

CSDs: Euroclear UK & Ireland (UK), Euroclear UK and Ireland Ltd (Ireland)

Date: 21 Dec 2012

SMI Markets: Ireland, UK

CMIRR Markets: Ireland, UK

EUI Releases White Paper on Cross Platform Netting

Euroclear UK & Ireland (EUI) has published a white book providing an overview of the cross platform netting solution which will be supported in the CREST system from Q1 2013. There has been a need to develop a cross platform netting solution in order to keep in line with the developments in capital markets' infrastructure while meeting the parameter requirements identified by the MERLIN (Markets and Exchanges Regulatory Liaison Information Network) Settlement Sub-Group.

The introduction of cross platform netting will enable CCPs to generate a single net position per security for each of their participants across multiple trading venues, which will then be instructed into the CREST system for settlement.

The document provides information for participants considering choosing a cross platform netting service and for CCPs offering such service. The new solution will be limited to:

- CCP cleared transactions which are netted outside of the CREST system by a CCP which operates as a CREST participant of type 'member';
- Securities which attract Stamp Duty Reserve Tax (SDRT) and which are regularly traded on a regulated market;
- Securities which do not attract SDRT or Irish Stamp Duty;
- For the purpose of intermediary relief, participants either recognised as intermediaries on a regulated market or approved by HMRC;
- Delivery (DEL) transactions only. Stock lending and repo activity (stock loans, repos, Overnight DBVs and Term DBVs) are out of scope.

More information can be found in the paper here: [Cross platform netting](#).

CSD Risk Impact

Euroclear UK & Ireland (UK)

CSD Rating: AA-

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA+

Flash Impact = Positive

The new netting solution will facilitate netting of trades from multiple trading venues and is expected to improve the overall netting efficiency, having a 'positive' impact on Liquidity Risk.

Euroclear UK and Ireland Ltd (Ireland)

CSD Rating: AA-

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA+

Flash Impact = Positive

The new netting solution will facilitate netting of trades from multiple trading venues and is expected to improve the overall netting efficiency, having a 'positive' impact on Liquidity Risk.

Market Information Impact

Ireland

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

UK

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

Infrastructure Risk Ratings Impact

Ireland

Market Rating: AA-

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

The new netting solution will facilitate netting of trades from multiple trading venues and is expected to improve the overall netting efficiency, having a 'positive' impact on Liquidity Risk.

UK

Market Rating: AA-

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

The new netting solution will facilitate netting of trades from multiple trading venues and is expected to improve the overall netting efficiency, having a 'positive' 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

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