



**NATIONAL
SETTLEMENT
DEPOSITORY**
MOSCOW EXCHANGE GROUP

E-VOTING: NEW OPPORTUNITIES FOR SHAREHOLDERS AND ISSUERS

EVOLUTION OF COMMUNICATION METHODS



6000 B.C.

drums and smoke signals



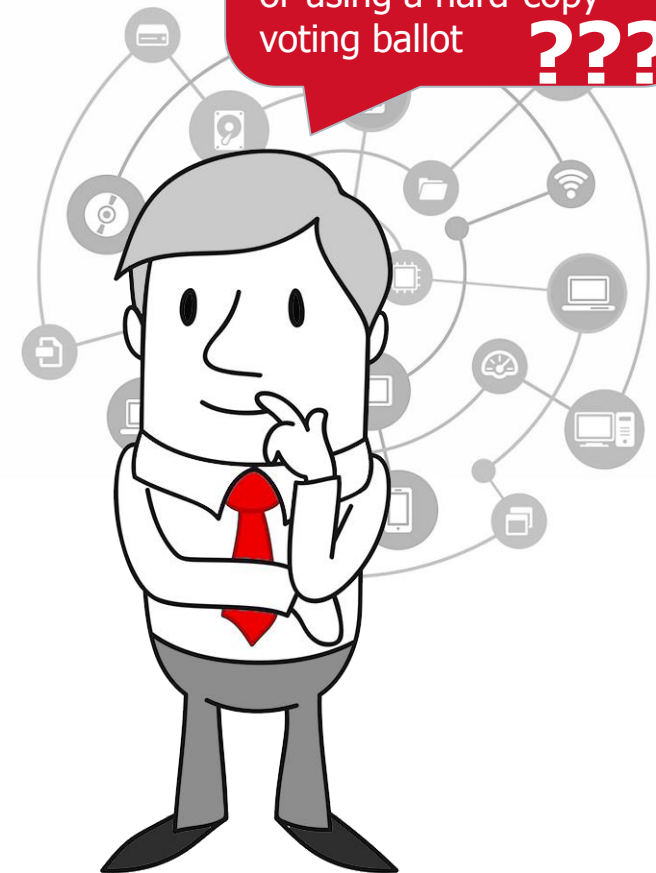
3000 B.C.

delivery of letters by messengers



1971

E-mail



Nowadays

Voting by
show of hands
or using a hard-copy
voting ballot

???



WHAT'S WRONG WITH HARD-COPY VOTING BALLOTS?



**LOW
EFFECTIVENESS**

On average, the percentage of persons participating in a meeting is as low as **1-3%**

**INCONVENIENT
FOR INVESTORS**

Key reasons:

- Slow communication
- Risk of a voting ballot being rejected
- Additional money and time costs for investors, which do not add value

**HIGH COSTS
FOR THE ISSUER**

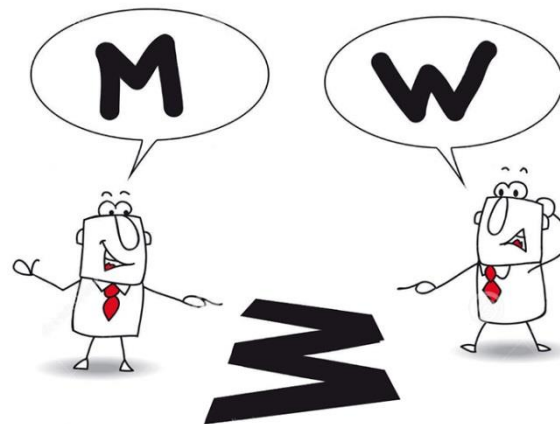
Postal costs alone required to mail voting ballots (as calculated for NSD's clients disclosed for a meeting for 2015) would have **exceed RUB 70 mln**



E-VOTING IS A STEP FORWARD

Remote voting option for shareholders is **ALREADY MADE AVAILABLE** by CSDs in South Korea, Taiwan, India, Turkey, and some other countries.

Approach to implementation technology and to a set of services is **DIFFERENT**.



WHAT IS IN COMMON?

