

SMI Markets: Azerbaijan

Date: 13 Aug 2014

CSDs: Azerbaijan NDC (Azerbaijan)

Settlement Cycle of On-Exchange Trades Extended to T+1

The National Depository Centre of Azerbaijan (NDC) has announced that effective from 1 July 2014, it has amended the settlement of on-exchange corporate bonds and equities. Under the new procedure, the settlement cycle for corporate securities concluded on the primary and secondary markets has been extended from T+0 to T+1 with pre-blocking of securities before trading.

The settlement of the first leg of repo trades and Government Bonds on the primary market will take place on T+0 with pre-blocking of securities and cash before trading.

The official announcement by the NDC is available here (in Azerbaijani): [Change in Settlement Cycles](#).

Market Information Impact

Azerbaijan

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

CSD Risk Impact

Azerbaijan NDC (Azerbaijan)

CSD Rating: BBB

CSD Flash Impact: Negative

Impacted Risk Type: Asset Commitment Risk

Current Rating = A-

Flash Impact = Negative

Impacted Risk Type: Counterparty Risk

Current Rating = BBB

Flash Impact = Negative

The change in settlement cycle from T+0 to T+1 will extend the length of time that securities are blocked in the system and therefore the asset commitment period of sellers will be longer. Furthermore, the new settlement cycle will prolong the period of time that counterparties are exposed to each other with a Negative impact on Counterparty Risk.

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