

# General Conditions Part II

## Monte Titoli's Services

### 1. Definitions

**1.1** The terms written with an initial capital letter in these General Conditions Part II are to be understood – unless indicated otherwise – as having the meaning specified in the definitions contained in the General Conditions Part I and in the Service Regulations and relevant Instructions.

**1.2** In this part of the General Conditions the term:

**“Central Maintenance Service”**: means the service provided by Monte Titoli in order to keep securities accounts at the highest level, at the request of entities that are members of the service as Intermediaries.

**“Client”**: means, unless otherwise provided for each Service, the party who may participate in the Services governed by the Agreement.

**“Communications and Notices Management Service (“FIS/CPA Service”)**”: mean the service provided by Monte Titoli that enable the handling of communications and notifications through the sending of information flows relating to participation in shareholders’ meetings and the names of shareholders, according to the procedures specifically provided in the Services Manual.

**“Corporate Events Support Service”**: means the service provided by Monte Titoli to support the processing of corporate transactions relating to financial instruments initially registered at Monte Titoli, in accordance with standardised procedures and on the basis of information provided by the Issuers.

**“CSDR”**: means Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 and the implementing documentation, as supplemented and amended.

**“Eurosystem”**: means the European Central Bank and the Central Banks of the member states of the European Union whose currency is the euro pursuant to Article 1 of the Statute of the European System of Central Banks and of the European Central Bank.

**“Foreign Settlement Service”**: means the service provided by Monte Titoli, which enables the transmission and settlement of transfer orders on accounts opened by Monte Titoli with settlement systems outside T2S for settling transactions on behalf of its Participants.

**“Notary Service”**: means the service whose purpose is the initial registration of financial instruments in the accounting records system of Monte Titoli at the request of Issuers.

**“Paying Agent”**: means the entity, Paying Bank or Collecting Bank, appointed by the Client of the Corporate Events Support Service and/or of the RCC Service to make payments in connection with the Services, including the fees due from the Client for Monte Titoli’s Services, and the Agent Bank appointed by the Client of the Settlement Service for settling the cash in connection with the Settlement Service and the Foreign Settlement Service.

**“RCC Service”**: means the service provided by Monte Titoli, directed at Intermediaries and Issuers, which enables the reconciliation, control and settlement of the fees that Issuers grant to Intermediaries for the supply of particulars relating to shareholders.

**“Regulations”**: means Monte Titoli’s Regulations, as supplemented and amended from time to time.

**“Service for the Identification of Financial Instrument Holders”**: means the service provided by Monte Titoli whereby Monte Titoli notifies Issuers of the information required to identify the holders of financial instruments or intermediaries holding financial instruments.

**“Service for the Management of Financial Instruments Through Links with Other Central Securities Depositories”**: means the service provided by Monte Titoli that allows financial instruments initially registered at other central securities depositories to be registered in the accounting records at Monte Titoli and the management of corporate transactions on the basis of information provided by central securities depositories or by the issuers of those financial instruments.

**“Service Provider”**: means the third party who has entered into a specific agreement with Monte Titoli for the use of the MT-X platform, to whom the Participants may delegate the performance of specific operating functions relating to participation in Services on the basis of a specific operating mandate drafted according to the model prepared by Monte Titoli.

**“Services Data”**: means the Data as defined by the General Conditions Part I and, in particular, the data and information both elementary and aggregated, i.e. which result from the processing

of elementary data using algorithms that come into the Client's possession as a consequence of its participation in the Services or in any case made available to the Client in connection with the provision of the Services.

**"Services"**: means one or more of the services provided by Monte Titoli and governed by these General Conditions Part II.

**"Settlement Finality Directive"**: means the Directive No. 98/26/EC of the European Parliament and of the Council of 19 May 1998 concerning the settlement finality in payment and securities settlement systems, as supplemented and amended.

**"Settlement Service"**: means the service provided by Monte Titoli and operated via the T2S platform, for the settlement in euro and the other currencies admitted by T2S of transactions in non-derivative financial instruments individually considered.

**"T2S Framework Agreement"**: means the agreement executed between Monte Titoli and the Eurosystem, inclusive of the relevant annexes, which governs the provision of T2S to Monte Titoli by the Eurosystem published by the Eurosystem at the web site address

<http://www.ecb.europa.eu/paym/t2s/about/keydocs/html/index.en.html#legal>.

**"T2S User Requirements"**: means the document issued by the Executive Council of the European Central Bank on 3 July 2008, as supplemented and amended from time to time, which describes the T2S "User" requirements.

**"T2S"**: means the centralised settlement technical platform for the simultaneous settlement of domestic and cross-border securities transactions, both for the securities component and the equivalent value in central bank currency, referred to as Target 2 Securities, of the Eurosystem and used by Monte Titoli for providing the Settlement Service.

**"Tax Services"**: means the tax assistance services provided by Monte Titoli to enable the Participants, through Monte Titoli, to perform the tax formalities and fulfil the tax obligations which are required of them under the applicable provisions of law relating to transactions involving income or financial instruments under the tax laws of Italy or a foreign country.

**"X-TRM Service"**: means the service provided by Monte Titoli that enables the acquisition, transfer and transmission of transactions to the Settlement Service, to settlement services managed by Foreign Entities and to the Foreign Settlement Service, for settlement between the participants in such Foreign Entities, within T2S and outside T2S (so called "routing"), as well as to Central Counterparties.

