

# **ACSDA VI General Assembly**

## **New Markets, Trends and Developments Cross Border Linkages**

### **Integration Models - Other Links -**

**Buenos Aires, April 30, 2004**

# General Overview

## Links:

- Bi-lateral
- Unilateral

## Accounts:

- Regular accounts
- Collateral accounts

## Members Involved:

- CAJA DE VALORES (Argentina)
- CAVALI (Peru)
- CBLC (Brazil)
- CDS (Canada)
- DTCC (United States)

# General Overview

DEPOSITORIES	CAJVAL	CAVALI	CBLC	CDS	DTC
CAJVAL			Bi-lateral Regular Account		Unilateral Regular Account
CAVALI					Unilateral Regular Account
CBLC	Bi-lateral Regular Account				Unilateral Pledgee Account
CDS					Bi-lateral Regular Account
DTC				Bi-lateral Regular Account	

# Unilateral Links

## ACSDA CSDs Participant Accounts at DTC:

- Main objectives
  - Regular Accounts: CAJA DE VALORES and CAVALI
    - Allows CAJA DE VALORES and CAVALI, acting on behalf of their members, to access DTCC depository and settlement services (for domestic and global securities)
    - Supports the simultaneous listing of securities both in the issuer's domestic trading platforms and in the U.S. market
  - Pledgee Account: CBLC
    - Allows the deposit of collaterals by international investors that need to access the CCP services provided by CBLC
- Type of Links: FOP
- Interface: PTS (DTC proprietary system)

# Unilateral Links

## Securities maintained in the CSDs accounts at DTC: Eligibility Criteria and Types of Instruments

Depositories	Eligibility Criteria	Types of Instruments
<b>CAJA DE VALORES</b>	<ul style="list-style-type: none"> <li>• Public Offering in Argentina</li> <li>• Securities quoted in selected markets (NYSE, NASDAQ, AMEX, Deutsche Bourse, and Madrid, London and Tokyo Stock Exchanges)</li> <li>• Government bonds issued in a foreign market held in a CSD where CVSA has an account</li> </ul>	<ul style="list-style-type: none"> <li>• Equities</li> <li>• ADRs/GDRs</li> <li>• Government Bonds</li> <li>• Money Market Instruments</li> <li>• Investment Trusts</li> <li>• Fixed income instruments</li> <li>• Others</li> </ul>
<b>CAVALI</b>	<ul style="list-style-type: none"> <li>• Foreign Securities:               <ul style="list-style-type: none"> <li>• Eligible in DTC.</li> </ul> </li> <li>• National Securities:               <ul style="list-style-type: none"> <li>• Not restricted security to negotiate</li> <li>• Fungible Security</li> </ul> </li> <li>• Central Securities Depositories with CAVALI subscribe a contract must be under supervision and control of a competent authority.</li> </ul>	<ul style="list-style-type: none"> <li>• Equities</li> <li>• ADRs/ADSs</li> <li>• Government Bonds               <ul style="list-style-type: none"> <li>• Brady</li> <li>• Sovereign</li> <li>• Municipal</li> </ul> </li> <li>• Corporate Bonds</li> <li>• Nominative Bonds</li> <li>• Convertible Bonds</li> </ul>

CBLIC Pledgee Account: US Government Bonds, ADRs Brazilian Companies and others

## Bi-lateral Links

### DTCC ↔ CDS

- Cross-membership agreement
- DVP link
- Omnibus accounts
- 2 options:
  - Net Settlement
  - Trade for trade settlement
- Electronic proprietary interfaces (ISO 15022)

## Bi-lateral Links

### Canada - U.S. Cross-Border Services

- CDS executed standard Member Agreements with NSCC and DTC
- All accounts are CDS accounts
  - CDS sponsors New York Link (NYL) customers into NSCC
  - CDS sponsors DTC Direct Link (DDL) customers into DTC
  - CDS holds omnibus account (5099) for ACCESS service

# Bi-lateral Links

## New York Link Service (NYL)

- NSCC looks to CDS for satisfaction of legal obligations arising from NYL transactions
- NYL participants manage their own clearing & settlement activities - access to all services available to U.S. participants
- Trades cleared on continuous net settlement (CNS) and trade-for-trade (TFT) basis
- Primarily a broker link
- 90% CNS - 10% TFT settlement



# Bi-lateral Links

## DTC Direct Link Service (DDL)

- DTC looks to CDS for satisfaction of legal obligations arising from DDL transactions
- Trades cleared on TFT basis only - Primarily institutional trades