1. Possibility to vote remotely via a common user-friendly web site

2. Increase in the number of investors voting at a general meeting*

* An average increase is 3 to 5 times



CORPORATE GOVERNANCE CODE

(approved by the Bank of Russia Board of Directors on 21 March 2014)

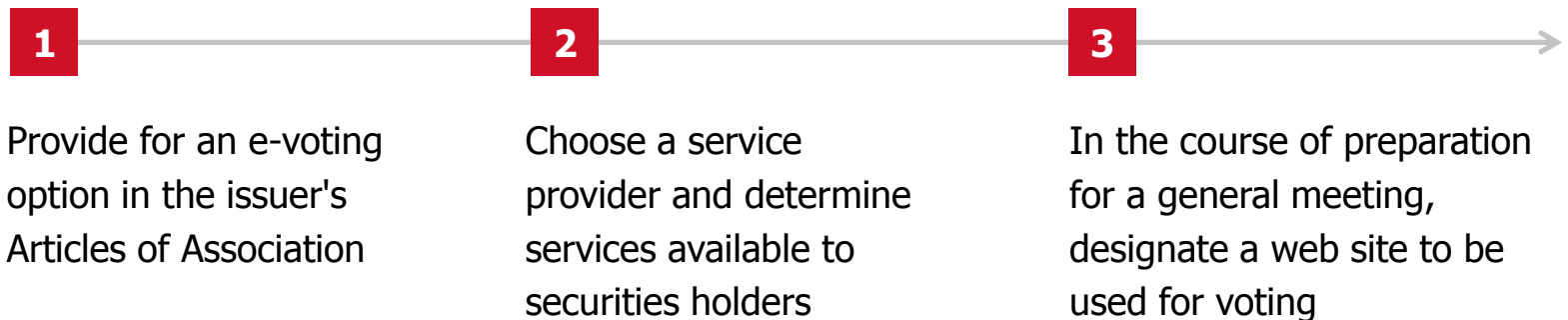
THE CODE RECOMMENDS TO:

- Allow shareholders to vote using electronic means of communication, including via a designated web site;
- Provide shareholders with remote access to a general meeting (e.g., broadcast the general meeting via a designated web site).

DEVELOPMENTS IN THE RUSSIAN LAWS

With effect from 1 July 2016, shareholders may participate in a general meeting by filling in an e-voting ballot on the designated web site.*

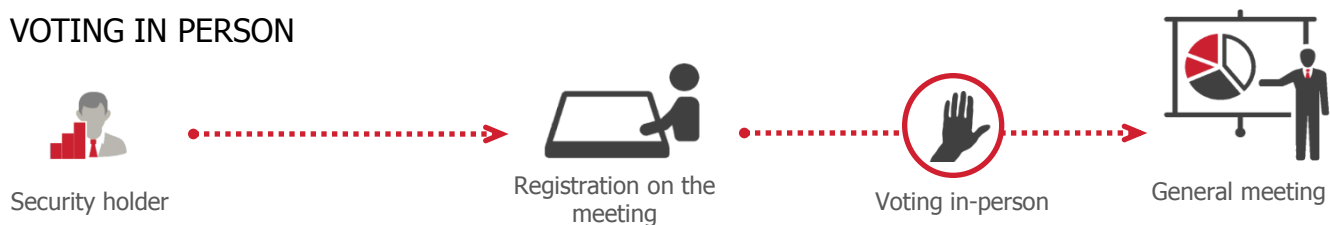
STEPS TO BE TAKEN BY AN ISSUER:



* Federal Law No. 208-FZ "On Joint-Stock Companies" dated 26 December 1995

WAYS OF PARTICIPATION IN THE MEETING

1 VOTING IN PERSON



2 SENDING BALLOT IN PAPER FORM



3 E-PROXY VOTING Voting in electronic form using depository services



4 E-VOTING In-person voting in electronic form through the Internet



E-VOTING: SHORT DEFINITION

E-voting is a service for voting at general meetings through the special web site.

E-voting service provides for the securities holders to complete an electronic voting ballot, view the materials, watching the streaming video of the meeting, ask questions to the meeting organizer and a counting commission, discuss the meeting on the forum.

