## CORPORATE ACTIONS

- The Public Disclosure Platform (PDP), which is operated by MKK, is the single source of information in Turkey on publicly traded companies. PDP system is integrated with MKK system and SWIFT and automatically notifies investors after an issuer company disclosure is posted on the platform
- Payments and distributions are made based on ownership information on MKK's system at the record date (Payment Date -1)
- In the market for shares record date is (ex-date +1) whereas for the debt market it is (ex-date -1) since settlement cycle is T+0 for debt securities with same day value. Issuers deposit cash dividends into MKK's account with Takasbank, the Turkish clearing house and CCP (except for debt market). Afterwards, MKK instructs Takasbank to distribute cash dividends to participants' accounts, and participants distribute the dividends to their clients (i.e. investors). The cen-

tral paying agent for government debt instruments is the Central Bank of Turkey

- After the launch of e-GEM share blockage and record date requirements were removed in Turkey

## PROXY VOTING

- The new Turkish Commercial Code requires publicly traded companies to hold physical and electronic general meetings at the same time. MKK launched the Electronic General Assembly System (e-GEM) in October 2012 as the single electronic platform in Turkey for general meetings of listed and non-listed companies
- One of the features of e-GEM is electronic proxy assignment. On the system, rights holders can assign their proxies – and also give instructions about their vote – by using secured electronic signatures. Local custodians can vote as proxy on e-GEM and no "Power of Attorney" is required at the meetings. In case of in-person attendance, the person representing the local custodian has to submit a document proving that he/she is the authorized representative of the local custodian.

## TAXATION

- Capital gains and interest from bonds are charged a 10% withholding tax for

both resident and non-resident individual investors. No withholding tax is charged for institutional investors

- Capital gains derived from shares are not subject to withholding tax for either individual or institutional investors. 15% withholding tax is applied by issuers in dividends distributions.
- Withholding tax is not applied to the gains from investment funds, if held for more than one year and if the equity portion of the fund's portfolio is at least 51% at all times. But, the shares of investment trusts are subject to 10% tax rate, if held for less than a year. For mutual funds and exchange traded funds classified as "equity intensive" (equity investments of at least 75% of the portfolio), the withholding tax rate is 0%.

To be tax exempt, non-resident individual investors are required to provide a certificate of residence which must be renewed every year. For non-resident corporate investors, a certificate of incorporation is required to benefit from exemptions.

## COLLATERAL MANAGEMENT

There are no plans to develop collateral management services. 



## LINKS

Inbound	Outbound
Russia	Belarus
	Russia



# PUBLIC JOINT-STOCK COMPANY "NATIONAL DEPOSITORY OF UKRAINE" (UKRAINE)

## EXPECTATIONS REGARDING DEVELOPMENTS BY THE END OF 2017

The National Bank of Ukraine, the National Securities and Stock Market Commission, and the National Depository of Ukraine together with the European Bank for Reconstruction and Development formed a working group to reform post trade infrastructure in Ukraine. In 2017, the Regulators and international partners presented a new infrastructure transformation and development model. It is expected that by the end of 2017 relevant amendments to Ukrainian legislation will be publicly discussed with the market participants.

NDU has reached a new corporate management level: for the first time the CEO was chosen competitively from applicants; two independent directors became members of the Supervisory Board. In 2017, NDU introduced the position of the corporate secretary; it is also planned to form an audit committee as well as a committee on remuneration and appointments within the Supervisory Board.

The level of protection for minority shareholders was raised by amending the procedure for dividend payment by joint stock companies. The amendments also stipulated the choice for the issuer: either

to pay dividends directly to shareholders or to make a centralized payment via the depository system.

For the first time new members of the NDU User Committee were elected by e-voting via the 'eVote' proprietary software. In the future, the software may be used at the general meetings of shareholders for e-voting.