## **2. Notary Service**

- 2.1** In this Article, “Client” means the party who may participate in the Notary Service in the capacity of Issuer pursuant to the Regulations.
- 2.2** In accordance with the Regulations, the relevant Instructions and the Appendices, Monte Titoli shall provide the Notary Service when the Agreement referred to in the Request for Services enters into full effect, pursuant to Article 2.5 of the General Conditions Part I.
- 2.3** The Client grants a mandate to Monte Titoli to carry out all management activities for the financial instruments initially registered by Monte Titoli to the Issuer's accounts following enrolment in the Notary Service and authorises Monte Titoli to order the settlement of amounts relating to all the above management activities. The management activities for financial instruments in fulfilment of this mandate are performed by Monte Titoli within the framework of the Corporate Events Support Service.
- 2.4** Pursuant to Article 1717 of the Italian Civil Code, the Client authorises Monte Titoli to have act in its stead Intermediaries that have in their accounts financial instruments issued by the Issuer for the performance of the activities governed by the mandate referred to in the foregoing paragraph that entail knowledge of the holder of the centralised financial instruments directly by the Client or by the intermediaries.
- 2.5** As limited to financial instruments admitted to the Notary Service in certificated form, the Client shall ensure the prompt execution of the deposit, reverse split, split and replacement operations for temporary certificates, it being understood that such operations will be carried out at no cost to Monte Titoli.
- 2.6** As limited to financial instruments admitted to the System in certificated form, the Client shall inform Monte Titoli promptly of the identification numbers of the financial instruments it has issued subject to amortisation procedures and of all data relating to financial instruments that have been stolen or lost or are otherwise irregular and authorise their dissemination to third parties.
- 2.7** As limited to financial instruments admitted to the System in certificated form, the Client, at Monte Titoli's request, shall deliver to Monte Titoli the certificates replacing those that have been lost, stolen or accidentally destroyed during transfer to the issuer or during their time on Monte Titoli's premises. Where the loss, theft or destruction involves coupons detached from the certificates, the Client authorises Monte Titoli to pay participants any amounts due and grant them the rights associated with such coupons.
- 2.8** The Client acknowledges and accepts that Monte Titoli is not required to verify the conformity of the form (dematerialised or certificated) in which the financial instruments are entered into the System, as chosen by the Client through the participation documentation, in accordance with the legislation applicable to the Client.

**2.9** The Client undertakes to give prompt written notice, within one business day, on pain of forfeiture, of all discrepancies in account statements and/or communications regarding individual transactions sent by Monte Titoli pursuant to the Regulations.

### **3. Central Maintenance Service**

**3.1** In this Article, "Client" means the party who may participate in the Central Maintenance Service in the capacity of an Issuer pursuant to the Regulations.

**3.2** In accordance with the Regulations, the relevant Instructions and the Appendices, Monte Titoli shall provide the Central Maintenance Service when the Agreement referred to in the Request for Services enters into full effect, pursuant to Article 2.5 of the General Conditions Part I.

**3.3** By subscribing to the Service, the Client requests the registration of the financial instruments admitted to the Central Maintenance Service owned by the Client or by third parties to the accounts held by the Client, which it undertakes to identify in the Participation Documentation as "own accounts", "omnibus third party accounts" or "segregated accounts at individual customer level" pursuant to the Regulations.

**3.4** The Client undertakes, under its own responsibility, to identify the accounts opened within the framework of the Central Maintenance Service in the Participation Documentation as own accounts, omnibus third-party accounts or segregated accounts at individual customer level.

**3.5** The Client shall act in Monte Titoli's stead in the performance of the obligations governed by the mandate granted by the Issuer to Monte Titoli pursuant to Article 2 - Notary Service - of these General Conditions Part II that entail direct knowledge of the holder of the financial instruments by the Client or by the intermediaries.

**3.6** In the event of admission to the Central Maintenance Service, for financial instruments in certificated form, for the purposes of initial identification of the certificates entered into the system directly by the Intermediary, the numeric list prepared by Monte Titoli will prevail.

**3.7** The temporary absence of financial instruments in a securities account of the Client shall not lead to termination of the Agreement.

**3.8** The Client undertakes to give prompt written notice, within one business day, on pain of forfeiture, of all discrepancies in account statements and/or communications regarding individual transactions sent by Monte Titoli pursuant to the Regulations.

#### **4. Corporate Events Support Service**

**4.1** In this Article, "Client" means the party who may participate in the Corporate Events Support Service in the capacity of an Issuer or Intermediary pursuant to the Regulations.

**4.2** In accordance with the Regulations, the relevant Instructions and the Services Manual, Monte Titoli shall provide the Corporate Events Support Service when the Agreement referred to in the Request for Services enters into full effect, pursuant to Article 2.5 of the General Conditions Part I.

**4.3** On the basis of the Corporate Events Support Service, the Client authorises Monte Titoli to credit/debit the funds relating to the transactions in financial instruments undertaken within the framework of the Service to the accounts indicated by the Client. In particular, the Client authorises Monte Titoli, for each mandate concerning the Corporate Events Support Service, to order, on the accounts indicated by the Client, the settlement of amounts arising from the payment of dividends, the payment of proceeds from the redemption of units in funds, the payment of interest and the repayment of principal, capital increases, conversions and exercise of rights.

