

CSDs: Monte Titoli (Italy)

Date: 07 Apr 2011

SMI Markets: Italy

CMIRR Markets: Italy

New Collateral Management System at Monte Titoli

Monte Titoli and the Bank of Italy have recently presented to the market a new collateral management platform, X-COM.

The main features of the new system are as follows:

- Auto-substitution and recall management, optimised collateral allocation and mark to market and margin call/restitution management;
- Possibility to define the type of collateral accepted and related haircut and concentration limits by the cash supplier;
- Possibility to reuse (within the system) the collateral received from other participants of X-COM;
- Safety of collateral, as securities provided by one counterparty can be withdrawn only by the same counterparty;
- Indirect access through a settlement agent for those players that are not direct participants of Monte Titoli;
- Working on dedicated Monte Titoli accounts different than the regular settlement and custody accounts held at the depository;
- Connection with the Bank of Italy's pooling system for the access to the Central Bank's credit operations
- Supporting standards and technical file layouts in line with the ones already in place interacting with the Express II settlement system;
- Ability to collateralise both OTC and on-exchange trades;
- The communication with the system will take place via SWIFT or Monte Titoli web interface.

Securities eligible for collateral will be the same as the ones eligible for access to the Eurosystem monetary policy operations.

The system is expected to be implemented in October 2011.

CSD Risk Impact

Monte Titoli (Italy)

CSD Rating: AA

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA+

Flash Impact = Positive

The new system will bring enhancements to the current collateralisation practice, adding safety, flexibility and efficiency to the service. Accordingly, the impact on Liquidity Risk is 'Positive'.

Market Information Impact

Italy

This information affects the data contained in the Settlement sections of the Securities Market Information Service.

Infrastructure Risk Ratings Impact

Italy

Market Rating: AA-

Market Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA

Flash Impact = Positive

The new system will bring enhancements to the current collateralisation practice, adding safety, flexibility and efficiency to the service. Accordingly, the impact on Liquidity Risk is 'Positive'.

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