NDU initiated the implementation of a foreign nominee holder concept (at the custodian's level) into Ukrainian legislation to establish transparent conditions for global custodians in Ukraine. In 2017, the concept provided the basis for the corresponding bill.

Since beginning of 2017 NDU has been developing a new 'Customer's cabinet' web-resource, which will serve as a 'single window' for customers' access to all CSD services.

**BASIC INFORMATION**

109 employees (number of full time equivalent employees working for the CSD)

- Banking license
- + NNA
- LOU for LEI

**BIS SETTLEMENT MODEL**

- + Model 1 (OTC DVP transactions; on-exchange DVP transactions related to the issuer's operations – IPO, buy-back of securities, resale of issuer's securities, etc.)
- Model 2
- + Model 3 (On-exchange DVP transactions)

**SECURITIES ACCOUNTS**

Total: 11,074  
 Legal entities: 11,074  
 Individuals: No

**KEY MARKET FIGURES** (as of 31.12.2016)

- Market Capitalisation, USD bln: 0.72 (for listed companies only)
- Average Daily Trading Volume, USD mln: 34.72
- Listed Companies: 17
- Financial Instruments: Equities, Bonds,

Investment certificates, Certificates of FREO (FON), Mortgage-backed Bonds, Mortgage certificates, Option certificates, Eurobonds, Foreign securities

- Value of assets under custody held on behalf of customers, USD bln: 51.2
- Number of securities transactions settled, in thousands: 175.6
- Value of securities transactions settled, USD bln: 20.6
- Country's Ratings:
  - Moody's: Caa3
  - Fitch: B–
  - S&P: B–

**MAJOR MARKET PARTICIPANTS (INFRASTRUCTURE)**

- Regulators:
  - National Securities and Stock Market Commission (NSSMC), [www.nssmc.gov.ua](http://www.nssmc.gov.ua)
  - National Bank of Ukraine – currency regulation, [www.bank.gov.ua](http://www.bank.gov.ua)
- Self-regulated organisations:
  - Association of Ukrainian Stock Traders (AUST), [www.aust.com.ua](http://www.aust.com.ua)
  - Professional Capital Market Participants and Derivatives Market Association (PARD), [www.pard.ua](http://www.pard.ua)
  - The Ukrainian Association of Investment Business (UAIB), [www.uaib.com.ua](http://www.uaib.com.ua)
- Stock Exchange: there are 8 stock exchanges in Ukraine

- Perspektyva Stock Exchange, [www.fbp.com.ua](http://www.fbp.com.ua)
- Ukrainian Exchange, [www.ux.ua](http://www.ux.ua)
- Kyiv International Stock Exchange, [www.kise.com.ua](http://www.kise.com.ua)
- PFTS Stock Exchange, [www.pfts.ua](http://www.pfts.ua)
- "Universal" Stock Exchange, [www.pse.com.ua](http://www.pse.com.ua)
- Ukrainian Stock Exchange, [www.ukrse.com.ua](http://www.ukrse.com.ua)
- "Innex" Stock Exchange, [www.innex-group.com](http://www.innex-group.com)
- Ukrainian Interbank Currency Exchange, [www.uicegroup.com](http://www.uicegroup.com)
- Settlement Depositories: National Depository of Ukraine (Ukrainian CSD), [www.csd.ua](http://www.csd.ua)
- Clearing House: Settlement Center, [www.ausd.com.ua](http://www.ausd.com.ua)
- Registrars: N/A