**4.4** For the settlement of the amounts referred to in paragraph 4.3 above, the Client shall grant a mandate to one or more Paying Agents. To this end, the Client undertakes to ensure that Monte Titoli receives the acceptance of the mandate by the Paying Agent according to the terms and conditions set out in the Instructions, and to inform Monte Titoli promptly of all changes relating to the Paying Agent, including the appointment of a new Paying Agent following the total or partial termination of the above mandate. The new Paying Agent must be appointed within five business days of the total or partial termination of the above mandate. If the mandate is terminated at the initiative of the Paying Agent, the Client authorises Monte Titoli to recognise the notice of total or partial termination of the mandate sent by the Paying Agent to Monte Titoli as valid notification of such termination.

**4.5** The Client acknowledges and accepts that the Issuer may declare, under its own responsibility, obvious errors in payments relating to interest and the repayment of principal and dividends made by Monte Titoli and that in such cases Monte Titoli may reverse and re-present the payments concerned according to the terms set out in the Regulations.

#### **5. Service for the Management of Financial Instruments Through Links with Other Central Securities Depositories**

**5.1** In this Article, “Client” means the party who may participate in the Service for the Management of Financial Instruments Through Links with Other Central Securities Depositories in the capacity of an Issuer pursuant to the Regulations.

**5.2** In accordance with the Regulations, the relevant Instructions and the Appendices, Monte Titoli shall provide the Service for Management of Financial Instruments Through Links with Other Central Securities Depositories when the Agreement referred to in the Request for Services enters into full effect, pursuant to Article 2.5 of the General Conditions Part I.

**5.3** The Client acknowledges and accepts that the initial registration of the securities subject to the Service for the Management of Financial Instruments Through Links with Other Central Securities Depositories takes place with foreign CSDs with which Monte Titoli has established a link under the rules established by foreign CSDs with which they are initially registered and applicable to those CSDs; accordingly, such securities may be subject to suspension and exclusion measures by the foreign CSDs as a consequence of which Monte Titoli will suspend or exclude the service in question or subject to specific operating methods or disclosure requirements as provided for by the Instructions. The Client acknowledges and accepts that Monte Titoli may debit any costs applied to Monte Titoli by foreign CSDs as a consequence of the Client's failure to comply with the aforementioned operating methods or information obligations, in accordance with the methods indicated in the Pricelist.

**5.4** The Client shall abide by the restrictions on the Service for the Management of Financial Instruments Through Links with Other Central Securities Depositories set out in the Services Manual and verify and comply with the transparency requirements and restrictions on the possession and exercise of rights applicable to financial instruments subject to the Service for the Management of Financial Instruments Through Links with Other Central Securities Depositories. The Client acknowledges and accepts that Monte Titoli is not required to conduct any verification of such transparency requirements and restrictions on possession.

**5.5** The Client authorises Monte Titoli to order the settlement through the accounts indicated by the Client of the amounts arising from the management of the corporate actions on the financial Instruments subject to the Service for the Management of Financial Instruments Through Links with Other Central Securities Depositories. With reference to the debiting and/or crediting of securities and/or cash deriving from corporate actions relating to financial instruments subject to the Service for the Management of Financial Instruments Through Links with Other Central Securities Depositories, the Client authorises Monte Titoli to directly debit/credit the financial instruments and/or cash previously credited/debited by foreign CSDs to Monte Titoli in the event of:

a) the wrong instruction from the Client or foreign CSD with regard to corporate actions. In the event of an error by the Client, the Client shall report it promptly to Monte Titoli so that

Monte Titoli may send the necessary communications to correct it; in the event of an error by the foreign CSD, Monte Titoli shall carry out the correction, after receiving the communication from the Foreign Entity concerned;

- b) settlement of funds resulting from corporate actions that are not final because they are conditional on the provision of funds to the foreign CSD by the Issuer or that have been carried out prior to the availability of the funds;
- c) laws, regulations, orders, judgments, injunctions, precautionary attachments or other actions taken by any authority aimed at restoring all credit and debit positions;
- d) claims, compensations and company underwriting transactions, such as, for example, capital increases and the exercise of warrants, in accordance with the Instructions.

**5.6** In the cases set out in the points of the foregoing paragraph, where it is impossible to proceed to directly debit the funds, the Client shall immediately return/contribute the funds received and provide compensation for any damages, including expenses relating to interest payable and currency exchange. Should the Client fail to return/contribute the funds, the Client and Monte Titoli agree that the sum claimed by Monte Titoli in respect of the return/contribution of the funds will be set off against all amounts claimed by the Client in regard to the transfer by Monte Titoli of funds relating to financial instruments owned by the Client, including any others which are not subject to this Article. The Client therefore authorises Monte Titoli to deduct the amounts due to it from any subsequent amounts payable to the Client.

**5.7** The Client authorises Monte Titoli to proceed to debit/credit the Client's account in euro rather than in a foreign currency in the event of debits/credits denominated in a foreign currency and/or in the event of failure to designate the account to be used for foreign currency transactions, according to the criteria and methods provided for in the Instructions.

## **6. Service for the Identification of Financial Instrument Holders**

**6.1** In this Article, "Client" means the party who may participate in the Service for the Identification of Financial Instrument Holders in the capacity of Issuer pursuant to the Regulations.

**6.2** In accordance with the Regulations, the relevant Instructions and the Appendices, Monte Titoli shall provide the Service for the Identification of Financial Instrument Holders when the Agreement referred to in the Request for Services enters into full effect, pursuant to Article 2.5 of the General Conditions Part I.



**6.3** The Client represents and warrants that the request for the identification of the holders of financial instruments forming the subject-matter of the Service for the Identification of Financial Instrument Holders and the use by the Client of the information involved in the request is in accordance with the applicable provisions indicated in the said request.

