



## **PROCEDURE FOR EXECUTION OF TRANSACTIONS VIA ENHANCED SPEEDY SETTLEMENT SCHEME (ESSS) BETWEEN ING AND DCC**

### **1. General description**

The Enhanced Speedy Settlement Scheme (ESSS) is designed for reducing the time required for settlement of shares between clients of Closed Joint-Stock Company Depository Clearing Company (DCC) and ING Wholesale Banking (legal name “ING BANK (EURASIA) ZAO”; ING). For these purposes DCC has opened an inter-depository account number **5654001** with ING designated for operational safekeeping of shares. Instead of settling via registrar, trades between ING’s clients and DCC’s clients will be executed as a rule by means of an interdepository transaction only. As a result, time required for the settlement and transaction costs levied on market participants will be significantly reduced.

ESSS scheme may be used by any client of DCC, as well as any custody client of ING, including those clients who currently do not use DCC as the place of safekeeping and hold their securities in the nominee accounts opened by ING with the shareholders registrars.

Settlement efficiency can be increased for both counterparty transactions and client’s own NCBO transactions. The developed scheme also facilitates effective interaction between the local and the international markets accelerating the process of issuance and cancellation of depository receipts on shares of Russian issuers.

In case the number of securities on DCC's interdepository account is insufficient, DCC shall replenish such account by transfer of securities from the nominee account of DCC to the nominee account of ING through the respective registrar. The enhanced speedy settlement procedure involves asset realignment aimed at provision for a sufficient amount of securities on the interdepository account of DCC in ING. However, DCC does not guarantee sufficiency of assets on its interdepository account. In case of securities insufficiency an instruction for delivery will not be executed until DCC’s account with ING has been fed via registrar with an ample number of respective securities. DCC expects the number of such realignments to be insignificant. However, even in such cases the time for execution of client instructions for delivery via ESSS scheme will not exceed the time required for transfer of securities via the registrar.

In addition to this Procedure clients of ING may check [information about interdepository cooperation between DCC and ING](#) on DCC’s web site. Also, there can be found [the list of securities](#) eligible for the ESSS scheme.

Description of SWIFT instruction formats can be found in [the Annex 1](#).

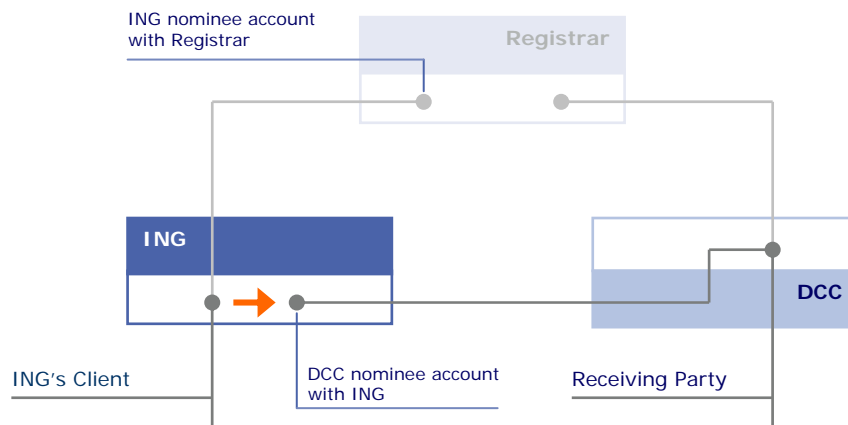
## 2. Procedure for execution of transactions

In the Procedure SWIFT MT542 instructions together with delivery instructions sent via fax or the Bank-Client system are jointly called “**instructions for securities delivery**”. Similarly, SWIFT MT540 instructions as well as receipt instructions sent via fax or the Bank-Client system are jointly called “**instructions for securities receipt**”.

