



## Thomas Murray Upgrades the Central Securities Depository Rating to 'A+' for the Tel Aviv Stock Exchange Clearing House

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PRESS ANNOUNCEMENT

LONDON - Thomas Murray, the specialist custody rating, risk management and research firm is pleased to announce an upgrade to the Public Depository Rating for The Tel Aviv Stock Exchange Clearing House (TASECH) of Israel. TASECH has been awarded a Public CSD rating of 'A+', up from '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
<b>TASECH Rating:</b>	<b>A+</b>	<b>AA</b>	<b>A+</b>	<b>A+</b>	<b>A</b>	<b>A+</b>	<b>A+</b>

The overall rating upgrade stems from improved ratings to the risk components, Financial ('A-' to 'A') and Operational Risks ('A' to 'A+').

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 following the upgrade, 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 come to fruition. These include the continuation of enhancement of the Extranet communication platform to handle 15022 format messages, plans to move equities to settle on a T+1 cycle by the end of 2011, and the introduction of new liquidity and capital requirements for non-bank clearing members (NBCMs).

Several projects have been completed in the last year which have contributed to an improved risk position within TASECH and for their participants. Funds liquidity for TASECH as settlement guarantor/CCP for TACT and MTS Israel transactions has been improved by requiring clearing members to post 25% of their guarantee in cash, as well as the securing of an additional credit line for TASECH from Ubank. There continues to be a high settlement rate and fails management procedures have been strengthened by increasing fines and improvements in the buy-in process. Dual-sided matching and 15022 settlement messaging have been implemented in Extranet which have benefitted custodians operationally and reduced their reliance on manual pre-matching. The movement of corporate debt to the T+1 cycle in November 2010 has improved the quality of DVP available for these instruments. Automation of processes particularly within the corporate actions area has led to a significant reduction in manual instructions and reporting. Disaster Recovery and Business Continuity facilities have been further improved by the transition to alternative facilities, full synchronisation of data and redundancy of communication lines. Finally, the appointment of a Risk Officer and compliance with Israeli Sarbanes-Oxley (ISOX) requirements have necessitated the development of company-wide risk methodologies and monitoring that is consistent with COSO standards.

Simon Thomas, CEO and Chief Ratings Officer of Thomas Murray, said, "Thomas Murray is delighted to be able to announce the upgrade of the public rating of the Tel Aviv Stock Exchange Clearing House. With the transition of the Israeli market to developed status within MSCI-Barra categorisations, it is critical that the local capital market infrastructure develops apace. It is clear from the significant improvements that have been made, TASECH is committed to providing a high quality service and prudent risk management to both the local and international

investment community."

Ester Levanon, CEO of the Tel Aviv Stock Exchange, said, "Both TASE and TASECH recognise the value in adopting Thomas Murray's rating methodology which has provided our business with a comprehensive benchmark assessment of our operating processes. It has been very helpful in identifying those areas on which to focus our development efforts to minimise our risk. We are delighted with the upgrade to A+ which we feel accurately reflects the progress we have made in driving forward the standards of market practice".

The CSD rating assesses the risk exposures for investors associated with the processes the CSD has in place to facilitate the 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](http://www.thomasmurray.com).

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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](http://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](http://www.tase.co.il)