## **7. Tax Services**

**7.1** In this Article, “Client” means the Intermediary who may participate in the Tax Services pursuant to the Regulations.

**7.2** If the Tax Services involve financial instruments subject to Italian tax laws, in accordance with the Regulations, relations between Monte Titoli and the Client are governed by specific contracts.

**7.3** If the Tax Services involve financial instruments subject to foreign tax laws, in accordance with the Regulations, the relevant Instructions and the Appendices, Monte Titoli shall provide the Tax Services when the Agreement referred to in the Request for Services enters into full effect, pursuant to Article 2.5 of the General Conditions Part I.

**7.4** For the purposes of provision of the Tax Services, the Client shall provide the documentation prescribed by Italian and/or foreign tax laws and that indicated in the agreements referred to in paragraph 7.2 above, in the Instructions and in the Services Manuals, within the requested timescales.

**7.5** The Client authorises Monte Titoli to debit the amounts arising from the fulfilment of the tax obligations forming the subject-matter of the Tax Services, as prescribed by applicable legislation, to the accounts indicated by the Client.

**7.6** The Client acknowledges that the Tax Service applies to activities relating to the application of taxation to Intermediaries on income or transactions relating to financial instruments held by the Client within the framework of the Central Maintenance Service, in accordance with the Regulations, and therefore does not include any advisory activity with regard to taxation or levies.

**7.7** The Client represents and warrants that the information contained in the documentation provided to Monte Titoli for the purposes of providing the Tax Services is truthful, accurate and complete. The Client acknowledges and accepts that Monte Titoli is in no way responsible for the truthfulness, accuracy and completeness of the said information and/or documentation.

## **8. FIS/CPA Services**

**8.1** In this Article, "Client" means the Intermediary participating in the Central Maintenance Service or the Issuer participating in the Corporate Events Support Service.

**8.2** In accordance with the Regulations and the relevant Instructions, Monte Titoli shall provide the FIS/CPA Services when the Agreement referred to in the Request for Services enters into full effect, pursuant to Article 2.5 of the General Conditions Part I.

**8.3** In addition to the Regulations, the FIS/CPA Services are governed by the Services Manual, which the Client confirms it has read and accepts, it being understood, moreover, that participation in the FIS/CPA Services is conditional on participation in the MT-X platform organised and managed by Monte Titoli, in accordance with the Services Manual.

**8.4** The Client acknowledges and accepts that the submission of reports and communications to the Issuers through the FIS/CPA Service on behalf of other intermediaries at a lower level of the custody chain is subject to disclosure of the particulars provided for in the Participation Documentation.

**8.5** Monte Titoli may suspend the FIS/CPA Services to carry out maintenance or improvements subject to prior notice in accordance with Article 6 of the General Conditions Part I.

## **9. RCC Service**

**9.1** In this Article, "Client" means the Issuer and/or the Intermediary that may participate in the RCC Service, in accordance with the Regulations.

**9.2** In addition to the Regulations, the RCC Service is governed by the "Tariff system for corporate actions" and the "Protocol for application of the new tariff system for corporate actions" appended to the Operational Documents of the Regulations published on the Monte Titoli website, which are an integral part of these General Conditions Part II and which the Intermediary and Issuer declare they have read and accepted.

**9.3** In accordance with the Regulations, the relevant Instructions and the appendices indicated in the foregoing paragraph, Monte Titoli shall provide the RCC Service when the Agreement referred to in the Request for Services enters into full effect, pursuant to Article 2.5 of the General Conditions Part I.

**9.4** If the Client participates in the RCC Service through a third-party entity, in accordance with the Instructions, the Client shall nonetheless be responsible for the activity of such third-party entity.

**9.5** On the basis of the RCC Service, Monte Titoli collects, controls and organises the data and information relating to the particulars of shareholders sent by the Intermediary and arranges for the relevant payments of fees that the Issuers pays to Intermediaries for the provision of such information according to the timetable and in the manner set out in the Instructions. The Client authorises Monte Titoli to credit/debit the fees due from the Issuer to the Intermediary, as calculated and settled by Monte Titoli within the framework of the RCC Service, to the accounts indicated by the Client.

**9.6** The fee due from the Issuer to the Intermediary for the services provided by the Intermediary, in relation to the provision of shareholders' particulars, shall be calculated by Monte Titoli pursuant to the terms and conditions of the RCC Service, having regard to the "Protocol for application of the new tariff system for corporate actions" or another tariff scheme agreed between the Issuer and the Intermediary and submitted to Monte Titoli in the manner provided for in the Instructions, it being understood that the Intermediary agrees that Issuers may access the RCC Service for the purpose of correcting the calculations in respect of the above-mentioned fees.

**9.7** The Intermediary and the Issuer hereby accept the payments made pursuant to the foregoing paragraph, expressly declaring that they will not raise any objections or challenges in regard to the payment transactions carried out in the manner provided therein, other than in the event of obvious technical calculation error attributable to Monte Titoli, in which case the provisions of the General Conditions Part I shall apply.

**9.8** The Intermediary acknowledges and accepts that in the event of withdrawal by the Intermediary from the Central Maintenance Service and in the event of extraordinary corporate actions leading to the termination of the Intermediary, Monte Titoli will not be required to order the payments provided for in this Article, as the Intermediary will be responsible for the settlement of the relevant amounts in a manner other than that laid down for the RCC Service.

## **10. Settlement Service**

**10.1** In this Article, "Client" means the party who may participate in the Settlement Service according to the Regulations.

