

Depository Receipts

SPECIAL NOTICE - RUSSIA

October 23, 2024

Please be advised that Russian Presidential Decree 840 (the "Decree") came into force on October 2, 2024, requiring changes to the safekeeping practices for Russian equities held by BNY's depository receipts custodians in S-type accounts ("S-Account Equities"). Previously, these equities were held through the Russian central securities depository National Securities Depository ("NSD"), which is subject to Russian law, regulation, decree, and other regulatory requirements impacting its operations.

The Decree mandated that by October 12, 2024, S-Account Equities must be withdrawn from NSD and deposited with the relevant registrars of the applicable Russian joint-stock companies. NSD has unilaterally opened S-type accounts in the nominee name of BNY's custodians at the applicable local market registrar (the "Nominee Account") and, as of October 9, 2024, initiated the transfer of S-Account Equities to the Nominee Accounts. Consequently, when the transfer is complete, NSD will no longer be part of the custody chain for S-Account Equities. The respective Russian registrars for each program will support the establishment of the Nominee Accounts on their books and records and will assume safekeeping responsibilities for S-Account Equities. BNY's custodians will have a Nominee Account with each registrar of the issuer of S-Account Equities in their custody.

Under current local market conditions, which continue to evolve, and as a result of external factors beyond BNY's control, holders are advised of the following potential operational and safekeeping impacts of the Decree:

- Neither BNY nor its local custodians have a contractual relationship with the registrars. Limited information is available to BNY and its custodians regarding the registrars, which will limit or preclude the ability to monitor, update, and advise holders on risks and changes in registrar operations, performance, custody risk, and internal controls. The limited amount of information available and BNY's lack of contractual relationship with the registrars will limit or preclude the performance of oversight and due diligence on such entities. Ability to engage directly with registrars may be further impeded by existing and developing western sanctions
- Operational risk is expected to materially increase for the S-Account Equities. The Decree's mandatory timeline for transfer, in view of the market's lack of notice to prepare for the transfer, may lead to losses or reconciliation issues, and effectively reconcile positions given that account information is currently unavailable. Post-transfer, technological and operational limitations of local market registrars may limit the ability of BNY's custodians to provide instructions, receive reporting, and perform reconciliation of transactions and holdings.

Furthermore, on June 12, 2024, OFAC designated the National Settlement Depository (NSD) a Specially Designated National. Alongside this designation, OFAC issued, and subsequently extended, two general licenses to allow for wind-down of certain transactions involving NSD, (General License 99A and General License 100A) which expired at 12:01 a.m. eastern daylight time, October 12, 2024. **Per [OFAC FAQ 1197](#) published on October 12, 2024, in response to actions carried out under Russian Presidential Decree 840, BNY has blocked all underlying shares and depository receipts in its possession with a nexus to the NSD.**

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