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# Market Notice

February 21, 2014

## Harmonization Custody - “Cash Distributions” Phase 2 – go live for functionalities

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The objective of the communication is to inform customers about the official release date of the new functionalities of Cash Distributions - Phase 2, scheduled, in agreement with the financial community, for March 10th.

Dear Customer,

we wish to inform you that, following the successful completion of the external tests, it is confirmed to March 10, 2014, the date of go live of the Harmonization Custody project - "Cash Distributions" Step 2.

The new functionalities, prepared by Monte Titoli in close cooperation with its clients, introduce important elements of efficiency in the management and settlement of corporate actions on centralized financial instruments with Monte Titoli as issuer CSD.

A detailed description of the new features is contained in the Operating Model for Cash Distributions published in the documentary section of our web platform MT-X.

With the introduction of such functionalities, , the updated version of Rules and Instructions of the Centralized Administration Service will enter into force as well, together with the amendments to the General Conditions II and to the documentation of membership in the Monte Titoli services as below pointed out.



**London**  
Stock Exchange Group

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## **Entry into force of the amendments to the Rules and Instructions regarding the substitution of the BICOMP system with T2**

Following the notice of 12th February 2014 it is notified that the amendments to the Rules and Instructions of the CSD service for Intermediaries and Issuers and Instructions for the client fee settlement service that provide for the settlement in Target 2 of the cash distributions and fees will enter into force on 10th of March 2014, according to the test results.

In this respect, in accordance with the needs of participants following the results of the tests, it has been deemed necessary to amend the Instructions of the CSD service for Intermediaries and Issuers and the Instructions for the client fee settlement in order to change the time-length of the Information Period (that is the time window provided for in the ordinary settlement within which it is possible to revoke one or more settlements instructions within Target2) for the operations for which the paying bank holds a debt position. For such operations, the information period will start at 11:00 and will end at 11:55 (instead of 11:45 as originally envisaged). Consequently, the last term within which the system can perform the settlement during the ordinary settlement will be, for all operations, at 12:10 (instead of 12:00). The amendments introduced have been agreed with Bank of Italy in order to grant the correct management and elaboration by the Target 2 System of the operations proposed for the settlement, included the operations for which the paying bank acts also as beneficiary intermediary and the net balance is equal to 0.

*(article 3.6.11 of the Instructions)*

Lastly, other fine tunings are provided for the Instructions of the CSD service for Intermediaries and Issuers, with regard to:

- the possibility to block/unblock the total or partial balance of a specific ISIN registered in their own securities account, limiting such possibility exclusively for the transfer, settlement and monetary policy operations;  
*(article 3.2.6 of the Instructions)*
- the instructions for collection or waiver of a dividend on “cum dividend” shares or shares centred with Monte Titoli that have previous dividend coupons. In particular it is specified that where the day on which the entitlement lapses is a holiday in the TARGET calendar, the instruction to process the last collection must be received by the business day (instead of the second day) before the lapse of entitlement.  
*(article 3.6.7 of the Instructions)*
- the requests to amend dividend payment instructions by the intermediary, in order to better specify the amendment actions performed by Monte Titoli in such cases.  
*(article 3.6.14 of the Instructions)*

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## **Entry into force of the amendments to the General Conditions II and documentation of participation in the Monte Titoli services.**

It communicates the entry into force of the amendments to the General Conditions II and documentation of participation in the service of Monte Titoli, already published on the Company's website under "Download Center / Contracts".

Recalling the previous statement regarding the type of changes to documents (ref. to previous statement) it is stated that the said amendments will enter into force on next March 10, 2014, subject to the positive outcome of the test.

It should be noted that, pursuant to art. 7 of the General Conditions I, you may exercise the right of withdrawal by March 5th.

The new regulatory texts in question will be available, even with evidence of the changes on the site of Monte Titoli ([www.montetitoli.it](http://www.montetitoli.it)) in Section: Download area / Regulations and Instructions Services

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## Operating modes

According to the participants of the PT-TUG Custody has agreed to advance to March 3rd, the release of certain features available on the MT-X (B6 form MT250, MT250 and MT251 B7), in order to allow customers to upgrade some static data relating to the Paying Agencies. For operational details can be found in chapter "6.0 Migration to the new system" of the document "Test plan for Cash Distribution F2 and Reorganisation" published in the Communications section of the Monte Titoli's website in December 3rd, 2013.

Monte Titoli will also manage the migration of the operations in the system at the time of go-live in accordance with the procedures shared by the operators, which provide for the postponement of the the regulation messages (7B1, 7B2 and 7B3) with the new way of Regulation (TARGET2 in place of BI-COMP). It should be noted that the messages produced by Monte Titoli with accounting date March 7th, will be sent according to the Standard for Users currently in force, while all those ones product with solar date 7/8/9 and accounting date March 10th, will follow the new standards.

All the technical reference documentation and updated versions of the manuals are available on the MT-X platform, in the "Documentation" section.

If you need any clarification on technical aspects, please contact:

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