**10.2** In accordance with the Regulations, the relevant Instructions, the T2S User Requirements and the Services Manual, Monte Titoli shall provide the Settlement Service when the Agreement

referred to in the Request for Services enters into full effect, pursuant to Article 2.5 of the General Conditions Part I. With reference to the T2S User Requirements, the Client acknowledges (i) that the updated version of the document is published by the European Central Bank on the website <http://www.ecb.europa.eu/paym/t2s/about/keydocs/html/index.en.html> and (ii) that the document forms an integral part of the Agreement.

**10.3** The Client acknowledges and accepts that the amendments to the T2S User Requirements are subject to the amendment procedure described in Article 47 and Annex 9 (Change and Release Management) of the T2S Framework Agreement. Therefore, without prejudice to the provisions of Article 11.3 of the General Conditions Part I, by derogation from the provisions of Article 7.2 of the General Conditions Part I, Monte Titoli shall notify the Client of the amendments to the T2S User Requirements by promptly communicating the relevant text through its website as soon as it is informed by the Eurosystem of the approval of said amendments. In this notice, Monte Titoli shall indicate the time period within which the Client may exercise its termination rights pursuant to Article 11.3 of the General Conditions Part I.

**10.4** Pursuant to Article 89(2) and (5) of Commission Delegated Regulation (EU) No 2017/392, a Client incorporated under the laws of third countries must declare that it is capable of meeting the legal requirements for participation in the Settlement Service and of ensuring the confidentiality of the Settlement Service Data and undertakes to provide, at Monte Titoli's request, all information necessary for confirming the fulfilment of such requirements, including any legal opinions or agreements, even after the effective date of the agreement pursuant to paragraph 10.3 above.

**10.5** A Client who does not have accounts for the settlement of cash or does not wish to use such accounts, must undertake to grant a mandate to a Paying Agent enabling it to make cash payments according to the provisions of the Regulations and the Participation Documentation. The Client further undertakes to send directly or through the Paying Agent proof of acceptance of the above-mentioned mandate by completing the form prepared by Monte Titoli and available in the Participation Documentation and to promptly report all changes in the said mandate. The Client authorises Monte Titoli to recognise the notice of total or partial termination of the mandate sent by the Paying Agent to Monte Titoli as valid notification of such termination.

**10.6** The Client undertakes to interact with the Eurosystem in the cases provided for in the Regulations, the Instructions and the Operational Documents, it being understood that, in any event, the contractual relationship exists solely between the Client and Monte Titoli.

**10.7** Without prejudice to the provisions of this Article 10 of these General Conditions Part II, the Client undertakes to collaborate in good faith by promptly informing Monte Titoli of all errors in T2S data in order to allow Monte Titoli to notify the Eurosystem of all errors in the T2S Data in accordance with Article 22 of the T2S Framework Agreement.

**10.8** The Client acknowledges and accepts that pursuant to Article 36 of the T2S Framework Agreement, the Eurosystem may disconnect DCPs from the T2S platform where the Eurosystem reasonably believes that the connection of the DCP to the T2S platform poses a significant risk to T2S' security and integrity. It is understood that Monte Titoli may not be held liable in any way for any consequence of such disconnection by the Eurosystem.

**10.9** In order to access the Bank of Italy's cash advance mechanisms, the Client authorises Monte Titoli to credit the financial instruments identified from time to time, in accordance with the Regulations, as collateral for the Bank of Italy.

## **11. Foreign Settlement Service**

**11.1** In this Article, "Client" means a party who may participate in the Foreign Settlement Service as Intermediary pursuant to the Service Regulations.

**11.2** In accordance with the Regulations, the relevant Instructions and the Services Manual, Monte Titoli shall provide the Foreign Settlement Service when the Agreement referred to in the Request for Services enters into full effect, pursuant to Article 2.5 of the General Conditions Part I.

**11.3** The Foreign Settlement Service provided by Monte Titoli consists of the settlement of transactions on behalf of the Client, through accounts opened by Monte Titoli with foreign CSDs and payment systems used by the latter, it being understood as of now that the settlement of such transactions is governed by the conditions and rules established by the foreign CSD's settlement system. Therefore, any charge, lien, restriction, delay or loss that may arise from application of the rules and regulations of the foreign CSD, as well as from events arising from the relationship between the foreign CSD not participating in T2S and the counterparty of the Client in transactions to be settled or settled, shall be sustained by the Client.

**11.4** Without prejudice to Article 13.1 (c), Monte Titoli and the Client, in the respective relationships, agree that Monte Titoli's accounting records shall be valid and shall prevail for the traceability of transactions subject to the Foreign Settlement Service.

## **12. X-TRM Service**

**12.1** In this Article, "Client" means a party who may participate in the X-TRM Service pursuant to the Regulations.

**12.2** In accordance with the Regulations, the relevant Instructions and the Services Manual, Monte Titoli shall provide the X-TRM Service when the Agreement referred to in the Request for Services enters into full effect, pursuant to Article 2.5 of the General Conditions Part I.

**12.3** Where participation in the X-TRM Service takes place in the Client's name and on behalf of third parties pursuant to the Regulations, the Client undertakes to notify and keep updated the list of market participants on behalf of which the Client participates in the X-TRM Service, completing the appropriate form prepared by Monte Titoli and available electronically in the Participation Documentation. Transactions entered by the Client into the X-TRM Service on behalf of third parties shall be considered as relating exclusively to legal relationships existing between Monte Titoli and the Client. The third party therefore may not make any claim against Monte Titoli or enforce any powers of disposition over such transactions.