### 2.1 Settlement with DCC’s client

#### 2.1.1 Transfer from ING to DCC

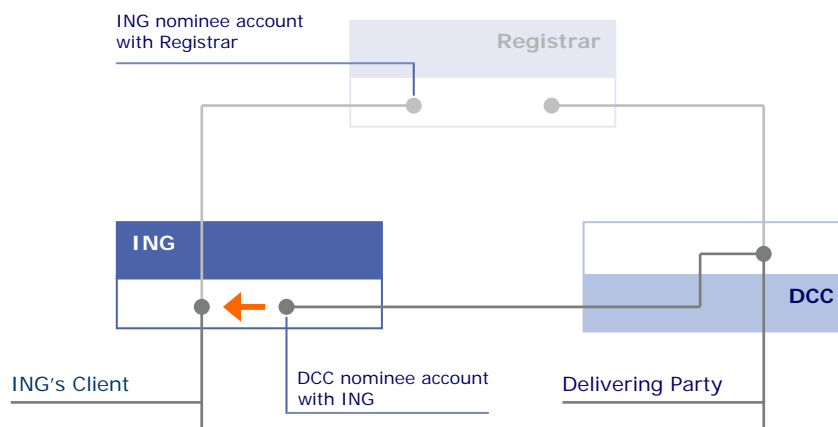
ING’s client gives ING instruction for securities delivery from the client’s custody account with ING to DCC’s interdepository account with ING.



[Scheme 1](#)

#### 2.1.2 Transfer from DCC to ING

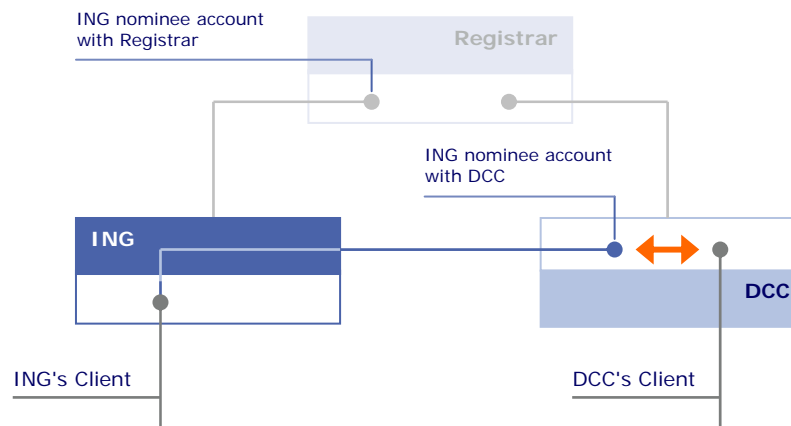
ING’s client gives ING instruction for securities receipt to the client’s custody account with ING from DCC’s interdepository account with ING.



[Scheme 2](#)

## 2.2 Settlement with securities of ING’s client, which are safekept with DCC

ESSS scheme is not required for facilitating of such settlement. Settlement between ING’s client who safekeeps shares with DCC and its counterparty who safekeeps shares with DCC is effected by means of a standard internal transfer on DCC books. DCC’s cut-off time for receipt of the settlement instruction is standard, as is the instruction execution period and the fee schedule applicable in this case.



Scheme 3

## 2.3 NCBO transfers between DCC and registrar

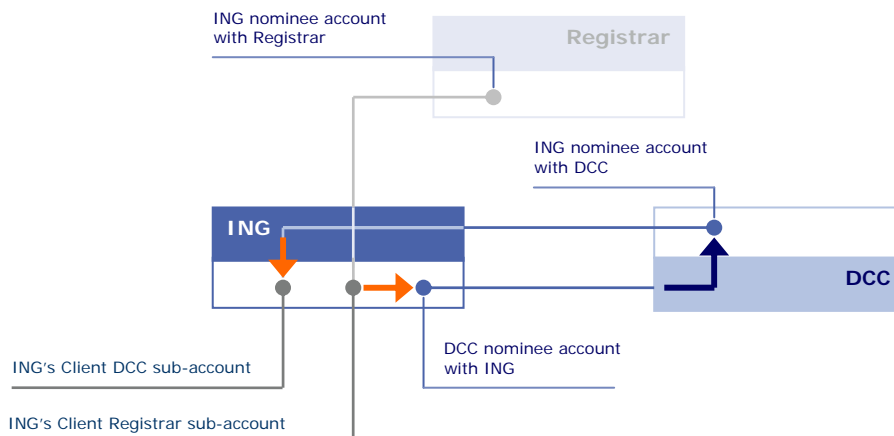
ING’s client who holds or is going to hold shares on ING’s account with DCC (i.e. who is ready to accept DCC as the place of safekeeping together with holding shares on ING’s nominee account opened with a registrar) may use ESSS scheme in order to fasten shares NCBO transfers between these 2 places of safekeeping.