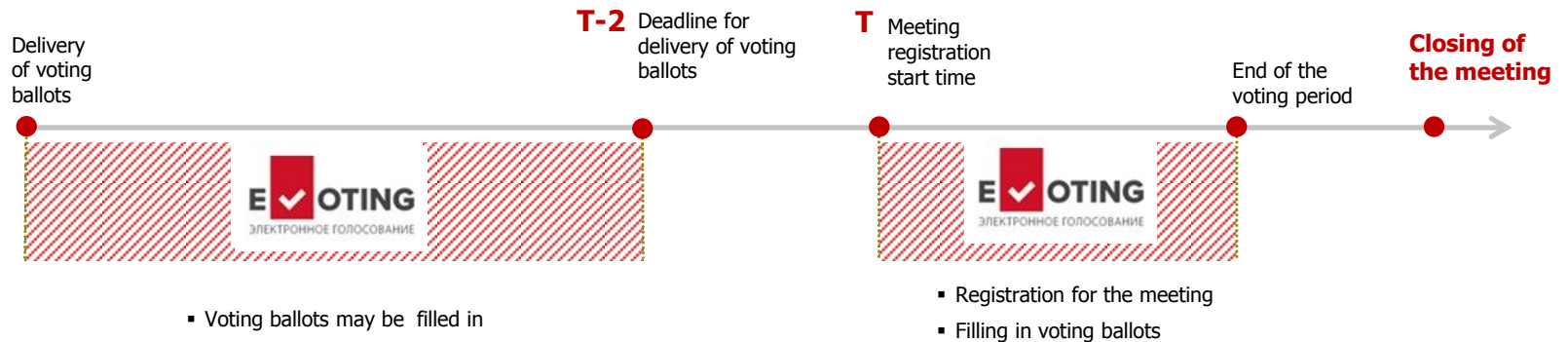
E-voting is a method additional to conventional voting methods that can be used at a meeting. But issuers are recommended to offer this method to their shareholders in the Corporate Governance Code.



E-VOTING

PERIOD OF VOTING VIA THE WEB SITE

GENERAL MEETING (IN-PERSON)



GENERAL MEETING (ABSENTEE VOTING)



E-PROXY VOTING

1. INCREASE in the number of persons voting through the **E-PROXY VOTING** service
2. INCREASE in the number of securities depositories offering the **E-PROXY VOTING** service to their clients
3. DEVELOPMENT by depositories of WEB INTERFACES for communication with their clients

ADVANTAGES OF E-VOTING



ISSUER

- Accelerated vote processing and counting
- Voting results are available in real time
- Potential for reduction of administrative costs
- Higher quorum thanks to greater involvement of shareholders (including shareholders of record)
- Improved corporate governance and improved investment appeal of the issuer's securities



SECURITIES HOLDER

- E-voting is available regardless of where securities are held
- Participation in a meeting regardless of how far the securities holder is from the meeting venue
- Independence from postal service providers and securities depositories
- No costs for the shareholder, as compared to personal attendance or e-proxy voting
- Less mistakes in the course of voting (as compared to using voting ballots in hard copy)



THE STATE

- Improved corporate governance
- Creating an environment in which investors are able to exercise their rights most effectively
- Improved investment appeal of the Russian securities market