**12.4** If the Client requests the forwarding of transactions to settlement services managed by foreign CSDs, it undertakes to provide Monte Titoli with any documents that might be requested by such Foreign Entities performing the settlement, and to forward a copy to Monte Titoli.

### **13. Obligations of the Client of the Services**

**13.1** Without prejudice to the Regulations, the Client, also on the basis of its capacity as DCP, is required:

a) to carry out, prior to participating in one or more Services and in the event of the release of new functionalities or new versions of individual Services, tests and/or inspections of the functionalities relating to individual Services, testing, in particular, the specific functions indicated in the Instructions relating to specific Services; as well as to provide Monte Titoli, if requested, with an answer regarding the positive outcome of such tests and/or inspections, on the terms, in the manner and according to the specifications notified by Monte Titoli from time to time pursuant to Article 6 of the General Conditions Part I. The Client acknowledges and accepts that Monte Titoli may consider that failure to answer or carry out the above-mentioned tests or inspections constitutes tacit consent to the implementation of the new functionalities or new versions of the Services.

b) to have in place, before participating in one or more of the Services governed by these General Conditions Part II, an organisational and technological structure that is suitable for a correct use of the Services and having, in particular, the following requirements:

i. adequate organisational reference structures that may be contacted by Monte Titoli for any operational need or information;

- ii. technical compatibility with the electronic structures relating to the Services;
  - iii. procedures making it possible, in the event of technical malfunctions, to reconstruct within a reasonable time the transactions entered in the Services;
  - iv. prompt restoration of operational activities following Services malfunctions;
  - v. efficiency in terms of the timeliness of responses when interacting with procedures relating to the Services, as well as in terms of allocation of dedicated resources in relation to the volumes handled;
  - vi. a high security level in terms of confidentiality and integrity, for the purpose of ensuring that information is not been generated by unauthorised sources or activities.
- c) to cooperate with Monte Titoli, or with third persons designated by Monte Titoli, also allowing their employees or contractors to access its premises, for the purpose of:
- i. carrying out all interventions on the (hardware and software) equipment used by the Client that are necessary for ensuring the correct operation of the Services;
  - ii. carrying out customer satisfaction enquiries, subject to prior agreement with the Client regarding the day and time of access;
  - iii. carrying out of tests on the implementation and control of the disaster recovery system belonging to Monte Titoli;
  - iv. verifying the suitability of the organisational and technological structure according to the provisions of this Article 13.1.
- d) to use the Services Data – except for data entered by the Client in the Services as a result of participation in them and which the Client keeps widely available – exclusively for the performance of the activities relating to the Services. Such Services Data therefore may not be copied, recorded, reproduced, transferred, marketed or exploited economically in any other manner, in whole or in part.

**13.2** If the Client wishes to use a Service Provider to manage the operating procedures and technological systems required for participation in the Services – it being understood that the contractual relationship for the provision of the services is solely between Monte Titoli and the Client – the Client is bound to promptly inform Monte Titoli when it enters into an agreement with the Services Provider, pursuant to the terms and conditions provided in the Regulations, and to send to Monte Titoli, including in condensed form, the clauses of the agreements between the Client and the Service Provider providing proof of the Service Provider's requirements under

the Regulations. The foregoing is without prejudice, in any event, to Monte Titoli's right to request a copy of the above-mentioned agreement.

**13.3** For the use of the Services requested by the Client, the Client is required:

- a) to establish the necessary electronic connections for interfacing with Monte Titoli, completing the appropriate sections of the Participation Documentation and indicating the electronic means it has chosen, in the manner described in the relevant technical manuals;
- b) to formalise its position with the CIPA (i.e. the Interministerial Committee for Automation) for the purpose of using the network, if the electronic means chosen by the Client for connecting to the system is the RNI network;
- c) if the Client wishes to use the RNI network, the MT-X or MT-A2A platform through third parties, to complete the appropriate Participation Documentation, in accordance with the terms and conditions of the Regulations;
- d) if the Client wishes to use the SWIFT network, to subscribe for the Monte Titoli CUG, undersigning the documentation requested by the network service provider;
- e) to notify Monte Titoli, by completing the Participation Documentation, of the date of activation of the connection to the RNI network and/or the MT-X and/or MT-A2A platform, as soon as Monte Titoli receives the encryption keys for RNI connection modalities and/or the user profiles (username and password) for the MT-X electronic connection service, it being understood that the above-mentioned date of activation shall be at least three (3) business days after the date of receipt of the documentation by Monte Titoli;
- f) if the Client wishes to use the MT-A2A electronic connection, to apply first for connection to the MT-X platform, provided, however, that it has previously successfully passed the connection tests according to the terms and conditions established by Monte Titoli;
- g) if the Client wishes to withdraw from the connection system through RNI, MT-X and/or MT-A2A, to notify Monte Titoli of its intention, giving at least thirty (30) days' notice and in the manner described in the General Conditions Part I.

**13.4** In accordance with the FATCA regulations, and following the issue of the enacting provisions of Ministerial Decree 28 December 2015, enacting Directive No. 2014/107/EU, which obligates the financial authorities of the Member States to automatically provide annual fiscal reports based on the OECD Common Reporting Standard (CRS), the Client is required to send Monte Titoli the appropriate form attached to the Agreement, duly completed and signed.



