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# Post-trade services

## CLEARING

Since 2007, the National Clearing Centre (NCC; part of Moscow Exchange Group) has acted as a Clearing House and Central Counterparty (CCP) for the Russian financial market. Its primary goal is to provide clearing services to market participants and to maintain stability across the Exchange's markets by operating an advanced risk management system that meets the highest international standards. The NCC enjoys the status of a qualifying Central Counterparty and is recognized as a systemically important CCP by the Bank of Russia. The NCC is a member of the Global Association of Central Counterparties (CCP12) (Global Association of Central Counterparties, or CCP12) and the European Association of Central Counterparty Clearing Houses (EACH).

### Ratings

In 2019, Fitch Ratings affirmed the NCC's ratings. The NCC's long-term local currency Issuer Default Rating (IDR) was affirmed at BBB with a Stable outlook, while the long-term foreign currency IDR was raised to BBB with a Stable outlook.

The Analytical Credit Rating Agency (ACRA) affirmed the NCC's national scale rating at AAA(RU) with a Stable outlook. According to the ACRA, the NCC's credit rating and outlook are due to its strong and stable business profile, exceptional liquidity and capital adequacy position. The rating is additionally supported by the systemic importance status that the NCC enjoys in the Russian financial market.

### Central Counterparty safeguard structure

In 2019, the CCP's safeguard structure was further improved by increasing the amount of dedicated capital of the Standardized Derivatives Market to RUB 1 bln and introducing stress collateral on the Standardized Derivatives Market. The CCP's total amount of dedicated capital thus increased to RUB 10.1 bln.

The alignment of CCP safeguard structures across MOEX's markets is designed to boost the reliability and viability of the Central Counterparty and ensuring that the NCC remains financially robust regardless of market conditions. The safeguard structure put in place meets the highest international CCP standards and the requirements of the Bank of Russia.

**RUB 10.1 bln**  
CCP's total dedicated capital

### Risk management

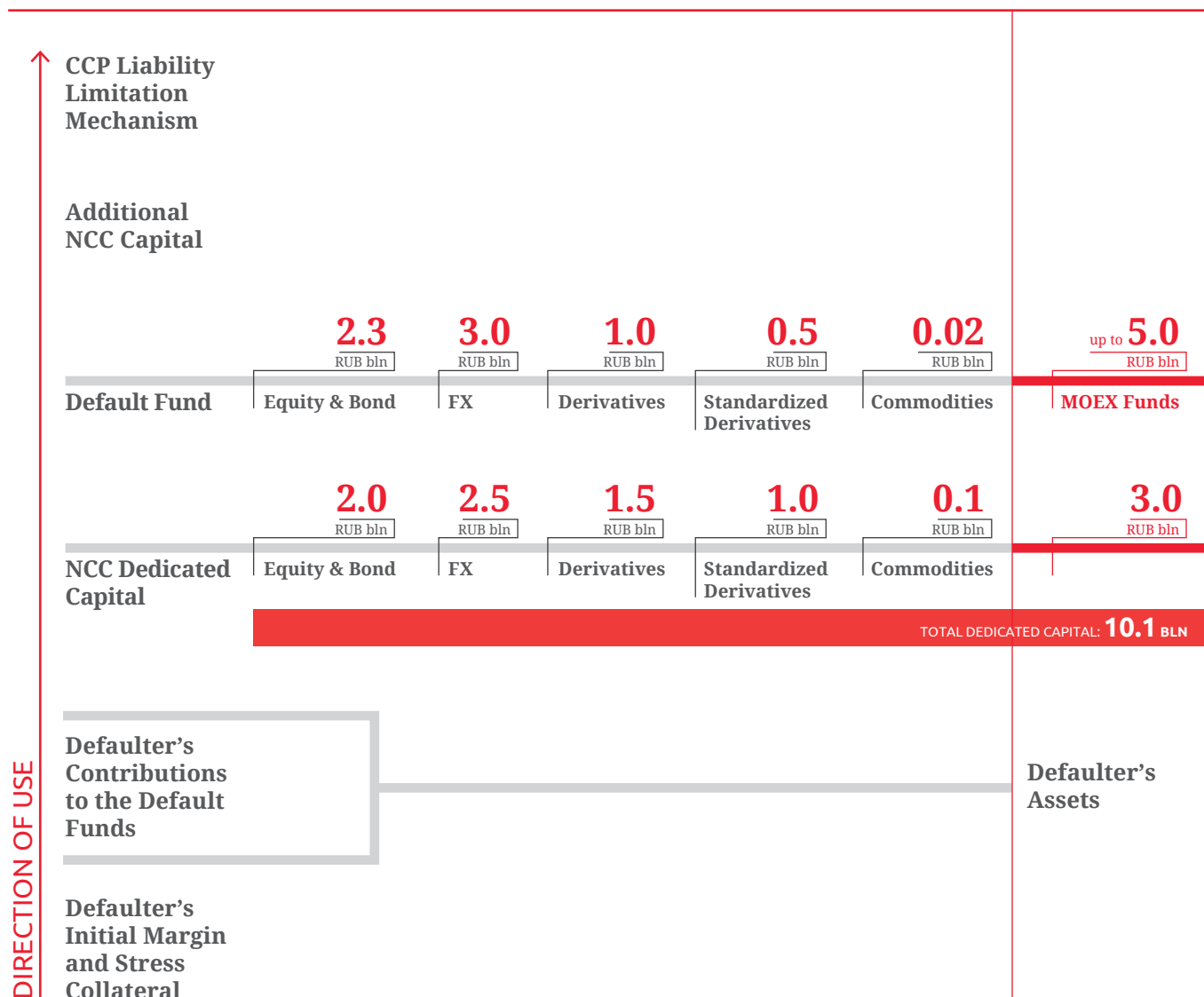
In 2019, as part of default management, a regime was introduced in MOEX's trading system that allows settlement of the obligations of bad-faith clearing members based on transactions concluded by the CCP in the most market way.

