



Reputation management

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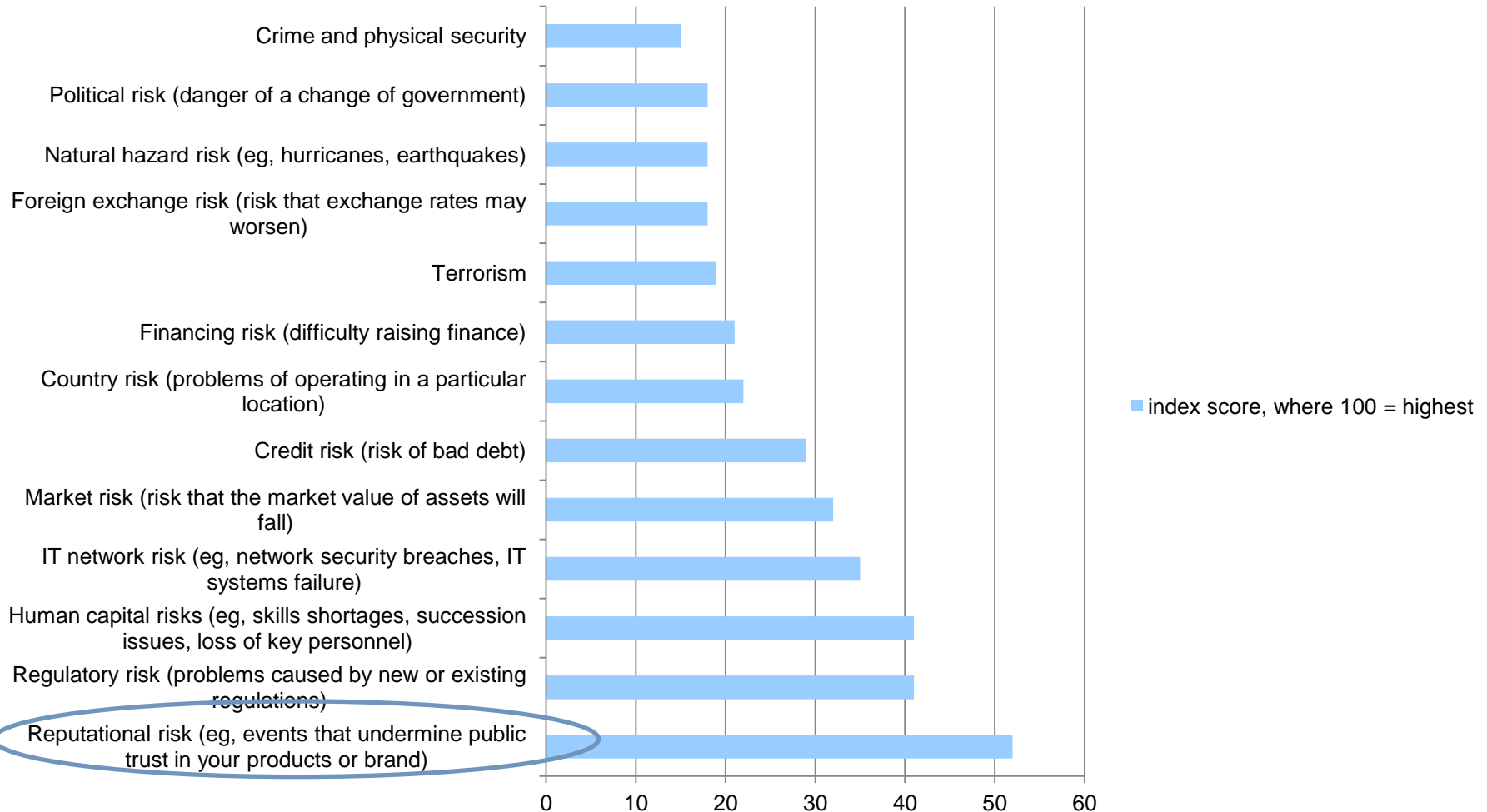
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Content