## **14. Liability**

**14.1** With reference to the Services provided by Monte Titoli pursuant to the relevant contractual terms and conditions, the Client discharges Monte Titoli from any liability in the following circumstances:

- a. with reference to the X-TRM Service, in relation to damage and/or any prejudice suffered by the Client, connected and/or linked to the settlement procedures for transactions subject to the Foreign Settlement Service, since these are governed by the foreign settlement system;
- b. with reference to the Foreign Settlement Service, in relation to damage and/or any prejudice suffered by the Client connected and/or linked to the application of the Settlement Finality Directive as implemented by the foreign CSD, pursuant to which a transaction must be considered "irrevocable and final";
- c. with reference to the Foreign Settlement Service, in relation to damage and/or any prejudice suffered by the Client connected and/or linked to the cancellation instruction forwarded by the Client to Monte Titoli, without prejudice, in any event, to the Client's right to request the cancellation of the transaction until it becomes "irrevocable and final", where provided for by the rules of the foreign CSD;
- d. with reference to the Central Maintenance Service provided by an Intermediary, in relation to damage and/or any prejudice which may be attributed to Monte Titoli, as a consequence of being in possession of financial instruments entered by the Intermediary and, in particular when they turn out to be irregular;
- e. with reference to the Notary Service and Service for the Identification of Financial Instrument Holders provided to an Issuer, in relation to damage or any prejudice suffered by the Client related to non-compliance with the rules applicable to possible requests for identification of the holders of financial instruments pursuant to Article 6 of these General Conditions Part II;
- f. with reference to the RCC Service, in relation to any damage and/or prejudice, connected or linked to the accuracy, timeliness and truthfulness of the information transmitted by the Intermediary, and in relation to all challenges or actions brought by any party and before any competent authority, with reference to the activities carried out by Monte Titoli in performance of this Agreement on the basis of the information in question;
- g. with reference to the Tax Services, from any liability arising or however relating to tax matters other than those provided for the performance of the Tax Services.

**14.2** With reference to the Corporate Events Support Service provided in favour of the Issuer, in compliance with the provisions of Article 8.3 of the General Conditions Part I, the Issuer

undertakes to indemnify and hold Monte Titoli harmless from and against any liability, including in the event of claims for damages arising from third party actions:

- a. when the settlement of amounts relating to dividend payment transactions, the payment of the proceeds following the redemption of fund units, the payment of interest and the repayment of principal subject to the Corporate Events Support Service and the payment of fees due to Intermediaries in relation to the RCC Service, cannot be made for reasons attributable to the Issuer;
- b. because of the lack of funds on the account of the Paying Agent appointed by the Issuer, or, in any event, if the funds are not made available on the account indicated by Monte Titoli, by the Issuer, by the systems managed by Foreign Entities or by the respective Paying Agents;
- c. if the Client does not arrange to appoint a Paying Agent, including following the revocation exercised by the previous Paying Agent, and effective from the date of notification of termination of the above-mentioned mandate;
- d. when the settlement of amounts relating to dividend payment transactions, payment of the proceeds following the redemption of units in funds, the payment of interest and the repayment of principal subject to the Corporate Events Support Service, and the payment of fees due to Intermediaries, subject to the RCC Service, must be reversed by Monte Titoli, according to the Instructions;
- e. because of a mistake on the part of the Client or the Paying Agent appointed by the Client, subject to a prior request to be sent to Monte Titoli, together with which any instruction relating to the repeat application for settlement must be sent;
- f. in the event that it was not possible to remove the transaction recalled by the appointed Paying Agent in the T2S System.

**14.3** With reference to the Notary Service provided in favour of the Issuer, in compliance with the provisions of Article 8.3 of the General Conditions Part I, the Issuer undertakes to indemnify and hold Monte Titoli harmless in the following circumstances, including in the event of claims for compensation arising from third party actions:

- a. in the event that the dematerialised or certificated form in which the financial instruments are entered in the system in accordance with the Issuer's instructions in the Participation Documentation is not in compliance with the rules and regulations applicable to the issue;

b. with reference to Issuers whose registered office is not located in the territory of the European Union, in the event that access to the service is not in compliance with the rules and regulations of the issuer's home jurisdiction.

**14.4** With reference to the Corporate Events Support Service and the Service for the Management of Financial Instruments Through Links with Other Central Securities Depositories provided in favour of the Intermediary, in compliance with the provisions of Article 8.3 of the General Conditions Part I, the Intermediary undertakes to indemnify and hold Monte Titoli harmless in the following events, including in the event of claims for compensation for damages arising from third party actions:

a. the amounts referred to in Articles 4.3, 4.4 and 5.5 of these General Conditions Part II cannot be settled because of a lack of funds on the account of the Paying Agent appointed by the Intermediary, or, in any event, if the funds are not made available in the account indicated by Monte Titoli by the Issuer, the Foreign CSDs or the respective Paying Agents;

b. the amounts referred to in Article 4.3 of these General Conditions Part II cannot be settled because of a failure to appoint the Paying Agent of the Intermediary, including following the revocation of the mandate by the previous Paying Agent, and effective from the date of notification of termination of the above-mentioned mandate;

c. Monte Titoli must reverse the payment transaction referred to in Article 4.3 of these General Conditions Part II, in the event that it was not possible to remove the transaction recalled by the Paying Agent appointed by the Intermediary in the T2S settlement system.

**14.5** With reference to the Tax Services provided in favour of the Intermediary, in compliance with the provisions of Article 8.3 of the General Conditions Part I, the Intermediary undertakes to indemnify and hold Monte Titoli harmless in the following circumstances, including in the event of claims for compensation for damages arising from third party actions:

a. in the event of the incorrect performance and fulfilment by the Intermediary of the tax formalities and obligations laid down by the applicable rules and regulations as a result of the untruthfulness, inaccuracy or incompleteness of information and/or documentation provided to Monte Titoli for the purpose of performing the Tax Services.

