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## **NAUFOR Welcomes Decision to Create a Central Securities Depository in Russia**

**Moscow, October 10, 2011** – Russian National Association of Securities Market Participants (NAUFOR) welcomes the decision of the President's Council for Financial Market Development to introduce the Central Securities Depository Law in the nearest future. Adoption of this legislation will remove a significant legal barrier for foreign investments into the Russian securities market, in particular long-term investments of foreign pension and mutual funds.

Currently active asset handling rules for these types of investors cause them to keep securities on books of registrars which significantly complicate transactions, increase costs and fragment the Russian securities market.

The decision is made to provide a Central Securities Depository with an exclusive right to open nominee holder's (omnibus) account in the registry for a wide range of securities, and set rules for settlement finality. When promulgated, the Law will remove all foreign investors' concerns for compliance of Russian infrastructure with globally-recognized practices. The decision fully corresponds with NAUFOR position paper submitted to Finance Ministry on August 25, 2011 as a part of discussions of the Draft Law. NAUFOR recommended a requirement in the law for gradual centralization of handling of exchange-traded securities.

NAUFOR was actively involved in development and discussions of the Central Depository Draft Law, including, in the framework of the International Financial Center Working Group chaired by Alexander Voloshin.

On Monday, October 10, 2011 the decision to create a Central Securities Depository in Russia was approved by Russian President's Council for Financial Market Development.

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## **NOTES FOR EDITORS**

Russian National Association of Securities Market Participants (NAUFOR) is a statutory self-regulatory organization with wide responsibilities in regulation, supervision and enforcement of over 320 member-firms including broker-dealers, investment banks, commercial banks, custodians and other companies from the securities industry.

NAUFOR's mission is to improve securities regulation and promote fair and efficient securities market by setting rules and standards for members covering virtually every aspect of securities business. NAUFOR protects investors and supervise member firms through headquarters in Moscow and 14 regional offices across the country.