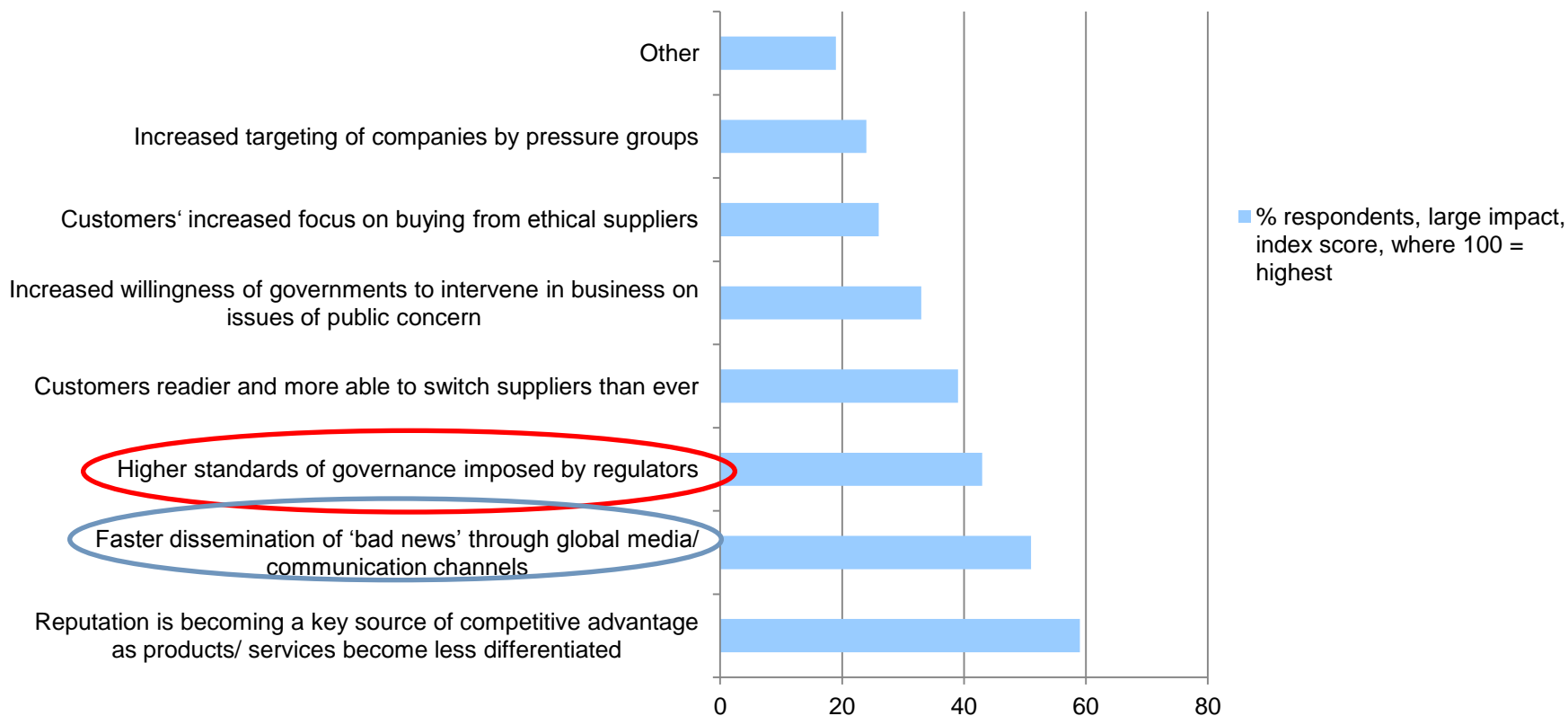
- RM review – Trends, Tips and Issues
- NSD reputation management policy
- NSD disclosure system

“Reputation: Risk of risks”?

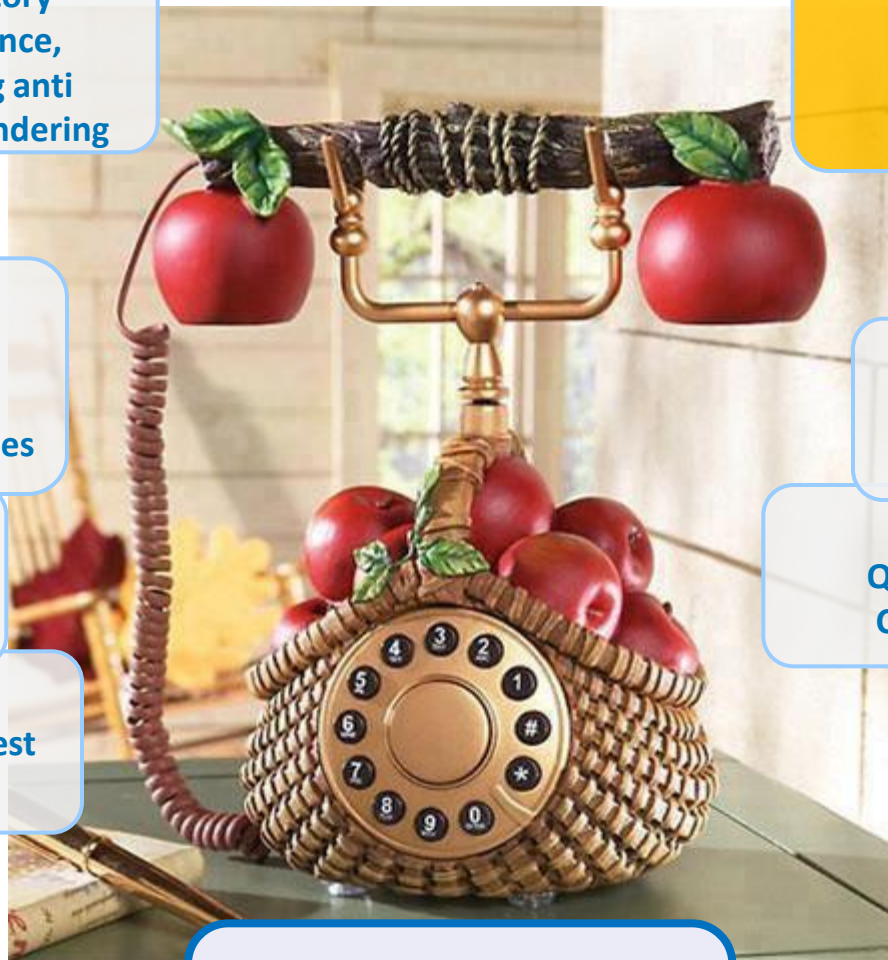
How significant a threat do the following risks pose to your company’s global business operation today?



