

CSDs: CAVALI (Peru)

Date: 16 Jul 2012

SMI Markets: Peru

CMIRR Markets: Peru

## SMV Approves Regulations on Securities Settlement Systems

The Superintendencia del Mercado de Valores (SMV), the Peruvian regulator, has published the approved Regulation on the Securities Settlement Systems (SSS).

The document outlines the minimum requirements that a SSS must comply with in order to meet international standards and defines procedures for the recognition of Securities Settlement Agreements as SSS;

Also, it set the rules applicable to all the entities managing SSS regardless of it is a Securities Clearing and Settlement Institution or not, and to all the persons involved in them.

This Regulation applies to:

- Securities Settlement Systems;
- Securities Settlement Agreements;
- Administrators and Participants of such systems and agreements;
- Technological companies providing support to those systems;
- Contingency Settlement Agents and Clearing Banks, respect to the activities these play in such systems or agreements.

The ruling stipulates that settlement in SSS recognised in the Second Final, Supplementary and Transitional Provision in the Law on Securities Clearing and Settlement Systems, Law No. 29440, must comply with the principle of Delivery versus Payment (DVP). Therefore, transactions and the conditions for their settlement should not allow a settlement mechanism different from DVP.

In that context, the regulation forbids the use of Free of Payment or the Direct Settlement between parties as valid settlement mechanism with the exceptions considered by the Law due to the transactions nature.

Stock exchanges and the operators of centralised trading mechanisms and systems for securities and financial instruments, whose transactions are settled through the SSS, must adjust their internal regulation and procedures in order to comply with the new ruling.

According to the new norms, CAVALI and the Bolsa de Valores de Lima (BVL), the Peruvian CSD and Stock Exchange, respectively, must issue and submit for consideration a new Internal Regulation adjusted to the new standards before 30 June 2013.

The official announcement can be found here (in Spanish only): [Resolución SMV N° 027-2012-SMV/01](#).

## CSD Risk Impact

### CAVALI (Peru)

CSD Rating: A

CSD Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A

Flash Impact = Positive

The new ruling should improve and strength the trading and settlement conditions in the Peruvian market as it is designed to meet international standards. Counterparty Risk, in particular, should be reduced after the introduction of the condition of compulsory DVP Settlement.

## Market Information Impact

## Peru

This information affects the data contained in the Stock Market, Local Market Administrative Organisations and Settlement sections of the Securities Market Information Service.

## Infrastructure Risk Ratings Impact

### Peru

Market Rating: A-

Market Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = BBB

Flash Impact = Positive

Impacted Risk Type: Operational Risk

Current Rating = A

Flash Impact = Positive

The new ruling should improve and strength the trading conditions in the Peruvian market. Counterparty and Operational risks should be reduced after the introduction of the condition of compulsory to DVP Settlement.

### 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](mailto: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 © 2012 Thomas Murray Ratings. All rights reserved. No reproduction without prior authorisation.*

