

CSDs: TASECH (Israel)

Date: 06 Mar 2013

SMI Markets: Israel

CMIRR Markets: Israel

Settlement Amount to Become Mandatory Matching Field

The Tel Aviv Stock Exchange Clearing House (TASECH) has postponed the requirement to include the settlement amount (rather than the deal price) in the settlement instructions until further notice due to delays in finalising the necessary changes to the TASE By-Laws and Regulations. The settlement amount as mandatory field on Extranet system was initially scheduled to begin on 11 March 2013.

The settlement amount will be mandatory for the following transactions:

- Custodian instructions related to on-exchange trades
- Custodian instructions related to OTC transactions
- OTC transactions
- Internal OTC transactions

The instructions will be rejected and returned to TASECH members if the settlement amount is not included. If both the deal price and the settlement amount are included in the instructions, TASECH will ignore the deal price and will settle the trades based on the settlement amount only.

However, the settlement amount will not be required for the following transactions:

- Free of payment OTC transactions
- Free of payment custodian transactions related to OTC transactions

CSD Risk Impact

TASECH (Israel)

CSD Rating: A+

CSD Flash Impact: Positive

Impacted Risk Type: Operational Risk

Current Rating = A+

Flash Impact = Positive

Foreign investors normally send settlement instructions by SWIFT where the settlement amount is mandatory while the deal price is not. As most foreign investors do not include the deal price in their MT541/543 messages, TASECH members have to manually calculate the deal price by dividing the settlement amount by the quantity of security. Such calculation often results in a price with more than 4 decimals after the point whereas Extranet can only accept 4 decimals after the point. As a result, TASECH members have to pre-match the computed price by phone prior to sending the instructions to Extranet.

Thus by using the settlement amount as a mandatory field, there will no longer be a need to match the deal price in advance by phone, and settlement instructions can be sent STP. The impact is positive for Operational Risk.

Market Information Impact

Israel

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

Infrastructure Risk Ratings Impact

Israel

Market Rating: A

Market Flash Impact: Positive

Impacted Risk Type: Operational Risk

Current Rating = A+

Flash Impact = Positive

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