



**National Clearing  
Center**  
Moscow Exchange Group

Clearing  
Department

**NCC as tax agent in respect of  
Non-resident Clearing Members**



## EXPLANATORY INFORMATION

### Beneficial owner of income

Individuals or entity who has the actual right to receive income in accordance with the provisions of Article 7 of the Tax Code of the Russian Federation.

The number of levels of beneficial owners of income is not limited

*Individuals **are not registered** by NCC as beneficial owners of income.*

### Beneficiary

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Individuals or entity for whose benefit the participant acts, including on the basis of agency agreement, delegation contract, commission agreement and trust management, when executing transactions with cash and other assets in accordance with Federal Law 115-FZ «Combating money laundering and terrorist financing».

Defined up to the level of the client of Clearing member

## NON-RESIDENT CLEARING MEMBERS RECEIVE DIRECT ACCESS TO CLEARING SERVICES ON THE FUNDAMENTIAL MARKETS OF THE MOSCOW EXCHANGE

### Available markets:

- ✓ FX market
  - ✓ Security market, deposit market and credit market
  - ✓ Derivatives market
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### Major advantages for Non-resident Clearing Members:

- ✓ the ability to hold collateral in NCC for executing trades within the Moscow Exchange and **not take credit risk** on a Russian broker or credit institution
- ✓ clients of Non-resident Clearing Members will be able to increase the limits on Russian market
- ✓ extensive opportunities for customer service and development of risk management strategies

## DIRECT ACCESS OF NON-RESIDENTS TO CLEARING SERVICES LEADS TO NECESSITY FOR NCC TO PERFORM FUNCTION OF TAX AGENT FOR CERTAIN TYPES OF INCOME

### Basic NCC's function as tax agent:

1



Calculation, withholding and transfer to the budget of the Russian Federation of income tax levied at the source of payment of these incomes:

- tax will be calculated and withheld in respect of the beneficial owner of income
- tax rate is defined with respect to Double Tax Treaty (DTT) between the Russian Federation and the country-jurisdiction of the beneficial owner of income (subject to the provision of relevant documents)

List of applicable DTT



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Submission of tax reports to the tax authorities on the amounts of income paid by NCC to non-resident individuals or entities (whether income from the source of payment in the Russian Federation is subject to tax or not)

