



## **Possibility of partial settlement of trades in securities will enhance settlement discipline of trades on the capital market**

Press release

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**Centrálny depozitár cenných papierov SR comes with an innovation. Starting from today, one of its important functions will be updated - the central depository will enable the partial settlement of securities trades. This means that when processing transactions on selected accounts, the central depository will allow to settle only a part of the submitted transfer instruction. This measure, if actively used by participants, may increase trade settlement discipline in the capital market and reduce volume of penalties payable in relation to the failure of trades in the settlement system operated by the central depository.**

Centrálny depozitár cenných papierov SR will allow its participants to partially settle their trades after introducing the new functionality, namely settlement on the holder's accounts as well as on the owner's accounts opened for the participants. *"Partial settlement of trades is included in a set of measures to improve settlement discipline laid down by the European Union's Regulation on Central Securities Depositories"*, explains Peter Nagy, the Director of Operations Department at CDCP SR. The new functionality will help to reduce volume of penalties that one of the trading partners was obliged to pay before, for being at fault for a trade settlement failure. Under the European Union's Regulation on Central Securities Depositories, this sanction was received in entirety by the counterparty that fulfilled its settlement obligations.

The central depository that operates a securities settlement system is obliged to allow partial settlement of securities transactions if the default rate in that system for a calendar year does not meet parameters stipulated by the EU Regulation. *"Trade settlement failures in the system we operate have reached such a value and rate in 2023 that the central depository is obliged to allow partial settlement of trades"*, says Peter Nagy from CDCP SR.

Prior to the launch of this new functionality, the central depository made modifications to its information system and implemented, among other things, changes to the graphical user interface to make the change convenient for all participants and meet the needs of the practice.

*"Clients of the central depository had opportunity to test the new functionality several months before launch of the new feature, and we have also incorporated the application rules for the partial settlement functionality into our Rules of Operation," adds Peter Nagy from CDCP SR.*

By introducing the new partial settlement functionality, Centrálny depozitár cenných papierov SR contributes to further harmonisation of the Slovak capital market within the single capital market of the European Union.

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