

# CSD Risk Management

**Adriana Tanasoiu**

**Chief Executive Officer**

**Depozitarul Central – CSD Romania**

**May 30<sup>th</sup>, 2013**

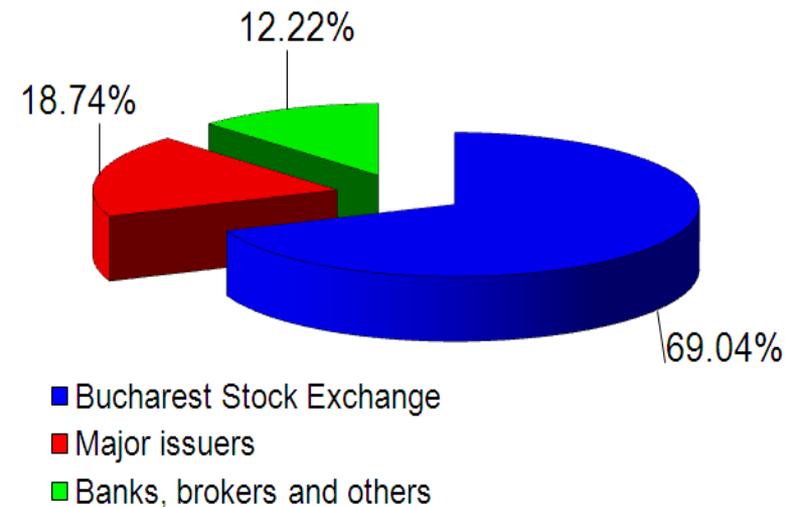


**CSD12**

Saint Petersburg 29-31 May 2013

## About Depozitarul Central – CSD Romania

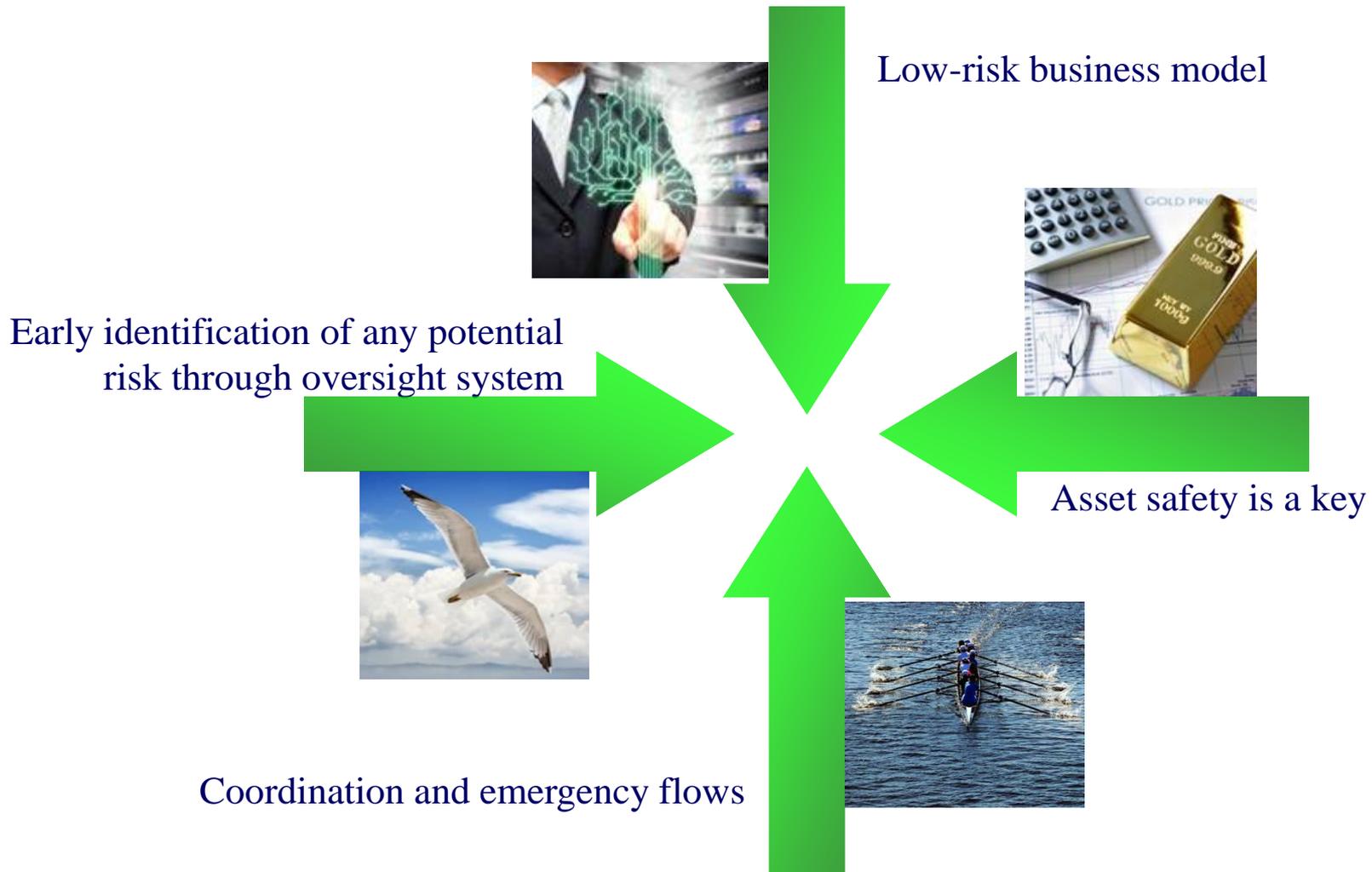
- Depozitarul Central is a joint-stock company
- Regulated and supervised by the Financial Supervisory Authority, as well as by the Central Bank of Romania
- 69 employees with an average of more than 11 years experience
- Complex and demanding client structure (as of end 2012):
  - 1,657 issuers
  - 72 banks and brokers
  - 9,082,975 retail investors
  - 7,192 institutional investors