E-VOTING

NSD's E-VOTING SERVICE

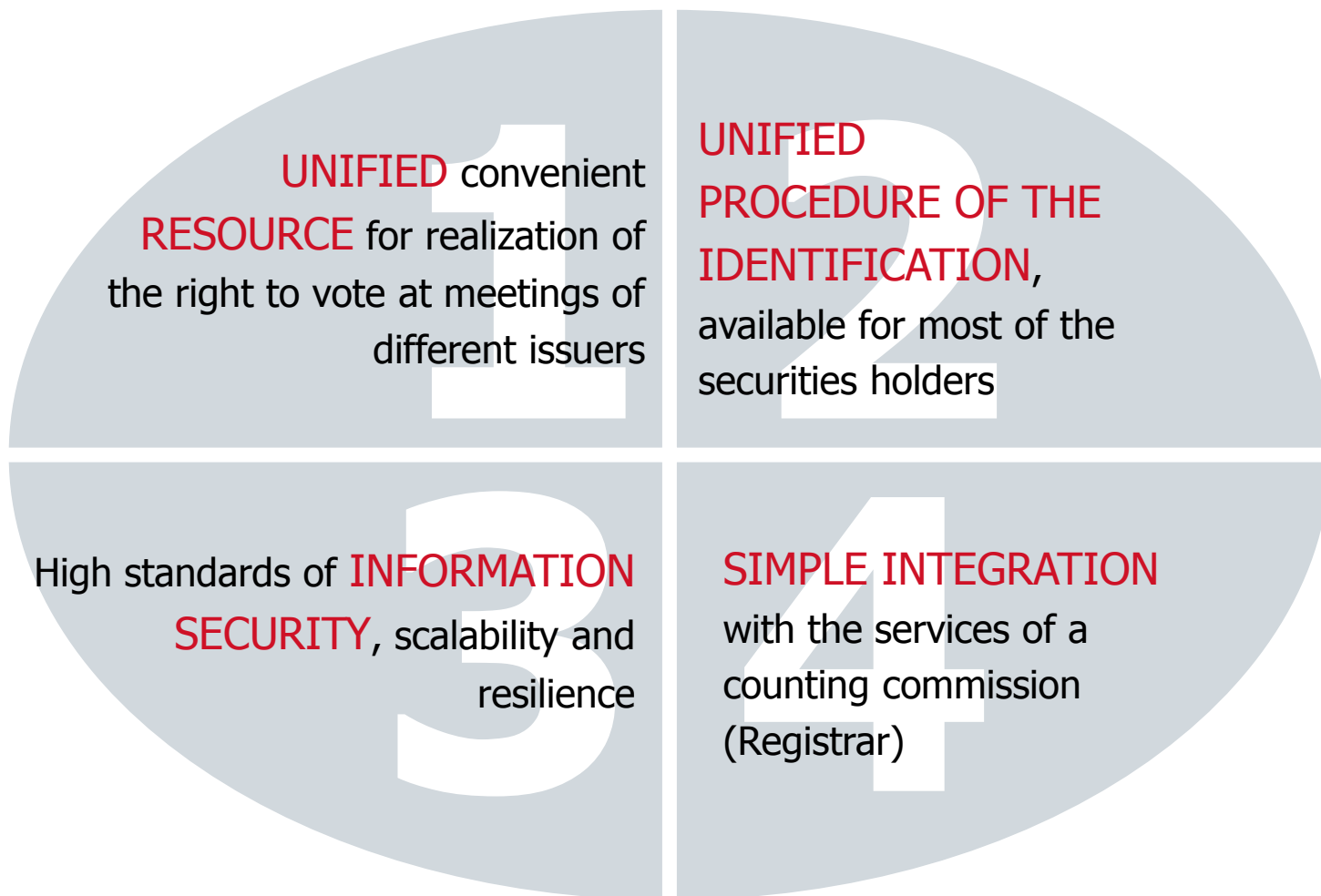


NSD has launched the **E-VOTING** platform

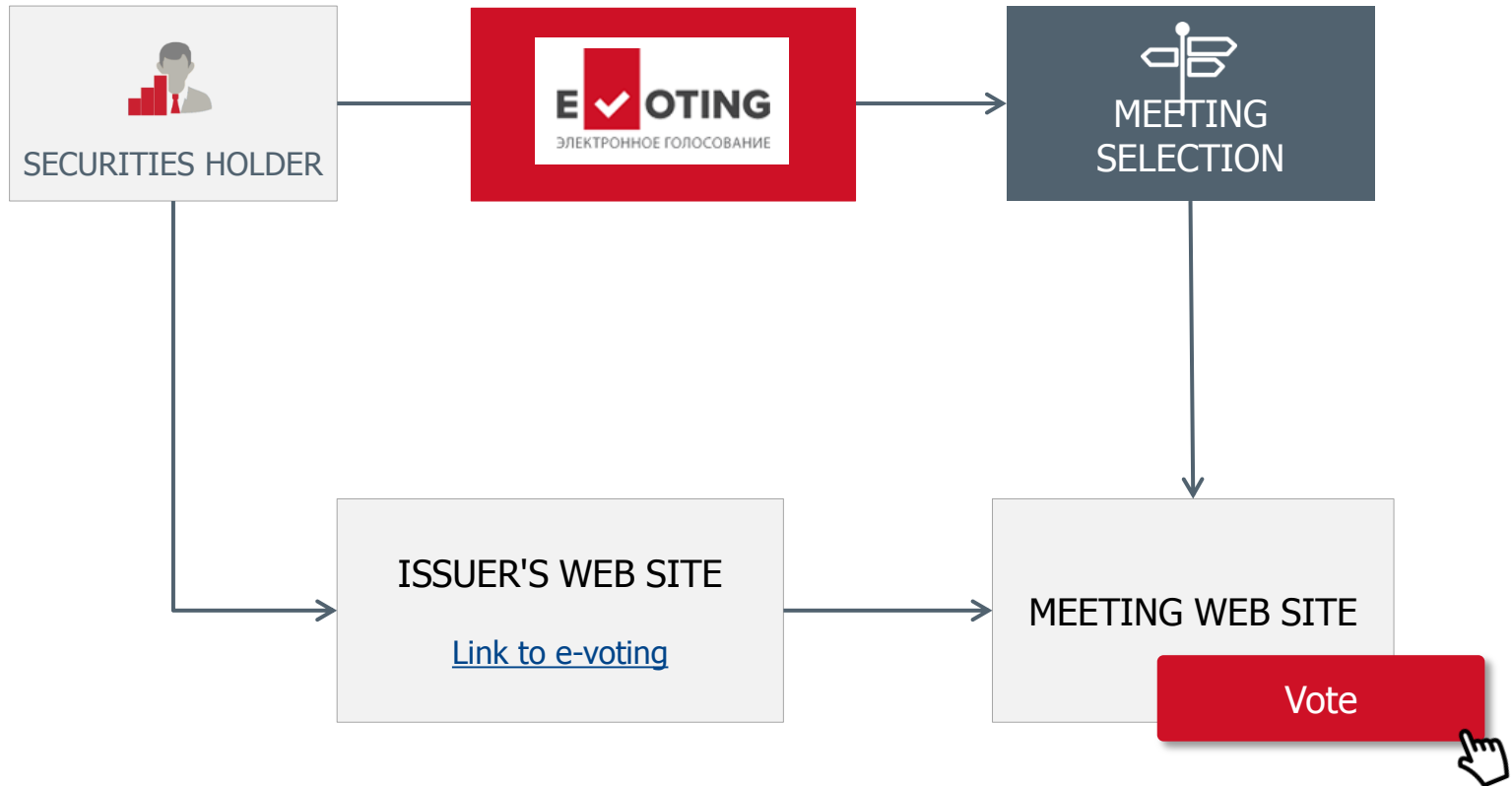