CCP safeguard structure

**Replenishment  
of Dedicated  
Capital**

Capital at the minimum level required to meet capital adequacy ratio (N1ccp) at all times

**NCC minimum capital**



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A mechanism has been introduced to control the CCP's concentration risk for consistent economic restriction of the activity of the clearing member related to the opening of positions containing concentrated risks for any of the assessed risk factors: price risk and volatility change risk, which are components of market risk, as well as interest risk. This allows to set individual limits for all risk factors that affect the risk of a portfolio of positions.

Liquidation netting with respect to the clearing participant is automated when the procedure is initiated during which corresponding prohibitory characteristics are set in all trading systems of the Group, and active orders and transactions are withdrawn. This functionality does not make it possible to carry out actions leading to increase in the positions of a clearing member whose positions are subject to compulsory liquidation.

### **Technological improvement**

The NCC accounting system automates the generation, sending and processing of SWIFT messages through the Bank of Russia's System for Transfer of Financial Messages (SPFS). SPFS, which is based on the Bank of Russia's information and telecommunication system, was created as an alternative channel for interbank interaction to ensure guaranteed and uninterrupted provision of services for the transmission of electronic messages regarding financial transactions, and to reduce risks affecting the security and confidentiality of financial messaging.

### **Reporting and audit**

International registrars Det Norske Veritas and Germanischer Lloyd confirmed that the NCC's quality management system complies with the international Quality Management System standard. The certificate of confirmation of compliance for clearing services, including the CCP function, is valid until December 10, 2021.

The NCC successfully validated its models for assessing the and variation margins of clearing participants, with the overall level of risk protection rated as high. Validation was carried out by PwC in accordance with the relevant Bank of Russia regulation regarding the CCP.

The NCC's IT processes were confirmed as compliant with international standards by an audit conducted by Deloitte & Touche CIS in accordance with the requirements of the relevant Bank of Russia regulation.

The NCC Reporting project in 2019 was transformed into the creation of the Hadoop Data Lake, a corporate database containing primary data from initial processing source systems, as well as storage of primary documents. NCC began by storing primary data on transactions with liquidity providers and providing them to consumers.