

CSDs: Maroclear (Morocco)

Date: 05 Oct 2010

SMI Markets: Morocco

CMIRR Markets: Morocco

## CSE Introduced New Regulations for Management of Fail Trades

In an update to our previous newsflash, the Casablanca Stock Exchange (CSE) has issued new regulations, amending the fails management procedures and the contributions to the local guarantee fund. The new rules, which have immediate effect, follow the implementation of a new IT platform in Maroclear. The main changes are:

### Suspension of Members in the Event of Cash Default

In case of cash default, members will be suspended at the end of the second working day after the settlement date, if the outstanding due amount has not been paid. The suspension will apply in case the cash default exceeds the tolerance level set by the CSE (50% of their initial contribution).

Maroclear will inform the CSE of any unexecuted transactions because of cash default of a broker, whereas the CSE will check that the broker's amount of overdue cash does not exceed the tolerance level.

To see the text of the official announcement, click here: [Notice Number 134/10](#).

### Framework for Recycling a Suspended Trade

Securities suspension will be allowed up to six working days, while cash suspense must be resolved in three market-days. Exceeding these thresholds will result in blocking the transaction, which will not be included in the daily count of Maroclear.

Further details can be obtained here: [Notice Number 135/10](#).

### Rules for Determining Contributions to Guarantee Fund

Members' contributions to the guarantee system will be updated on a daily basis. Their provision will be readjusted in relation to their total risk, where the latter is the sum of risks by security. Such risk is calculated accounting for the reference stock price, the net securities and net cash positions.

More details on the calculation of guarantee fund contributions can be obtained here: [Notice Number 136/10](#).

### Regulations about repurchases sessions and pricing

The CSE will introduce two repurchase sessions for unsolved securities defaults. The first repurchase session will be set for securities that weren't recycled after six days of completion day. The second session will focus on those securities that could not be re-purchased in the previous session. The pricing rule for the first repurchase session will be the reference price (D+7) added to the highest variation rate, while for the second session it will be the reference price (D+8) plus double the maximum variation rate.

For additional information, click here: [Notice Number 137/10](#).

## CSD Risk Impact

### Maroclear (Morocco)

CSD Rating: A-

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = A

Flash Impact = Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A

Flash Impact = Positive

These new rules are part of the enhancements recently adopted by Maroclear. Although most of these practices were already set in place, the new regulation strengthens such arrangements, building on the new technology available in the market.

From the liquidity risk point of view, the changes can be considered as an improvement in Morocco. For a start, the CSE toughens the rules on sanctions to defaulting participants, which is expected to act as an additional deterrent for possible defaults. Also, the changes to the

pricing mechanism for buy-ins and the adjustments to the recycling of suspended trades aim to minimise disruption caused by participants failing to deliver either cash or securities. Thus, the impact on the liquidity risk has been set as 'Positive'.

In addition, the fact that contribution to the guarantee fund (GF) is now calculated on a daily basis in function of the value of the assets at risk is a positive development for the market. Indeed, the new contribution scheme will ensure that the GF is properly funded in case a participant defaults. Accordingly, the counterparty risk has been set as 'Positive'.

## Market Information Impact

### Morocco

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

## Infrastructure Risk Ratings Impact

### Morocco

Market Rating: A-  
Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk  
Current Rating = BBB  
Flash Impact = Positive

Impacted Risk Type: Counterparty Risk  
Current Rating = A  
Flash Impact = Positive

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Related Flash: [Implementation of New IT Platform at Maroclear – Update, 03/08/2010 \(click to view\)](#)

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