MAY 2017 - first general meeting held on the E-voting platform

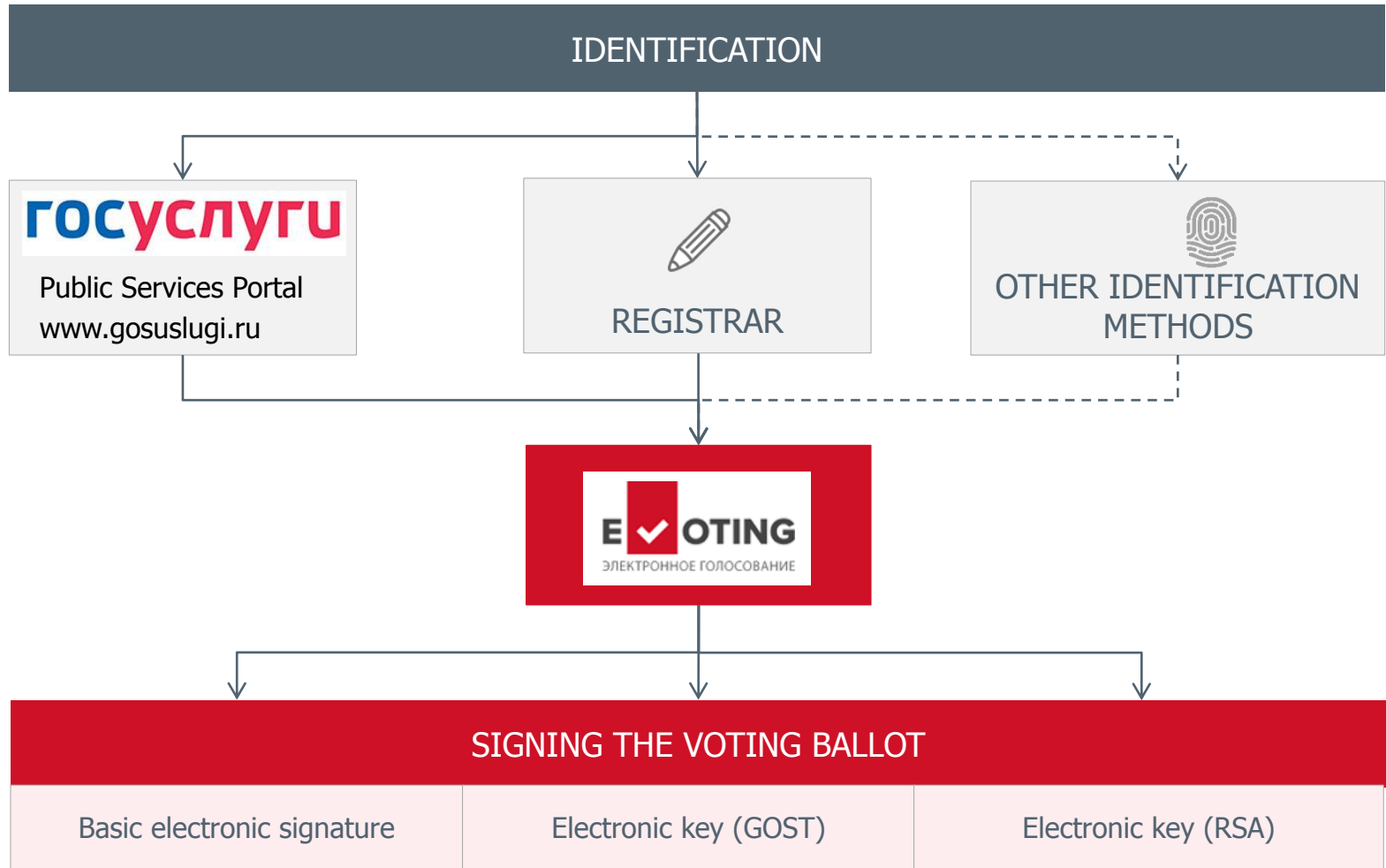
NDS IS AIMING AT



