

CSDs: KDPW (Poland)

Date: 09 May 2011

SMI Markets: Poland

CMIRR Markets: Poland

Developments at KDPW - Update

In an update to our previous newsflash, KDPW has advised the following timetable for the previously announced initiatives.

Phase 1: Implementation in September 2011, following successful tests with the depository's participants planned for August 2011:

- The possibility to process instructions with a back value for settlement of transactions concluded on Treasury BondSpot Poland;
- The new trade expiration rules leading to cancelation of unmatched transactions or matched unsettled transactions with a 'hold' status after 30 days, following the intended settlement date or after its last modification.

Phase 2: Implementation in January 2012, following successful tests with the depository's participants planned for November/December 2011:

- The amended settlement tolerance levels which will be as follows (note that the system will remain voluntary):
 - PLN 8 for transactions of value up to PLN 400,000;
 - PLN 100 for transactions with value of more than PLN 400,000;
- The new full hold & release mechanism;
- Implementation of an additional matching field for identification of the client in settlement instructions.

CSD Risk Impact

KDPW (Poland)

CSD Rating: A+

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

Granted that all other matching criteria have been satisfied, a wider price tolerance level will improve the possibility of settling transactions and reduce the likelihood of failure due to unmatched instructions that result from price discrepancies. Furthermore, accepting back valued trade instructions will further help in the management of failed trades in the bond market as investors will have further assurance of trade settlement. Therefore the changes will have a 'positive' impact on Liquidity Risk.

Market Information Impact

Poland

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

Infrastructure Risk Ratings Impact

Poland

Market Rating: A
Market Flash Impact: Positive

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

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Related Flash: [Developments at KDPW, 10/09/2010 \(click to view\)](#)

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