

Market Notice

30 July 2015

Functionalities under descoping in T2S: Cash Forecasting and OTC CAoF

Dear Client,

as mentioned in the National User Group meeting of June 19th 2015, Monte Titoli is pleased to inform you that the management of Cash Forecasting and OTC Corporate Actions on Flow (CAoF) are not in scope for T2S migration, scheduled for 31st August 2015. Therefore, no automated functionalities will be managed by Monte Titoli in the first period of operation of the new settlement platform, as required by the technical documentation.

Cash Forecasting service

In this phase to support participants, who have signed the functionality, Monte Titoli has developed an administrative workaround shared with the system during the PTTUG meetings of July 3rd and 7th, 2015.

The solution contains the extraction of a synoptic situation, for each account, aimed for highlighting the information for the definition of the cash position, indicating the section on government bonds. Reports, Excel format, will be sent to Clients that, from 27 July to 21 August, will request by e-mail to helpdesk.settlement@lseg.com. The request must include the following information: the involved securities accounts, the e-mail address where sending the processed reports, a contact for any problems.

The report will be daily extracted at the end of the gross settlement cycle and will be sent to the recipients indicatively before 5:00 p.m. of each business day.

Below the template that will be provided (with included data as an example)

account code	cash position	debit/credit	Gov.ment bonds payment	tot
1	2,000,000,000.00	D		- 2,000,000.00
2	3,000,000,000.00	C	100,000.00	3,100,000.00
tot	1,000,000,000.00	C	100,000.00	1,100,000.00



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Alternatively, the information may be provided by X-TRM online, setting the query:

The screenshot displays the X-TRM Online web application interface. The browser address bar shows the URL <http://xtoprod/XTOL/Inquiry/T25.aspx>. The page header includes the Monte Titoli logo, the name 'eugazio', and the text 'MONTE TITOLI S.P.A. - SIMPLE SEARCH'. The business date is '17/07/2015' and the environment is 'T1'. The navigation menu includes 'Input', 'Inquiry', 'Settlement Reports', and 'Configuration'. The main form is titled 'Instructing Party: SIA' and contains various search criteria organized into columns. The criteria include checkboxes for 'Type of Settl. Trans.', 'Market', 'Counterparty', 'Settlement Agent', 'ISIN', 'Settl. Trans. Condition', 'Securities Trans. Type', 'Settlement System', 'Price', 'Exchange Rate', 'General Clear. Member', 'Presentable Flag', 'PDN', 'Transaction Sign', 'Market Identifier', 'Unit Accrued Neg.', 'HR Instructing Party Flag', and 'HR Counterparty Flag'. There are also fields for 'X-TRM ID', 'T25 ID', 'Cancel Flag', 'Trading Mem. Deal. Cap.', 'Delete Instr. Party Flag', 'Trade Trans. Condition', 'Intended Settl. Date', 'Effective Settl. Date', 'Insert Date', 'End Validity Date', 'Trade Date', 'Settlement Amount', 'Remaining Amount', 'Quantity', 'Remaining Quantity', 'Timestamp update from', 'Settlement Indicator', 'Settled', 'Source', 'Matching Status', 'Delete Counterparty Flag', and 'Trade Common Refer.'. At the bottom, there are buttons for 'Search' and 'Export CSV', and a 'Template:' dropdown menu.

Corporate Action on Flow (CAoF)

To support Monte Titoli participants who want to use the X-TRM system to independently manage the CAoF on OTC transactions, please note that:

- X-TRM allows you to:
 - send CLAY type OTC instructions, although Monte Titoli does not recommend their use
 - clear your pending instructions (bilateral cancellation function); transactions on securities that are subject to redemption, which Monte Titoli will provide their cancellation for, are excluded
- X-TRM does not allow you to:
 - indicate the "TRAN" value as Settlement Condition
 - use the number of special operation on OTC instructions (as workaround it was identified the ID Contract 2 field – corresponding TradID2 on sese023 message)

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- The "so-called" additional matching field (Opt-in / out and Cum / Ex indicator) are not subject to validation;
- All the validation processes, which generally insist on settlement instructions acquired on XTRM, are valid;
- Special attention should be paid to the population of the ISD on reimbursing securities (which therefore go to maturity).

Monte Titoli finally confirms, as agreed at the PT-TUG meetings of July 3rd and 7th, 2015, that it will delete pending settlement instructions involving at least one ICP, which refer to financial instruments subject to Reorganization that are no longer exercisable (eg rights on paid increase in share capital or unexercised rights), or matured securities (eg. for bonds redemption).

For any further clarification, please contact the Domestic Settlement & X-TRM office, at the following contacts:

Email: helpdesk.settlement@lseg.com

Phone: +39 02 33635387.

Best regards.