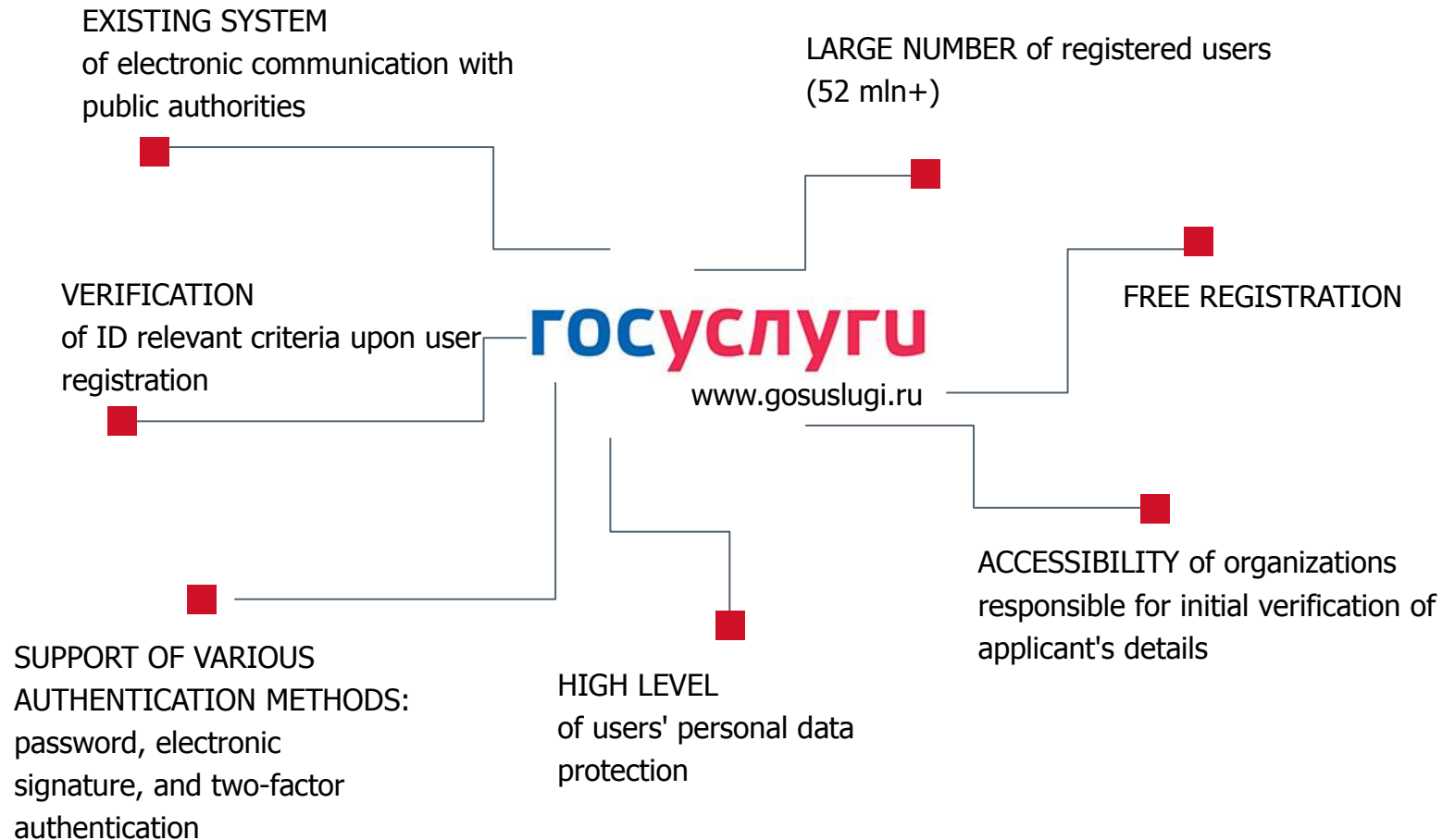
INTERFACE WITH THE ISSUER'S WEB SITE



IDENTIFICATION METHODS



WHY PUBLIC SERVICES (GOSUSLUGI) PORTAL?



