



AFW2 –AFE – AFS INTERREGIONAL HYBRID WORKSHOP

Observance of CPSS – IOSCO Principles for Financial Market Infrastructures and Cyber Resilience of FMI
January 29 – February 2, 2024
ACCRA, Ghana

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PRINCIPLES 8, 9 & 10

Settlement



General applicability

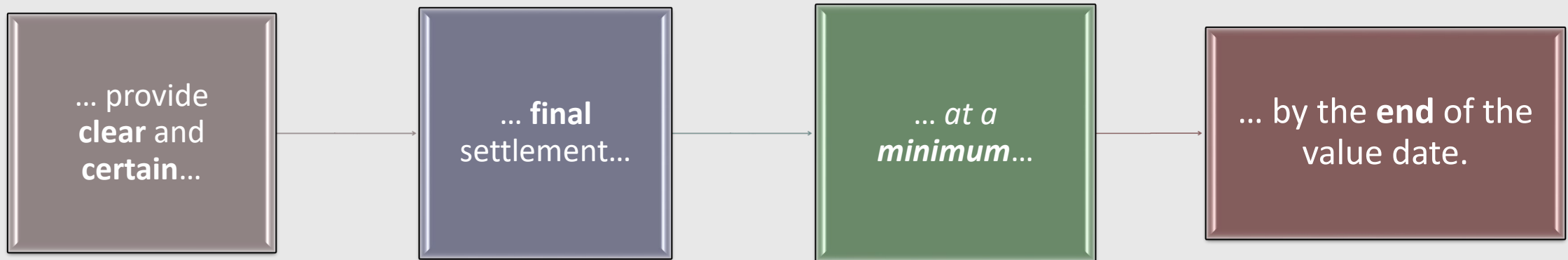


	PS	CSD	SSS	CCP	TR
Principle 8 - Finality					
Principle 9 - Money					
Principle 10 - Physical					

Principle 8: Settlement finality



An FMI should...



Where necessary, or preferable, an FMI should provide final settlement
intraday
or even
real-time

Principle 8: Settlement finality



A couple of other points about this important Principle...

Irrevocable and unconditional transfer
(swop) of assets

The Legal framework and Rules for BOTH

The point(s) of finality

The model(s) used

DvP models 1, 2 and 3

Gross securities vs **Gross** cash

Gross Securities vs **Net** cash

Net Securities vs **Net** cash

Principle 9: Money Settlements



An FMI should...

...conduct its money
settlements in
CENTRAL BANK
money ...

... where practical and
available.

If Central Bank money is not used, an FMI should minimize and strictly control the credit and liquidity risk arising from the use of commercial bank money

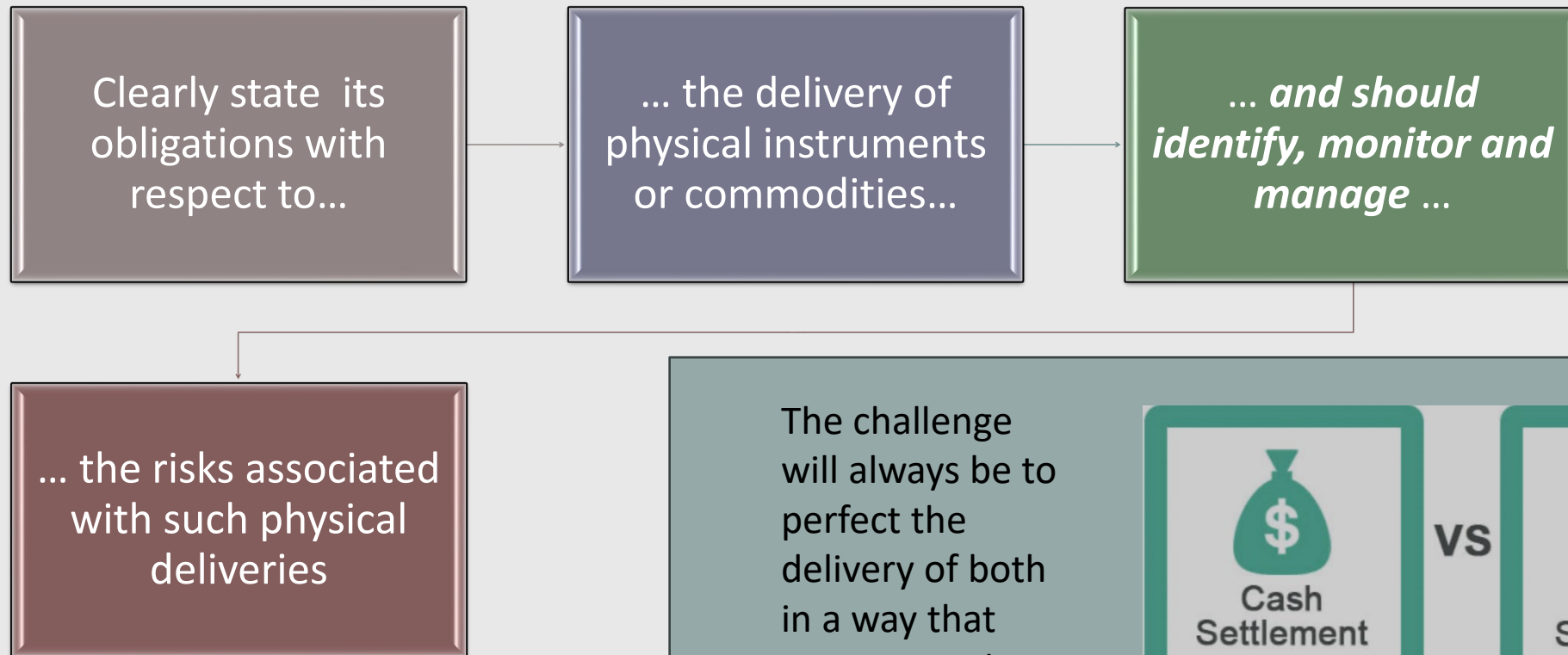
Commercial Bank considerations should include:

