

Euroclear webinar channel



Post-trade made easy

Russian corporate actions reform: global standards and transparency

Thursday, 30 June 2016

15.30 (CET) • 14.30 (BST) • 16.30 (EET)



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Welcome

About the speakers



Maria Krasnova, NSD

Maria is the Deputy Chair of the Executive Board of NSD responsible for Corporate Governance, Risk Management and Legal Matters. She currently has immediate responsibility for the ongoing Corporate Actions Reform – one of the key development areas of the Russian financial market.



Denis Spirin
Prosperity Capital Management

Denis is responsible for corporate governance issues including corporate actions at Prosperity Capital Management. He is an expert of the International Financial Center Working Group and a member the Governmental Expert Council. He is also deputy-head of the Agency for Strategic Initiatives' Development of Corporate Governance Improvement Road Map Working Group, involved in corporate and securities regulation legislative activity.



**NATIONAL
SETTLEMENT
DEPOSITORY**
MOSCOW EXCHANGE GROUP

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Maria Krasnova

CORPORATE ACTIONS REFORM

OBJECTIVES OF THE REFORM

Single source of reliable official information about corporate actions

Unified approach to corporate actions processing

Participate in corporate actions via custodians

Direct electronic access to AGMs for investors

Reduce direct and indirect costs

Improve process transparency and therefore reduce the perceived risks in participation



Grow the investor base

Elimination of paper documents circulation

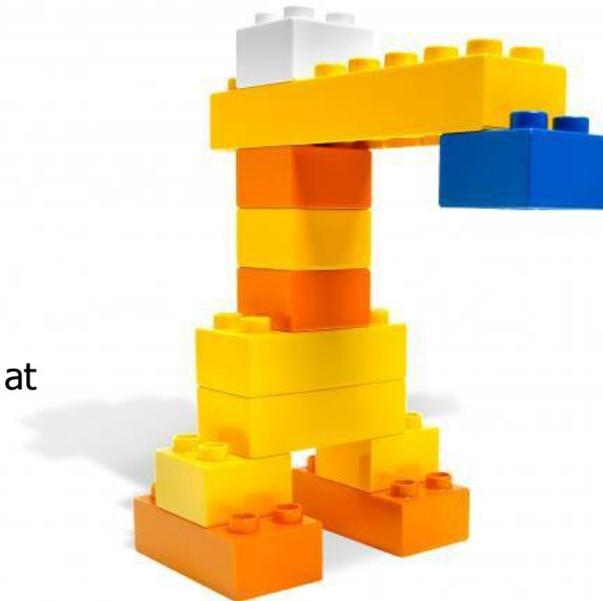
KEY ELEMENTS OF THE REFORM

NEW PROCESS
for compiling securities
holders list

NEW METHODS
of participation
in general meetings
of security holders

ESTABLISHMENT
of a corporate
information center at
CSD

NEW PROCEDURE
for exercising security
holders' rights in the
course of corporate actions

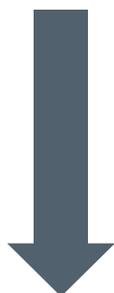


APPROACH TO THE REFORM

Domestic and international infrastructure benefit from the opportunities offered by the Russian securities market

Application of a straight-through processing

Unified modern formats to disclose information on corporate actions



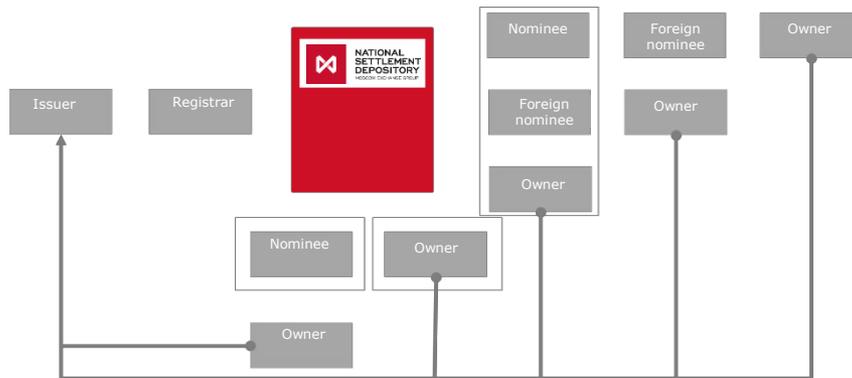
- **MARKET STANDARDS FOR GENERAL MEETINGS**
- **MARKET STANDARDS FOR CORPORATE ACTIONS PROCESSING**
- **GLOBAL PRINCIPLES FOR CORPORATE ACTIONS AND PROXY VOTING**



ISO 20022 (ISO 15022 for SWIFT users) – the international standard for electronic data interchange that supports automatic information processing