SECURITY



- An architectural solution that allows to quickly scale the system thanks to the use of data centers
- Data transmission via secured channels
- Split data processing depending on data confidentiality categories
- Two-factor authentication
- Service check for vulnerabilities and programming errors
- Protection against external attacks (including DDOS and malware)
- Data backup
- Continuous process monitoring
- Redundancy
- Disaster recovery within the minimum amount of time

FUNCTIONALITY TASK STATUS

SERVICES FOR INVESTORS



**SECURITY
HOLDER**

BASIC SERVICES



REGISTER FOR PARTICIPATION
IN THE MEETING



VOTING

The security holder can take part in the meeting:

- vote on the web site before the opening of the meeting
- register to the meeting on the web site and vote in on-line mode

ADDITIONAL SERVICES



STREAMING VIDEO



ASK QUESTIONS



AUDIO BROADCAST
(INC. MULTILINGUAL)



VIEW MATERIALS



VIEW NOTIFICATIONS



FORUM

Available options defined by the issuer



FUNCTIONALITY TASK STATUS

SERVICES FOR ISSUER



BASIC SERVICES



SET MEETING PARAMETERS



REVIEW VOTING STATISTIC

The issuer determines the parameters of the meeting, sets the voting period, upload material for the meeting and ballot. During the meeting issuer can view the current voting statistics.

ADDITIONAL SERVICES



UPLOAD MATERIALS



SEND AN ANSWER TO THE QUESTION RECEIVED FROM PARTICIPANTS

**Lo
go**

POSSIBILITY OF VOTING PAGE "BRANDING"



