



EVOLUTION OF THE CSD BUSINESS MODEL IN WARTIME

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MAIN CHALLENGES VS RESPONSES



**CLIENT BASE
CONTRACTION**



**CUSTOMER
ACTIVITY
RESTRICTIONS**



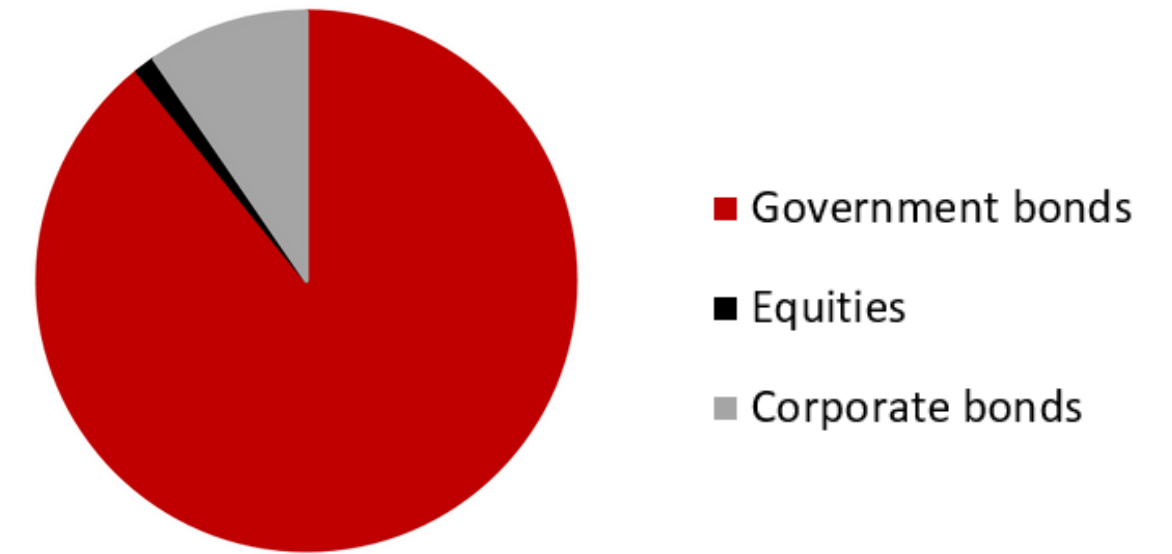
**BUSINESS
CONTINUITY
APPROACHES**



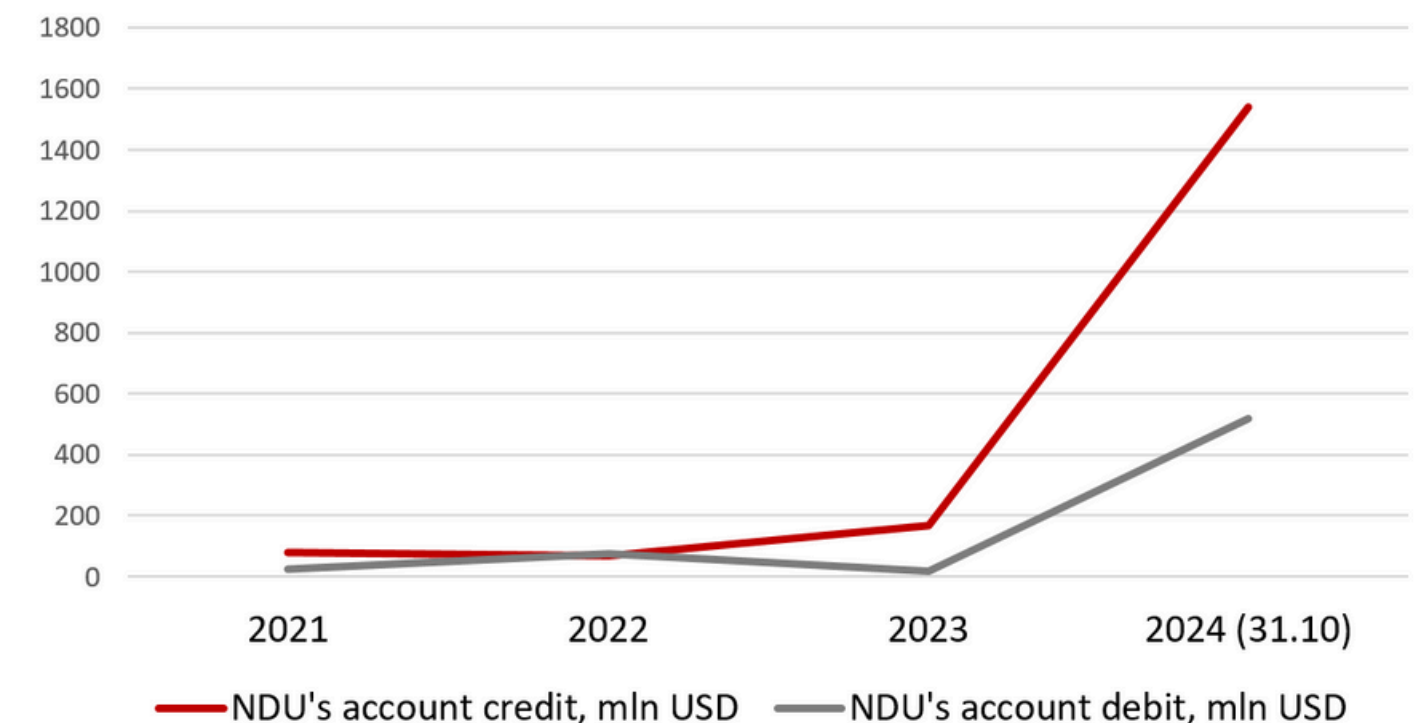
CHALLENGE 1: REDUCTION OF THE CLASSIC CSD CLIENT BASE/CORE BUSINESS

	2022	2024	Δ
Total volume assets in custody, mln USD	69 281	56 320	↓ 19%
Issuers accounts	10 776	10 770	↓ 0.0006%
Custodians' accounts	157	134	↓ 15%
Assets (ISINS) under custody:			
Equities	6 877	6 730	↓ 2%
Collective investment vehicles	2 344	2 453	↑ 5%
Debt instruments	1 617	1 546	↓ 4%
Others	699	613	↓ 12%

Foreign securities held by NDU by types (28.10.2024)



Dynamics of the foreign securities





RESPONSE: IN A SEARCH FOR THE NEW CLIENT BASE

DONE: LLC

≈ 11 000 issuers' accounts at NDU **vs** ≈ 792 000 LLCs registered in Ukraine

LLC

LLC accounting in the NDU system includes:

- Additional property rights protection
- Guaranteeing obligations under stake agreements (escrow account)
- Conducting electronic meetings of LLC participants
- Servicing corporate events through the accounting system
- Ensuring compliance with restrictions on LLC stakes
- Consolidating the investment portfolio in one custodian

IN PROGRESS: Agrarian Notes

- UA agricultural sector generates over **10% of GDP** and provides almost **40% of exports**
- Ukraine's experience in issuing crop receipts - approximately **UAH 70 billion (USD 1 842 mln)**
- Agrarian Notes Register (The Law of Ukraine "On Agrarian Notes" will enter into force on January 1, 2025)



CHALLENGE 2:

RESTRICTIONS ON CUSTOMER ACTIVITIES CAUSED BY THE WAR

- ▶ BOND's issuers default risks
- ▶ Physical GMs prohibition
- ▶ Difficulties with paperwork

RESPONSE:

■ E-VOTING

remote voting

bond holders' e-meetings



■ CLIENTS' WORKFLOW:



electronic:

2022 - **85%**

2024 - **95%**



paperwork:

