

CSDs: [KELER \(Hungary\)](#)

Date: 26 Nov 2008

SMI Markets: [Hungary](#)CMIRR Markets: [Hungary](#)

Establishment of KELER CCP - Update

Further to our previous newflashes on the establishment of KELER CCP, on 7 November 2008, the Hungarian Financial Supervisory Authority issued the license for KELER CCP to act as central counterparty. Hence, there are no more obstacles for KELER CCP to commence operations after 31 December 2008.

Members of the clearing system will have to complete a new clearing membership agreement with KELER CCP and a new settlement and position agreement with KELER before 15 December 2008. KELER CCP shall cover the latent market risk on members' positions should they default through clearing membership, initial financial collateral, initial margin, collective guarantee fund and exchange settlement fund.

CSD Risk Impact

KELER (Hungary)

Impacted Risk Type: Counterparty Risk

Current Rating = A+

Flash Impact = Positive

Impacted Risk Type: Financial Risk

Current Rating = A+

Flash Impact = On Watch

The segregation of the CCP and depository functions should improve counterparty risk. However, the CCP will have a very low level of capital although it will be fully guaranteed by KELER up to HUF 11 billion. This may negatively impact KELER's financial risk profile as some of its financial resources could be at risk in the event of a large default in the market. The financial risk impact is placed "On Watch" until the risk management model of KELER CCP is clarified.

Market Information Impact

Hungary

This information affects the data contained in the Local Market Administrative Organisations sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Hungary

Market Rating: A

Market Flash Impact: On Watch

Impacted Risk Type: Counterparty Risk

Current Rating = A

Flash Impact = Positive

Impacted Risk Type: Financial Risk

Current Rating = A

Flash Impact = On Watch

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