Failed trades take place when a settlement instruction is not implemented on value date. The causes of failed trades fall into three categories: problems with instructions, the seller does not have the securities to deliver, and the buyer does not have sufficient cash or credit to make payment. The settlement agent may be unable to match the buyer's and seller's instructions as one of the parties has failed to send an instruction at all, or has sent it too late for processing on value date or the instructions sent by the two parties differ substantially from each other. Instruction-related problems are almost always due to processing errors by one or other party. The inability to pay for purchases creates reputational risk. It may lead to other trading parties reducing any credit limits that they apply to this party, which in turn can lead to liquidity risk. If a buyer is unable to pay for securities due to lack of cash or credit then the seller may be entitled to make an interest claim against the buyer. To minimise the number of failed trades, operations staff need to be able to monitor the status messages that the settlement agent sends prior to value date so that potential failed trades are handled as exceptions before value date.