## NYL and DDL Services

- CDS manages day-end money settlement and cross-border movement of securities

# Bi-lateral Links

## NYL and DDL Services

- Money Settlement
  - NSCC and DTC report obligations of each participant
    - Participants settle debits via Fedwire payment to CDS's U.S.banker
    - CDS settles with NSCC and DTC for total net obligations of NYL and DDL participants respectively
    - CDS issues Fedwire payment to credit balance participants
  - Operates on U.S. bank holiday schedule

# Bi-lateral Links

## ACCESS Service

- CDS manages relationship with NSCC and DTC
- CDS (ACCESS) uses omnibus accounts at NSCC and CDS for settlement
- Trade-for-trade transactions with US counterpart also settled through CDS omnibus account

## Bi-lateral Links

### **ACCESS Service (cont'd)**

- ACCESS customers use one CDS account for domestic & cross-border activities
- Two trades created - one settled at CDS, the other at NSCC
- ACCESS participants can settle domestic and cross-border activity in the same CNS processing cycle

## Bi-lateral Links

### **CBLC ↔ CAJA DE VALORES (2004, 1st semester)**

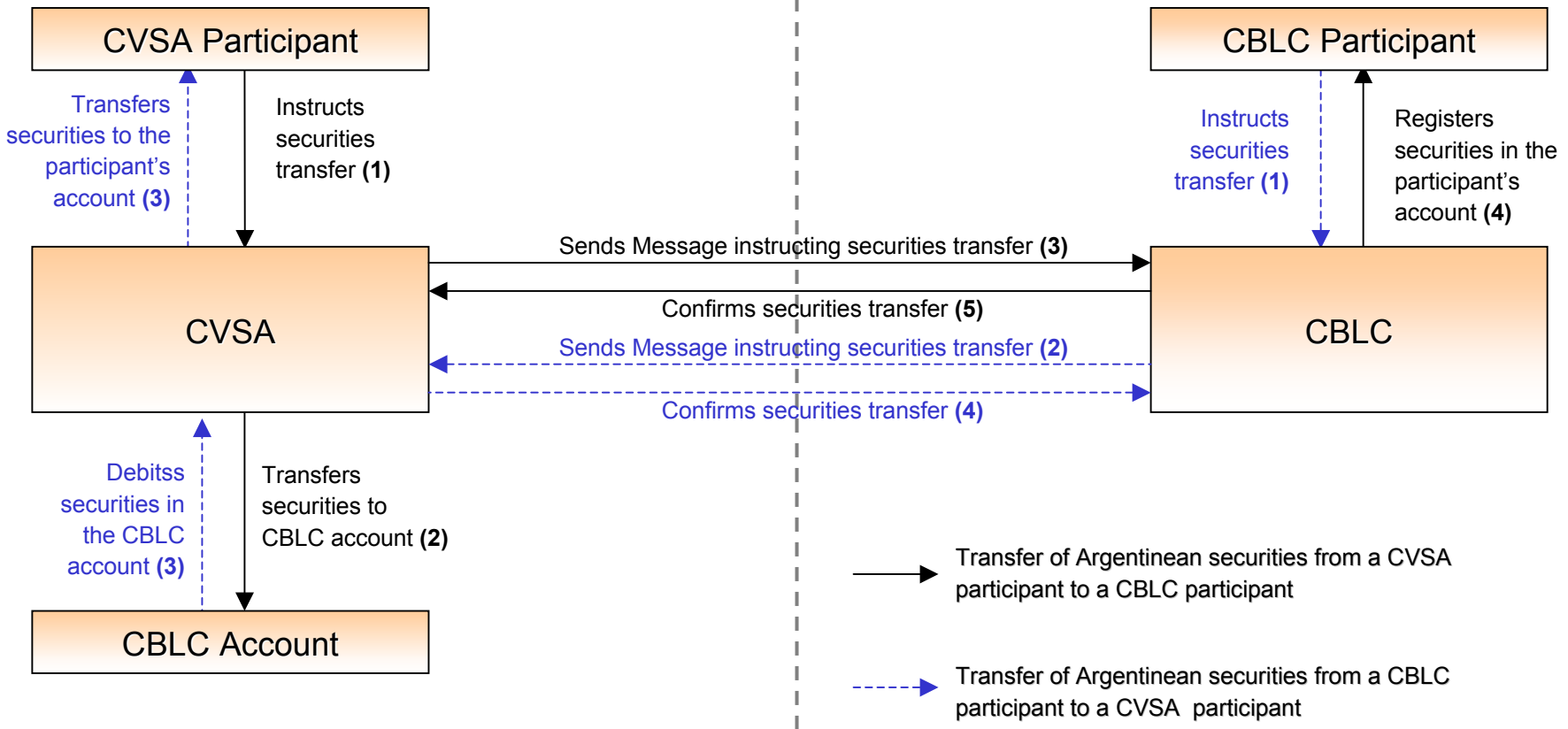
- Objective: allow the negotiation of Argentinean securities in the Brazilian Market and, likewise, the negotiation of Brazilian securities in the Argentinean market
- Cross-membership agreement
- Omnibus accounts
- FOP bi-lateral link
- Messaging System: Swift (15022)

