

31 May 2021

# BCS: Retention of Trade Transfers and International Give-Up

To the attention of: **Members of Derivatives Sections**

Priority: **High**

Subject: **Trade Transfer and International Give-up**

Dear Client,

With the aim to facilitate the post-trading activities of Members of Derivatives Sections and in line with the international best practices, CC&G will update its systems to resubmit on a daily basis, at the opening of the BCS, the Trade Transfers and International Give-Ups not completed by the closure of the service on the previous day<sup>1</sup>.

The change will not require installation of a new version of the BCS Client or changes to the API. However, participation in external tests is recommended to verify functioning of the new service before its release into production.

The start date in production, scheduled for October 4, 2021, is subject to the successful outcome of the external tests and will therefore, be confirmed with a subsequent Market Notice.

Detailed information on the new functionality is provided below.

## Conditions for the retention

Trade Transfers and International Give-Ups not completed during the day will be automatically resubmitted to BCS the following day, if the failure to complete the transfer was determined by the following circumstances:

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<sup>1</sup> Currently the Trade Transfers and International Give-Up proposals entered in BCS but not completed by the daily closure of the service, are automatically deleted. In order to resubmit them the following day, it is therefore necessary for the transferring Members to re-enter them in BCS.

- missing acceptance or refusal by the receiving Member;
- Lack of positions in the transferring Member's account, detected at the time of acceptance of the transfer proposal by the receiving Member.

The uncompleted transfers will not be retained in the following cases:

- time limit allowed by CC&G for the trade transfer (T+10) has been reached;
- rejection of the transfer proposal by the receiving Member;
- cancellation of the transfer proposal by the transferring Member;
- cancellation of the trade executed by the Market after the insertion of the transfer proposal;
- corporate action on the company issuing the shares underlying the contract (other than dividend distribution and capital increase).

### **From International Give-Up To Trade Transfer T+1**

International Give-ups not completed during the day, when the conditions indicated above for the retention are met, will be automatically retained the following day in BCS in the form of contract transfers to T + 1, taking all the characteristics of the latter, both from the regulatory and pricing point of view.

### **Duration of the retention**

In line with the provisions of the CC&G Regulations, uncompleted Trade Transfers may be automatically resubmitted up to the tenth working day following the trade negotiation day (T + 10).

### **BCS**

Trade Transfers automatically resubmitted will be found by the transferring Member and the receiving Member in the Trades > Transfer menu of BCS, by selecting the current date.

There will be no changes to management of the trade transfer proposals by the receiving Member (acceptance or rejection).

The introduction of the new functionality will require some changes to the BCS GUI User Manual (paragraphs 5.2 Transfers and 5.2.2 Confirm Transfer Request) and API Data Layouts (paragraph 1.3.8 Notify Contract Transfers); the new versions (CDS Only) with evidence of the changes are published on the Borsa Italiana website <https://www.borsaitaliana.it/borsaitaliana/gestione-mercati/bcs-bitclearingstation/bcs.htm> .

### **Reports and Data Files**

The MT04 Report (Uncompleted Transfers) will be modified by separating into two different sections the uncompleted transfers which will be automatically resubmitted and those which will instead be canceled from the System. New values will also be provided for the Sts field to identify all the possible causes of retention and non-retention of transfers.

These innovations will require the changes to the Technical Manual illustrated in Annex 1. The above mentioned annex contains an example of the new version of the Report and the details of the values that the Sts field can take, with the relative description.

The D12R Data File, corresponding to the MT04 Report, will not undergo structural changes but will contain in the Status field the new identification values of the causes of retention and non-retention of the transfers. This innovation will require the changes to the Data Service illustrated in Annex 2.

### **External test**

In view of the service go live, Members of the Derivatives Sections will be able to take part in external tests in the CDS environment from June 1<sup>st</sup>, 2021 to October 1<sup>st</sup>, 2021.

During the tests, Members can contact [CCG-helpdesk.clearing@euronext.com](mailto:CCG-helpdesk.clearing@euronext.com) for assistance.

For any additional inquiries, please contact:

#### **Clearing Operations**

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## **Annex 1 – Changes to the Technical Manual for new version of Report MT04**

### **2.1.4 RP-MT04 Pending Transfers**

The report shows all trade and positions transfers not completed during the day, ~~due to the lack of counterparty acceptance within due date. The proposed transfer not accepted by the counterparty are automatically deleted at the end of the day.~~ divided into the following two sections:

- Uncompleted transfers automatically resubmitted the next day;
- Uncompleted transfers, cancelled by the System.

