



MOSCOW  
EXCHANGE



T+2  
Version 2.0

# T+2 project: key milestones

☑	Start	2013				2014
		I	II	III	IV	
✓	05/02	• Repo with the CCP in OFZ				
✓	25/03 1 <sup>st</sup> release	• T+2 and Negotiated deals made with the CCP: 15 stocks and sovereign bonds				
✓	25/03 – 30/08	Parallel trading T0 / T+2				
⚠	03/06 new Clearing Rules	• Acceptance of foreign currency as 100% of collateral				
⚠	08/07 2 <sup>nd</sup> release	<ul style="list-style-type: none"> <li>• T+2: 25 stocks + sovereign bonds</li> <li>• Direct repo with the CCP in stocks, Y1/Y2 repo</li> <li>• Consolidated position for T+0/T+2</li> <li>• T+2 trading with 100% collateral</li> <li>• Separation of clearing members' powers for T+2 and repos</li> </ul>				

# Extension of the securities list eligible for T+2 and close down of T0

**From July 08, 2013:**

## **T+2 trading in**

- 25 stocks and all sovereign bonds

## **T+0 trading in**

- All securities

**From September 02, 2013:**

## **T+2**

- all stocks, RDRs and sovereign bonds (trades in non-liquid securities required full collateral)

## **T+0**

- for all bonds (other than sovereign bonds), all mutual funds shares (Main trading mode)
- for all instruments of the Negotiated deals mode and the repo mode

## **T+0 (main mode) is terminated for**

- All stocks, RDRs, Sovereign Bonds



# Contributions to the Guarantee fund effective from July 01, 2013

Contribution size	Access to the market
<b>From July 01, 2013</b>	
<b>RUB 5 mln</b>	T+2 and repo with the CCP, trades only on behalf of the trading member
<b>RUB 10 mln</b>	T+2 and repo with the CCP, trades may be executed on instructions of trading members' clients
<b>From September 02, 2013</b>	
3-6% of the individual clearing collateral*, but no less than <b>RUB 5 mln</b>	T+2 and repo with the CCP, trades only on behalf of the trading member
3-6% of the individual clearing collateral*, but no less than <b>RUB 10 mln</b>	T+2 and repo with the CCP, trades may be executed on instructions of trading members' clients

\*Methodology for this contribution will be released by the Clearing House as part of the Methodology for the Financial Sustainability Fund contributions



# Acceptance of foreign currency as collateral

- Foreign currency posted as collateral is registered on the collateral account in the foreign currency linked with the Settlement sector of the Clearing member which Collateral account in rubles for repo trades with the CCP and T+ was opened to.
- Collateral account in rubles and foreign currency intended for repo trades with the CCP and T+ are opened for Clearing Members under one (general) Settlement sector (similar to the FX market).
- The trading system transmits current values of limits for the risk assessment ranges set for foreign currencies (currency pairs with ruble) eligible to be submitted as collateral on the securities market.
- To determine the Clearing member's Single limit, foreign currency posted as collateral is registered as at the **lower limit of the risk assessment range** set for the FX market.
- Percentage of collateral in foreign currency **is not capped** and may be 100%.



# Development of repo with the CCP

## Key innovations

- Launch of **off order book repo with the CCP in shares**
- Introduction of a new settlement code **Y1/Y2**

## To be applied in

- providing Trading members with a tool for raising funds by shares or placing funds in shares as well as rolling over proprietary and client positions in shares on the T+2 market

## Access limitations

- Repos with the CCP will be available only for Trading members with own capital of RUB180 mln and more



# Consolidation of cash positions for T0 and T+2

Beginning July 08, 2013

- Accounts 30420 opened by the Trading member with NCC may be used to keep collateral of Clearing members and settle T0 and T+ trades
- As may be required by the Clearing member positions EQTV and UTSR used to register its collateral and settle T0 and T+ trades in the Trading and Clearing system of the Securities market (ASTS) may be consolidated

The Clearing member's Single limit includes funds registered as the following:

- Cash registered as the consolidated cash position in the amount equal to the position planned value
- Cash registered at the moment of termination of Clearing member's obligations in cash under mature trades with partial collateral, that are subject to transfer to the technical accounts T+

After consolidating the foregoing cash positions orders entered in the system are verified for collateral sufficiency as follows:

- T0 orders are checked based on the planned value of the consolidated cash positions pursuant to the procedure similar to the existing one and on the basis of the Single limit;
- T+ and repo with the CCP orders are checked based on the Single limit.



