



**DVP IN CENTRAL BANK MONEY**

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**DVP IN CENTRAL BANK MONEY** – DVP settlements using correspondent accounts held with the Bank of Russia

## **MAIN AIMS OF INTRODUCING DVP IN CENTRAL BANK MONEY:**

- To provide clients with more opportunities for clearing through NSD
- To help clients reduce the risks arising from DVP in commercial bank money
- To provide clients with more opportunities for taking out loans from the Bank of Russia
- To provide clients with more opportunities for avoiding separation of liquidity

## **POTENTIAL USERS:**

credit institutions which are clearing participants of NSD

# ADVANTAGES FOR PARTICIPANTS

- The basic advantages of DVP settlements are preserved
- This service also speeds up settlements, as there is no need to transfer cash funds to NSD for a particular transaction
- Settlements are possible both between counterparties whose accounts are held with the Bank of Russia, and between counterparties, one of whose accounts is held with the Bank of Russia and the other with NSD

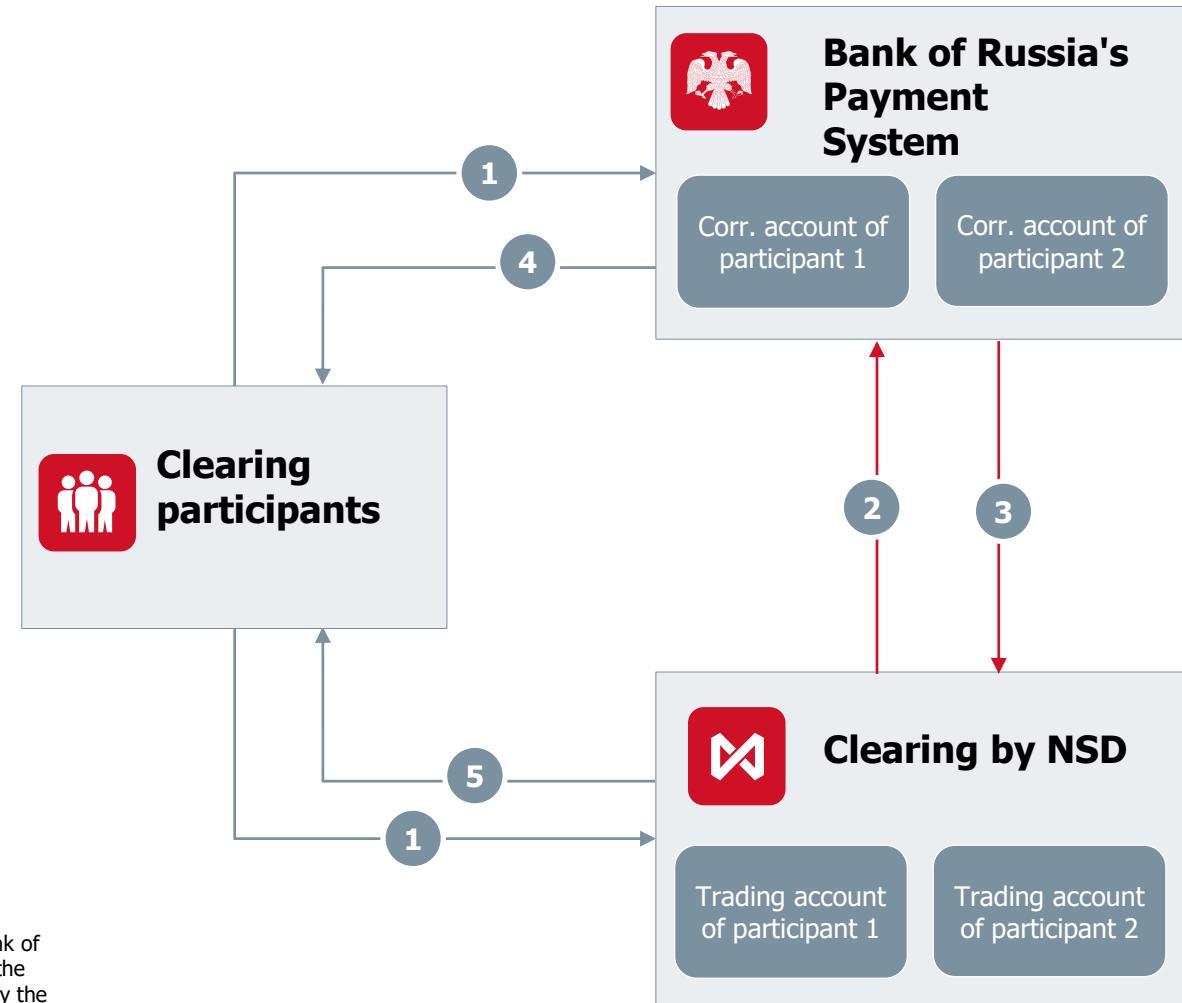
# DVP MODELS AND TIMETABLE FOR THE SETTLEMENT

