

SMI Markets: Poland

Date: 04 Mar 2014

CMIRR Markets: Poland

CSDs: KDPW (Poland)

## Partial Settlement and Netting Service Live Date

KDPW and KDPW\_CCP, the Polish central securities depository and central counterparty respectively, have announced a revised schedule for the introduction of their new partial settlement and netting services. The new services will be implemented on 2 June 2014, subject to the approval of the Financial Services Authority (FSA) and the successful outcome of participants' tests.

### Partial Settlement

KDPW will implement the partial settlement service with the following characteristics:

- It will be available during each Receipt/Delivery Versus Payment (RVP/DVP) settlement batch (at 10.30am, 1.00pm and 3.30pm CET) for RVP/DVP instructions as well as Article 121 Free-of-Payment (FOP) instructions (i.e. post transactional settlements related to on-exchange transactions);
- Participation in the mechanism will be optional. Participants will be offered the option at every instruction level. They will also be able to define it beforehand at account level. In order for partial settlement to apply, both parties would have to allow the option in their instructions. For on-exchange transactions, partial settlement will be applied if chosen from the delivering party at account level, in which case it will not be optional for the receiving party;
- Partial settlement will not apply to repo and buy-sell-back trades;
- It will be applied after the automatic securities lending is arranged by KDPW and KDPW\_CCP during the settlement batch;
- The facility will be subject to an additional charge by the depository (the amount is to be confirmed);
- It will only apply to versus payment transactions where securities are missing or where there are both securities and cash missing;
- For OTC trades, the service will be applied if the minimum settlement value of PLN 20 million is reached, with a minimum trade value of PLN 5 million to be settled within the first partial settlement process;
- No minimum value will apply to on-exchange and Art. 121 transactions;
- The transactions subject to partial settlement will be rounded to entire units in case of instruments and to PLN 0.01 in case of a transaction value;
- The remaining part of the original unsettled transaction will stay in the KDPW's settlement system in the form of a new settlement instruction generated by KDPW. The new settlement instruction may also be subject to partial settlement, if the above conditions are met.

### Netting Service

The netting of securities will be an optional service, available at KDPW\_CCP participant level. Further details will be communicated upon approval by the FSA.

## Market Information Impact

### Poland

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

## Infrastructure Risk Ratings Impact

### Poland

Market Rating: A

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk  
Current Rating = A+  
Flash Impact = Positive

The new mechanism will be an additional tool supporting the settlement optimisation process at the depository and is therefore expected to improve the settlement efficiency in the market. Consequently the impact on Liquidity Risk is 'Positive'.

## CSD Risk Impact

### KDPW (Poland)

CSD Rating: A+  
CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk  
Current Rating = AA  
Flash Impact = Positive

The new mechanism will be an additional tool supporting the settlement optimisation process at the depository and is therefore expected to improve the settlement efficiency in the market. Consequently the impact on Liquidity Risk is 'Positive'.

Related Flash: [Partial Settlement at KDPW - Update, 19/06/2012 \(click to view\)](#)

## For further information contact:

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