

CSDs: Iberclear (Spain)

Date: 27 Feb 2013

SMI Markets: Spain

CMIRR Markets: Spain

Iberclear Update on T2S and Corporate Actions Projects

A meeting of Iberclear's Technical Advisory Commission was held on 19 February 2013. The main topics in the agenda included:

Target2-Securities Status:

- Iberclear's migration to T2S could be postponed to the fourth migration wave, taking place in February 2017, subject to the approval of the European Central Bank Committee;
- Iberclear plans to request the European legislative authorities for a postponement of the implementation of a T+2 settlement cycle, scheduled for January 2015, in order to give to the Spanish market sufficient time to adjust.

Corporate Actions:

Iberclear does not foresee a postponement to its Settlement reform, which is scheduled for November 2014. After the reform is implemented, the following changes to the communication of Corporate Actions will take place:

- Iberclear will communicate with participating entities via SWIFT messages;
- The Spanish Banking Association's Technical Securities Committee will determine the channels through which participants will communicate with issuers;
- Issuers that do not use SWIFT would have the option of sending corporate actions information through a Graphical User Interface, which will be developed by Iberclear;
- Iberclear will continue to distribute general corporate action events information 15 calendar days prior to any event, but will only send details to entities that hold positions or have pending transactions on the affected securities as the deadline for the event approaches;
- Buyer protection application will be done manually, with the buying entity sending the instructions via fax or mail to Iberclear within the agreed deadlines.

CSD Risk Impact

Iberclear (Spain)

CSD Rating: A+

CSD Flash Impact: On Watch

Impacted Risk Type: Financial Risk

Current Rating = AA

Flash Impact = On Watch

Impacted Risk Type: Operational Risk

Current Rating = AA-

Flash Impact = On Watch

Impacted Risk Type: Asset Servicing Risk

Current Rating = A-

Flash Impact = Positive

Any CSDs joining T2S that plan to decommission their settlement services will need to restructure their businesses to rely on non-settlement revenue, while the project to link the depository to T2S is potentially open to operational disruption. The end model based on fragmentation of settlement from other CSD services may have an Operational Risk impact. Accordingly Financial and Operational Risk are 'On Watch'.

The changes to the communication channels for corporate action events should have a positive effect to the efficiency of the relevant services provided by Iberclear. Accordingly, the impact on Asset Servicing Risk is 'Positive'.

Market Information Impact

Spain

This information affects the data contained in the Corporate Actions and Local Market Administrative Organisations sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Spain

Market Rating: A+

Market Flash Impact: On Watch

Impacted Risk Type: Financial Risk

Current Rating = AA-

Flash Impact = On Watch

Impacted Risk Type: Operational Risk

Current Rating = A+

Flash Impact = On Watch

Impacted Risk Type: Asset Servicing Risk

Current Rating = BBB

Flash Impact = Positive

Any CSDs joining T2S that plan to decommission their settlement services will need to restructure their businesses to rely on non-settlement revenue, while the project to link the depository to T2S is potentially open to operational disruption. The end model based on fragmentation of settlement from other CSD services may have an Operational Risk impact. Accordingly Financial and Operational Risk are 'On Watch'.

The changes to the communication channels for corporate action events should have a positive effect to the efficiency of the relevant services provided by Iberclear. Accordingly, the impact on Asset Servicing Risk is 'Positive'.

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 © 2013 Thomas Murray Ratings. All rights reserved. No reproduction without prior authorisation.