How large an impact is each of the following factors likely to have in prompting an increased focus on reputational risk within your company?



NSD Reputation Management



Regulatory compliance, including anti money laundering

Disclosure compliance

Negative perception of shareholders, counterparties, affiliates, related parties

“Know Your Employee” Rule

“Know Your Customer” Rule

Personnel Qualification Compliance

Conflict of interest

Main reputational risk-factors

NSD Reputation Management Framework

Purpose

- Strengthening reputation of the credit institution, reputation management through timely measures against damages that may be due to reputational risks

Tasks

- **Identification, monitoring** and assessment of reputational risk;
- **Measures including control and (or) risk minimization to maintain reputation risk at an acceptable level;**
- Internal procedures for **reporting to the NSD Management Board** and NSD Supervisory Board and;
- Distribution of powers and responsibilities between the Supervisory Board, Management Board, Risk Management, Public Affairs and other NSD's structural units regarding the implementation of established principles of reputation risk management;
- Control over the efficiency of reputation management.

“Freedom for 20 days”

Photo by Mikhail Shebanov, the winner of an NSD's Staff Contest 2012



the art of
reputation management is still to
be developed

Basel III Framework*: Reputational Risk

Reputational risk can be defined as the risk arising from negative perception on the part of customers, counterparties, shareholders, investors or regulators that can adversely affect a bank's ability to maintain existing, or establish new, business relationships and continued access to sources of funding

Reputational risk, typically through the provision of implicit support, may give rise to credit, liquidity, market and legal risk – all of which can have a negative impact on a bank's earnings, liquidity and capital position

Bank management should have **appropriate policies in place to identify sources of reputational risk** when entering new markets, products or lines of activities. In addition, a bank's stress testing procedures should take account of reputational risk so management has a firm understanding of the consequences and second round effects of reputational risk.

* <http://www.bis.org/publ/bcbs150.pdf>

NSD disclosure: Standards of Governance

- CJSV, a part of the Moscow Exchange Group
- Banking Institution with a restricted license
- Central Securities Depository
- Clearing Organization
- Intermediary in the stock market
- Disclosure accordingly to the client's agreements
- Shareholders agreement
- CPSS-IOSCO recommendations, Code of Conduct...
- + best practice compliance

- NSD Disclosure Rules approved by the NSD Supervisory Board on Oct16, 2012 and by the FFMS of Russia on Nov 6, 2012

http://www.nsd.ru/common/img/uploaded/files/disclosure/int_docs/pravila_rask_inf.doc

- NSD page in the state disclosure system <http://www.e-disclosure.ru/portal/company.aspx?id=2240>
- [Page of disclosure at the NSD's site](http://www.nsd.ru/ru/about/csd_disclosure/)
http://www.nsd.ru/ru/about/csd_disclosure/

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- perception of market services offered by the Company and its subsidiaries;
- volatility (a) of the Russian economy and the securities market and (b) sectors with a high level of competition that the Company and its subsidiaries operate;
- 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;
- the ability to maintain continuity of the process of introduction of new competitive products and services, while keeping the competitiveness;
- the ability to attract new customers on the domestic market and in foreign jurisdictions;
- the ability to increase the offer of products in foreign jurisdictions.

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