For instance, the ESSS scheme can be utilized when ING’s client has received shares from its counterparty in a registrar and wants to trade these shares on RTS. This means that ING’s client accepts DCC as the place of safekeeping and that the client has a sub-account marked “DCC” opened under its custody account.

In order to make such transfer ING’s client gives ING 2 instructions: the first one is an instruction for securities delivery from the client’s sub-account marked “Registrar” to DCC’s interdepository account with ING; and the second one – an instruction for securities receipt to the client’s sub-account marked “DCC”. Therefore, the client transfers securities to itself using DCC’s interdepository account as a buffer. As a result, the shares received in the registrar end up in DCC available for trading through RTS.

### 2.3.1 NCBO transfer from a registrar to DCC

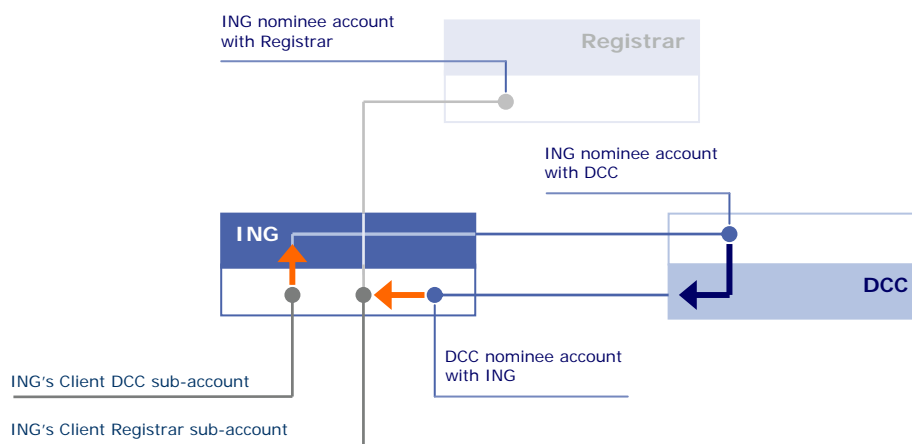
This transaction is performed exactly in the way described in the previous example. ING’s client gives ING instruction for securities delivery from the client’s sub-account marked “Registrar” to DCC’s interdepository account with ING. Simultaneously the client gives ING the second instruction for securities receipt to the client’s sub-account marked “DCC”.



[Scheme 4](#)

### 2.3.2 NCBO transfer from DCC to a registrar

ING's client gives ING instruction for securities receipt to the client's sub-account marked "Registrar" from DCC's interdepository account with ING. Simultaneously the client gives ING the second instruction for securities delivery from the client's sub-account marked "DCC" via ESSS scheme.



[Scheme 5](#)

## **2.4 Depository receipts issuance and cancellation through ESSS scheme**

Issuance or cancellation of depository receipts always requires transfer of an underlying Russian stock. In case of receipts issuance stocks have to be deposited to a custody account of a Depository Bank (BNY Mellon or J.P. Morgan). Depository receipts cancellation is a reversal transaction which requires stock delivery from the Depository Bank's account. Both Depository Banks have custody accounts opened with ING which is playing a role of a Custodian Bank for depository receipt programs of BNY Mellon and J.P. Morgan.

