

CSDs: Euroclear Belgium (Belgium), Euroclear UK & Ireland (UK), Euroclear France (France), Interbolsa (Portugal), Monte Titoli (Italy), Euroclear Nederland (Netherlands), SIX SIS (Switzerland)

SMI Markets: Belgium, France, Italy, Netherlands, Portugal, Switzerland, UK, Turquoise, BATS Europe, Chi-X Europe

CMIRR Markets: Belgium, France, Italy, Netherlands, Portugal, Switzerland, UK

Date: 06 Mar 2012

Changes to Buy-in Procedures

Following the adoption of the new EU regulation related to short selling and certain aspects of credit default swaps by the Council of the European Union, LCH.Clearnet has announced that their buy-in procedures will be amended.

As stipulated in the regulation, any CCP should activate buy-in procedures within four days from Settlement Date (SD) in case the selling counterparty is not able to deliver the shares for settlement. If the buy-in of shares for delivery is not possible, the buyer will be paid an amount based on the value of the shares to be delivered on SD and the cost of incurred losses. All costs will be reimbursed by the failing seller.

Moreover, CCPs will have to ensure that the failing party makes daily payments for each day that the failure continues, that should be sufficiently high to act as a deterrent.

LCH.Clearnet will provide further information relating to these changes in due course, while the new regulation will come into effect as of 1 November 2012.

The official announcement can be found here: [Buy-in Procedures](#).

CSD Risk Impact

Euroclear Belgium (Belgium)

CSD Rating: AA-

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

The mandatory buy-ins on SD+4 and the daily penalties are expected to have a 'positive' impact on Liquidity Risk, as failing transactions will be dealt with in a more standardised and timely manner.

Euroclear UK & Ireland (UK)

CSD Rating: AA-

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA+

Flash Impact = Positive

The mandatory buy-ins on SD+4 and the daily penalties are expected to have a 'positive' impact on Liquidity Risk, as failing transactions will be dealt with in a more standardised and timely manner.

Euroclear France (France)

CSD Rating: AA-

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

The mandatory buy-ins on SD+4 and the daily penalties are expected to have a 'positive' impact on Liquidity Risk, as failing transactions will be dealt with in a more standardised and timely manner.

Interbolsa (Portugal)

CSD Rating: A+

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA-

Flash Impact = Positive

The mandatory buy-ins on SD+4 and the daily penalties are expected to have a 'positive' impact on Liquidity Risk, as failing transactions will be dealt with in a more standardised and timely manner.

Monte Titoli (Italy)

CSD Rating: AA

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA+

Flash Impact = Positive

The mandatory buy-ins on SD+4 and the daily penalties are expected to have a 'positive' impact on Liquidity Risk, as failing transactions will be dealt with in a more standardised and timely manner.

Euroclear Nederland (Netherlands)

CSD Rating: AA-

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

The mandatory buy-ins on SD+4 and the daily penalties are expected to have a 'positive' impact on Liquidity Risk, as failing transactions will be dealt with in a more standardised and timely manner.

SIX SIS (Switzerland)

CSD Rating: AA

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA+

Flash Impact = Positive

The mandatory buy-ins on SD+4 and the daily penalties are expected to have a 'positive' impact on Liquidity Risk, as failing transactions will be dealt with in a more standardised and timely manner.

Belgium

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

France

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Italy

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Netherlands

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

Portugal

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Switzerland

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UK

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

Turquoise

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

BATS Europe

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

Chi-X Europe

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

Infrastructure Risk Ratings Impact

Belgium

Market Rating: AA-

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA-

Flash Impact = Positive

The mandatory buy-ins on SD+4 and the daily penalties are expected to have a 'positive' impact on Liquidity Risk, as failing transactions will be dealt with in a more standardised and timely manner.

France

Market Rating: AA-

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

The mandatory buy-ins on SD+4 and the daily penalties are expected to have a 'positive' impact on Liquidity Risk, as failing transactions will be dealt with in a more standardised and timely manner.

Italy

Market Rating: AA-

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

The mandatory buy-ins on SD+4 and the daily penalties are expected to have a 'positive' impact on Liquidity Risk, as failing transactions will be dealt with in a more standardised and timely manner.

Netherlands

Market Rating: AA-

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA-

Flash Impact = Positive

The mandatory buy-ins on SD+4 and the daily penalties are expected to have a 'positive' impact on Liquidity Risk, as failing transactions will be dealt with in a more standardised and timely manner.

Portugal

Market Rating: A+

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = A+

Flash Impact = Positive

The mandatory buy-ins on SD+4 and the daily penalties are expected to have a 'positive' impact on Liquidity Risk, as failing transactions will be dealt with in a more standardised and timely manner.

Switzerland

Market Rating: AA

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

The mandatory buy-ins on SD+4 and the daily penalties are expected to have a 'positive' impact on Liquidity Risk, as failing transactions will be dealt with in a more standardised and timely manner.

UK

Market Rating: AA-

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

The mandatory buy-ins on SD+4 and the daily penalties are expected to have a 'positive' impact on Liquidity Risk, as failing transactions will be dealt with in a more standardised and timely manner.

Related Flash: [ESMA to Be Empowered to Ban Short Selling in EU - Update, 22/02/2012 \(click to view\)](#)

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