

CSDs: ADX CSD (United Arab Emirates), DFM (United Arab Emirates)

Date: 03 May 2011

SMI Markets: United Arab Emirates

CMIRR Markets: United Arab Emirates

New DVP Model to Be Introduced at DFM and ADX - Update

Following feedback received from market participants, the Dubai Financial Market (DFM) and the Abu Dhabi Securities Exchange (ADX) have decided to postpone the commencement date of the new DVP settlement arrangements to 29 May 2011. Thus trades executed from that date will be subject to the new settlement arrangements. The initial commencement date was 28 April 2011. DFM and ADX have also directed market participants to confirm their operational readiness for DVP settlement by 29 May 2011.

The new DVP settlement arrangements apply to the settlement of trades by local custodians' clients.

CSD Risk Impact

ADX CSD (United Arab Emirates)

CSD Rating: BBB

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = A

Flash Impact = Positive

Impacted Risk Type: Counterparty Risk

Current Rating = BBB

Flash Impact = Positive

The new DVP settlement arrangements and introduction of a buy-in mechanism to settle sell trades rejected by local custodians will improve the counterparty and liquidity risk profile of the market. With the new DVP settlement arrangements, local custodians will have full control of assets, and there will no longer be a need to establish segregated custody and trading accounts in order to mitigate the risk from local broker clearing members having unlimited access to the trading accounts.

DFM (United Arab Emirates)

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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Market Information Impact

United Arab Emirates

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

Infrastructure Risk Ratings Impact

United Arab Emirates

Market Rating: BBB

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: [New DVP Model to Be Introduced at DFM and ADX, 14/04/2011 \(click to view\)](#)

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