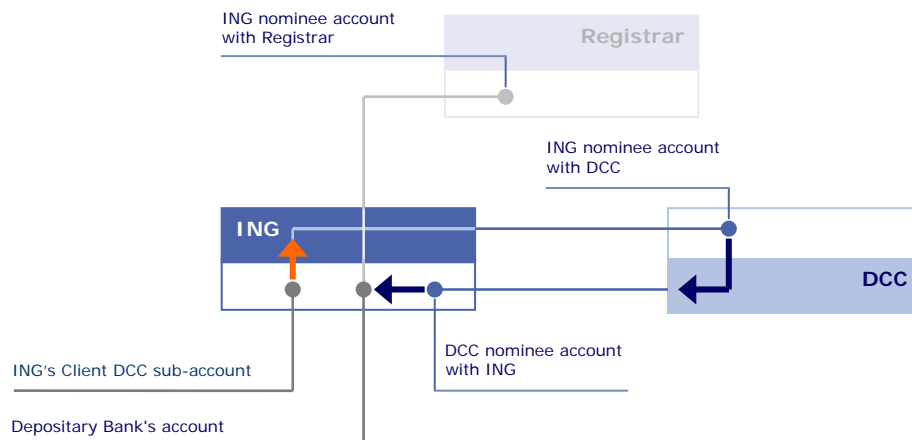
Customary, such transactions are made through registrars since underlying stocks are safekept on ING's nominee accounts opened with registrars.

The ESSS scheme enables DCC’s clients and those clients of ING who accept DCC as the place of shares safekeeping for speeding up depository receipts issuance and cancellation.

#### 2.4.1 Issuance of depository receipts

In order to issue depository receipts a client of DCC gives DCC instruction to deliver securities in accordance with the [requirements described on DCC’s web site](#).

A client of ING who safekeeps securities with DCC gives ING instruction for securities delivery via ESSS scheme from the client’s sub-account marked “DCC” to the custody account of a Depository Bank opened with ING.

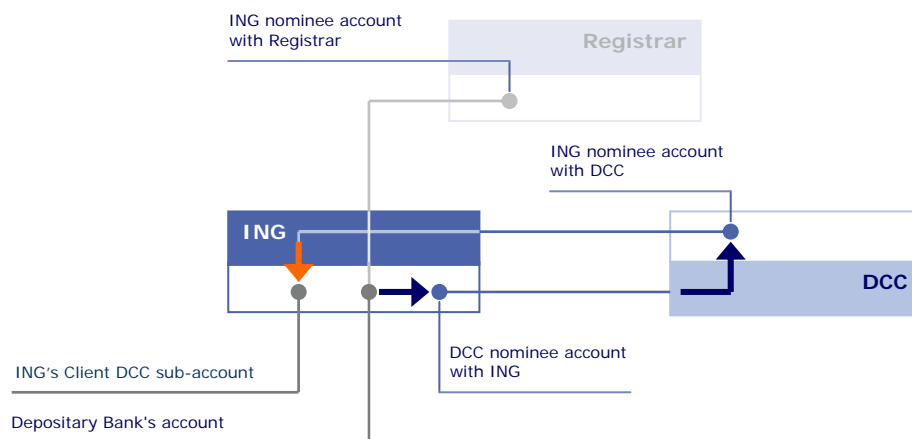


[Scheme 6](#)

#### 2.4.2 Cancellation of depository receipts

In order to cancel depository receipts a client of DCC gives DCC instruction to receive securities in accordance with the [requirements described on DCC’s web site](#).

A client of ING who safekeeps securities with DCC gives ING instruction for securities receipt via ESSS scheme to the client’s sub-account marked “DCC” from the custody account of a Depository Bank opened with ING.