# Consolidation of securities positions for T0 and T+2

An opportunity to carry out settlement in securities for trades with full collateral (hereinafter T0 trades) by Delivery sections is introduced.

The trading member is given an opportunity to indicate what sections should be used for settlement: whether the Trading section (31) or Delivery section (36).

Procedures for collateral sufficiency verification and settlement for Trading sections remain unchanged.

Procedures for collateral sufficiency verification and settlement for Delivery sections is changed as follows:

The Clearing member's Single limit includes securities registered as the following positions:

- Securities registered in the amount equal to the planned value of the securities position in the Delivery section.
- Securities registered upon termination of Clearing member's obligations in securities under mature trades with partial collateral that are subject to transfer to the technical accounts T+.

Collateral sufficiency verification of orders entered is carried out as follows:

- T0 orders are checked based on the planned value of the securities position in the Delivery section and on the basis of the Single limit;
- T+ and repo with the CCP orders are checked based on the Single limit.





# Trading mode "T+ without short selling» 1/2

The trading mode "T+ without short selling" (providing no admission to clearing of trades with partial collateral in securities) may be employed in the following cases:

For trades on the modes "Main trading mode T+", "Negotiated deals with the CCP" and "Repo with the CCP"	The mode is set for	Ground
in non-liquid securities	a security	Resolution of the Clearing Center
where a definite trading and clearing account is specified by the member's application <i>(for example, for trading and clearing accounts of mutual funds or those indicated by brokers)</i>	a trading and clearing account	Clearing member's application
executed by members that are not eligible for clearing of trades with partial collateral	Clearing members	Resolution of the Clearing Center

In the trading mode "T+ without short selling" the size of short positions are limited by the Clearing member and the Clearing Center.

Positions are checked with a limit whichever is larger.



# Trading mode "T+ without short selling» 2/2

## T+ orders entered to sell securities are verified for:

- availability of 100% collateral in securities based on the planned position to sell on the section 36 of the securities account and the Limit set;
- sufficiency of collateral based on the Single limit in a usual way applied to orders entered to execute trades with partial collateral.

## T+ orders entered to buy securities are verified for:

- sufficiency of collateral in a usual way applied to orders entered to execute trades with partial collateral.

## Withdrawal of securities

- In the trading mode "T+ without short selling" an additional limit is imposed to withdraw securities from the section 36 based on requests submitted to NCC from NSD and requests to transfer securities submitted by the Clearing member via ASTS.
- In addition to the regular verifications applied to such requests upon their execution as to non-negativeness of the incoming and/or planned position, the size of short position in the security on the section 36 is checked for whether it exceeded the Limit upon the execution of the request.



# Trading mode “T+ without uncovered buying” 1/2

The trading mode “T+ without uncovered buying” (providing no admission to clearing of trades with partial collateral in cash) may be employed in the following cases:

For trades on the modes “Main trading mode T+” and “Repo with the CCP”	The mode is set for	Ground
where a definite trading and clearing account is specified by the member’s application <i>(for example, for trading and clearing accounts of mutual funds or those indicated by brokers)</i>	a trading and clearing account	Clearing member’s application
executed by members that are not eligible for clearing of trades with partial collateral	Clearing members	Resolution of the Clearing Center



# Trading mode “T+ without uncovered buying” 2/2

## T+ orders entered to buy securities are verified for:

- availability of 100% collateral in cash based on the planned position to buy through the collateral account ;
- sufficiency of collateral based on the Single limit in a usual way applied to orders entered to execute trades with partial collateral.

## T+ trades

- Trades executed in this mode that are intended both to buy securities and to sell them, change the planned position to buy on the collateral account.

## Withdrawal of cash

- In this trading mode it is prohibited to withdraw funds required to fulfill net cash obligations of the Clearing member as to all Settlement dates from the collateral account (cash position UTSR) on the basis of transfer instructions submitted by the Clearing member via ASTS and withdrawal requests send via the electronic documents circulation system.