## TYPES OF TAXABLE INCOME (NCC WILL ACT AS TAX AGENT)

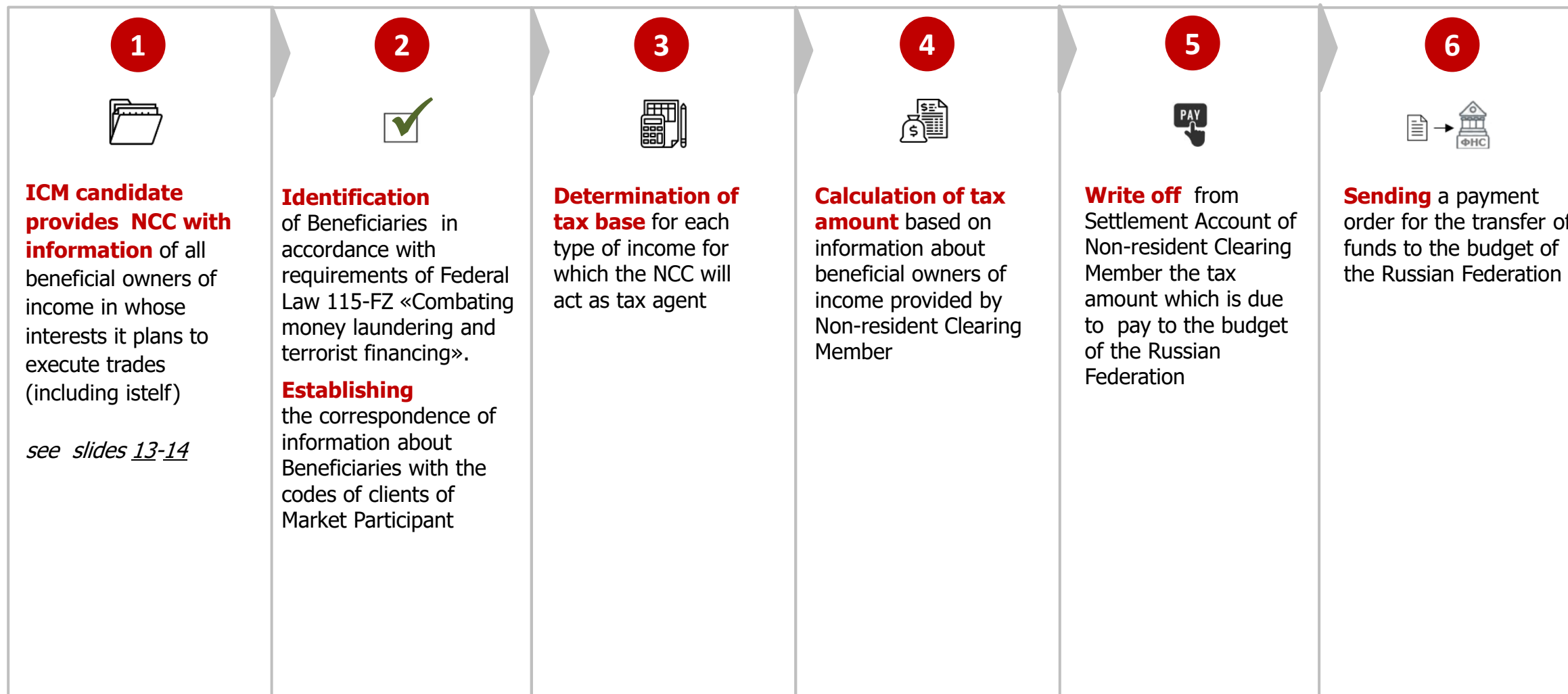
- ✓ income under settlement derivatives (variation margin, option premium)
- ✓ interest on REPO trades (direct or reverse)
- ✓ interest on deposits with Central counterparty
- ✓ return premium within marketing programs
- ✓ interest (coupons) on bonds, issued by Russian organizations and the Bank of Russia
- ✓ income transferred under Repo trades and buy-sell trades (except in foreign securities)
- ✓ sales revenue of investment units of closed mutual investment funds
- ✓ interest on collateral for stress

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## TYPES OF NON-TAXABLE INCOME

- ✓ income under buy-sell trades in foreign currency and deliverable derivatives on FX market
- ✓ income under buy-sell trades in shares on Security market
- ✓ profit on sales of bonds (except interest (coupons))
- ✓ sales revenue of investment units of mutual investment funds (except closed mutual investment funds)
- ✓ income from trading of deliverable derivatives on Derivatives market
- ✓ income transferred under Repo trades and buy-sell trades in foreign securities

# THE PROCEDURE FOR COOPERATION BETWEEN NCC AND NON-RESIDENT CLEARING MEMBERS FOR TAX DEDUCTION



## THE PROCEDURE OF TAX BASE CALCULATION (1/2)

Market	Type of income	Tax base	Tax rate according Tax Code of the Russian Federation	Settlement
Securities market	Interest on deposits with Central counterparty	Interest on deposit	20% or reduced tax rate or exemption under DTT	<ul style="list-style-type: none"> <li>• Tax is calculated after 19:00 and after 23:50</li> <li>• Settlement date: T+1, currency: income currency</li> <li>• Calculation and deduction of tax by beneficial owners of income</li> </ul>
	Interest on Repo trades (direct и reverse)	Interest on REPO (the interest on reverse REPO will be held on the date of the first part)	20% or reduced tax rate or exemption under DTT	
	Interest received on sales of bonds of Russian organizations and the Bank of Russia on secondary market	Full amount of accumulated coupon income, which is part of the sale/redemption price of the bonds (without deduction of the paid accumulates coupon income)	15% or 20% (depend on terms of bond issue) or reduced tax rate or exemption under DTT	
	Interest on bonds with indexed nominal and discount bonds	Full amount of revenue from sales of bonds	20%, in this case, interest is exempt from payment (if there is relevant condition in DTT)	
	Dividends on shares	The amount of transferred income under REPO trades and buy-sell trades (in securities of Russian organizations and depositary receipts for securities of Russian organizations)	15% (before tax) DTT is not applied	
	Interest (coupons) on bonds		15% or 20% (depend on terms of bonds issue) Tax exemption (state and municipal bonds) DTT is not applied	
	Revenue from sales of investment units of closed mutual investment funds	Full amount of revenue from sales	20% or reduced tax rate or exemption under DTT	