[Scheme 7](#)

## Annex 1. SWIFT instructions formatting

### Scheme 1 – Transfer from ING’s client to counterparty in DCC

MT 542		
FIELD CONTENT	DESCRIPTION	MATCHING FIELDS
:16R:GENL	Start of sequence	
:20C::SEME//xxxxxxx	Client’s instruction reference	
:23G:NEWM	New message	
:16S:GENL	End of sequence	
:16R:TRADDET	Start of sequence	
:98A::SETT//YYMMDD	Settlement date	
<b>:98A::TRAD//YYMMDD</b>	Trade date	<b>Matching</b>
<b>:35B:ISIN RUxxxxxxxxxx</b> Stock name or stock name plus stock’s DCC code*	Identification of stock	<b>Matching</b>
:16S:TRADDET	End of sequence	
:16R:FIAC	Start of sequence	
<b>:36B::SETT//UNIT/xxxx,</b>	Stock quantity	<b>Matching</b>
<b>:97A::SAFE//xxxxxxx</b>	ING’s Client sub-account with ING (place of safekeeping - Registrar)	<b>Matching</b>
:16S:FIAC	End of sequence	
:16R:SETDET	Start of sequence	
:22F::SETR//TRAD	The trade is a normal trade	
:16R:SETPRTY	Start of sequence	
<b>:95P::PSET//INGBRUMM</b>	Settlement takes place in ING	<b>Matching</b>
:16S:SETPRTY	End of sequence	
:16R:SETPRTY	Start of sequence	
<b>:95P::REAG//DCLCRUMM</b>	Receiving Party - DCC	<b>Matching</b>
<b>:97A::SAFE//5654001</b>	DCC’s account with ING	<b>Matching</b>
:70E::xxxxxxxxxxxxxxxxxx	Free format field	
:16S:SETPRTY	End of sequence	
:16S:SETDET	End of sequence	

\* *sample of :35B: field*

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:35B:ISIN RUxxxxxxxxxx
/XX/CORP/DCLC/RFxxxxxxxxxx
STOCKNAME
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Scheme 2 – Transfer from counterparty in DCC to ING’s client

MT 540		
FIELD CONTENT	DESCRIPTION	MATCHING FIELDS
:16R:GENL	Start of sequence	
:20C::SEME//xxxxxxxx	Client’s instruction reference	
:23G:NEWM	New message	
:16S:GENL	End of sequence	
:16R:TRADDET	Start of sequence	
:98A::SETT//YYMMDD	Settlement date	
<b>:98A::TRAD//YYMMDD</b>	Trade date	<b>Matching</b>
<b>:35B:ISIN RUxxxxxxxx</b> Stock name or stock name plus stock’s DCC code*	Identification of stock	<b>Matching</b>
:16S:TRADDET	End of sequence	
:16R:FIAC	Start of sequence	
<b>:36B::SETT//UNIT/xxxx,</b>	Stock quantity	<b>Matching</b>
<b>:97A::SAFE//xxxxxxxx</b>	ING’s Client sub-account with ING (place of safekeeping - Registrar)	<b>Matching</b>
:16S:FIAC	End of sequence	
:16R:SETDET	Start of sequence	
:22F::SETR//TRAD	The trade is a normal trade	
:16R:SETPRTY	Start of sequence	
<b>:95P::PSET//INGBRUMM</b>	Settlement takes place in ING	<b>Matching</b>
:16S:SETPRTY	End of sequence	
:16R:SETPRTY	Start of sequence	
<b>:95P::DEAG//DCLCRUMM</b>	Delivering Party - DCC	<b>Matching</b>
<b>:97A::SAFE//5654001</b>	DCC’s account with ING	<b>Matching</b>
:70E::xxxxxxxxxxxxxxxx	Free format field	
:16S:SETPRTY	End of sequence	
:16S:SETDET	End of sequence	

\* *sample of :35B: field*

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:35B:ISIN RUxxxxxxxx
/XX/CORP/DCLC/RFxxxxxxxx
STOCKNAME

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[Scheme 4](#) – NCBO transfer from registrar to DCC