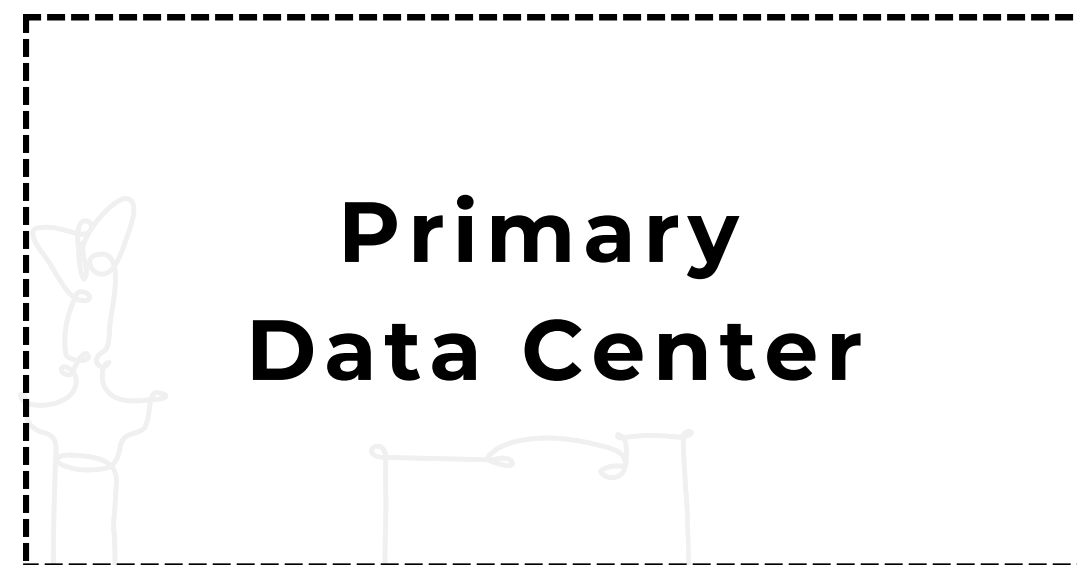
2022 - **15%**

2024 - **5%**



CHALLENGE 3: BUSINESS CONTINUITY APPROACHES

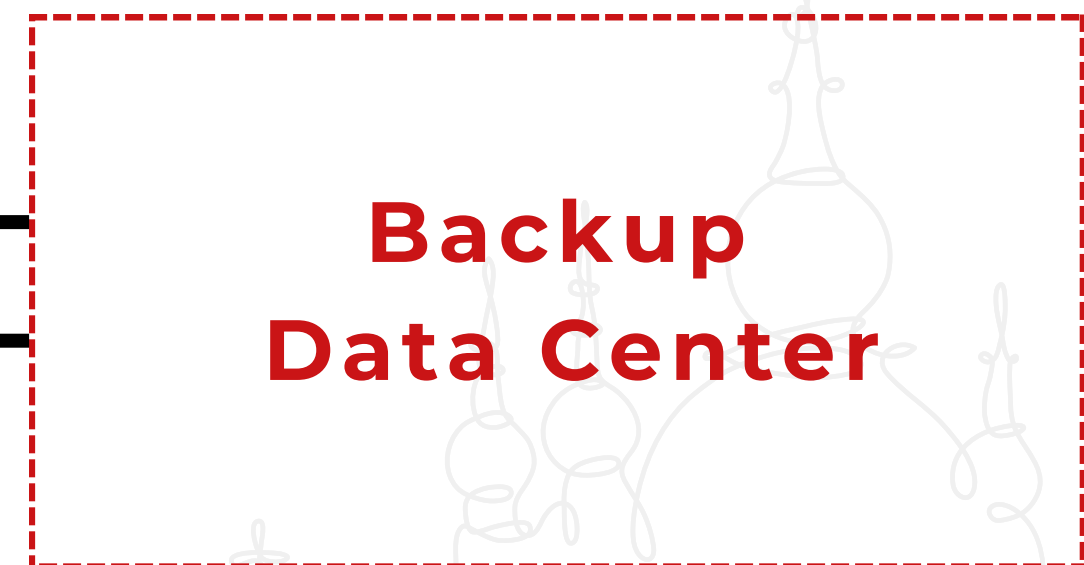
■ As it WAS before 2022



Channel 1



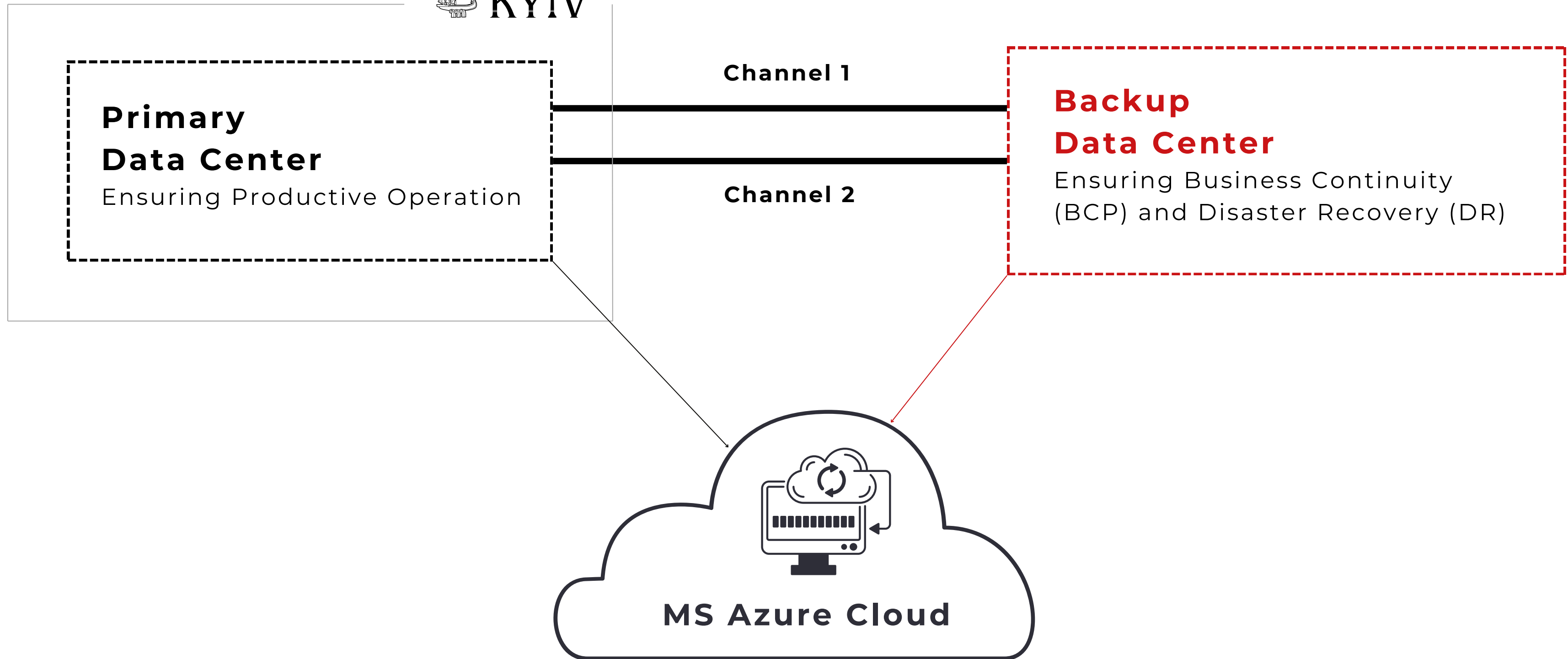
Channel 2



RESPONSE



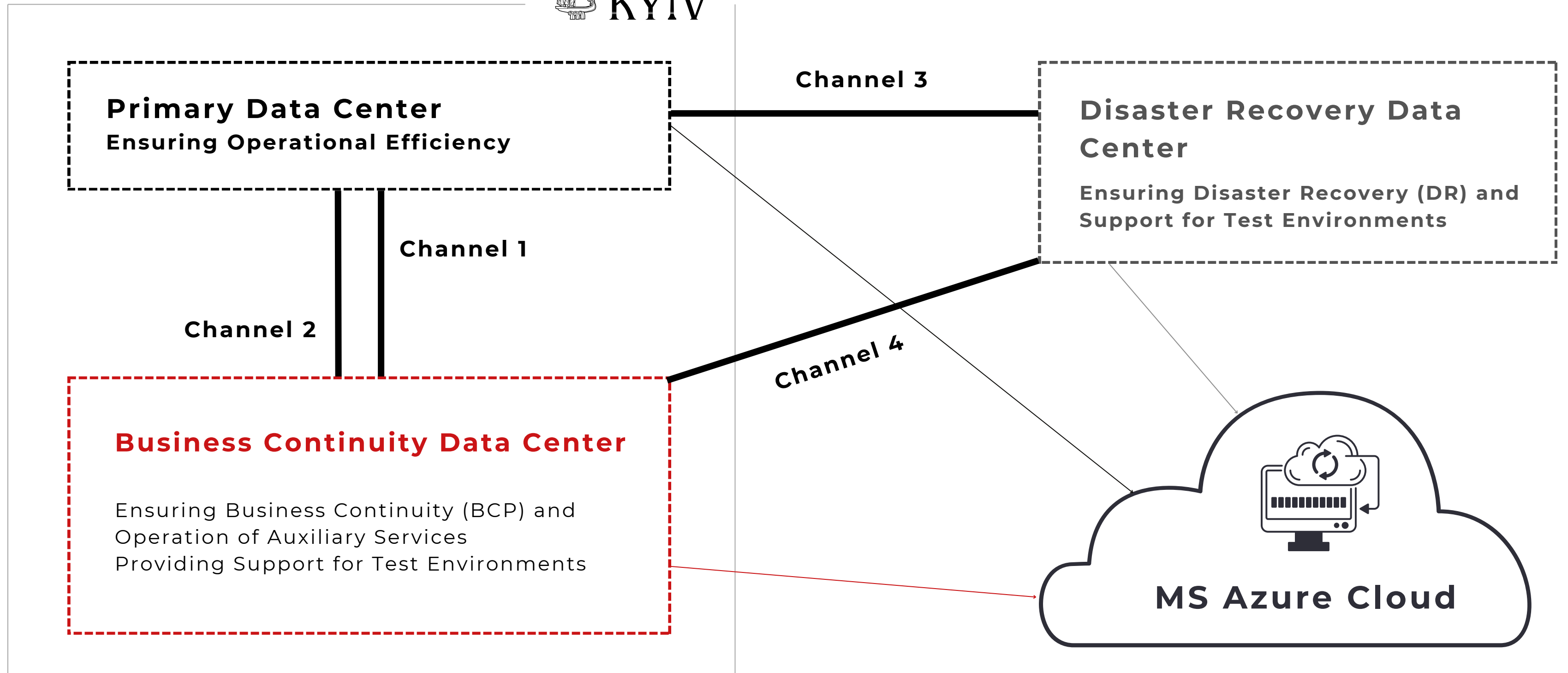
■ As it IS



RESPONSE



■ To Be 2025



RESPONSE



■ Core principles of the NDU server infrastructure:

- **Continuity:** utilization of two geographically distributed equivalent Data Centers (main and backup)
- **Disaster Recovery:** a dedicated Disaster Recovery Data Center (DR DC) is in place
- **Cloud Solution:** if the DR DC is unavailable, critical services are deployed in MS Azure
- **Data Preservation:** critical services are supported by continuous warranty support from the vendor
- **Scalability:** equipment must meet current business needs and future demands

■ Approaches to Building the NDU IT Infrastructure:

- **No** single point of **failure**
- **Equivalent configuration** of the primary and business continuity data centers
- **Virtualization/containerization of services** as the standard
- Business **systems classified** by level of criticality
- **Service recovery based** on SLA agreements with the business
- **Testing and updating of BCP/DRP** at least once a year
- **Continuity of infrastructure** elements through clustering
- **Separate infrastructure** for production and testing environments

OTHER PROJECTS IN PROGRESS



**CLIENTS'
PORTAL 2.0**



ISO 27001



ITIL

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