DVP model		Timetable
DVP 1	Settlement occurs on a trade by trade basis	09:00 – 19:30
DVP 2	Securities are settled on a gross basis, but cash is settled on a net basis	Clearing batches: 10:00*, 12:00, 13:00*, 14:00*, 15:00*, 16:00, 18:00*, 18:45*, 19:40
DVP 3	Net settlement of both securities and cash	Clearing batches: 10:00*, 12:00, 13:00*, 14:00*, 15:00*, 16:00, 18:00*, 18:45*, 19:40

\* DVP-2/3 in CBR money will be included in these clearing batches starting from the 10<sup>th</sup> of January 2022.

# DVP-1 TRANSACTION SCHEME

1. Clearing participants (or their customers) set limits\* for NSD in the Payment System and give clearing instructions to NSD.
2. Provided that the recipient of cash funds has a sufficient quantity of securities, NSD submits a collection order to the Bank of Russia with respect to the payer's account.
3. The Bank of Russia executes the collection order\*\* and sends a message to NSD to confirm its execution.
4. The Bank of Russia notifies the participant that the cash funds have been debited, by providing a copy of the collection order executed.
5. NSD credits cash funds to the accounts held with the Bank of Russia (or with NSD, if one of the parties to the trade uses a cash account with NSD) to clear the relevant claims and liabilities. NSD debits and credits the relevant securities and confirms to the participants that their clearing instructions have been executed.