## THE PROCEDURE OF TAX BASE CALCULATION (2/2)

Market	Type of income	Tax base	Tax rate according Tax Code of the Russian Federation	Settlement
FX market	Income under trades, executed on FX market (buy-sell trades in foreign currency and deliverable derivatives) <b>is not taxed</b>			
Derivatives market	Income from trading cash-settled derivatives (variation margin, option premium) from a number of countries of residency	Profit on each separate contract (profit on one contract cannot be offset against a loss on another contract), tax deduction is made either on the date of closure of position under contract, or on the date of expiration of contract	20% or reduced tax rate or exemption under DTT	<p>tax is calculated based on the results of the evening clearing session</p> <p>Settlement date: T+1, Currency: RUB</p> <p>Calculation and deduction of tax by beneficial owners of income</p>

Market	Type of income	Tax base	Tax rate according Tax Code of the Russian Federation	Settlement
All markets	Interest on collateral for stress	Amount of interest on collateral	20% or reduced tax rate or exemption under DTT	<p>tax is calculated based on the results of the evening clearing session</p> <p>Settlement date: T+1, Currency: Currency of collateral/premium</p> <p>Calculation and deduction of tax by Non-resident Clearing members</p>
	Return premium within marketing programs	Amount of return premium		



# THE NCC WILL MARGIN (BLOCK) FUNDS FOR TAX DEDUCTION AS PART OF COLLATERAL OF CLEARING MEMBER

**In case of failure to provide the document** confirming the preferential tax status\*:



at maximum rate according to the Tax Code of the Russian Federation

**In case of providing the document** confirming the preferential tax status\*:



At rate stated in DTT with country whose tax resident is beneficial owner of income under trade (the applicable rates are given in Appendix 2)

Market	For the period of tax certificate renewal**	If updated tax certificate is available
<b>Securities market</b>	<ul style="list-style-type: none"> <li>• Tax is paid at current (new year) DTT rate of the jurisdiction of the previous year. The difference between the maximum rate and DTT rate is blocked in the Single Limit</li> <li>• Before tax: margining at maximum rate (20%)</li> </ul>	<ul style="list-style-type: none"> <li>• Margining at DTT rates</li> </ul>
<b>Derivatives market</b>	<ul style="list-style-type: none"> <li>• At position closure, tax is paid at current (new year) DTT rate of the jurisdiction of the previous year. The difference between the maximum rate and DTT rate is blocked in Total Required Margin Amount</li> <li>• For open positions, Total Required Margin Amount is blocked in the amount of tax on accumulated Variation margin at rate of 20%</li> </ul>	<ul style="list-style-type: none"> <li>• For open positions under settlement derivatives, until the termination of obligations under the contract, Collateral in the amount of tax on accumulated Variation margin at DTT rate is required</li> </ul>

\* certificate of tax residency

\*\* from 01/01 till 28/02 (till 01/05 for Hong Kong)

## SPECIAL ASPECTS OF REGISTRATION AND PROVISION OF INFORMATION



1



Non-resident Clearing Member provides to NCC the documents:



1. For tax purposes: information about all beneficial owners of income (list of documents are stated in Appendix 1)
2. For identification according to 115-FZ: Information about all beneficiaries under trades (the beneficiary's questionnaire and the contract (information about the contract))



### NCC



On the basis of provided documents the following data is entered: data of Non-resident Clearing Member who provide details about beneficial owner of income and identification data of beneficial owner of income



Beneficial owners of income are defined (Tax check)



On the basis of provided documents the following data is entered: data of Non-resident Clearing Member who provide details about beneficiary and Identification data of beneficiary



Identification of Beneficiaries is completed (KYC check)



1. For every beneficial owner of income, NCC assigns its own income owner code, depending on the identification data of beneficial owner of income
2. Non-resident Clearing Member generate short trading code for every beneficial owner of income
3. Clearing Member transfer the following information about every beneficial owner of income to Market Participant:
  - Short trading code
  - Identification data
  - Income owner code

2



Market Participant



Register Non-resident Clearing member and clients of Non-resident Clearing Member (in Single client registration system)



### Moscow Exchange



In the context of market in which Market Participant will execute trades at the expense of registered Non-resident Clearing Member:

