

CSDs: KDD (Slovenia), KELER (Hungary), OeKB (Austria), CDCP (CZ) (Czech Republic)

Date: 03 Feb 2011

SMI Markets: Austria, Czech Republic, Hungary, Slovenia

CMIRR Markets: Austria, Czech Republic, Hungary, Slovenia

New CCP in CEE Region - Update

Further to our previous newsflash, CCP.A, the Austrian Central Counterparty (CCP) held the first user group meeting on 27 January 2011 on the implementation of the CCP.CEE, a Central Counterparty for Central and Eastern Europe.

Among others, the following new features and changes due to the implementation of the new CCP were presented:

- New account structure allowing for more flexibility in managing member's clearing positions, leading to an ability to settle positions on an omnibus settlement account using omnibus collateral account by General Clearing Members (GCMs);
- Hold and release mechanism allowing the holding of uncovered sell positions and therefore avoiding insufficient coverage on clearing members' settlement (omnibus) accounts;
- Simplified settlement and allocation process;
- Improved risk management with near to real-time margining and amended guarantee fund calculation;
- Consolidation of collateral accounts and a cross-market collateral management.

The migration to the CCP.CEE in Austrian market is planned for January and February 2012 followed by the go-live date in February 2012.

More information can be found here: [CCP.CEE 1st User Group Meeting presentation](#).

CSD Risk Impact

KDD (Slovenia)

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

The introduction of a CCP model in the market will facilitate standardised post-trade processing and reduce counterparty risk exposures. Moreover, it is expected to increase the clearing and settlement efficiency through the entire on-exchange transaction chain.

Moreover, the 'hold and release' mechanism will enable an early matching and a better handling of situations where members cannot meet their obligations on settlement date, while the cross-market collateral management will provide additional liquidity and therefore enhance the settlement process. Consequently, the impact on Liquidity Risk is 'Positive'.

KELER (Hungary)

CSD Rating: A+

CSD Flash Impact: On Watch

Impacted Risk Type: Liquidity Risk

Current Rating = AA-

Flash Impact = Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A+

Flash Impact = On Watch

The introduction of the new CCP will replace KELER CCP in the Hungarian market. As the details of the new CCP have not been finalised and the differences between the two CCPs cannot be analysed yet, the impact on Counterparty Risk has been set 'On Watch'.

The 'hold and release' mechanism will enable an early matching and a better handling of situations where members cannot meet their obligations on settlement date, while the cross-market collateral management will provide additional liquidity and therefore enhance the settlement process. Consequently, the impact on Liquidity Risk is 'Positive'.

OeKB (Austria)

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 new CCP will be based on the CCP.A model with new or enhanced services.

The improved risk management with a near real-time margining and adapted calculation of the guarantee fund will have a 'Positive' impact on Counterparty Risk.

Moreover, the 'hold and release' mechanism will enable an early matching and a better handling of situations where members cannot meet their obligations on settlement date, while the cross-market collateral management will provide additional liquidity and therefore enhance the settlement process. Consequently, the impact on Liquidity Risk is 'Positive'.

CDCP (CZ) (Czech Republic)

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

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The 'hold and release' mechanism will enable an early matching and a better handling of situations where members cannot meet their obligations on settlement date, while the cross-market collateral management will provide additional liquidity and therefore enhance the settlement process. Consequently, the impact on Liquidity Risk is 'Positive'.

Market Information Impact

Austria

This information affects the data contained in the Settlement and Local Market Administrative Organisations sections of the Securities Market Information Service.

Czech Republic

This information affects the data contained in the Settlement and Local Market Administrative Organisations sections of the Securities Market Information Service.

Hungary

This information affects the data contained in the Settlement and Local Market Administrative Organisations sections of the Securities Market Information Service.

Slovenia

This information affects the data contained in the Settlement and Local Market Administrative Organisations sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Austria

Market Rating: A+
Market 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 new CCP will be based on the CCP.A model with new or enhanced services.

The improved risk management with a near real-time margining and adapted calculation of the guarantee fund will have a 'Positive' impact on Counterparty Risk.

Moreover, the 'hold and release' mechanism will enable an early matching and a better handling of situations where members cannot meet their obligations on settlement date, while the cross-market collateral management will provide additional liquidity and therefore enhance the settlement process. Consequently, the impact on Liquidity Risk is 'Positive'.

Czech Republic

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 = A
Flash Impact = Positive

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The 'hold and release' mechanism will enable an early matching and a better handling of situations where members cannot meet their obligations on settlement date, while the cross-market collateral management will provide additional liquidity and therefore enhance the settlement process. Consequently, the impact on Liquidity Risk is 'Positive'.

Hungary

Market Rating: A
Market Flash Impact: On Watch

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

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

The introduction of the new CCP will replace KELER CCP in the Hungarian market. As the details of the new CCP have not been finalised and the differences between the two CCPs cannot be analysed yet, the impact on Counterparty Risk has been set 'On Watch'.

The 'hold and release' mechanism will enable an early matching and a better handling of situations where members cannot meet their obligations on settlement date, while the cross-market collateral management will provide additional liquidity and therefore enhance the settlement process. Consequently, the impact on Liquidity Risk is 'Positive'.

Slovenia

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 = A
Flash Impact = Positive

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Moreover, the 'hold and release' mechanism will enable an early matching and a better handling of situations where members cannot meet their obligations on settlement date, while the cross-market collateral management will provide additional liquidity and therefore enhance the settlement process. Consequently, the impact on Liquidity Risk is 'Positive'.

Related Flash: [New CCP in CEE Region, 06/09/2010 \(click to view\)](#)

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