**Trade Transfers** and **International Give-Ups** not completed on the day are retained and automatically resubmitted the following day by CC&G – and therefore included in the first section of the Report - in the following cases:

- missing acceptance or refusal by the receiving Member;
- insufficient position in the transferring Member's account, detected at the time of acceptance of the transfer proposal by the receiving Member.

They are not be retained and will therefore be indicated in the second section of the Report in the following cases:

- reaching the time limit foreseen by the Regulation for the Trade Transfer (T+10);
- rejection of the transfer proposal by the receiving Member;
- cancellation of the transfer proposal by the transferring Member;
- cancellation of the trade executed by the Market after the submission of the transfer proposal;
- corporate action on the company issuing the shares underlying the contract (other than dividend distribution and capital increase).

The retention and automatic resubmission of an uncompleted International Give-Up will take place as a Trade Transfer at T + 1.

Uncompleted Position Transfers will not be retained under any circumstances. They will therefore always be canceled at the end of the day and indicated in the second section of the Report.

### Sample RP-MT04 Report

Mbr: XXXX/XXXXXXXXXX Pending transfers RP-MT04 7 MAY 21 21:36:04 Pag. 1  
 CASSA DI COMPENSAZIONE E GARANZIA  
 Trade Date: 7 MAY 21

The following trade transfers will be reproposed the following business day:

D/R	Act	Time	Ret	O/C	Trd.No	Date	Price	Quantity	Sts	Cod.O/F	Description	Cnt	ClientInfo	Cli.Acc	
D	C	09:16	N		024285	06/05/21	288,0000	1	H	0000	O	MIB01F25000	21557	CTR001	CL0001
D	C	10:17	N		034406	07/05/21	,7200	55	H	0000	O	UCG1L11	21555	TTR004	CL0004
D	C	11:22	N		044287	30/04/21	,6900	42	H	0000	O	3UCG1L11	21556	GTR008	CLXY08
D	C	15:45	N		054409	29/04/21	289,0000	5	H	0000	O	MIB01F25000	21555	TTR004	CL0002
R	C	16:03	N		064288	03/05/21	24.210,0000	2	I	0000	F	FIB1F	21557	CTR001	RHI987
R	C	17:25	N		074601	04/05/21	24.205,0000	8	I	0000	F	FIB1F	21556	GTR001	34ACBD

The following trade transfers will not be reproposed the following business day:

D/R	Act	Time	Ret	O/C	Contr.	Date	Price	Quantity	Sts	Cod.O/F	Description	Cnt	ClientInfo	Cli.Acc	
D	C	09:11	N		014253	03/05/21	,1700	50	X	0000	O	ENI1G11	21555	S5RLD2	R10RDE
D	C	09:34	N		039407	06/05/21	,6907	15	C	0000	O	3UCG1L11	21557	FSW345	DDF8ER
D	C	10:13	N		056293	07/05/21	,7200	53	D	0000	O	UCG1L11	21557	445REW	GRT001
D	C	15:16	N		059402	28/04/21	287,0000	5	R	0000	O	MIB01F25000	21555	332FRE	GRT221
R	C	15:46	N		068437	29/04/21	,3700	60	X	0000	O	ENI1L11	21555	DESK01	CCFR09
D	C	16:12	N		068430	23/04/21	10,3266	78	T	0000	F	UCG1F	21556	ABC235	89FPI9
R	C	16:16	N		068431	23/04/21	,6900	4	T	0000	O	3UCG1L11	21556	TER334	34FRI3
R	C	17:47	N		072569	07/05/21	288,000	82	D	0000	O	MIB01F25000	21557	GIS890	33444F
R	C	18:17	N		082501	04/05/21	,7201	7	R	0000	O	UCG1L11	21557	GROUP2	TR0001
D	C	18:30	N				24.200,0000	3	R	0000	F	FIB1F	21556	TRTR01	RED004
R	C	22:25	N				24.200,0000	5	I	0000	F	FIB1F	21555	TY897H	PF0989
D	C	22:27	N				,0000	10	H	0000	O	MIB01F25000	21558	RT3324	GTK765

Ader: XXXX/XXXXXXXXXX Trasferimenti non completati RP-MT04 4 FEB 14 21:36:04 Pag. 1  
 CASSA DI COMPENSAZIONE E GARANZIA  
 Data richiesta: 4 FEB 14