A NEW APPROACH TO CORPORATE ACTIONS PROCESSING

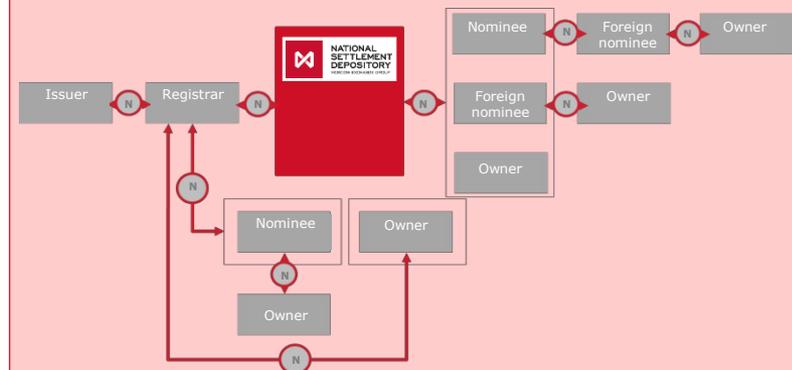
Constraints of the Current Approach



- 1 Securities depositories and registrars are not involved in interaction between an issuer and shareholders
- 2 Use of hard-copy documents
- 3 Difficulties faced by both domestic and foreign investors in exercising their rights attached to securities
- 4 A high level of operational risks

New Approach

- Processing any and all corporate actions in a centralized manner, through securities depositories and registrars
- Securities depositories are authorized to act on behalf of their clients under a depository agreement (no PoA needed)
- Source documents are kept by a securities depository, acting on behalf of the respective securities owners
- Increased automation of corporate actions processing



EXERCISE OF RIGHTS ATTACHED TO SECURITIES FOR NOMINEE' CUSTOMERS

RIGHTS THAT CAN BE EXERCISED THROUGH A NOMINEE ONLY:

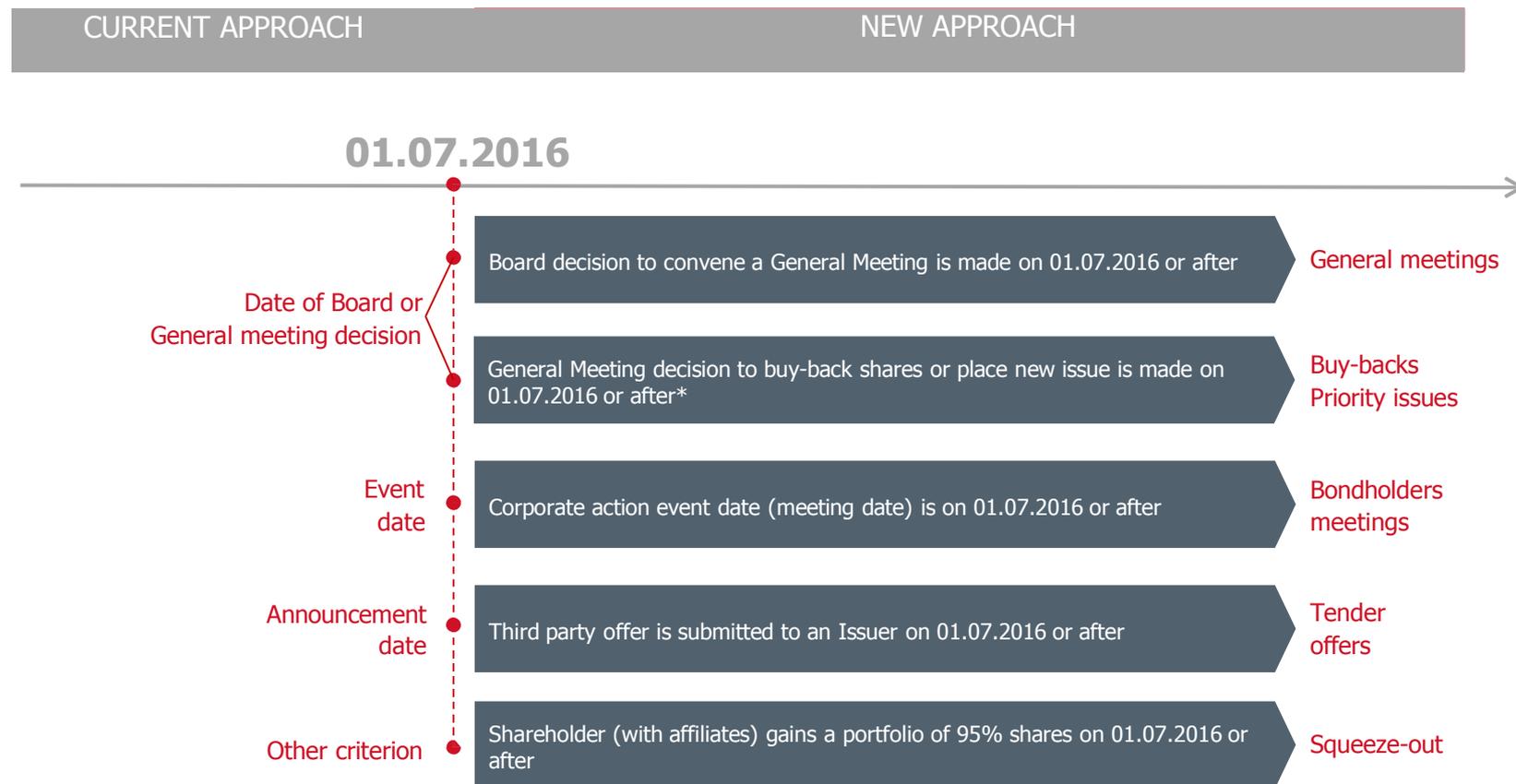
- Preemptive right to purchase securities (Article 40 of the Federal Law "On Joint-Stock Companies")
- Acquisition of securities by the issuing company (Article 72 of the Federal Law "On Joint-Stock Companies")
- Purchase of shares by the issuing company at the request of shareholders (Article 75 of the Federal Law "On Joint-Stock Companies")
- Tender offer. Voluntary for the Offeror (Article 84.1 of the Federal Law "On Joint-Stock Companies")
- Tender offer. Mandatory for the Offeror (Article 84.2 of the Federal Law "On Joint-Stock Companies")
- Mandatory squeeze-out of shares by the shareholder holding more than 95% of shares (Article 84.8 of the Federal Law "On Joint-Stock Companies")
- Redemption of securities

