

SMI Markets: USA

Date: 26 Nov 2013

CMIRR Markets: USA

CSDs: DTC (USA)

DTCC to Launch Early Warning System to Identify Trading Limit Breaches

The Depository Trust & Clearing Corporation (DTCC) announced on 25 November 2013 that National Securities Clearing Corporation (NSCC) has filed a proposed rule change with the Securities and Exchange Commission (SEC) under which it will provide the market with a new tool designed to serve as an early warning system that alerts those firms to trading activity that is nearing defined trading limits.

The new service called DTCC Limit Monitoring, will be fed by NSCC with all broker-to-broker trading cleared in equities, corporate and municipal bonds, and unit investment trust instruments, from exchanges, Electronic Trading Systems, and dark pools and other liquidity destinations in the U.S., including Real-Time Trade Matching (RTTM®) trades. NSCC members will be able to input trading alert criteria and will be notified when trading activity exceeds the pre-set warning levels or established trading limits by a warning or breach message issued by DTCC Limit Monitoring.

Although the service is pending of SEC's approval, DTCC Limit Monitoring is expected to be fully operational by mid-January 2014, according to the following schedule:

- **November 2013:** Tool open to NSCC members to establish risk entities and associated limits.
- **December 2013:** NSCC will begin providing its members with end-of-day reports to assist in verifying associated pre-set limits are aligned with current trading activity.
- **January 2014:** All functionality will be operating, including email notification for breaches of pre-set limits.

The official announcement is available here: [DTCC Release](#).

Market Information Impact

USA

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

Infrastructure Risk Ratings Impact

USA

Market Rating: AA

Market Flash Impact: Positive

Impacted Risk Type: Counterparty Risk

Current Rating = AA

Flash Impact = Positive

The new service will help to reduce participants' counterparty exposure when trading in instruments subject to thresholds established by market's regulation, as the market will have a new tool to avoid disruption on settlement when a participant breaches such limits.

CSD Risk Impact

DTC (USA)

CSD Rating: AA

CSD Flash Impact: Positive

Impacted Risk Type: Counterparty Risk
Current Rating = AA+
Flash Impact = Positive

The new service will help to reduce participants' counterparty exposure when trading in instruments subject to thresholds established by market's regulation, as the market will have a new tool to avoid disruption on settlement when a participant breaches such limits.

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