**14.6** In compliance with the provisions of Article 8.3 of the General Conditions Part I, the Client undertakes to indemnify and hold Monte Titoli harmless against any liability, including in the event of claims for compensation arising from third party actions resulting from a failure to carry out tests or inspections pursuant to Article 13.1 (a) of these General Conditions Part II or the execution of such tests and inspections in accordance with terms, procedures and specifications that do not match those notified by Monte Titoli.

**14.7** With reference to the Settlement Service, without prejudice to the provisions of Article 8.1 of the General Conditions Part I, in the event of damaging events that occur in the context of the Settlement Service for which the Client believes Monte Titoli should provide compensation, the Client is required to send Monte Titoli a complaint – on pain of forfeiture, within 10 (ten) calendar days of the date it becomes aware, or should have become aware according to ordinary standards of diligence – of the occurrence of events within the framework of the Settlement Service for which it believes the Service Provider should provide compensation. The complaint shall be written in English and sent by registered letter with return receipt and shall contain precise details of the time and circumstances surrounding the damaging event, along with an estimate of the damages caused. The related supporting documents, including those supporting the amount of the damages, shall be written in English and delivered to the Service Provider within 20 (twenty) calendar days of the above deadline. Monte Titoli may request additional information or supporting documentation and the Client shall respond within 20 (twenty) calendar days.

**14.8** Without prejudice to Article 8(1) of the General Conditions Part I, in the event of damage suffered by the Client attributable to the conduct or omissions of the foreign CSD within the framework of the Foreign Settlement Service, the Settlement Service or the Service for the Management of Financial Instruments Through Links with Other Central Securities Depositories, Monte Titoli undertakes to verify with the foreign CSD the circumstances that gave rise to the damaging event and take action in accordance with the agreement between Monte Titoli and the Foreign Entity and request compensation for any damage caused by the acts or omissions of the Foreign Entity.

## **15. Right of Retention**

**15.1** In order to secure any amount receivable accrued in relation to the performance of the Agreement, Monte Titoli may exercise its right of retention over the securities or amounts belonging to the Participant existing in the Client's account in the Central Maintenance Service.

**15.2** The Client acknowledges that the right of retention described in paragraph 15.1 above shall apply without prejudice to the provisions of paragraph 5.6 of these General Conditions Part II, with reference to Monte Titoli's clearing right, within the framework of the Service for the Management of Financial Instruments Through Links with Other Central Securities Depositories.

## **16. Fees**

**16.1** The fees that the Client is required to pay pursuant to Article 10 of the General Conditions Part I are defined in the Price List published on Monte Titoli's website pursuant to Article 34(2) of the CSDR; the fees in question are defined according to the criteria provided for in the pricing policy published on Monte Titoli's website.

**16.2** Without prejudice to the provisions of Article 10 of the General Conditions Part I, the Client authorises Monte Titoli to directly debit the accounts designated by the Client in the Participation Documentation with the fees set out in the Price List.

**16.3** The Client may grant a mandate to one or more Paying Agents for the settlement of the fees. The Client undertakes to send proof of acceptance of the mandate by the Paying Agent to Monte Titoli directly or through the Paying Agent, by completing the form prepared by Monte Titoli and available as part of the Participation Documentation. The Client also undertakes to promptly inform Monte Titoli of all changes relating to the Paying Agent, including the appointment of a new Paying Agent following termination of the above mandate. The new Paying Agent must be appointed within five business days of the total or partial termination of the above mandate. If the mandate is terminated at the initiative of the Paying Agent, the Client authorises Monte Titoli to recognise the notice of total or partial termination of the mandate sent by the Paying Agent to Monte Titoli as valid notification of such termination.

**16.4** Without prejudice to the obligation to appoint a new Paying Agent pursuant to the foregoing paragraph, where it is impossible to appoint a Paying Agent within the time scales provided for therein, the fees set out in the Price List may be paid by Issuers by credit transfer until the appointment of the new Paying Agent.

## **17. Intellectual and/or industrial property rights**

**17.1** The trademarks Monte Titoli, X-TRM and MT-X are the property of Monte Titoli S.p.A. The above-mentioned trademarks, as well as any additional trademarks owned by the Group, may not be used without the prior written consent of the company of the Group which owns the trademark.

**17.2** The Services, as well as the layouts and contents of the websites [www.montetitoli.it](http://www.montetitoli.it) and [www.borsaitaliana.it](http://www.borsaitaliana.it) and of the Services, including but not limited to, all the data, information, communications, content, software, photos, videos, graphs, music, drawings, sounds, data acquisition and management procedures and, in general, any material and service contained therein, unless otherwise specified, are the exclusive property of the relevant Company of the Group mentioned in the websites and are protected pursuant to copyright and patents laws.

**18. Consent to the identification of Intermediaries**

**18.1** The Client acknowledges and accepts that Monte Titoli, at the issuer's or at the foreign CSD request, shall notify the identification data of intermediaries holding financial instruments within the framework of the Central Maintenance Service in the cases and according to the terms and conditions laid down in the Regulations

**18.2** The foregoing is without prejudice to the Intermediary's right to fill out a specific form, available at the Intermediary's request, to prohibit the transmission, requested by the issuer or by the foreign CSD, of the number of financial instruments recorded in its accounts.

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