

CSDs: Global (Global)

Date: 16 Nov 2011

SMI Markets: Global

EC to Propose Regulation Imposing Fines on Failed Trades

According to press reports, the European Commission (EC) is to propose a draft regulation regarding the introduction of fines for failed trades by Central Securities Depositories (CSDs) in markets that do not apply such practice.

The commission has advised its concerns on the increasing number of settlement fails causing disruptions, particularly for cross-border settlements. The other intention of the regulation is to discourage competition on risk as markets currently have different penalty schemes in place.

The draft regulation is expected to be communicated by the end of November 2011.

CSD Risk Impact

Global (Global)

CSD Rating: -

CSD Flash Impact: -Select outlook-

The proposal from the European Commission would modify the fails management in place for some European markets and therefore impact Liquidity Risk. Depending on the finalisation of the draft, the impacts will be assessed at a later stage.

Market Information Impact

Global

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

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

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