**MARKET SPECIFICS**

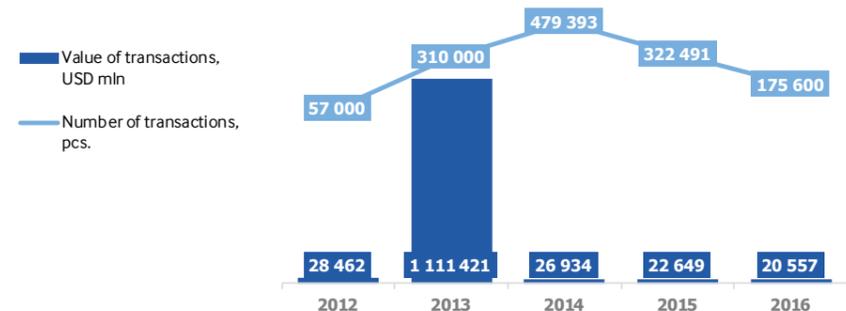
- Time zone
  - GMT +2h (in winter)
  - GMT +3h (in summer)
- Local currencies:
  - Hryvnia (UAH)
- Numbering system:
  - ISIN; CFI

All Ukrainian securities are issued in a book-entry form. CSD services all eligible securities except for those serviced by the National Bank of Ukraine (government and municipal bonds).

**SETTLEMENT CYCLES**

- Stocks
  - On-exchange: T+0, T+3, T+n (depends on terms of a contract)
  - OTC: T+n
- Bonds
  - On-exchange: T+0, T+3, T+n (depends on terms of a contract)
  - OTC: T+n

**SECURITIES TRANSACTIONS**



**MARKET CUT-OFF TIMES**

- On-exchange trades:
  - 10:00 – 17:30
- OTC trades:
  - FOP: 09:00 – 18:00
  - DVP: 10:00 – 17:30

**INVESTOR DISCLOSURE REQUIREMENTS**

Investor disclosure is mandatory under applicable Ukrainian law. The share issuing company and/or state authorities (the Regulator) are entitled to obtain information about the identity of beneficial owners of Ukrainian equities. Upon request CSD customers holding Ukrainian equities provide information on the beneficial ownership of such holdings.

The issuer is obliged to report on any acquisition that causes the holding of the company's voting shares to reach, exceed or fall below 5% for public joint-stock companies, and 10% for private joint-stock companies.

**NOMINEE CONCEPT**

There is a two-level depository system in Ukraine, which means that CSD opens & maintains nominee securities accounts in the name of licensed Ukrainian custodians (depository institutions). Custodians, in turn, open and maintain securities accounts in the name of beneficial owners. Custodians open securities accounts with CSD to jointly keep in custody custodians' own and client assets.

CSD also opens nominee securities accounts in the name of foreign (I)CSDs. The securities credited to the foreign depository's 'nominee account' opened with CSD belong to clients of the nominee account holder; the nominee account holder is obliged to maintain accounts on his own books in respect of the securities credited

to the nominee account. The nominee account holder keeps records of the securities according to legislation of the country, in which it is operating.

**CORPORATE ACTIONS**

According to Ukrainian legal and regulatory acts, an issuer is obliged to make information on its upcoming corporate events publicly available by publishing information in the specific sources (NSSMC official publications, company's web-site etc.) within specifically set timeframe.

Processing corporate actions (coupon, dividend payment, General Meeting etc.) happens as follows:

- At least three days prior to GM/proceeds an issuer instructs CSD to disclose beneficial owners on the Record Date (RD)
- CSD instructs custodians/foreign (I)CSDs to disclose beneficial owners on the RD
- Based on information received from custodians/ foreign (I)CSDs CSD draws up a consolidated list of beneficial owners (RD+2) and provides it to the issuer
- In case of proceeds the issuer:
  - either remits funds directly to beneficial owners on Payment Date (PD) (beneficial owners list provided by CSD contains investors' bank account details)
  - or remits funds to CSD cash account with the Settlement Center and instructs CSD to remit funds to beneficial owners on PD (centralized income payment via CSD)

**PROXY VOTING**

Shareholders may exercise their voting rights by attending the General Meeting in person or by proxy.