- Register short trading code of every beneficial owner of income of non-resident Clearing member (transferred by Non-resident Clearing Member )
- Assign income owner code (transferred by Non-resident Clearing Member) to short trading code
- Prescribe identification data of beneficiary



Reconciliation of identification data registered by Market Participant with NCC identification data



**Result:** Market Participant is given the opportunity to specify the short trading codes of registered Non-resident Clearing member (as a client of Market Participant) in applications on defined market

## APPENDICES



## APPENDIX 1/1. THE LIST OF DOCUMENTS, PROVIDED BY NON-RESIDENT CLEARING MEMBERS TO NCC FOR TAX PURPOSES

The list of respective documents is presented in [Part IV Supplement 4 to the Common Part of the Clearing Rules](#)

Documents:	Non-resident Clearing Member**:	
	DTT is applied	DTT is not applied
Letter of Non-resident Clearing Member confirming that it has beneficial owner of income*/ Letter of Non-resident Clearing member confirming that it does not have beneficial owner of income* (in case there are clients)	✓	✓
Certificate of tax residency	✓	
Document confirming the possibility of applying benefits under DTT (if this information is not contained in the certificate of tax residence)	✓	
Questionnaire for Legal Entity (DTT is not applied)*		✓
Questionnaire for Legal Entity (DTT is applied)*	✓	
Documents confirming that Non-resident clearing Member refers to the persons specified in clause 1.5 Article 312 of the Tax Code of the Russian Federation (if relevant)	✓	
Articles of incorporation	✓	
Financial reporting	✓	

\*under the form set out in Forms and formats, published on NCC web site

\*\* does not have permanent mission or branch on the territory of the Russian Federation

## APPENDIX 1/2. THE LIST OF DOCUMENTS, PROVIDED BY CLIENT OF NON-RESIDENT CLEARING MEMBER TO NCC FOR TAX PURPOSES\*\*

Documents:	Non-resident Clearing Member***	
	DTT is applied	DTT is not applied
	DTT is applied by Client of Non-resident Clearing Member	DTT is not applied by Client of Non-resident Clearing Member
Letter of Client of Non-resident Clearing Member confirming that it has beneficial owner of income*	✓	✓
Certificate of tax residency**	✓	
Document confirming the possibility of applying benefits under DTT (if this information is not contained in the certificate of tax residence)**	✓	
Questionnaire for Legal Entity (DTT is not applied)*		✓
Questionnaire for Legal Entity (DTT is applied)*	✓	
Documents confirming that Non-resident clearing Member refers to the persons specified in clause 1.5 Article 312 of the Tax Code of the Russian Federation (if relevant)	✓	
Articles of incorporation	✓	
Financial reporting	✓	

\*under the form set out in Forms and formats, published on NCC web site

\*\* documents are not provided when executing buy-sell trades in foreign currency and SWAP trades with settlement period up to 3 days

\*\*\* does not have permanent mission or branch on the territory of the Russian Federation

## APPENDIX 2. INCOME TAX RATES APPLIED BY NCC (BY JURISDICTION)

Tax base	Great Britain	Cyprus	Netherlands*	Hong Kong	France	Ireland	South Korea	Luxemburg (c 01.01.22)	Singapore	Australia	UAE**	Malta	DTT is not applied (Mauritius, Cayman)
Variation margin on settlement derivatives	0%	0%	0%	0%	0%	0%	0%	20%	20%	20%	20%	20%	20%
Interest on REPO trades/ Deposits	0%	15%	0%***	0%***	0%	0%***	0%	15%	0%***	10%	20%	15%	20%
Accumulated coupon income	0%	0% on quoted bonds	0%	0%	0%	0%	0%	0% on quoted bonds	0%	10%	15%/20%	0% on quoted bonds	15%/20%
Coupon – when transferring income under REPO trades	15% и 20% (DTT is not applied)												
Dividends – when transferring income under REPO trades	15% (DTT is not applied)												
Interest on collateral for stress	0%	15%	0%***	0%***	0%	0%***	0%	15%	0%***	10%	20%	15%	20%
Return premium	0%	0%	0%	0%	0%	0%	0%	20%	20%	20%	20%	20%	20%

\* DTT was denounced in accordance with Federal Law No. 139-FZ of 26.05.2021 and expires on 01.01.2022, rates without DTT will be applied

\*\* For companies that are not owned by the state/state bodies

\*\*\* Rates may potentially be revised in the future