

1/2018



NEWSLETTER OF CDCP SR, a.s.

For participants of CDCP SR

CDCP: Positive trends of development in the year 2017

Centrálny depozitár cenných papierov SR, a.s. (CDCP) recorded positive development of provided services also in the last year. That is outcome of continuous effort to make service provision more effective and build client oriented approach. Let us take a look at some statistical data of selected core and ancillary services

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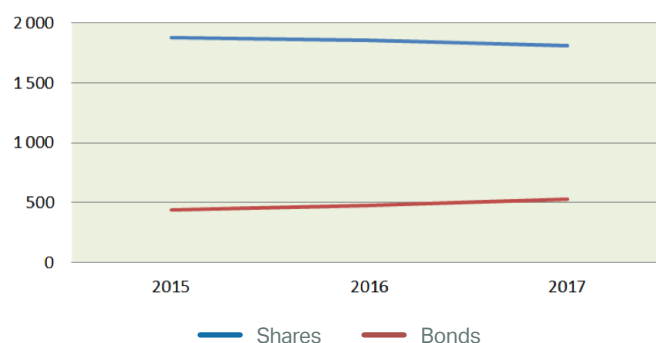


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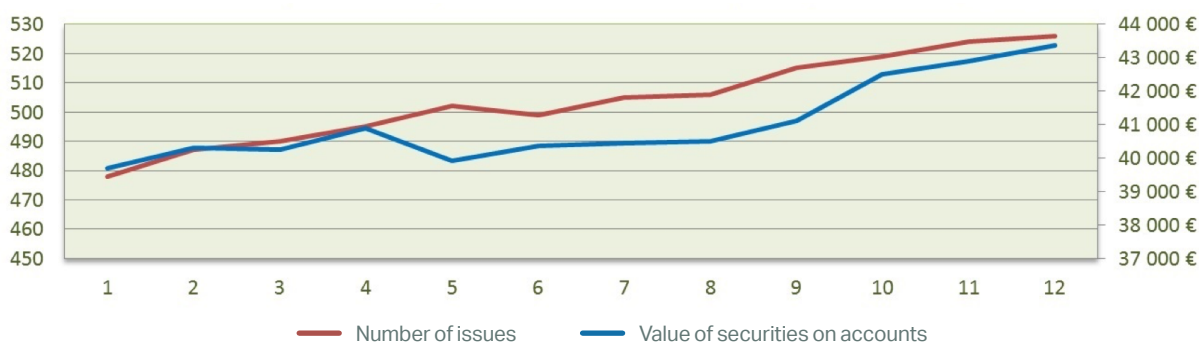
Number of issues of shares and bonds in the year 2017

„Lasting downward trend in number of issues of shares and increasing trend in number of bond issues is evident from volume statistics of active securities issues as of the last day of given year. Growing trend in volume, and also in value of bonds was apparent all year 2017.“

Number of securities issues (units)

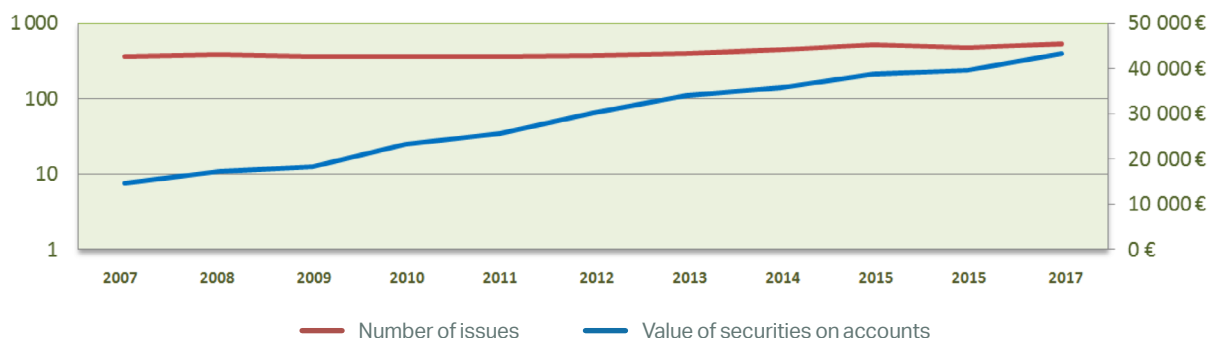


Number and value of bonds in 2017 (units / million EUR)



Volume and value statistics of bond issues for last 10 years indicates stable increase in number of bond issues since the year 2014. Financing through issuance of bonds is successful on a long term basis. Value of issued bonds shows continuous growth already from the year 2008.

