

**OFFICIAL INFORMATION
OF THE CZECH NATIONAL BANK**
of 18 July 2007

regarding the prudential rules for banks, credit unions and investment firms

Long Settlement Transactions

The Czech National Bank hereby provides the following information with regard to Articles 2, 5, e) of Decree No. 123/2007 Coll., stipulating the prudential rules for banks, credit unions and investment firms:

1. Long settlement transactions are transactions which are not regarded as derivatives in general (for example, for the reason of being concluded at the spot price and not at the forward price) and whose agreed time period to settlement is longer than 5 days (or possibly longer than the market standard in case the market standard is shorter than 5 days). An example can be provided by transactions with private equities whose settlement can be delayed by up to 25 days since the date the transaction was concluded.

2. Considering the fact that such transactions bear a similarity to derivatives from the point of view of their long time period to settlement, their treatment is parallel to the treatment of derivatives in determining the exposure value for the purpose of calculating the capital requirement.

Vice-Governor
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