

CSDs: DECEVAL (Colombia), Colombia DCV (Colombia)

Date: 07 Oct 2011

SMI Markets: Colombia

CMIRR Markets: Colombia

Change of T+2 to T+3 on FX Spot Settlement Cycle

The Central Bank of Colombia has published External Resolution N° 4 of 2011, which amends the settlement cycle for FX spot transactions.

Under this resolution, the settlement of FX spot transactions has been extended from T+2 to T+3, and settlement on T+3 is no longer considered as an FX forward. Once a transaction has been conducted, market participants must indicate the settlement cycle to be used (spot on T+1, T+2 or T+3 or non-deliverable forward (NDF) from T+1).

For the related official announcement, please click here: [Announcement of Central Bank of Colombia](#) (In Spanish).

CSD Risk Impact

DECEVAL (Colombia)

CSD Rating: A

CSD Flash Impact: On Watch

Impacted Risk Type: Liquidity Risk

Current Rating = A-

Flash Impact = On Watch

The increase in the settlement cycle for FX transactions may impact upon the availability of funds to be able to settle transactions at DECEVAL and DCV on a timely basis (the foreign investor needs to execute an FX trade to obtain domestic currency). As a result, there could be an impact on liquidity risk.

Colombia DCV (Colombia)

CSD Rating: A+

CSD Flash Impact: On Watch

Impacted Risk Type: Liquidity Risk

Current Rating = A+

Flash Impact = On Watch

The increase in the settlement cycle for FX transactions may impact upon the availability of funds to be able to settle transactions at DECEVAL and DCV on a timely basis (the foreign investor needs to execute an FX trade to obtain domestic currency). As a result, there could be an impact on liquidity risk.

Market Information Impact

Colombia

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

Infrastructure Risk Ratings Impact

Colombia

Market Rating: A

Market Flash Impact: On Watch

Impacted Risk Type: Liquidity Risk

Current Rating = A-

Flash Impact = On Watch

Impacted Risk Type: Counterparty Risk

Current Rating = BBB

Flash Impact = Negative

The increase in the settlement cycle from T+2 to T+3 for FX spot transactions will prolong the length of exposure to the counterparty by one day. It may also impact upon the availability of funds to be able to settle transactions at DECEVAL and DCV on a timely basis (the foreign investor needs to execute an FX trade to obtain domestic currency). As a result, there could be an impact on liquidity risk.

For further information contact:

Ana Giraldo - Americas and Eurasia

Barry Morales - Asia Pacific

Guillaume Viteau - Western Europe (incl. EU)

Sinang Chrea - Africa, Middle East

Tel. +44 (0) 20 8600 2300 | Fax. +44 (0) 20 8741 7468

Email: cmiqueries@thomasmurray.com

Whilst reasonable care has been taken in the compilation of this information, neither Thomas Murray, its affiliates or information contributors shall have any liability for any errors, omissions, delays or inadequacies in the information or for any loss or damage however occasioned (whether arising directly or indirectly), to any person or company relying on this information, or any decision made, action or inaction taken by any party in reliance upon this information (except to the extent permitted by law). Copyright © 2011 Thomas Murray Ratings. All rights reserved. No reproduction without prior authorisation.

Registered Office: Horatio House, 77-85 Fulham Palace Road, Hammersmith, London W6 8JA Registration

Number: 2964231 Place of Registration: England & Wales

© Thomas Murray Ltd. 2011

