



THOMAS MURRAY



PRESS ANNOUNCEMENT

December 2007

Thomas Murray Affirms the Central Securities Depository Rating for the Depository Clearing Company at A

LONDON – Thomas Murray has affirmed The Depository Clearing Company’s (DCC) rating at A, which means low risk. The outlook is Stable. The rating is made up of the following components:

CSD Rating	Overall Rating	Asset Commitment Risk	Liquidity Risk	Counterparty Risk	Financial Risk	Operational Risk	Asset Servicing Risk
DCC Rating:	A	A	A-	A	A	A+	AA-

Although the overall rating has remained unchanged, DCC made significant progress during the past year in many areas of risk and, as a result, four of the six risk components have been upgraded. Both Asset Commitment and Counterparty Risk have been upgraded to A, Operational Risk has been upgraded to A+ and Asset Servicing Risk has upgraded to AA-.

The improvement in the component ratings have stemmed from a number of developments undertaken by DCC or the related market infrastructural organisations during the past year.

The key contributing developments have been as follows:

- Introduction of a CCP for the anonymous market at RTS.
The CCP began operating from 17 September 2007, although at this stage it only covers 8 stocks. The introduction of the CCP helps to reduce counterparty risk for the settlement of those stocks. The activities of the CCP are supported by the establishment of a USD 10 million guarantee fund for anonymous trades. This development, together with the proposed increase in the minimum capital requirements for market participants (brokers and dealers), to enter into force from 1 January 2008, helps to reduce the exposure to counterparties in the market.

- DCC has undertaken a SAS-70 external operational audit.
The SAS-70 external audit involved a comprehensive review of DCC's operational controls. The results of the audit were made available to participants. In addition, DCC has increased its resources involved in the internal control and risk management function.
- DCC upgraded the DRP and BCP arrangements.
Significant improvements were made by DCC to its Disaster Recovery and Business Continuity arrangements involving new facilities and new data transfer arrangements.
- Development of new settlement system.
DCC made considerable progress in phase 2 of the development of the new settlement system, in association with CMA Small Systems. The improved management of the project has helped to ensure that the project is on-track in terms of its budget from a time and cost perspective.
- Introduction of new FOP batch.
DCC now operates six batches for the settlement of free of payment transactions. A new batch was introduced on a daily basis at 4.30pm.
- Links with registrars.
DCC has continued to reach agreement with registrars on automating the data transfer process by establishing an Electronic Data Interchange (EDI) linkage. Nine new agreements were arranged in 2007.
- Increased automation.
Improved levels of automation for accepting and sending corporate actions instructions and confirmations, especially via the SWIFT capabilities, have been achieved by DCC. The increased automation is important in providing for Straight-Through-Processing in the market.

Simon Thomas, CEO and Chief Ratings Officer of Thomas Murray said: "During the past year, Thomas Murray has closely followed the developments and changes taking place at DCC and, given the progress made in some key risk areas, has decided to upgrade several of the risk components. DCC has strong operational procedures in place and enjoys considerable market support but it is facing some challenges to meet the minimum capital requirements established in the CSD draft law. Overall, the upgrades reflect the achievements obtained by DCC in minimising the risk exposure faced by market participants"

Mikhail Laufer, President of The Depository Clearing Company, said "The Depository Clearing Company is satisfied with the rating upgrades given to DCC in four of the six risk components. DCC has worked very hard in the last year to address the weaknesses identified in the initial assessment provided by Thomas Murray and will continue strengthening our processes and procedures. The improvement in the rating should provide our participants with ongoing confidence in DCC".

For further information contact:

Simon Thomas/John Woodhouse	Igor Fedorovsky
Thomas Murray	The Depository Clearing
+44 (0) 207-830-8300	Company (DCC)
sthomas@thomasmurray.com	+7 (495) 956 0999
jwoodhouse@thomasmurray.com	igor.fedorovsky@dcc.ru

About Thomas Murray

Thomas Murray is a specialist custody rating, risk management and research firm specialising in the global securities services industry. Thomas Murray was established in 1994. The Company tracks and analyses over 250 custodians globally and monitors the risk of over 100 capital market infrastructures. The Company has a strong position as a provider of public and private ratings and risk assessments on global custodians, domestic custodian banks and capital market infrastructures.

www.thomasmurray.com

About the Depository Clearing Company (DCC)

DCC was established on 29 October 1993 under the Federal Commission on Securities Market project sponsored by US AID. It began operations in 1993. DCC provides depository, settlement and some clearing services for equities traded on the RTS Classic Market, RTS Stock Exchange, the MICEX Stock Exchange and the Stock Exchange "St Petersburg" (SPBEX). It is supervised by the Federal Service for Financial Markets of the Russian Federation.

www.dcc.ru

Definitions

Public Rating. This assessment has been compiled from information provided by third parties and the CSD and has been verified by Thomas Murray analysts during an on-site visit to the CSD. The report has been reviewed by the CSD. The ratings that have been assigned to the risks that are reviewed in the report have been determined by Thomas Murray analysts and approved by the Thomas Murray Rating Board. The ratings have been assigned in accordance with the process outlined in the published methodology as developed by Thomas Murray and on the basis of information confirmed by Thomas Murray analysts during a site visit to the CSD.

