
Market Notice

09 March 2015

Target2 Securities

COMMUNITY TESTING PHASE (3rd March – 15th May 2015) – Trades from markets

Dear Client,

Referring to the T2S COMMUNITY TESTING PHASE during which MT clients ICP (Indirectly Connected Participant) and DCP (Directly Connected Participants) to T2S will perform tests in MT environment denominated “T1” (which is connected to T2S environment named “MIG2”), we would like to inform clients about how guaranteed and not guaranteed trades from markets that settle in Monte Titoli (Borsa Italiana, EuroTLX, MTS, e-MID Repo, Hi-MTF, BrokerTec) will be managed.

Two possibilities will be offered to MT participants:

- Clients will be required to insert trades directly in test market platforms that will be connected to Monte Titoli's post trade 'T1' environment.
- Markets are evaluating the possibility to inject daily and automatically into “T1” environment a set of trades from markets (trades that are also present in MT production environment), in order to facilitate the testing activity for the clients not connected to the markets test environment.

The configuration of X-TRM participants (type of participation: direct or indirect, settlement agents, settlement accounts) in MT T1 post trade system (included the relevant CCP) has the same set up currently present in XTRM production.

Market trades input directly from traders on the test market platform connected to MT T1 environment

- Clients will be allowed to insert trades directly on the test market platform connected to MT Post Trade service in order to settle their trades (Borsa Italiana, EuroTLX, MTS, e-MID Repo, Hi-MTF, BrokerTec). In case clients are settlement agents and not market participants they need to take agreements with their clients while if they are entities directly connected to the market and the settlement system, they will be able to insert trades directly into the test market platform. As for trades input by clients using a market code (MTS code or



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COMP-ID code) which is the same they use for test market platform (cd "Avviamento", CDS for Borsa) connected to test MT pre-T2S environment (cd "PI" environment), the clients could receive not only the trades they input for T2S but also those present in "PI" environment. This would not be applied to MTS market, as it will not be connected simultaneously to 'PI' and 'T1'.

- The clients may experience the rejection of some trades due to trades matched in the market platform with counterparties not set up in MT (e.g. use of COMP_ID of software vendor) or to ISIN not set-up in MT and consequently in T2S. Possible new securities, not present at the date when the financial instruments have been migrated on T2S platform (23rd February), should be added, on a best effort basis, manually by MT after the market/client's request.
- Should the client require the cancellation of a trade, MT will take arrangements with the market interested to perform the cancellation.

Injection of trades from markets platform production environment into MT T1 environment

In parallel to the above mentioned procedure, should markets positively evaluate to inject trades from production, clients would need to know that:

- A set of trades executed on the market platforms in production environment will feed automatically into MT T1 environment connected to T2S to allow participants to have trades from markets and consequently test in X-TRM the out-coming reporting and the creation/updating of bilateral balances (in case of guaranteed trades). The injections of trades is in charge of the markets which are Borsa Italiana, EuroTLX and MTS.

Borsa Italiana, EuroTLX and MTS could start injecting trades as of:

- Borsa Italiana, EuroTLX: 23rd March, 2015
- MTS Cash market: 16th March, 2015
- MTS Repo market: 23rd March, 2015
- Trades automatically downloaded from production will be the trades daily matched on market platforms during a specific time of the business date: from 9:30 CET am to 10:30 am CET am at trade date.
- This set of trades will be sent to post trade platform:
 - For MTS immediately after 10:30 on trade date
 - For Borsa Italiana, EuroTLX in the early afternoon on the same trade date
- Trades automatically downloaded from production environment will not be visible on the test market participants' platform. Trades for TAH market (trading after hours segment of Borsa Italiana) would not be

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injected from 23rd March; possible tests required by clients for this market could be postponed to the last part of Community testing period.

Central Counterparties

Central Counterparties guaranteeing the above mentioned markets (CC&G and Lch Clearnet SA) will be also connected to the same test platform MT T1 environment. Participants will be able to reconcile their cleared trades in the relevant clearing systems, injected manually by participants in the test trading platform and/or automatically from production environment during the time specified above.

For any clarification, please contact us at:

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