



Thomas Murray Confirms the Central Securities Depository Rating as 'A+' for the Tel Aviv Stock Exchange Clearing House

Thursday 25th April, 2013

PRESS ANNOUNCEMENT

LONDON - Thomas Murray, the specialist custody rating, risk management and research firm is pleased to confirm the Public Depository Rating for The Tel Aviv Stock Exchange Clearing House (TASECH) of Israel as 'A+', being a low Overall Risk rating made up of the following components:

CSD Rating	Overall Rating	Asset Commitment Risk	Liquidity Risk	Counterparty Risk	Financial Risk	Operational Risk	Asset Servicing Risk
	A+	AA+	A+	AA-	A	A+	AA-
TASECH Rating:							

Although the overall rating remains as 'A+' there have been improved ratings to the risk components, Asset Commitment ('A' to 'AA+'), Counterparty ('A+' to 'AA-') and Asset Servicing Risks ('A+' to 'AA-').

TASECH's rating of 'A+' relates to a low risk exposure profile and a 'Stable' outlook has been assigned by Thomas Murray. The outlook indicates that the rating of 'A+' for Overall Risk is unlikely to change in the near future. However, TASECH has a number of projects in progress that should help to mitigate risk once they have been successfully implemented this year. These include the adoption of a new capital/liquidity model, the strengthening of the audit and risk management activities with new additional resources employed, the commencement of the settlement account at the Bank of Israel, the use of SWIFT messages for settlement instructions by more participating banks, the automation of dividend payment information and the move to new high-tech premises.

There have been several new developments over the last two years which have contributed to an improved risk position within TASECH and for their participants. The movement of equities to the T+1 cycle has completed the adoption of a T+1 cycle for all securities. This has improved the quality of DVP available for these instruments. Disaster Recovery and Business Continuity facilities have been further improved by the development of facilities especially by providing workstations for 90 staff at the BCP facilities and ensuring full synchronisation of data and redundancy of communication lines. Specialist IT audits are now undertaken which has served to improve audit arrangements. Also of importance is the number of audits being undertaken by the Membership and Supervision department on the non-bank clearing members which has strengthened surveillance over this group. Finally, the Risk fund is now calculated using a risk analysis approach that includes partial stress testing of the Fund based on historical information of the potential default of the largest member.

Simon Thomas, CEO and Chief Ratings Officer of Thomas Murray, said "Thomas Murray is delighted to be able to undertake the public rating of the Tel Aviv Stock Exchange Clearing House and we note the improvements made to its risk management, as

reflected in the ratings. It is clear that TASECH is moving closer to global best practice in many areas and productively uses the rating process to assist it in this achievement".

Ester Levanon, CEO of the Tel Aviv Stock Exchange, said "Both TASE and TASECH recognise the need to keep pace with developments in the global marketplace and value the rating process in identifying the areas where we need to further improve to minimise our risk. We are pleased that we have continued to make progress as reflected in the rating upgrades that have been achieved in respect of the Asset Commitment, Counterparty and Asset Servicing risks. We intend to maintain the momentum we have achieved as we continuously work to reduce risk and improve our overall risk rating".

The Central Securities Depository rating assesses the performance of the CSD to mitigate risk in its activities of safekeeping and the clearing and settlement of securities, where applicable. It assesses six key risks. The methodology considers the capabilities of the depository and the quality and effectiveness of its operational infrastructure. It also assesses the depository's willingness and ability to protect its participants or clients from losses. As part of the rating, the scope and quality of the depository's services is assessed. The ratings are on a consistent global scale, using the familiar AAA to C ratings scale. Once the rating is assigned there is an ongoing surveillance process to monitor the depository.

Separately, Thomas Murray maintains proprietary assessments of over 130 CSDs globally as part of the Thomas Murray Depository Risk Assessment services. These reports are available via Thomas Murray at www.thomasmurray.com.



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TASECH - The Tel Aviv Stock Exchange Clearing House Limited, Israel (Updated Apr 2013)

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About Thomas Murray

Thomas Murray is a specialist custody rating, risk management and research firm specialising in the global securities services industry. Thomas Murray was established in 1994. The company tracks and analyses over 250 custodians globally and monitors the risk of over 100 capital market infrastructures. The company has a strong position as a provider of public and private ratings and risk assessments on global custodians, domestic custodian banks and capital market infrastructures.

www.thomasmurray.com

About Tel Aviv Stock Exchange Clearing House

The Tel Aviv Stock Exchange Clearing House Ltd. (TASECH) was established in 1966, and became a wholly owned TASE subsidiary in September 2006. TASECH is the sole clearing house and depository for all securities issued in Israel. TASECH also handles the creation and redemption of mutual fund units and custody of securities, jointly with the Nominee Companies and carries out payments on behalf of companies: dividends, interest, benefits, exercise of convertibles, exercise of rights, etc. TASECH is a member of the Depository Trust and Clearing Company (DTCC) in the United States, the world's largest clearing house, through which it provides clearing services to dual-listed equities.

www.tase.co.il