Publication Date

The publication date represented here is December 2007. This is the date that the assessment report has been reviewed. The report is updated on an on-going basis throughout the year as new information is received and should be read in conjunction with the relevant newswatches issued since the publication date.

RISK EXPOSURE DEFINITIONS

Asset Commitment Risk - The period of time from when control of securities or cash is given up until receipt of countervalue. This risk concerns the time period during which a participant's assets, either cash or stock, are frozen within the CSD and payment system pending final settlement of the underlying transaction(s). Following settlement, the risk period is extended until the transfer of funds and stock becomes irrevocable. It excludes any periods when assets, cash or stock, are committed to a market participant including brokers, banks and custodians, not caused by CSD processing.

■ **Liquidity Risk** - The risk that insufficient securities and or funds are available to meet commitments; the obligation will be covered some time later. This is where for certain technical reasons (e.g., stock out on loan, stock in course of registration, turn round of recently deposited stock is not possible) one or both parties to the trade has a shortfall in the amount of funds (credit line) or unencumbered stock available to meet settlement obligations when due. These shortfalls may lead to settlement 'fails' but do not normally lead to a default.

■ **Counterparty Risk** - The risk that a counterparty (i.e., a participant) will not settle its obligations for full value at any time. This is simply the total default of a direct participant of the CSD. This is the event when a participant is unable to meet its financial liability to other participants. This risk only goes as far as direct participants of the CSD and excludes clients of direct participants that default on liabilities to such participants, even if such a default should systemically cause the direct participant to subsequently default.

■ **Asset Servicing Risk** - The risk that a participant may incur a loss arising from missed or inaccurate information provided by the depository, or from incorrectly executed instructions, in respect of corporate actions and proxy voting. This risk arises when a participant places reliance on the information a depository provides or when the participant instructs the depository to carry out an economic transaction on its behalf. If the depository fails either to provide the information or to carry out the instruction correctly then the participant may suffer a loss for which the depository may not accept liability. The depository may provide these services on a commercial basis, without statutory immunity, or it may provide the service as part of its statutory role, possibly with some level of protection from liability. This risk is likely to become much higher when international securities are included in the service.

■ **Financial Risk** - The ability of the CSD to operate as a financially viable company. This risk concerns the financial strength of the depository and if its financial resources are sufficient to meet the on-going operation of the organisation. This risk also includes where the CSD may act as central counterparty, or otherwise acts in a Principal capacity.

■ **Operational Risk** - The risk that deficiencies in information systems or internal controls, human errors or management failures will result in losses. The risk of loss due to breakdowns or weaknesses in internal controls and procedures. Internal factors to be considered in the assessment include ensuring the CSD has formalised procedures established for its main services. The CSD should have identified control objectives and related key controls to ensure operation and proper control of established procedures. Systems and procedures should be tested periodically. There should be external audit processes in place to provide third-party audit evidence of the adequacy of the controls.

RATING SCALE

AAA	Extremely low risk
AA+	
AA	Very low risk
AA-	
A+	
A	Low risk
A-	
BBB	Acceptable risk
BB	Less than acceptable risk
B	Quite high risk
CCC	High risk
N/R	No rating has been given due to insufficient information

DISCLAIMER

Copyright © 2004 - 2007 by Thomas Murray. Reproduction in whole or in part prohibited except by permission. All rights reserved. The services and analysis provided by Thomas Murray are provided on an "as is" basis and Thomas Murray make no representations or warranties, express or implied, as to the accuracy, adequacy or completeness of its analysis or results to be obtained from accessing and using this report (or any information included therein), including without limitation, any warranties of merchantability or fitness for any particular purpose or use. Neither Thomas Murray nor their affiliates shall be liable to any user or anyone else for any inaccuracy, error or omission, regardless of cause, in this report or for any damages resulting therefrom. In no event shall Thomas Murray have any liability for lost profits or for indirect, special, punitive or consequential damages, even if advised of the possibility of such damages. Thomas Murray shall have no liability to any third party arising from or related to this report. Neither this report nor any component of the service provided by Thomas Murray is a rating, endorsement or guarantee of any Depository or its financial strength or a recommendation to enter into any agreement with any Depository. Thomas Murray relied on information provided by third parties believed to be accurate and reliable but due to the possibility of human or mechanical error, Thomas Murray can not guarantee the accuracy of any such information. Contacts:

Thomas Murray Depository Service
179 Piccadilly
LONDON
W1J 9FA

Tel: +44 (0) 207 830 8300
Fax: +44 (0) 207 287 1549

E-mail: depositoryservice@thomasmurray.com
Web-site: www.thomasmurray.com

Names of analysts available on request.