MT 542			
FIELD	CONTENT	DESCRIPTION	MATCHING FIELDS
:	16R:GENL	Start of sequence	
:	20C::SEME//xxxxxxx	Client's instruction reference	
:	23G:NEWM	New message	
:	16S:GENL	End of sequence	
:	16R:TRADDET	Start of sequence	
:	98A::SETT//YYMMDD	Settlement date	
:	98A::TRAD//YYMMDD	Trade date	Matching
:	35B:ISIN RUxxxxxxxxxxx Stock name or stock name plus stock's DCC code	Identification of stock	Matching
:	16S:TRADDET	End of sequence	
:	16R:FIAC	Start of sequence	
:	36B::SETT//UNIT/xxxx,	Stock quantity	Matching
:	97A::SAFE//xxxxxxx	ING's Client sub-account with ING (place of safekeeping - Registrar)	Matching
:	16S:FIAC	End of sequence	
:	16R:SETDET	Start of sequence	
:	22F::SETR//TRAD	The trade is a normal trade	
:	16R:SETPRTY	Start of sequence	
:	95P::PSET//INGBRUMM	Settlement takes place in ING	Matching
:	16S:SETPRTY	End of sequence	
:	16R:SETPRTY	Start of sequence	
:	95P::REAG//DCLCRUMM	Receiving Party - DCC	Matching
:	97A::SAFE//5654001	DCC's account with ING	Matching
:	70E::xxxxxxxxxxxxxxxx	Free format field	
:	16S:SETPRTY	End of sequence	
:	16S:SETDET	End of sequence	

MT 540			
FIELD	CONTENT	DESCRIPTION	MATCHING FIELDS
:	16R:GENL	Start of sequence	
:	20C::SEME//xxxxxxx	Client's instruction reference	
:	23G:NEWM	New message	
:	16S:GENL	End of sequence	
:	16R:TRADDET	Start of sequence	
:	98A::SETT//YYMMDD	Settlement date	
:	98A::TRAD//YYMMDD	Trade date	Matching
:	35B:ISIN RUxxxxxxxxxxx Stock name or stock name plus stock's DCC code	Identification of stock	Matching
:	16S:TRADDET	End of sequence	
:	16R:FIAC	Start of sequence	
:	36B::SETT//UNIT/xxxx,	Stock quantity	Matching
:	97A::SAFE//xxxxxxx	ING's Client sub-account with ING (place of safekeeping - DCC)	Matching
:	16S:FIAC	End of sequence	
:	16R:SETDET	Start of sequence	
:	22F::SETR//TRAD	The trade is a normal trade	
:	16R:SETPRTY	Start of sequence	
:	95P::PSET//INGBRUMM	Settlement takes place in ING	Matching
:	16S:SETPRTY	End of sequence	
:	16R:SETPRTY	Start of sequence	
:	95P::DEAG//XXXXXXXXX or :95Q::DEAG//Client's name	ING's Client BIC code or name	Matching
:	97A::SAFE//xxxxxxx	ING's Client sub-account with ING (place of safekeeping - Registrar)	Matching
:	70E::xxxxxxxxxxxxxxxx	Free format field	
:	16S:SETPRTY	End of sequence	
:	16S:SETDET	End of sequence	

