

CSDs: CDSC (Kenya)

Date: 18 Jan 2010

SMI Markets: Kenya

CMIRR Markets: Kenya

## Introduction of Settlement Limits and Increase of Guarantee Fund Contributions at CDSC - Update

Further to our previous newsflash, Kenya's Central Depository and Settlement Corporation (CDSC) has given some more details regarding the new settlement limits that were introduced on 11 January 2010.

Accordingly, participants are required to pre-fund 20% of purchased equity into CDSC settlement accounts by 9.00am on T+2. If trades are not funded by 9.00am on T+2, such operations will be rejected.

In addition, if a participant exceeds its settlement limit, he will be required to submit additional collateral, which will be 20% of the excess amount. The additional collateral must be submitted before trading begins in the next session. If the funds are not made available, the participant will not be allowed to carry on any other operation in the market.

### CSD Risk Impact

#### CDSC (Kenya)

CSD Rating: A-

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = A-

Flash Impact = Positive

The introduction of settlement caps based on the activities of the market participants should mitigate the risk of a default. Furthermore, the increase in the participant contributions to the guarantee fund will provide, when implemented, additional protection to members in the event of a default in the market. The impact on Counterparty Risk has been set as 'Positive' accordingly.

### Market Information Impact

#### Kenya

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

### Infrastructure Risk Ratings Impact

#### Kenya

Market Rating: BBB

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = BB

Flash Impact = Positive

The introduction of settlement caps based on the activities of the market participants should mitigate the risk of a default. Furthermore, the increase in the participant contributions to the guarantee fund will provide, when implemented, additional protection to members in

the event of a default in the market. The impact on Counterparty Risk has been set as 'Positive' accordingly.

Related Flash: [Introduction of Settlement Limits and Increase of Guarantee Fund Contributions at CDSC, 17/12/2009 \(click to view\)](#)

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