HMRC - STSM131080 - CREST: Introduction: Settling Transactions In CREST

CREST arranges settlement of trades between CREST members. The process begins with the parties to a transaction (usually the stockbrokers acting on behalf of the buyer and seller) sending electronic instructions to CREST as soon as possible after their deal has been agreed.

It is an important principle of CREST that both parties must enter their own instructions. CREST will then compare the details, in particular the agreed date of settlement, to check that they are complete and identical. If they are, the transaction is given ‘matched’ status. Otherwise the transaction is ‘unmatched’ and cannot be settled, but remains on the system for 60 days. During this period both parties are able to amend the instructions to achieve ‘matched’ status.

Once the transaction is matched, at the start of settlement on the intended settlement date, CREST checks that the seller has adequate stock available to deliver and that the buyer has sufficient credit to be able to pay. If all the necessary conditions are satisfied, the transaction will be settled.

At this time CREST will calculate and collect Stamp Duty Reserve Tax (SDRT), by debiting the account of the purchaser, on the basis of the inputs made by its participants.

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