D/R	Act	Ora	Ret	O/C	Contr.	Data	Prezzo	Quantità	Sts	Cod.O/F	Descrizione	Cnt	ClientInfo	Cli.Acc	
D	C	09:16	N		054285	03/02/14	,1250	250	H	0000	O	TIT4L0.80	21782	F80LDN	F80LDN
D	C	09:16	N		054406	03/02/14	,1250	5	H	0000	O	TIT4L0.80	21782	F80LDN	F80LDN
D	C	09:17	N		054285	03/02/14	,1250	250	H	0000	O	TIT4L0.80	21782	F80LDN	F80LDN
D	C	09:17	N		054406	03/02/14	,1250	5	H	0000	O	TIT4L0.80	21782	F80LDN	F80LDN

- ◇ the report is produced for all participants and is available before the start of trading;
- ◇ column "D / R" indicates whether the transfer not completed is a delivery( D = deliver) or received(R = receiver ) ;
- ◇ column " Act " shows the account from which the transfer was to be made ;
- ◇ column " Contr. " indicates the number of the contract not transferred (the value is not present for Position Transfers);
- ◇ column " Date " shows the date of the contract not transferred (the value is not present for Position Transfers);

- ◇ column " **Price** " shows the transferring\_price of the trade\_or\_positioncontract\_not\_transferred;
- ◇ column " **Sts** " indicates whether the proposed transfer has been ignored (H), canceled by the Participant who submitted the (C) or rejected by the receiving party (R) ; the reason code for the transfer missing completion; it can take the following values:
  - "H", in case of missing acceptance\_or refusal by the receiving Member;
  - "I", in case of lack of positions in the account of the transferring Member, detected at the time of the acceptance of the transfer proposal by the receiving Member;
  - "T", in case the time limit set by the Regulation for Trade Transfer (T+10) is reached;
  - "R", in case of rejection of the transfer proposal by the receiving Member;
  - "C", in case of cancellation of the transfer proposal by the transferring Member before it has been accepted or rejected by the receiving Member;
  - "D", in case of cancellation of the trade executed by the Market after the submission of the transfer proposal;
  - "X", in case of corporate action on the company issuing the shares underlying the contract (other than dividend distribution and capital increase).
- ◇ -column " **O / F** " indicates if the contract is an option (O) or futures (F);
- ◇ column " **CNT** " indicates the identification code of the Participant ENTITY counterparty;
- ◇ column "**Client Info**" can contain information relating to the customer;
- ◇ column " **Cli . Acc** " can contain the account number.

## Annex 2 – Data Service update – New Status field values of the data file D12R

### 30. D12R – Trades and Position Transfer

Corresponding reports: MT06-MT04

Send phase: Daily - post batch

Data File ID: **D12R**

Record Length: 223

**CONTENT: CONTAINS ALL THE REQUESTS FOR TRANSFER OF TRADES OR POSITIONS WHETHER EXECUTED OR NOT (INCLUDING THE INTERNATIONAL GIVE-UP TRANSFER).**

Description	Len	Type	Notes
Date	8,0	N	Format yyyyymmdd
Transfer Type	2	A	'GU'=International Give-up 'TT'=Trade transfer 'PT'=Position Transfer
Transfer Side	1	A	D=Deliver; R=Receiver.
Member ABI Code	5,0	N	
Account	1	A	
Time	6,0	N	If Deliver = request time; If Receiver = execution time.
Position Rectifier flag	1	A	If Deliver = Y/N If Receiver = ' '
Open / Close	1	A	If Deliver = ' ' If Receiver = O/C
Contract Number	10,0	N	
Contract Date	8,0	N	Format yyyyymmdd
Contract Time	6	N	Format hhmmss
Contract Price	13,6	N	
Quantity	15,6	N	
Status	1	A	'H'=Hold; 'P'=Processed; 'R'=Rejected; 'A'=Aborted; 'C'=Transfer Deleted by the Sender; 'D'=Trade Canceled; 'X'=Corporate Action on Underlying; 'T'=Transfer time limit reached; 'I'=Insufficient positions.
Return code	4	A	
ISIN Code	12	A	
Product Type	1	A	See Annex
Symbol	6	A	
Expiry	6,0	N	
Strike	13,6	N	
Put / Call	1	A	
Counterpart	5,0	N	Codice ABI
Time	6,0	N	if Deliver = execution time; if Receiver = request time.
Client Info	16	A	
Client Account	9	A	
Buy/Sell	1	A	B=Buy,S=Sell (Transfer Type "GU","TT") S=Short,L=Long (Transfer Type "PT")
SubAccount	4	A	
Market Id	2	N	See Annex
FeeAmount	10,2	N	Fee Amount
Currency	3	A	
UTI	52	A	