**Scheme 5 – NCBO transfer from DCC to registrar**

MT 540			
FIELD	CONTENT	DESCRIPTION	MATCHING FIELDS
:16R:	GENL	Start of sequence	
:20C::	SEME//xxxxxxx	Client's instruction reference	
:23G:	NEWM	New message	
:16S:	GENL	End of sequence	
:16R:	TRADEDET	Start of sequence	
:98A::	SETT//YYMMDD	Settlement date	
<b>:98A::</b>	<b>TRAD//YYMMDD</b>	Trade date	<b>Matching</b>
<b>:35B:ISIN</b>	<b>RUxxxxxxxxxxx</b> Stock name or stock name plus stock's DCC code	Identification of stock	<b>Matching</b>
:16S:	TRADEDET	End of sequence	
:16R:	FIAC	Start of sequence	
<b>:36B::</b>	<b>SETT//UNIT/xxxx,</b>	Stock quantity	<b>Matching</b>
<b>:97A::</b>	<b>SAFE//xxxxxxxx</b>	ING's Client sub-account with ING (place of safekeeping - Registrar)	<b>Matching</b>
:16S:	FIAC	End of sequence	
:16R:	SETDET	Start of sequence	
:22F::	SETR//TRAD	The trade is a normal trade	
:16R:	SETPRTY	Start of sequence	
<b>:95P::</b>	<b>PSET//INGBRUMM</b>	Settlement takes place in ING	<b>Matching</b>
:16S:	SETPRTY	End of sequence	
:16R:	SETPRTY	Start of sequence	
<b>:95P::</b>	<b>DEAG//DCLCRUMM</b>	Delivering Party - DCC	<b>Matching</b>
<b>:97A::</b>	<b>SAFE//5654001</b>	DCC's account with ING	<b>Matching</b>
:70E::	xxxxxxxxxxxxxxxxxxx	Free format field	
:16S:	SETPRTY	End of sequence	
:16S:	SETDET	End of sequence	

MT 542			
FIELD	CONTENT	DESCRIPTION	MATCHING FIELDS
:16R:	GENL	Start of sequence	
:20C::	SEME//xxxxxxx	Client's instruction reference	
:23G:	NEWM	New message	
:16S:	GENL	End of sequence	
:16R:	TRADEDET	Start of sequence	
:98A::	SETT//YYMMDD	Settlement date	
<b>:98A::</b>	<b>TRAD//YYMMDD</b>	Trade date	<b>Matching</b>
<b>:35B:ISIN</b>	<b>RUxxxxxxxxxxx</b> Stock name or stock name plus stock's DCC code	Identification of stock	<b>Matching</b>
:16S:	TRADEDET	End of sequence	
:16R:	FIAC	Start of sequence	
<b>:36B::</b>	<b>SETT//UNIT/xxxx,</b>	Stock quantity	<b>Matching</b>
<b>:97A::</b>	<b>SAFE//xxxxxxxx</b>	ING's Client sub-account with ING (place of safekeeping - DCC)	<b>Matching</b>
:16S:	FIAC	End of sequence	
:16R:	SETDET	Start of sequence	
:22F::	SETR//TRAD	The trade is a normal trade	
:16R:	SETPRTY	Start of sequence	
<b>:95P::</b>	<b>PSET//INGBRUMM</b>	Settlement takes place in ING	<b>Matching</b>
:16S:	SETPRTY	End of sequence	
:16R:	SETPRTY	Start of sequence	
<b>:95P::</b>	<b>REAG//XXXXXXXX</b> or <b>:95Q::REAG//Client's name</b>	ING's Client BIC code or name	<b>Matching</b>
<b>:97A::</b>	<b>SAFE//xxxxxxxx</b>	ING's Client sub-account with ING (place of safekeeping - Registrar)	<b>Matching</b>
:70E::	xxxxxxxxxxxxxxxxxxx	Free format field	
:16S:	SETPRTY	End of sequence	
:16S:	SETDET	End of sequence	

