



## Update of the reform process to the securities clearing and settlement system in Spain

December 17<sup>th</sup> 2010

The CNMV informs about the works completed to date on the reform project of the Spanish securities clearing and settlement system, which began with the public consultation in February 2010.

At that time, a Monitoring Committee was formed, chaired by the Vice-chair of the CNMV with the participation of the Bank of Spain, the Spanish Banking Association (AEB), the Savings Banks Association (CECA), the Investment Protection Fund (FOGAIN) and Bolsas y Mercados Españoles (BME).

This Committee has met quarterly during 2010 to advise the CNMV and serve as a consultation and discussion forum of the most relevant aspects of the reform process, helped to that end by two working groups.

Once the working groups have finalised their analysis on the different issues, the Monitoring Committee puts an end to its task and backs the publication by the CNMV of a detailed paper for public consultation that articulates the reform around three following pillars:

- i) Moving the finality of the transfer orders towards the point of settlement, in line with other European settlement systems, and reviewing the current mechanisms for guaranteeing the delivery of securities, allowing the eventual cancellation of settlement transfer orders as a mechanism of last resort for resolving failed trades.
- ii) Establishing at least one Central Counterparty (CCP) for clearing multilateral trades from Stock Exchanges and substituting the current multilateral settlement system for a bilateral one, based exclusively on securities balances.
- iii) Substituting the current procedures of ownership tracking through registration references (RR) for a system of managing securities accounts that provides equivalent facilities in terms of safety and supervisory features.

The CNMV will publish in its website the paper for public consultation on the first weeks of 2011.