

SMI Markets: Italy

Date: 07 Feb 2014

CMIRR Markets: Italy

CSDs: Monte Titoli (Italy)

## Standard Market Practice for Second Layer Matching

Monte Titoli, the Italian central securities depository (CSD), has advised that the Italian financial community has decided to endorse a market practice for the uniform use of the second layer matching fields as of 1 April 2014.

On 24 September 2012, Monte Titoli implemented a new functionality in its matching platform X-TRM that allowed the matching at the level of the participant's client. The CSD introduced two new matching fields, one for the receiving and one for the delivering client of the CSD participant. The second layer matching has been classified as an optional matching field. Participants commonly use the BIC 11 code (i.e. the internationally recognised 11-digit business identifier code) of the client as a matching identifier. However, the field could also be left blank or other deviations could be used.

The Italian market participants have now decided to establish a standard market practice that requires the CSD participant client fields to be filled-in with the BIC11 code of the client, with the only agreed deviation from that being the use of the account number at an international CSD (ICSD) for ICSD trades. Those would be the only accepted codes compliant to this market practice.

Only published BIC 11 will be considered as valid for the scope of this market practice. Custodians may also ask for a non-active BIC (also published) in order to include non-SWIFT users under this market practice.

Any CSD participant deviating from this common rule approach will assume liability. In case a CSD participant downloads in the party beneficiary field a code which is not recognised under this standard market practice, the CSD participant who is a counterparty to the transaction may download a blank value in the field in question without bearing any responsibility for the mismatching of the trade.

The document presenting the market practice can be found here: [Market Practice](#)

## 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

Making second layer matching mandatory would increase the efficiency of the pre-matching process and reduce the number of unmatched instructions. Consequently, the impact on Liquidity Risk will be 'Positive'.

## CSD Risk Impact

### Monte Titoli (Italy)

CSD Rating: AA

CSD Flash Impact: Positive

Impacted Risk Type: Liquidity Risk

Current Rating = AA+

Flash Impact = Positive

Making second layer matching mandatory would increase the efficiency of the pre-matching process and reduce the number of unmatched instructions. Consequently, the impact on Liquidity Risk will be 'Positive'.

Related Flash: [New Functionalities at Monte Titoli, 12/07/2012 \(click to view\)](#)

### For further information contact:

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