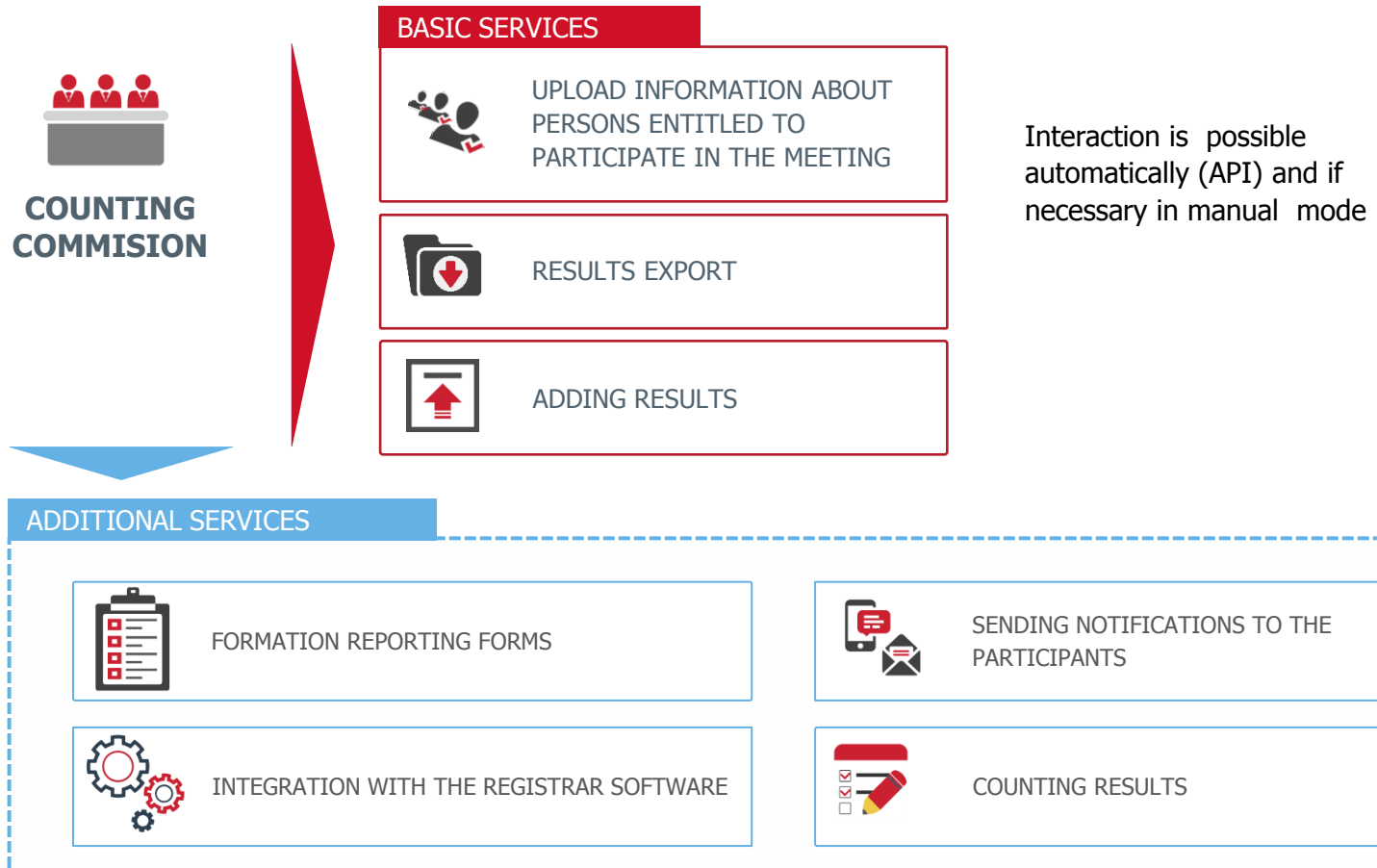
PARTICIPANTS (OBSERVERS) REGISTRATION



STORAGE OF PREVIOUS MEETING RESULTS

FUNCTIONALITY TASK STATUS

SERVICES FOR COUNTING COMMISSION

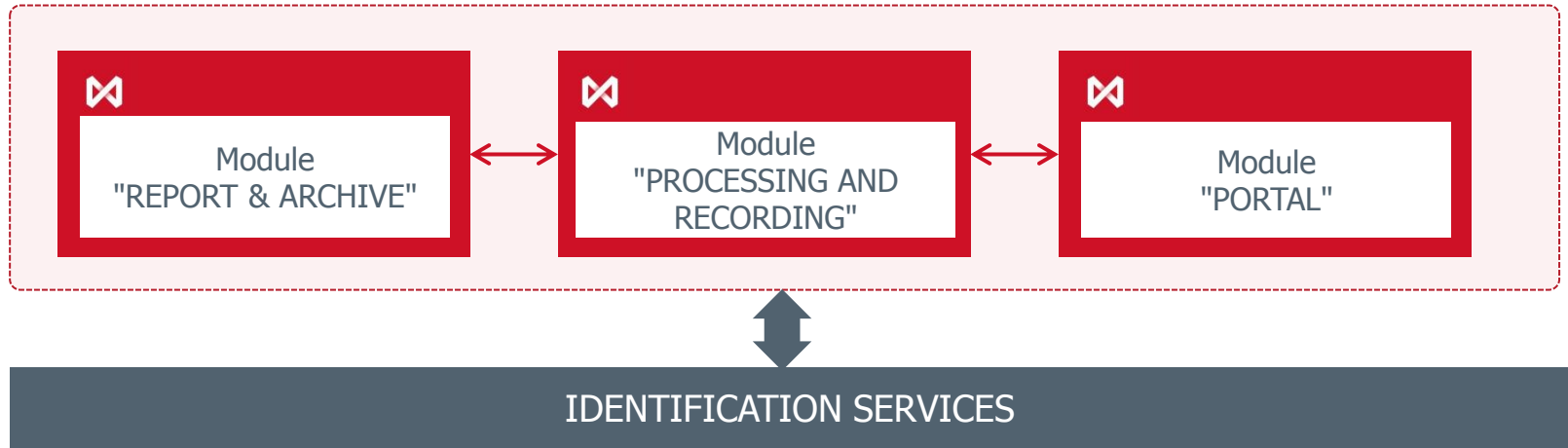


INTERACTION WITH A VOTE COUNTING COMMISSION



- Possibility to upload meeting information either manually, or using ISO 20022 format documents
- Exchanging documents relating to persons entitled to participate in the meeting and voting documents in the ISO 20022 format (Meeting Instruction)
- Possibility to exchange documents both in automatic mode (API), and, if necessary, by uploading/downloading documents manually
- Possibility to automatically upload instructions received from nominee holders as part of the e-proxy voting process
- Two modes available for receipt of information on shareholders of record:
 - upload of the list of securities holders to the e-voting platform
 - provision of information upon request, in the course of the securities holder identification process

MODULAR ARCHITECTURE



A MODULAR ARCHITECTURE ALLOWS:

- Quickly scaling the system thanks to the use of data centers
- Improving system security thanks to the use of anonymized data of securities holders
- Reducing costs required to maintain the system thanks to its seasonal use
- Ensuring independence of the system from other operational processes

E-VOTE WEB SITE

www.e-vote.ru

www.электронногоголосование.рф

Any questions, comments, or proposals?

Please send them to: e-vote@nsd.ru

THANK YOU!



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MOSCOW EXCHANGE GROUP

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 - Increasing competition from new players in the Russian market;
 - Capability to keep pace with quick changes in the technological environment, including capability to make use of advanced functionalities popular with Company’s and its subsidiaries’ clients;
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