Number and value of bonds in period 2007 – 2017 (units / million EUR)

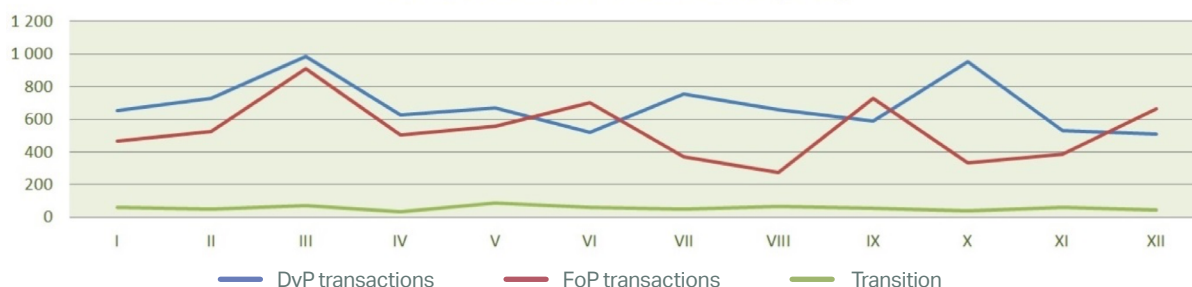


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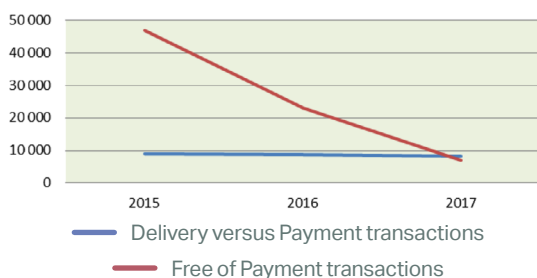
Number of transactions settled in CDCP

„Number of DvP transactions settled in the depository remains on approximately equal level in the long term. Monthly variations displayed in the chart are common. Major decrease in number of FoP transaction caused mainly by termination of transfers to state without consideration is evident from the year-on-year comparison. On the other hand, increase in value of FoP transactions is observable.

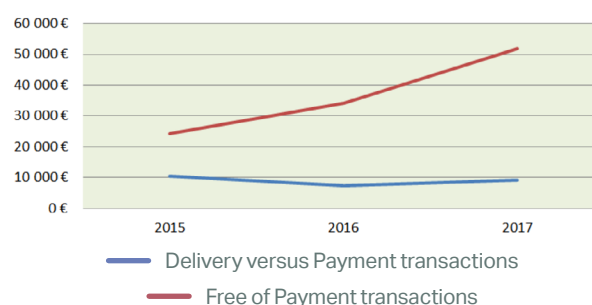
Number of transactions in 2017 (units)



Number of transactions (units)

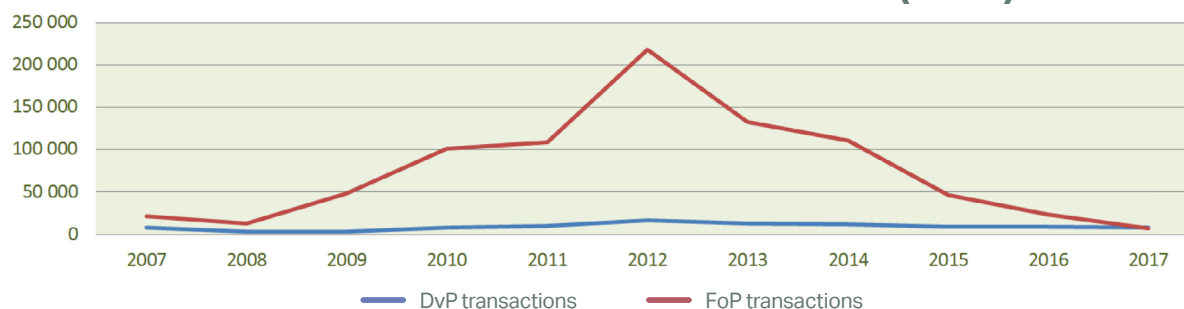


Value of transactions (million EUR)



As regards number of FoP transactions, 10 years transactions trend reached the peak in the year 2012, when majority of securities transactions to state without consideration was realised. Possibility to transfer securities without market value to state existed from the year 2009 until June 2016. After terminating that possibility number of free of payment transactions decreased and presently volume of FoP transactions is lower than volume of DvP transactions. Higher volume of DvP transactions compared to volume of FoP transactions is perceived as positive fact. Trend of DvP transfers during the period of last 10 years is quite stable.