- Regulation and Supervision
 - Creditworthiness
 - Capitalisation
 - Access to liquidity
 - Operational reliability

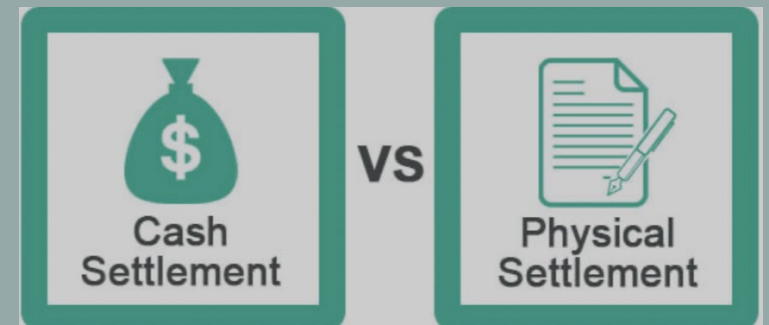
Principle 10: Physical deliveries



An FMI should...



The challenge will always be to perfect the delivery of both in a way that mitigates risk



PRINCIPLES 13 & 14

Default Management



General applicability



	PS	CSD	SSS	CCP	TR
Principle 13					
Principle 14					

Principle 13: Participant default rules and procedures



An FMI should have...

... effective and clearly defined rules and procedures to manage a participant default.

These Rules should be...

... designed to ensure that the participant can take timely action to ...

...contain losses...

...and liquidity pressures...

...ensuring that the FMI can continue to meet its obligations

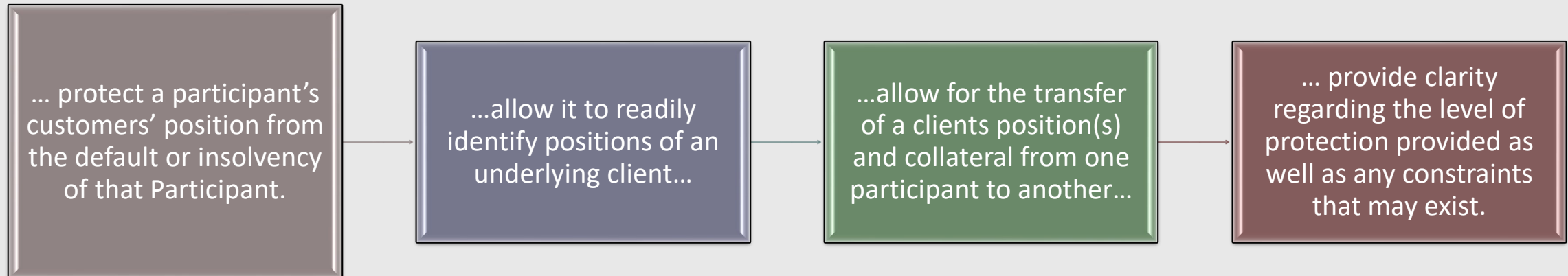
Principle 14: Segregation and Portability



An FMI should have...

... Rules and Procedures that enable the segregation and portability of positions of a Participant's customers and the collateral provided to the CCP with respect to those positions.

These Rules and Procedures should...



NOTE: Primarily focused on a CCP but has implications and application in other FMIs as well



QUESTIONS