

CSDs: DTC (USA)

Date: 15 Oct 2009

SMI Markets: USA

CMIRR Markets: USA

## Establishment of Joint Venture for Clearing of U.S. Fixed Income Securities and Derivatives - Update

In an update to our previous newsflash, the NYSE Euronext and the Depository Trust & Clearing Corporation (DTCC) have finalised the agreement establishing a 50/50 joint venture, the New York Portfolio Clearing (NYPC), to clear U.S. fixed income securities and derivatives.

The NYPC is expected to be operational in Q2 2010 subject to the regulatory approval. For more information please refer to the official announcement via [here](#).

## CSD Risk Impact

### DTC (USA)

CSD Rating: AA-

CSD Flash Impact: On Watch

Impacted Risk Type: Liquidity Risk

Current Rating = AA+

Flash Impact = Positive

Impacted Risk Type: Counterparty Risk

Current Rating = AA+

Flash Impact = On Watch

The launch of a clearing house for US fixed income securities and derivatives will permit the incorporation of all clearing and settlement processes allowing for the single movement of cash and securities to the clearing house and reducing the liquidity demands. However, the combination of cash and derivatives into a single position may create some counterparty risk by combining the positions across assets types. The impact will depend upon the risk management and measures implemented by NYPC to mitigate this risk.

## Market Information Impact

### USA

This information affects the data contained in the Settlement and Other market where securities are traded sections of the Securities Market Information Service.

## Infrastructure Risk Ratings Impact

### USA

Market Rating: AA-

Market Flash Impact: On Watch

Impacted Risk Type: Liquidity Risk

Current Rating = AA  
Flash Impact = Positive

Impacted Risk Type: Counterparty Risk  
Current Rating = AA  
Flash Impact = On Watch

The launch of a clearing house for US fixed income securities and derivatives will permit the incorporation of all clearing and settlement processes allowing for the single movement of cash and securities to the clearing house and reducing the liquidity demands. However, the combination of cash and derivatives into a single position may create some counterparty risk by combining the positions across assets types. The impact will depend upon the risk management and measures implemented by NYPC to mitigate this risk.

Related Flash: [Establishment of Joint Venture for Clearing of U.S. Fixed Income Securities and Derivatives, 18/06/2009 \(click to view\)](#)

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