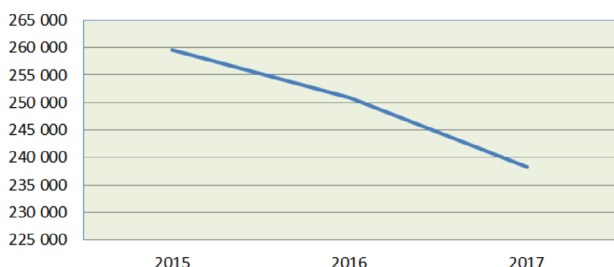
Number of transactions 2007 - 2017 (units)



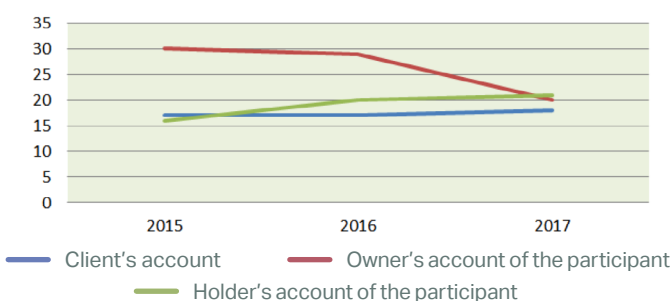
Number of owner's accounts in CDCP registry

„Decrease in number of owner's accounts in CDCP registry, apparent from the year-on-year comparison, is mainly due to implementation of legal regulation on so called non-allocated accounts which cease to exist at the moment when no book-entry security is registered on the account. Because of abovementioned the number of owner's accounts opened in CDCP registry as of 31 December 2017 dropped to 236 879 accounts. In connection with the accounts opened for the participants or holders, minor changes initiated by requirements of CSDR Regulation (deletion of account) and by increase in number of participants and related opening of new accounts were made.”

Number of owner's account in CDCP registry (units)



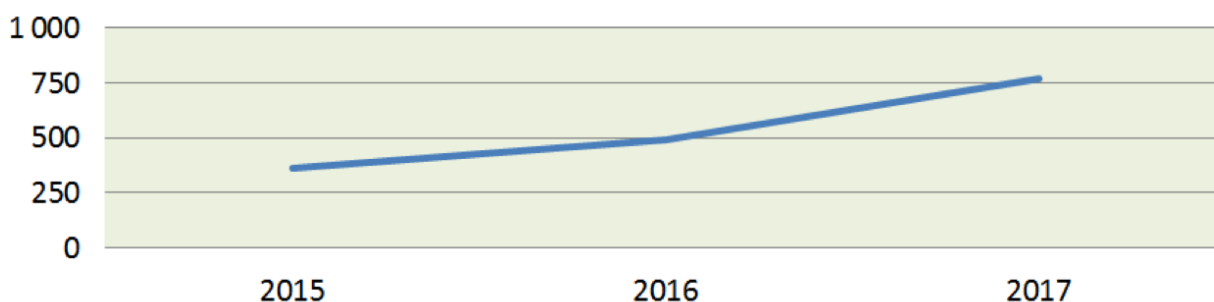
Number of accounts opened for participants / holders (units)



Allocated LEI codes

„Number of entities using LEI codes is increasing due to requirements of the European legislation. Therefore also CDCP registered increased number of persons requesting the LEI code and also volume of administered LEI codes is still growing.

Number LEI codes with status "ISSUED" (units)



CDCP was accredited to allocate the LEI codes

On 30 January 2018 Centrálny depozitár cenných papierov SR, a.s. has received a certificate from GLEIF (Global Legal Entity Identifier Foundation), confirming successful accomplishment of the accreditation process of CDCP to issue LEI codes to entities from the Slovak and Czech jurisdiction. As from the accreditation date, CDCP changed the conditions for allocation, renewal and transition of the LEI codes, whereas these services are regulated by the General Terms and Conditions. At the same time new possibilities to request, administer, renew or transfer the LEI codes quickly and effectively were added to the web site of our central depository.