## Scheme 6 – Creation of depository receipts

MT 542		
FIELD CONTENT	DESCRIPTION	MATCHING FIELDS
:16R:GENL	Start of sequence	
:20C::SEME//xxxxxxxx	Client's instruction reference	
:23G:NEWM	New message	
:16S:GENL	End of sequence	
:16R:TRADEDET	Start of sequence	
:98A::SETT//YYMMDD	Settlement date	
<b>:98A::TRAD//YYMMDD</b>	Trade date	<b>Matching</b>
<b>:35B:ISIN RUxxxxxxxx</b> Stock name or stock name plus stock's DCC code*	Identification of stock	<b>Matching</b>
:16S:TRADEDET	End of sequence	
:16R:FIAC	Start of sequence	
<b>:36B::SETT//UNIT/xxxx,</b>	Stock quantity	<b>Matching</b>
<b>:97A::SAFE//xxxxxxxx</b>	ING's client sub-account with ING (place of safekeeping - DCC)	<b>Matching</b>
:16S:FIAC	End of sequence	
:16R:SETDET	Start of sequence	
:22F::SETR//TRAD	The trade is a normal trade	
:16R:SETPRTY	Start of sequence	
<b>:95P::PSET//INGBRUMM</b>	Settlement takes place in ING	<b>Matching</b>
:16S:SETPRTY	End of sequence	
:16R:SETPRTY	Start of sequence	
<b>:95P::REAG//IRVTUS3NADR or CHASUS33GAD</b>	IRVTUS3NADR - BIC code of BNY Mellon CHASUS33GAD - BIC code of J.P. Morgan	<b>Matching</b>
<b>:97A::SAFE//70002 or 294001</b>	70002 - account of BNY Mellon with ING 294001 - account of J.P. Morgan with ING	<b>Matching</b>
:16S:SETPRTY	End of sequence	
:16R:SETPRTY	Start of sequence	
<b>:95P::BUYR//XXXXXXXXX or :95Q::BUYR//Client's name</b>	ING's client BIC code or name	<b>Matching</b>
<b>:70E::ADR CREATION</b>	Free format field	<b>Matching</b>
:16S:SETPRTY	End of sequence	
:16S:SETDET	End of sequence	

\* sample of :35B: field

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:35B:ISIN RUxxxxxxxx
/XX/CORP/DCLC/RFxxxxxxxx
STOCKNAME
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Scheme 7 – Cancellation of depository receipts

MT 540		
FIELD CONTENT	DESCRIPTION	MATCHING FIELDS
:16R:GENL	Start of sequence	
:20C::SEME//xxxxxxxx	Client's instruction reference	
:23G:NEWM	New message	
:16S:GENL	End of sequence	
:16R:TRADDET	Start of sequence	
:98A::SETT//YYMMDD	Settlement date	
<b>:98A::TRAD//YYMMDD</b>	Trade date	<b>Matching</b>
<b>:35B:ISIN RUxxxxxxxx</b> Stock name or stock name plus stock's DCC code*	Identification of stock	<b>Matching</b>
:16S:TRADDET	End of sequence	
:16R:FIAC	Start of sequence	
<b>:36B::SETT//UNIT/xxxx,</b>	Stock quantity	<b>Matching</b>
<b>:97A::SAFE//xxxxxxxx</b>	ING's client sub-account with ING (place of safekeeping - DCC)	<b>Matching</b>
:16S:FIAC	End of sequence	
:16R:SETDET	Start of sequence	
:22F::SETR//TRAD	The trade is a normal trade	
:16R:SETPRTY	Start of sequence	
<b>:95P::PSET//INGBRUMM</b>	Settlement takes place in ING	<b>Matching</b>
:16S:SETPRTY	End of sequence	
:16R:SETPRTY	Start of sequence	
<b>:95P::DEAG//IRVTUS3NADR or CHASUS33GAD</b>	IRVTUS3NADR - BIC code of BNY Mellon CHASUS33GAD - BIC code of J.P. Morgan	<b>Matching</b>
<b>:97A::SAFE//70002 or 294001</b>	70002 - account of BNY Mellon with ING 294001 - account of J.P. Morgan with ING	<b>Matching</b>
:16S:SETPRTY	End of sequence	
:16R:SETPRTY	Start of sequence	
<b>:95P::SELL//XXXXXXXXX or :95Q::SELL//Client's name</b>	ING's client BIC code or name	<b>Matching</b>
<b>:70E::ADR CANCELLATION</b>	Free format field	<b>Matching</b>
:16S:SETPRTY	End of sequence	
:16S:SETDET	End of sequence	

\* *sample of :35B: field*

```
:35B:ISIN RUxxxxxxxx
/XX/CORP/DCLC/RFxxxxxxxx
STOCKNAME
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