**TAXATION**

The Tax Code of Ukraine establishes the following principles with respect to the taxation of foreign legal entities/individuals:

- Income derived from sources within the territory of Ukraine by foreign entities (which are not engaged in commercial activities on the territory of Ukraine through a permanent establishment) or foreign individuals are taxed at the time of income remittance to such foreign entities; taxes are withheld from the sums remitted. Unless an applicable bilateral double taxation treaty provides relief with respect to withholding, the tax rate is:
  - 15% for foreign companies (18% is applied to proceeds from an interest-free (discount) or treasury bonds)
  - 18% for foreign individuals (5% is applied to dividends distributed by an issuer – the income taxpayer; 9% is applied to dividends paid by mutual investment funds and non-payers of income tax) as well as a temporary military tax at the rate of 1.5%
- Coupon payments received by a foreign entity/individual on domestic/municipal government bonds and foreign government bonds, which have been sold to/placed among foreign entities/individuals outside the territory of Ukraine, are not subject to a withholding tax

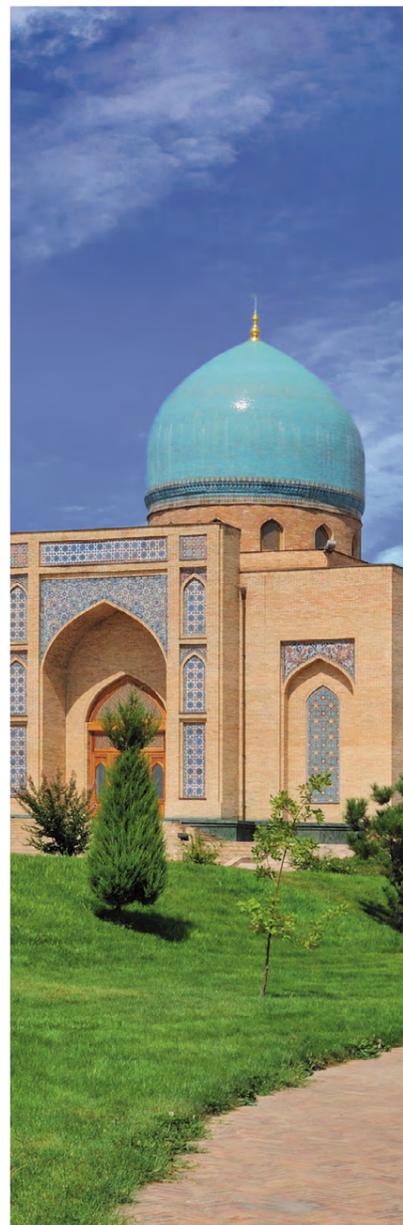
**COLLATERAL MANAGEMENT**

CSD does not provide collateral management services. However such services might be launched by the end of 2019 within the new post-trade infrastructure IT system.

CSD plans to develop collateral management services on the basis of third-party vendor's services.



# STATE ENTERPRISE "CENTRAL SECURITIES DEPOSITORY" (UZBEKISTAN)



## KEY EVENTS AND DEVELOPMENTS IN THE POST-TRADE INDUSTRY IN 2016

- On 29 August 2016, the unified software and hardware complex (IT Complex) was launched for Uzbekistan's stock market. IT Complex users are members of the stock market, in particular, the Central Securities Depository, the Stock Exchange (RSE "Toshkent"), the electronic OTC trading platform (JSC "El-sis-savdo"), investment intermediaries, existing shareholders, and investors. After launching the IT Complex, there is no need for the organisations mentioned above to use their own trading, settlement – clearing and depository systems. Using IT complex capacities, it is possible to purchase and sell securities in real time via a web application. Securities delivery is carried out on-line after clearing. The procedure for registering securities' owners with Central Securities Depository has become considerably simpler with the IT Complex.
- Joint-stock companies of the Republic have started to implement a Corporate Governance Code, approved by the minutes of a meeting of the Commission on Upgrading the Efficiency

of Joint Stock Companies and Improving the Corporate Governance System dated 31.12.2015, No 9. To monitor the implementation of recommendations in the Code, joint stock companies carried out an assessment of corporate governance practices, using independent organisations.

