

CSDs: BSE (Romania)

Date: 18 Jul 2008

SMI Markets: Romania

CDSA to Undertake Clearing and Settlement of Government Securities

The Board of the Central Depository (CSD) approved several changes to the CSD Code regarding the settlement of Government Securities transactions performed on the Bucharest Stock Exchange (BSE) on 15 July 2008. The proposed changes are summarised as follows:

1. Introduction of a new chapter within the Code of CSD dedicated to Government Securities operations describing the regulatory framework, reconciliation, clearing, settlement and risk management of T-bills transactions.
2. Connection between the SaFIR system administrated by NBR for Government Securities and the RoClear system administrated by CSD in order to allow free of payment transfers of the T-bills without the change of beneficial ownership.

The clearing and settlement of Government Securities traded on the BSE will be undertaken by the CSD; however, NBR will remain the final depository for these instruments.

3. Settlement on a net basis with a T+2 settlement cycle at the beginning, then at a later stage gross settlement with flexible settlement cycle ranging from T+0 to T+2.

Note that the above-mentioned changes are not in effect yet, as further approval from the National Bank of Romania (NBR) and National Securities Commission (CNVM) is needed.

CSD Risk Impact

BSE (Romania)

Impacted Risk Type: Asset Commitment Risk
Current Rating = A-
Flash Impact = On Watch

Impacted Risk Type: Liquidity Risk
Current Rating = A+
Flash Impact = On Watch

The connection between SaFIR and RoClear systems may impact the liquidity risk. In addition, the change in the settlement cycle and the passage from a net basis to a gross basis could have an impact on the liquidity and asset commitment risks. As the changes are not implemented yet, the outlook is put "On Watch".

Market Information Impact

Romania

This information affects the data contained in the Stock Market and Settlement sections of the Securities Market Information Service.

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