# Depozitarul Central - Operating environment



# Depozitarul Central - Risk Management



## Priority on the safety and efficiency

- Depozitarul Central operates as a financially viable and strong company and its financial resources are sufficient to meet the on-going operations;
- As a settlement, custody, depository and registry services provider, Depozitarul Central has a strong risk management culture;
- Depozitarul Central has clear and comprehensive procedures for each process, being periodically reviewed;
- The Executive Committee meets at least monthly, or whenever it is necessary, in order to analyze the impact of all the possible risks that may arise in connection with current activities;
- The major risk-management models are approved by the Board and by the relevant authorities;
- The business continuity plan incorporates the use of a secondary site for the rapid recovery and timely resumption of critical operations; insurance coverage is in place;
- Taking into consideration the dynamic of the European legal framework, Depozitarul Central is acting proactively to assess its impact and to define future development needs. At the same time, the investment strategy is consistent with the overall risk-management strategy.

*According to the Financial Stability Report published by the Central Bank of Romania, Depozitarul Central's system functioned under safe and efficient conditions in 2012*

## Risk Management for Settlement Operations → Participants

- Membership criteria - evaluate and monitor the criteria based on:
  - monthly reports on capital adequacy;
  - quarterly financial reports.
- Audit reports of the participants' systems performed by the Information Systems Audit and Control Association (*ISACA*) certified auditors;
- Risk management procedures (**insufficient securities**):
  - Borrowing & Lending facilities;
  - Buy-in procedures.
- Risk management procedures (**insufficient cash**):
  - Trading limits;
  - Credit from participant's settlement bank or from another credit institution;
  - Sell-out procedures;
  - Guarantee Fund (size of participants' contributions currently under review).

## **Risk Management for Settlement Operations → Payment Banks**

- Sound admission and maintenance criteria for payment banks - evaluate and monitor the concentration of payment flows exposures;
- Settlement in Central Bank Money using BIS model 2 (for regulated markets and alternative trading systems) and BIS model 1 (for OTC trades);
- Payment banks pledge collateral (cash and eligible securities) in favor of the Central Bank of Romania.

## **Risk Management for Registry Operations → All Clients**

- Extensive use of the 4 Eyes Principle, in order to minimize the operational risks;
- Secure communication channels;
- Internal procedures and periodic operational audits.



DEPOZITARUL CENTRAL  
CSD Romania

*Innovating and continuously improving our services, driven by market needs, we are convinced that the ongoing changes are indispensable, and the gradual and resolute process represents a robust conceptual framework.*

A Universe of services  
Supporting the business growth of our clients

air ideas

wood growth

earth reliability

water power

fire energy

metal value

Innovative services which meet the evolving business requirements of our clients

# Thank you!



**CS012**

Saint Petersburg 29-31 May 2013