- A single corporate information portal based on the website of the authorised state body on regulating the securities market was created. This portal contains all the information that needs to be disclosed

## BASIC INFORMATION

56 employees (number of full time equivalent employees working for the CSD)

- Banking license
- NNA
- LOU for LEI

## BIS SETTLEMENT MODEL

- + Model 1 (On-exchange)
- + Model 2
- Model 3

## SECURITIES ACCOUNTS

TTotal: 67,200  
Legal entities: 4,917  
Individuals: 62,283

## KEY MARKET FIGURES (as of 31.12.2016)

- Market Capitalisation, USD bln: N/A
- Average Daily Trading Volume, USD mln: N/A
- Number of Listed Companies: 171
- Financial Instruments: Equities, Bonds
- Value of assets under custody held on behalf of customers, USD bln: 9.5
- Number of securities transactions settled, in thousands: 10.1
- Value of securities transactions settled, USD bln: 4.5

## MAJOR MARKET PARTICIPANTS (INFRASTRUCTURE)

- Regulators: Centre for coordination and developing securities market [www.csm.gov.uz](http://www.csm.gov.uz)
- Stock Exchange: Republican Stock Exchange "Tashkent", [www.uzse.uz](http://www.uzse.uz)
- Central Depository: State enterprise "Central Securities Depository" (UzCSD), [www.deponet.uz](http://www.deponet.uz)
- Central Clearing: Republican Stock Exchange "Tashkent", LLC Clearing and Settlement house "Elsis-Savdo"
- Registrars: State enterprise "Central Securities Depository" (UzCSD), [www.deponet.uz](http://www.deponet.uz)

## MARKET SPECIFICS

- Time zone:
  - GMT +5h
- Local currencies:
  - SUM (UZS)
- Numbering system:
  - Local registration number; ISIN; CFI.

All Uzbekistan equities are issued in dematerialized registered form and safekept in UzCSD.

## SETTLEMENT CYCLES

- Stocks
  - On-exchange: T+2, T+5

- OTC: T+2
- Bonds
  - On-exchange: T+2
  - OTC: T+2

## MARKET CUT-OFF TIMES

- On-exchange trades:
  - 09:30 – 15:00
- OTC trades:
  - FOP: 09:00 – 16:00
  - DVP: 09:30 – 15:00

## NOMINEE CONCEPT

Nominee accounts can be opened in the name of a depository licensed by the Regulator.

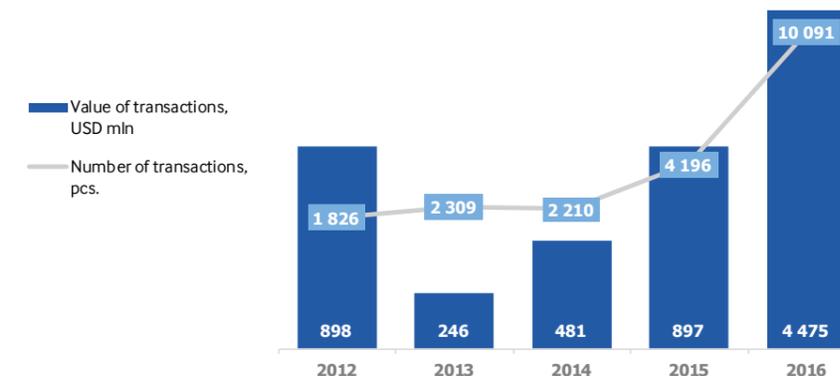
## CORPORATE ACTIONS

- There is a single source of corporate action information through the website [www.openinfo.uz](http://www.openinfo.uz)
- For corporate event that requires a record date the issuer acquires the register of shareholders for a particular date via UzCSD. The UzCSD forms the register based on the information that is available in UzCSD and at the investment intermediary

## COLLATERAL MANAGEMENT

Not applicable.

