

CSDs: Chile DCV (Chile)

Date: 09 Jun 2009

SMI Markets: Chile

CMIRR Markets: Chile

New Clearing and Settlement Law

The Chilean Congress published a new Law (20,345) on Clearing and Settlement of Financial Instruments on 6 June 2009, which complements the Securities Market Law (Law 18,045). The new law incorporates the following:

- Requirements and conditions for clearing and settlement systems. Settlement activities must be executed based on international standards and best market practices and within reasonable levels of risk. In addition, cash settlement must be conducted through payment systems authorised/regulated by the Banco Central de Chile (BCCh);
- Introduction of the central counterparties (CCPs). The law includes the CCP concept and establishes the rules to which CCPs will be subject to.

Furthermore, the law includes the concept of irrevocability and finality of transactions and provides a legal framework for the implementation of a securities lending system.

CSD Risk Impact

Chile DCV (Chile)

CSD Rating: A+

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = A+

Flash Impact = Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A

Flash Impact = Positive

Although the new law introduces the legal framework for a number of market initiatives such as a central counterparty and a securities lending system, it paves the way for a number of positive developments in this field in the future. The concept of finality and irrevocability will also enhance the clearing and settlement of transactions by making illegal the unwinding of trades under any circumstance.

Market Information Impact

Chile

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

Infrastructure Risk Ratings Impact

Chile

Market Rating: A+

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = A

Flash Impact = Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A-

Flash Impact = Positive

Although the new law introduces the legal framework for a number of market initiatives such as a central counterparty and a securities lending system, it paves the way for a number of positive developments in this field in the future. The concept of finality and irrevocability will also enhance the clearing and settlement of transactions by making illegal the unwinding of trades under any circumstance.

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