Mentioned news will affect all persons which have obligation to use the LEI codes. One of the most important changes is that the contractual relation between CDCP and the person requesting the LEI code is necessary. To that purpose was prepared the request for allocation of the LEI code along with the General Terms and Conditions, which are published on the web site of the depository and must be accepted at the moment of submitting the request for allocation of the LEI code in order to create the contractual relation. You can find the General Terms and Conditions on www.cdcp.sk/lei.

more informations on www.cdcp.sk

CDCP was accredited to allocate the LEI codes

New is also possibility to administer the LEI code online via the web site of CDCP, where each subject has own access and account with all required data. At the same time e.g. company data can be updated or the LEI code can be renewed, what should be repeated each year in order to keep the LEI registry update. In case you already have your LEI code issued, you can activate your access anytime. However, an e-mail address identical to the address which was used for allocation of your LEI code has to be used.

HOW TO RENEW LEI?

Process of the LEI code renewal was changed as well, as generally the LEI code is valid for 1 year. CDCP newly informs on necessity to renew the LEI code via e-mail, at least 6 weeks before it ceases to be valid. After logging in to the account on our web site it is sufficient to check in LEI code renewal option, update company data if necessary and request for LEI code renewal is ready. In case all data are true, complete, and actual and the requesting person paid for respective fee, the LEI code will be renewed and can be used for further purposes. The Scale of Fees for services related to allocation and administration of the LEI code remains unchanged. One-off fee in amount of 70 EUR is charged for allocation of the LEI code, and for administration of data on the entity in the LEI registry, including renewal of the code, is charged 45 EUR per year. CDCP considers to simplify the method for sending payments for allocation and renewal of the LEI code in the future.

We would like to call attention to important change. Accreditation to allocate LEI codes to entities granted to CDCP applies only for jurisdiction of the Slovak and Czech Republic. For that reason the persons from other countries can't request CDCP for allocation / renewal of the LEI code anymore. In near future CDCP will invite all concerned entities, i.e. persons with LEI in CDCP registry from other than mentioned jurisdictions, to transfer their LEI codes to registry of other LEI operator at their choice. List of all LEI operators is published on the web site www.gleif.org. An entity from jurisdiction of the Slovak or Czech Republic, which is registered with an operator other than CDCP, can ask for transfer of its LEI code to the registry in CDCP.

FURTHER DETAILS

The interested person can search for further details on allocated LEI codes on CDCP's web site, as till now. Completion of the forms in electronic form is more clear and simple. Correct completion of the form is facilitated by the mandatory fields, which must be filled out and it is not possible to submit the form without filling them in. We wish to make administration of the LEI codes as trouble-free as possible.

Change was made also in provision of services in case of bulk request for LEI and request for allocation of the LEI code through an authorised person acting on behalf of the requesting person. Existing possibility of bulk request for allocation of LEI codes is

CDCP was accredited to allocate the LEI codes

suspended at present as the service was not utilised in expected extent. Current trends are created primarily by individual requests of persons for which allocation of the LEI code is mandatory pursuant to the European legal regulation. Due to registration of data in the second level registry, identification of the controlling company of the mandator would be complicated in case of bulk request and leading to consequent transfer of legal responsibility for trueness of data to the authorised person.

REQUEST FOR LEI THROUGH AUTHORISED PERSON

Request for LEI through the authorised person acting on behalf of the requesting person was changed as well. Up to now, the consent was conditioned by payment of the invoice. Existence of document proving right to act on behalf of the requesting person in form of Power of Attorney or statutory declaration is required according to new conditions. Signature of the mandator (statutory body for the statutory declaration) in the mentioned document has to be officially verified. At the same time it is necessary to accept the General Terms and Conditions and the advance payment has to be paid. Templates of particular documents, the General Terms and Conditions and the Power of Attorney are on the web site: www.cdcp.sk/lei/dokumenty-lei-2/. Further details on acting of authorised persons in connection with the request for LEI and other conditions are set in the General Terms and Conditions.

In order to keep the registry of the reference data on entities as complete and update as possible, it is important to add that each person can submit appeal on verification of registered data of the entity which LEI is kept in the CDCP registry. The appeal can be submitted by completing the form published on www.cdcp.sk/lei/dokumenty-lei-2/.

CDCP intends to further improve the new section dedicated to the LEI codes and to extend services with aim to make placing of request for LEI and administration of LEIs as simple as possible, but compliant with requirements of the GLEIF organisation. Any suggestion received in this connection is welcome.

