Rolling Net Transactions

All gross transactions that are eligible for settlement netting will be added to a net transaction at the point which they reach a matched status (IIB) whether this is from an auto match or not.

It is possible that a net transaction have a single gross transaction, this is where no further gross transactions have the same attributes.

It is possible that the following scenarios arise:

- Delivery with stock and cash in opposite directions
- Delivery with stock and cash in the same direction
- Delivery with stock and zero cash movement
- Delivery with cash movement and zero stock movement
- Delivery with zero cash and zero stock movement

If a net transaction contains zero stock and/or zero cash movements it will still identify the ISIN and currency. Cash and stock postings will still be written for these zero movements. These transactions will be eligible for transformations but not for claims.

The automatic transformation process could create net transactions that are free of payment. For these transactions there will not be a cash movement. Likewise with net transactions that are cash only as a result of automatic transformations, no stock movement will be created.

Net creation

Transactions which do not match on trade date but are matched before intended settlement date will be incorporated into a net transaction on the day they are matched. However, if a transaction is still not matched on or after its intended settlement date then upon matching it will **not** be eligible for netting.

Rolling nets will not be visible to Participants. Therefore details of the net transactions can only be received once the net is final.

Four new fields will be added to the Transaction Details:

- Net Transaction ID
- Settlement Netting Type
- Settlement Netting Firm ID
- Trade System Participant ID

The Settlement Netting Type has the following three values:

- N - Net - to identify net transactions
- G - Gross - to identify gross transactions
- O - Other - to identify gross transactions not eligible for netting

Net transactions will be created with a priority of 50. No transaction reference will be created for net transactions, however it is possible for participants to allocate their own.

Normal rules apply with regard to deletions, amendments and splitting with the exception that it will not be possible to amend the Member Account of a transaction with a Settlement Netting Type set to 'G'. Please also note that if the Member Account is amended on a transaction which is not eligible for netting (Settlement Netting Type 'O') to opt the Member Account into netting then the transaction will *not* be re assessed for netting.