



CSDs: SKDD d.d. (Croatia)

Date: 09 Sep 2013

SMI Markets: Croatia

CMIRR Markets: Croatia

HANFA Approves Changes to ZSE Rules

The Zagreb Stock Exchange (ZSE) has announced that the Croatian financial services supervisory agency (HANFA) approved the new rules of the ZSE on 6 September 2013. The new exchange rules bring the Croatian capital market in line with EU legislation.

The key changes introduced are:

- Remote membership;
- Membership with limited access for professional investors that are not investment companies or credit institutions;
- Stronger criteria of technical conditions and safety for members;
- Direct and indirect clearing and settlement of on-exchange transactions. Direct clearing and settlement is achieved through direct membership in the clearing/settlement system, while indirect clearing and settlement is concluded through an agreement with a direct member;
- Distinction in the market between Specialists and Market Makers, depending on the securities for which they provide liquidity: specialists for shares and market makers for structured products;
- Measures to regulate volatile markets: if the value of the main stock index, CROBEX, changes by +/-5%, the Specialist is temporarily relieved of its obligations by the end of the trading day;
- Changes in the multilateral trading facility (MTF) structure by abolishing the Domestic and International MTFs and introducing three new segments: the MTP-Alter, MTP-Fortis and MTP-X;
- Changes in regulated market listing conditions:
 - The free float definition is aligned with the requirements of Commission Regulation (EC) no. 1287/2006, so that shares held by undertakings for collective investment or pension funds are considered as free float;
 - A financial instrument could be listed on a regulated market without the issuer's consent, if such instrument has already been listed on another regulated market in a Member State, or in Croatia, or in a third-country exchange;
 - Shares can be moved from the higher segment to the lower one, or even have their listing terminated, in case the issuer does not comply with the listing and post-listing obligations in two consecutive periodical inspections;
- Volatility interruption for structured products is shortened to a maximum of 45 seconds;
- Trading suspension in case of extraordinary market volatility:
 - If the value of the CROBEX index declines by 10% or more compared to the last value of the previous trading day, trading will be suspended for 1 hour before 1:00pm CET, or for 30 minutes after 1:00pm CET;
 - If CROBEX drops further in value, by 15% or more, trading is suspended until the end of the trading day;
- Transparency provisions are harmonised with the requirements of Commission Regulation (EC) no. 1287/2006.

The new rules will come into force on 16 September 2013*. On the same day ZSE will set new trading hours as follows (all times in CET):

- Opening session: from 9:00am to 9:15am, plus variable ending;
- Continuous trading session: from 9:15am to 4:30pm
- OTC trade reporting: from 8:30am to 4:30pm

The announcement by the ZSE can be accessed here: [New ZSE Rules](#)

() Provisions of Article 218 paragraph 1 shall enter into force one year after the entry into force of these regulations, and provisions of Article 147 paragraph 3 shall enter into force one month after the entry into force of these rules. The new rules can be found here (only in Croatian): [ZSE Rules](#)*

CSD Risk Impact

SKDD d.d. (Croatia)

CSD Rating: A

CSD Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = A-

Flash Impact = Positive

The distinction between direct and indirect clearing and settlement members would enable smaller market members to assign such activities to larger and financially more robust participants, thus mitigating the associated risks. Consequently, the impact on Counterparty Risk is 'Positive'.

Market Information Impact

Croatia

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

Infrastructure Risk Ratings Impact

Croatia

Market Rating: A-

Market Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = BBB

Flash Impact = Positive

The distinction between direct and indirect clearing and settlement members would enable smaller market members to assign such activities to larger and financially more robust participants, thus mitigating the associated risks. Consequently, the impact on Counterparty Risk is 'Positive'.

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