

CSDs: KDPW (Poland)

Date: 22 Jun 2009

SMI Markets: Poland

CMIRR Markets: Poland

KDPW to Establish CCP Fund

Krajowy Depozyt Papierów Wartościowych SA (KDPW), the Polish CSD, has developed a draft proposal to establish a separate Central Counterparty (CCP) fund for securities settlement of transactions at the Warsaw Stock Exchange (WSE). The CCP fund will be established with KDPW capital, and will be specifically designated for settlement difficulties for WSE transactions.

The fund aims to offer an additional settlement guarantee mechanism for WSE trades, and will be in addition to the currently existing KDPW Settlement Guarantee Fund (SGF) managed by the KDPW and composed from payments of the KDPW clearing members. Should the amount deposited in the SGF not be sufficient to satisfy settlement obligations, KDPW may require participants to increase their contributions.

No valuation for the CCP fund has been disclosed so far, and the changes are subject to the approval of the KDPW general meeting of shareholders, after which the necessary changes may be made to the KDPW Rules.

CSD Risk Impact

KDPW (Poland)

CSD Rating: A

CSD 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

Introduction of a separate CCP guarantee fund will offer investors further security in guaranteeing settlement of WSE transactions, having a 'Positive' Counterparty Risk impact.

Implementation will require use of KDPW funding, therefore Financial Risk is set 'On Watch' until further developments are announced further to this draft proposal, although since KDPW is owned equally by the WSE, the State Treasury and NBP, the impact may be minimal.

Market Information Impact

Poland

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

Infrastructure Risk Ratings Impact

Poland

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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