

CSDs: Qatar Exchange (Qatar)

Date: 09 Jul 2013

SMI Markets: Qatar

CMIRR Markets: Qatar

Pre-funding Exemptions for Buy Trades

Qatar Exchange (QE) has announced that, pursuant to Article 4.1.5 of the QE Rulebook, members may obtain pre-funding exemptions for clients (i.e. not receiving the buy value from clients prior to entering a buy order) provided (i) that they (the members) continuously comply with the Net Liquid Capital requirement provided for in Article 3a of the QFMA's Capital Adequacy Rules, and (ii) that the exemption is suspended whenever the shareholder's equity of the member would fall below the threshold mentioned in Article 9a of the same rules.

Nonetheless, if members do not continuously comply with (i) and (ii), QE may, in specific cases, still approve restricted pre-funding exemptions for selected well-trusted clients under the condition that the aggregate value of the pre-funded transactions would not exceed 80% of the value of the members' bank guarantees held at QE at any given time.

The official press release is available here: [Pre-funding Exemptions](#).

CSD Risk Impact

Qatar Exchange (Qatar)

CSD Rating: A-

CSD Flash Impact: Positive

Impacted Risk Type: Asset Commitment Risk

Current Rating = BB

Flash Impact = Positive

Impacted Risk Type: Liquidity Risk

Current Rating = A

Flash Impact = On Watch

The pre-funding exemption will reduce the time period during which the buyers' assets are committed to the settlement system, therefore having a positive impact on Asset Commitment Risk. On the other hand, the pre-funding exemption will also create the risk that funds are not received from clients by the settlement date (i.e. T+3), thus increasing the risk of failed trades in the market. But the members will remain fully responsible for settling buy trades regardless of whether or not they receive the funds from clients. Liquidity Risk is "On-Watch".

Market Information Impact

Qatar

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

Infrastructure Risk Ratings Impact

Qatar

Market Rating: A-

Market Flash Impact: Positive

Impacted Risk Type: Asset Commitment Risk

Current Rating = BB

Flash Impact = Positive

Impacted Risk Type: Liquidity Risk

Current Rating = A

Flash Impact = On Watch

The pre-funding exemption will reduce the time period during which the buyers' assets are committed to the settlement system, therefore having a positive impact on Asset Commitment Risk. On the other hand, the pre-funding exemption will also create the risk that funds are not received from clients by the settlement date (i.e. T+3), thus increasing the risk of failed trades in the market. But the members will remain fully responsible for settling buy trades regardless of whether or not they receive the funds from clients. Liquidity Risk is "On-Watch".

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.

Registered Office: Horatio House, 77-85 Fulham Palace Road, Hammersmith, London W6 8JA Registration
Number: 2964231 Place of Registration: England & Wales

© Thomas Murray Ltd. 2013

