
Market Notice

21st March 2014

Custody harmonization – Payments of Cash distributions in Target2

Dear Customer,

After two weeks since the phase-in, Monte Titoli is proud to announce the successful release of the new Cash Distributions payment process in Target2 system for financial instruments centralized in Monte Titoli as Issuer CSD. Since the launch of the system, about 2.000 operations and 50.000 related payments have been managed, for a counter value of approximately 10 billions Euro.

This release is included in the set of Italian market harmonization activities that have been scheduled within the Target2-Securities project and which will be completed by Wave 1.

The passage between Bicom and Target2 systems offers Monte Titoli's clients several benefits, including:

- reduction of the systemic risk: in case of default/unavailability of funds Target2 system allows easier exclusion of non-executable payment system;
- anticipation of payments in the first window by 12.00 at Payment Date, as per international standards. The second payment window (15.00) will now be used for contingency;
- no additional investments for participants at the time of T2S migration. The new process is aligned with the correspondent T2S procedure, which will further allow the possibility to transfer funds between Target2 and T2S;
- in T2S Monte Titoli will permit issuers and their related payment agents, full flexibility in the choice of the preferred payment system (Target2/T2S).

We would also like to take this opportunity to thank our clients and Banca d'Italia's Payment System Department for their contribution in developing this operative model that represents an important step in the harmonization process that Monte Titoli and the Italian market are bringing forward to support the introduction in T2S.

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