Slovakia is connected to MTS Cash Domestic Market MTF

Slovakia is 20th country which connected at the beginning of this year to the MTS Cash Domestic Market MTF – the multilateral trading system operated by the British company EuroMTS Ltd. This company launched the trading platform



MTS Slovakia for the Slovak government bonds. 19 February 2018 is considered for the first trading day. The MTS Slovakia market is accessible to primary dealers and cooperating dealers of the Slovak Republic, compliant with the contractual criteria. Trades made on MTS Slovakia are settled by Centrálny depozitár cenných papierov SR, a.s., which for that purpose granted access to its securities settlement system to EuroMTS Ltd. at the end of January 2018.

Trading on the MTS platform has multiple positives. Participants in the MTS Cash markets have access to European markets of liquid bonds and to the largest network of dealers. That is because more than 100 unique counterparties is trading on MTS Cash markets daily and average daily value of trades made on MTS platforms exceeds 100 billion euro. Connecting of the Slovak market to MTS is next step of EuroMTS Ltd. in its geographic expansion in area of the Central Europe.

EuroMTS Ltd. is 100% subsidiary company of the MTS S.p.A, company established in Italy. It is controlled by the London Stock Exchange Group (LSEG), the ultimate controlling company. LSEG is operating the pan European markets and trading systems for government bonds denominated in the euro currency and other fixed yields securities. LSEG group is providing services of the international markets infrastructure and its activities go down to the year 1698. The group operates wide range of markets with international equity capital, ETF (Exchange Traded Funds), bonds and derivatives, including London Stock Exchange, Borsa Italian, MTS (European Bond Market) and Turquoise (pan European multilateral trading system for shares).



CDCP participants

As of the end of March 2018 CDCP had 25 participants. During the year 2017 CDCP granted participant access to the securities settlement system to three applicants, namely Arca Brokerage House o.c.p. a.s. and Infinity ELITE, o.c.p., a.s. and foreign bank Erste Group Bank AG with registered seat in Austria. Except that, in the year 2017 CDCP granted the central depository access to the international depository Euroclear Bank SA/NV registered in Belgium, what means the central depository became the participant in the securities settlement system. And finally, in the year 2017 CDCP also granted access to the securities settlement system to the other market infrastructure – Burza cenných papierov v Bratislave, a.s. (Bratislava Stock Exchange). Afterwards, on the beginning of the year 2018, CDCP granted access of the central depository to the international depository Clearstream Banking S.A. with registered address in Luxemburg and access of the other market infrastructure to the British company EuroMTS Ltd. Granting access to the settlement system is effective from the day when relevant agreement with CDCP is signed, consequently information on new participant or other market infrastructure is published on CDCP's web site in the list of participants in the settlement system or in the list of other market infrastructures with access to the settlement system. We would like to take this opportunity to welcome all new participants to the settlement system!

During the period from July 2017 until February 2018 CDCP assessed documents submitted by the existing participants in order to prove compliance with the participation criteria which were harmonised with the requirements of the European Regulation No. 909/2014. All existing participants, including other central depositories, proved compliance with the participation criteria in the securities settlement system operated by CDCP.

CDCP attestation in SWIFT CSP

Due to increased number of cyber-attacks the financial institutions are forced to cooperate in area of their security. For that reason SWIFT launched own user support programme. The Customer Security Programme (CSP) is to coordinate security of whole industry against the cyber-attacks. The aim is to improve sharing of information within the SWIFT users' community, enhancement of instruments related to the SWIFT products and provision of user security control framework. CSP programme is set of mandatory and recommended security controls for individual users. In order to implement this programme to practice, SWIFT asked its users to conduct self-attestation to review fulfilment of mandatory security controls. Deadline for confirmation of implementation of mandatory controls was set by SWIFT on the end of the year 2017. It is required to reiterate the attestation by the end of the year 2018 and afterwards the user have to renew the attestation annually. SWIFT can inform the supervisory body of relevant institutions in case the users didn't conduct the attestation.

On 20 December 2017 Centrálny depozitár cených papierov SR, a.s. submitted the self-attestation of compliance with mandatory and optional security controls within the frame of SWIFT CSP programme on SWIFT web site (<https://kycregistry.swift.com/security-attestation/>). Implementation of security controls in CDCP was confirmed also by the internal audit led by an independent external auditor in December 2017. The clients registered in SWIFT's KYC registry may request for access to the published self-attestation of CDCP within the SWIFT CSP programme.

