

SMI Markets: Finland

Date: 27 Nov 2013

CMIRR Markets: Finland

CSDs: Euroclear Finland (Finland)

Changes in Settlement Market Practice due to T2S

Euroclear Finland, the Finnish central securities depository (CSD), is planning to make changes to the Finnish Market Practice in order to align its functionality with TARGET2-Securities (T2S) requirements.

Specifically, the changes involve:

- The removal of the cut-off time at 2.00pm (CET+1) for OTC-transactions settled in HEXClear system. The last settlement cut-off time will be at 5.30pm (CET+1), when the HEXClear system closes. There are two other cut-off times at 3.01pm (CET+1), for CCP net transactions, and 4.15pm (CET+1) for other settlement transactions. Instructions sent after those cut-off times are postponed to the next possible settlement date. However, participants could bilaterally agree to change the settlement date to the current day and settle the instructions by the time the system closes at 5.30pm (CET+1);
- The removal of the use of the participant's client's BIC as a matching criterion in bilaterally settled on-exchange settlement instructions;
- The introduction of notification times for clearing party (CLP) broker information. Currently there is no defined notification time in case a broker participant changes details or a new broker participant is introduced in the system.

Euroclear Finland plans to implement the changes as of 3 February 2014.

Market Information Impact

Finland

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

Infrastructure Risk Ratings Impact

Finland

Market Rating: AA-

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA-

Flash Impact = Positive

The changes in market practice will further align the operations of the Finnish CSD with T2S standards and bring it closer to successful implementation. In particular, the removal of the cut-off time will extend the time that OTC trades can settle same-day, thus reducing failed transactions. The impact on Liquidity Risk is 'Positive'.

CSD Risk Impact

Euroclear Finland (Finland)

CSD Rating: AA-

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA-

Flash Impact = Positive

The changes in market practice will further align the operations of the Finnish CSD with T2S standards and bring it closer to successful implementation. In particular, the removal of the cut-off time will extend the time that OTC trades can settle same-day, thus reducing failed transactions. The impact on Liquidity Risk is 'Positive'.

Related Flash: [Service Description of New EFi System, 01/11/2013 \(click to view\)](#)

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