

CSDs: CDCR (Cyprus)

Date: 11 Aug 2009

SMI Markets: Cyprus

CMIRR Markets: Cyprus

## OTC Trading - Update

Further to our previous newsflash, the Cypriot Stock Exchange (CSE) has further confirmed the introduction of OTC trading, and intends to replicate the Greek OTC trading environment. A testing period is expected to take place from 31 August until 2 September 2009, to include input and settlement of mock OTC trades.

The system enhancements include:

- Introduction of a hold-release mechanism to facilitate pre-matching. Custodians will have the option to input OTC instructions with a 'hold' status, which must be changed to 'release' in order to settle;
- Cancellation requests for matched transactions are input into the CSD system by local custodians, and cancelled by the CSD if the cancellation requests match;
- The approved settlement cycles will be T+0, T+1, T+2 and T+3.

## CSD Risk Impact

### CDCR (Cyprus)

CSD Rating: A-

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = A

Flash Impact = Positive

Impacted Risk Type: Operational Risk

Current Rating = A-

Flash Impact = Positive

The implementation of an OTC market, and in particular the Hold and Release and Cancellation functionalities will provide for added control and flexibility for pre matching and settlement, ultimately reducing the risk of failing trades. Both Operational and Liquidity risk will there for have a Positive impact.

## Market Information Impact

### Cyprus

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

## Infrastructure Risk Ratings Impact

### Cyprus

Market Rating: A-

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = A-  
Flash Impact = Positive

Impacted Risk Type: Operational Risk  
Current Rating = A-  
Flash Impact = Positive

The implementation of an OTC market, and in particular the Hold and Release and Cancellation functionalities will provide for added control and flexibility for pre matching and settlement, ultimately reducing the risk of failing trades. Both Operational and Liquidity risk will there for have a Positive impact.

Related Flash: [OTC Trading - Update, 10/06/2009 \(click to view\)](#)

### For further information contact:

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