



## OTP Bank Group

Market: Slovenia

Date: December 17, 2024

Category: GSS Announcements

### Amendment to KDD Rules & Regulations

KDD d.d. (the Slovenian Central Securities Depository) has published revised KDD Operation Rules and Regulations, effective January 1, 2025.

Key changes include:

#### 1. Termination of the Guarantee Fund (GF)

The GF, previously held and managed by KDD on behalf of system members, was based on two main principles:

- Collective (solidarity) responsibility among system members ("all for all").
- Specific measures for which GF funds could be used.

The primary reasons for the GF's termination involve alignment with EU standards:

- *Shift from Netting to Gross Settlement:* Transactions will now settle on a gross basis, with no netting of positions. This eliminates the interdependence of stock market transactions, thereby removing joint and several liability. Settlement risks are reduced, as all transactions that meet individual criteria will be settled independently.
- *Discontinuation of Buy-ins by KDD:* KDD is no longer authorized to conduct buy-ins using GF funds.
- *Enhanced Liquidity Reserves on T+1:* Increased liquidity reserves will facilitate the transition to T+1 settlement for stock market transactions, aligning with European regulatory goals.
- *CSDR-Driven Settlement Discipline:* With settlement discipline already governed by the CSDR, additional sanctions are deemed unnecessary.
- *Capital Market Revival:* Practical considerations for revitalizing the capital market also support this change.

#### 2. Legal Entity Identifier (LEI) as a Substitute for KID in Certain Cases

- For foreign entities assigned an LEI, obtaining a KDD-issued unique identification number (KID) will no longer be required.
- However, KID will still be necessary for fiduciary accounts.

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### 3. Amendments in Accordance with the Bank Recovery and Resolution Directive (BRRD) (2014/59/EU)

- Relevant updates have been incorporated to align with BRRD requirements.

### 4. Amendments to Temporary Access Restrictions on the Information System

- Responsibilities between system members and remote members of the Ljubljana Stock Exchange have been clarified, supporting enhanced remote access.

### 5. Introduction of Partial Settlement for OTC Trades

- Subject to the condition that both counterparties clearly express their willingness to settle partial quantities.

**Impact:** Clients should take note of the amendments below

**Required actions:** No action required

**Application date:** January 1, 2025

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