## SECURITIES TRANSACTIONS



# LIST OF MEMBER ORGANISATIONS



Central Depository of Armenia  
Open Joint-Stock Company  
5b, Mher Mkrtchyan Str, 0010,  
Yerevan, Republic of Armenia  
[www.nasdaqomx.am](http://www.nasdaqomx.am)



National Securities Depository Limited  
Trade World, A wing, 4<sup>th</sup> & 5<sup>th</sup> Floors,  
Kamala Mills Compound, Lower Parel,  
Mumbai – 400013  
[www.nsdl.co.in](http://www.nsdl.co.in)



Korea Securities Depository  
BIFC, 40. Munhyeongeumyung-ro,  
Nam-gu, Busan 48400, Korea  
[www.ksd.or.kr/eng/](http://www.ksd.or.kr/eng/)



National Depository Center  
of the Azerbaijan Republic  
19 Bul Bul Avenue, Baku, Az1000  
Azerbaijan Republic  
[www.mdm.az](http://www.mdm.az)



Joint-stock company  
“Central Securities Depository”  
28, microdistrict Samal-1, Almaty,  
050051, Republic of Kazakhstan  
[www.kacd.kz](http://www.kacd.kz)



Central Depository  
(Closed joint stock company)  
Republic of Tajikistan, Dushanbe city,  
Rudaki Avenue 38/1  
[www.csd.tj/en/](http://www.csd.tj/en/)



Republican unitary entity  
“Republican Central Securities Depository”  
220004, Republic Belarus, Minsk,  
Melnikayte St 2, (4<sup>th</sup> floor)  
[www.centraldepo.by](http://www.centraldepo.by)



Closed Joint-Stock Company  
“Central Depository” Kyrgyz Republic  
172 Moscovskaya St., Bishkek 720010,  
Kyrgyz Republic  
[www.cds.kg](http://www.cds.kg)



Merkezi Kayit Kurulusu A.S. (MKK)  
Askerocağı Cad. Süzer Plz. No 15 Kat 3,  
34367 Elmadağ-Şişli İstanbul, Turkey  
[www.mkk.com.tr](http://www.mkk.com.tr)



Georgian Central Securities  
Depository  
74a Chavchavadze Ave., 0162 Tbilisi,  
Georgia  
[www.gcsd.ge](http://www.gcsd.ge)



National Securities Depository  
of Republic of Moldova  
Stefan cel Mare 73, oficiu 352,  
Chisinau, MD2001, Republica Moldova  
[www.moldse.md](http://www.moldse.md)



Public Joint-Stock Company  
“National Depository of Ukraine” (NDU)  
3 Grinchenko St. Kiev 01001, Ukraine  
[www.csd.ua](http://www.csd.ua)



Central Depository Services  
(India) Limited (CDSL)  
17<sup>th</sup> floor, P J Towers, Dalal Street,  
Mumbai – 400001  
[www.cdslindia.com](http://www.cdslindia.com)



National Settlement Depository (NSD)  
12, Spartakovskaya St., Moscow,  
105066, Russia  
[www.nsd.ru](http://www.nsd.ru)



State enterprise  
“Central Securities Depository” (UzCSD)  
10 Bukhoro St., Tashkent 100000,  
Republic of Uzbekistan  
[www.deponet.uz](http://www.deponet.uz)



## **XIV INTERNATIONAL AECSD CONFERENCE**

7-8 September 2017 | Minsk, Belarus | Hotel Europe  
(28, International St., Minsk, 220030, Republic of Belarus)

Hosted by: Republican Unitary Enterprise "Republican Central Securities Depository"

AECSD Secretariat: National Settlement Depository (NSD)

Postal address: 12, Spartakovskaya St. Moscow 105066, Russia

Telephone: +7 495 232-05-13

Fax: +7 495 956-09-38

E-mail: [secretariat@aecsd.org](mailto:secretariat@aecsd.org)

Web-site: [www.aecsd.org](http://www.aecsd.org)