RIGHTS THAT CAN BE EXERCISED EITHER THROUGH A NOMINEE OR PERSONALLY:

- Proposing general meeting agenda items
- Nominating candidates to management bodies or other bodies of the issuer
- Requesting the convocation (holding) of the general meeting
- Attending and voting at the general meeting
- Exercising other rights attached to securities

TRANSITION PERIOD

HOW DO YOU KNOW WHICH PROCEDURE APPLIES



* In some cases Board is authorized to make an appropriate decision to buy-back shares (art.72) or to place new issue via public offering (art.40)

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 - Perception of market services offered by the Company and its subsidiaries
 - Volatility (a) of the Russian economy and the securities market and (b) sectors with a high level of competition that the Company and its subsidiaries operate
 - Changes in (a) domestic and international legislation and tax regulation and (b) state policies related to financial markets and securities markets
 - Competition increase from new players on the Russian market
 - The ability to keep pace with rapid changes in science and technology environment, including the ability to use advanced features that are popular with the Company's and its subsidiaries' customers
 - The ability to maintain continuity of the process of introduction of new competitive products and services, while keeping the competitiveness
 - The ability to attract new customers on the domestic market and in foreign jurisdictions
 - The ability to increase the offer of products in foreign jurisdictions
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Q&A with asset manager



Denis Spirin
Prosperity Capital Management

" As of July 1st 2016 investors can participate through the foreign nominee account without any paper-work for almost all voluntary corporate actions, which is a big step forward."



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A few questions from delegates

- ❖ How does it work for attendance voting for FHN account? Does the registrar need to know that the shareholder is willing to attend the meeting ?

As a Euroclear client, in order to vote in a meeting, you need to send us an electronic voting instruction per beneficial owner that includes the relevant beneficial owner details.

You will receive all meeting details (including deadline, how to instruct and the agenda) via a corporate action notification (DACE notice).

You do not have to complete or submit any paper documentation, you can use the communication channel you normally use to instruct Euroclear (i.e. SWIFT, EUCLID or Easyway).

With the electronic 'cascade' approach, the voting details (including the beneficial owner details) will automatically flow from the investor to the registrar/issuer.

- ❖ Are there any fee linked to making Corporate Action instructions?

Euroclear applies standard fees on Corporate Action instructions. For more detailed information, please contact Mrs Fernanda Aspilche Ferro.



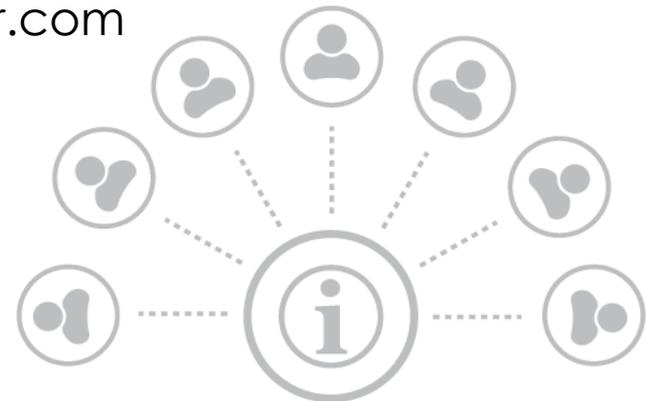


Thank you

For more information on
Russia corporate actions reform

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