

CSDs: HKSCC (Hong Kong)

Date: 18 Nov 2010

SMI Markets: Hong Kong

CMIRR Markets: Hong Kong

## CCASS Money Settlement for T+2 Cash Settlement Finality - Update

The Hong Kong Securities Clearing Company Limited (HKSCC) has issued a circular on the CCASS money settlement in relation to the planned implementation of T+2 cash settlement finality.

In particular, the Hong Kong Interbank Clearing Limited (HKICL) will introduce the Evening Interbank Bulk Settlement Run for CCASS payments from 5.50pm to 6.00pm. This batch will settle CCASS cash instructions related to continuous net settlement (CNS) transactions, isolated trade (IT) transactions and settlement instruction (SI) transactions.

The T+2 Finality project is now tentatively scheduled for implementation on 25 July 2011. The circular is available here: [CCASS Money Settlement regarding the Introduction of T+2 Finality Arrangement](#)

## CSD Risk Impact

### HKSCC (Hong Kong)

CSD Rating: A+

CSD Flash Impact: Positive

Impacted Risk Type: Asset Commitment Risk

Current Rating = A

Flash Impact = Positive

Impacted Risk Type: Counterparty Risk

Current Rating = AA-

Flash Impact = Positive

Since some cash settlement currently takes place on SD+1 (securities settle on SD), the cash-receiving parties are exposed to overnight credit risks. The alignment of cash and securities settlement finality on T+2 will eliminate this risk exposure and improve existing DVP arrangements. Moreover, the asset commitment periods will also be reduced when settlement finality is moved forward.

## Market Information Impact

### Hong Kong

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

## Infrastructure Risk Ratings Impact

### Hong Kong

Market Rating: A+

Market Flash Impact: Positive

Impacted Risk Type: Asset Commitment Risk

Current Rating = A+

Flash Impact = Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A

Flash Impact = Positive

Since some cash settlement currently takes place on SD+1 (securities settle on SD), the cash-receiving parties are exposed to overnight credit risks. The alignment of cash and securities settlement finality on T+2 will eliminate this risk exposure and improve existing DVP arrangements. Moreover, the asset commitment periods will also be reduced when settlement finality is moved forward.

Related Flash: [HKEx Publishes Consultation Paper on T+2 Cash Settlement Finality - Update, 16/08/2010 \(click to view\)](#)

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Registration Number: 2964231 Place of Registration: England & Wales.

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