

CSDs: Iberclear (Spain)

Date: 15 Feb 2010

SMI Markets: Spain

CMIRR Markets: Spain

Spanish Clearing, Settlement and Registry System Reform

The CNMV has issued a Clearing, Settlement and Registry System Reform, further to the CNMV and Bank of Spain jointly published 2007 report regarding Settlement systems and Registration in Europe. The main changes, under public consultation until 15 March 2010, aim to facilitate European harmonisation, MiFID compliance and to prepare for the Spanish incorporation into the T2S Project, and include:

- Transfer of Finality from Trade Date to Settlement Date for equities, and review the possibility of introducing different settlement cycles to allow the average settlement cycle to be shortened;
- Introduction of a Central Counterparty (CCP), including adequate risk management control, regulatory requirements and best practices;
- Assessment of the current registration procedures, aiming to separate the registry and settlement process, along with the CCP introduction. CNMV will keep the Referencias de Registro (RR's) for control purposes, which will only be required after settlement, rather than prior to.

A Committee has been formed to monitor the project, composed of the CNMV, BME, Spanish Banking Association (AEB), Spanish Association of Savings Banks (CECA) and Investors Guarantee Fund (Fogain). CNMV expects to issue a development plan by the end of 2010.

CSD Risk Impact

Iberclear (Spain)

CSD Rating: A+

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA-

Flash Impact = Positive

Impacted Risk Type: Counterparty Risk

Current Rating = AA

Flash Impact = Positive

The measures aim to improve the settlement process and reduce the risk of fails, and include the implementation of CCP for the equities market, to facilitate standardised post-trade processing and reduce counterparty risk exposure, therefore impacted as 'Positive'.

Liquidity risk may also be reduced if the CCP introduces more stringent fails management procedures and additional plans are introduced to improve the registration process. Liquidity Risk will therefore be impacted as 'Positive'.

Market Information Impact

Spain

This information affects the data contained in the Settlement and Safekeeping/Post Settlement sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Spain

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 = AA

Flash Impact = Positive

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Liquidity risk may also be reduced if the CCP introduces more stringent fails management procedures and additional plans are introduced to improve the registration process. Liquidity Risk will therefore be impacted as 'Positive'.

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