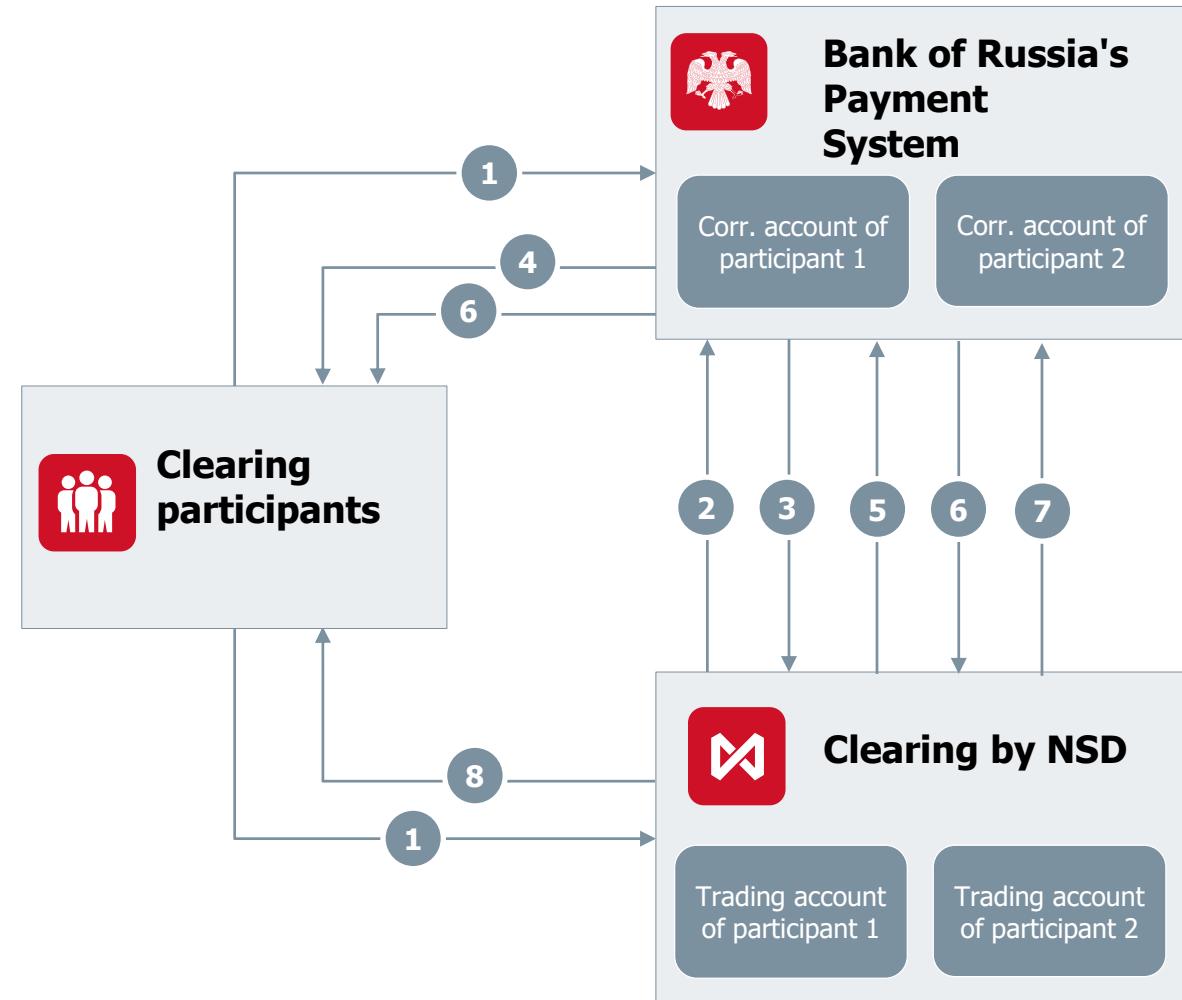


\* NSD does not control limits set by clearing participants in the Payment System

\*\* If the cash balance in the payer's correspondent account is insufficient, the Bank of Russia gives notice to that effect to NSD, and NSD issues a relevant statement to the clearing participants. Non-executed collection orders are cancelled by NSD itself by the close of business.

# TRANSACTION SCHEME FOR DVP-2 AND DVP-3

1. Clearing participants (or their customers) set limits for NSD in the Payment System and give clearing instructions to NSD.
2. NSD submits a request for reservation of cash funds in the Payment System, for the amount equivalent to the participant's total liabilities (gross amount\*) that are eligible to be included in a clearing pool.
3. The Bank of Russia sends a confirmation\*\* to NSD, stating the amount actually reserved in the participant's correspondent account in the Payment System, based on the current liquidity and limits.
4. The Bank of Russia notifies the participant that the cash funds have been reserved\*\*. The amount of money reserved by NSD cannot be used by clearing participant for any other transactions except for seize of cash in correspondent account.
5. NSD submits a collection order\*\* to the Payment System for the amount required to settle the clearing instructions during the relevant clearing session, up to the amount of cash funds reserved. The amount remaining in the participants' correspondent accounts after the settlement is released.
6. The Bank of Russia executes the collection order\*\* and sends a message to NSD to confirm its execution. The Bank of Russia notifies the participant that the cash funds have been debited, by providing the participant with a message to confirm collection order execution.
7. NSD credits cash funds to the accounts held with the Bank of Russia (or with NSD, if one of the parties to the trade uses a cash account with NSD) to clear the relevant claims.
8. NSD debits and credits the relevant securities and confirms to the participants that their clearing instructions have been executed.



\* The gross amount is reserved for the time required to process the clearing session. The amount required to clear the instructions during the clearing session may be less than the amount reserved due to the netting of cash liabilities.

\*\* If the calculation of net claims and liabilities shows that cash funds are not required or insufficient, NSD instructs to cancel the cash reservation and does not submit a collection order.

# HOW TO SIGN UP

## CLEARING PARTICIPANTS SHOULD:

1. Sign supplementary agreements to the Correspondent Account Agreement with the Bank of Russia
2. Sign Declaration of Accession to the Agreement for cash settlement of securities trades cleared by NSD
3. Sign the Clearing Services Agreement with NSD
4. Open a Trading Custody Account
5. Set up a limit for NSD in CBR payment system
6. Register correspondent account details with NSD

# CONTACTS

**If you have any questions, please contact your account managers**

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# THANK YOU!



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  - 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
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  - The ability to increase the offer of products in foreign jurisdictions
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