

CSDs: KDPW (Poland)

Date: 23 Jun 2011

SMI Markets: Poland

CMIRR Markets: Poland

Creation of a CCP in Poland – Update

Further to our previous newsflashes, KDPW, the Polish CSD, has confirmed that it will transfer its clearing functions for transactions executed in both the regulated market and the alternative trading system to KDPW_CCP, as of 1 July 2011. The main features of the CCP are as follows:

- The CCP will undertake the clearing functions for transactions executed on the regulated market and alternative trading system;
- The capital of the CCP, which was previously meant to be PLN 60 million, will be PLN 100 million (approximately USD 36 million);
- The entity will use the SPAN methodology for clearing risk management, based on daily calculations of individual margins for each clearing member for both cash and derivatives markets;
- The CCP will perform the cash netting of transactions while securities will be cleared on a gross basis. However, there are plans to introduce securities netting in 2012;
- KDPW_CCP will contractually become the central counterparty, i.e. interpose itself between buyers and sellers through novation, only in case of failed trades;
- The CCP will be responsible for maintaining the guarantee fund. The required size of the guarantee fund will be calculated daily and the adjustment of the participants' contributions will be on a monthly basis. However, the CCP will be able to require additional contributions in some cases.

More information can be found here: [1 July 2011 sees the launch of the KDPW_CCP clearing house.](#)

CSD Risk Impact

KDPW (Poland)

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 = A

Flash Impact = Positive

The introduction of the CCP with the use of SPAN methodology and the extension of clearing membership should be beneficial in enhancing the risk model, having a 'Positive' impact on Counterparty Risk. The enhanced automatic securities borrowing facilities will allow for more efficient management of fails due to short securities positions, having a 'Positive' impact on Liquidity Risk.

Market Information Impact

Poland

This information affects the data contained in the Local Market Administrative Organisations and 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

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

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Related Flash: [Creation of a CCP in Poland – Update, 17/05/2011 \(click to view\)](#)

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