# CAJA DE VALORES- CBLC: Transfer flows

## Argentinean Securities Transfer

Argentina

Brazil

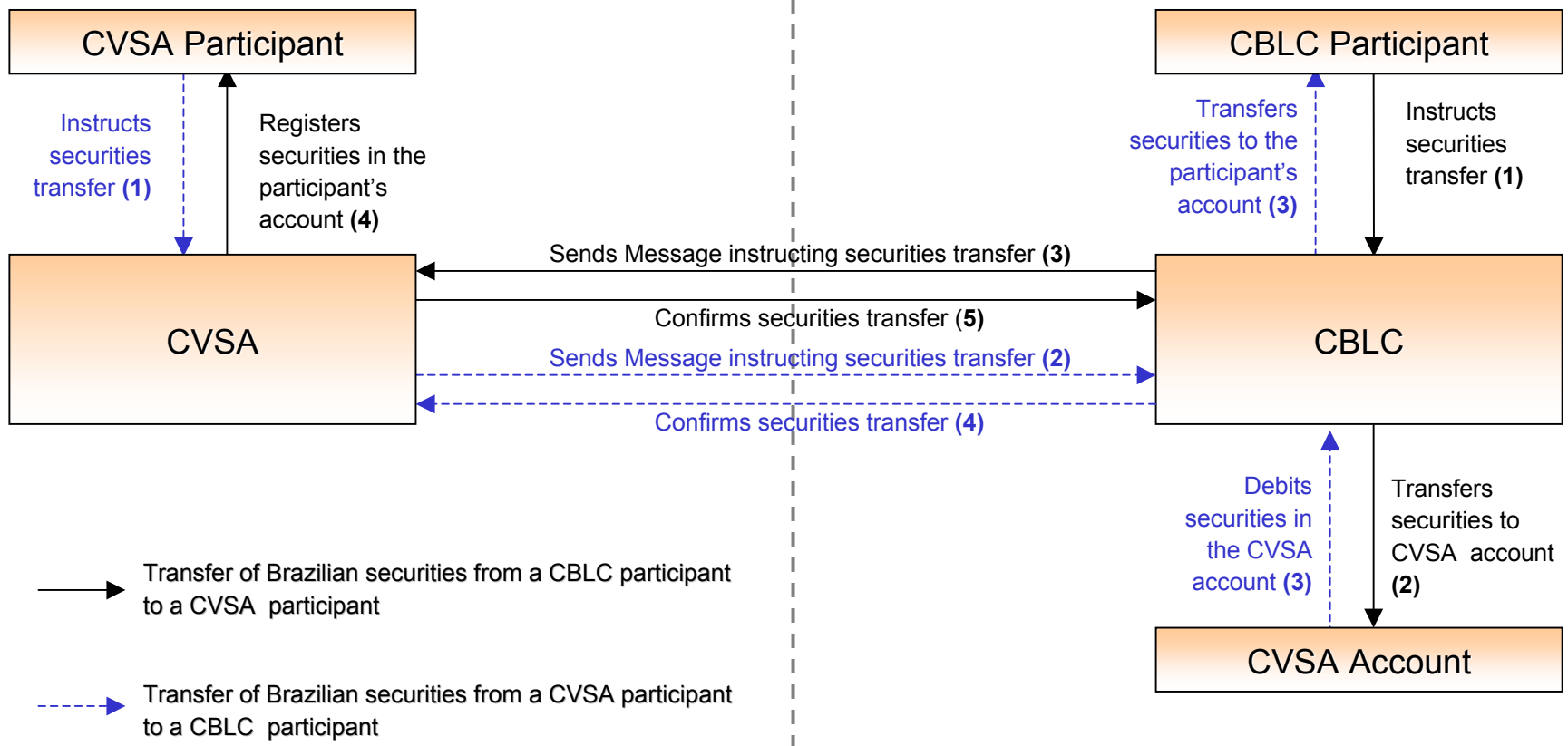


# CBLC-CAJA DE VALORES: Transfer flows

## Brazilian Securities Transfer

Argentina

Brazil





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