

Monte Titoli

CSD RULES

3 April 2017

The Italian text shall prevail over the English version

FTT Service provisions will be deleted starting from 1 January 2019



London
Stock Exchange Group

TITLE I - GENERAL PROVISIONS	4
Article 1 - Definitions	4
Article 2 - Legislative sources and scope of the CSD Rules	7
Article 3 - Organisational principles and risk-mitigation measures	7
Article 4 - Basic elements of the contracts between Monte Titoli and Participants	8
TITLE II - CENTRAL SECURITIES DEPOSITORY SERVICE	10
CHAPTER I - GENERAL CRITERIA FOR THE CENTRAL SECURITIES DEPOSITORY SERVICE	10
Article 5 - Characteristics of the Central Securities Depository Service	10
CHAPTER II - ENTITIES ADMITTED TO THE SYSTEM.....	10
Article 6 - Participants and participation procedures	10
Article 7 - Participation requirements	11
Article 8 - Service Providers requirements	12
Article 9 - Application to participate in the Central Securities Depository Service	13
Article 10 - Ongoing Participation Eligibility	13
Article 11 - Measures involving Participants	13
Article 12 - Rules of conduct	14
Article 13 - Assessment activities.....	15
CHAPTER III - FINANCIAL INSTRUMENTS	15
Article 14 - Financial instruments eligible for admission to the Service	15
Article 15 - Admission of financial instruments to the System	16
Article 16 - Financial instruments admitted to the Service	

on a dematerialised basis	16
Article 17 - Exclusion of financial instruments from the Service	16
Article 18 - Financial instruments subject to liens	17
Article 19 - False or amortised non dematerialised financial instruments	18
CHAPTER IV - BOOKKEEPING.....	19
Article 20 - Accounts opened for Intermediaries and transaction statements	19
Article 21 - Account opened in the Issuer's name and transaction statements	19
Article 22 - Account reconciliation.....	20
Article 23 - Communications	20
Article 24 - Centralisation	20
Article 25 - Withdrawal	21
Article 26 - Transfers.....	21
Article 27 - Limitations to transactions on financial instruments	22
Article 28 - Attendance at shareholders' meetings.....	22
Article 29 - Payment of dividends for financial instruments managed directly by Monte Titoli	22
Article 30 - Payment of dividends for financial instruments managed through Foreign CSD	23
Article 31 - Interest payments and capital reimbursements on bonds and similar financial instruments managed directly by Monte Titoli	24
Article 32 - Interest payments and capital reimbursements on bonds and similar financial instruments managed through Foreign CSD	25
Article 33 - Capital increases (<i>financial instruments managed directly by Monte Titoli</i>)	25
Article 34 - Conversion and exercise of rights (<i>financial instruments managed directly by Monte Titoli</i>)	26
Article 35 - Other corporate events (<i>financial instruments managed directly by Monte Titoli</i>)	26
Article 36 - Waiver from the cash settlement procedures for corporate events (<i>financial instruments managed directly by Monte Titoli</i>)	27
Article 37 - Corporate events involving financial instruments managed through Foreign CSD	27
Article 38 - Identification of financial instrument holders	28
TITLE III - RELATED AND INSTRUMENTAL SERVICES	29
CHAPTER I - FISCAL SERVICES.....	29
Article 39 - Subject of the FTT service	29
Article 40 - Participants, participation requirements and procedures	29
CHAPTER II - COMMUNICATIONS AND NOTICES MANAGEMENT SERVICE ...	31
Section II – Fiscal Assistance Services.....	31
Article 41 – Scope of the service.....	31
Article 42 - Participants, participation requirements and procedures	32
Article 43 – Obligations of Participants	32
Article 44 - Characteristics of the Communications and Notices Management Service (FIS/CPA).....	33

Article 45 - Participants, participation requirements and procedures	34
CHAPTER III - CLIENT FEE PAYMENT SERVICE (RCC)	35
Article 46 - Characteristics of the Client Fee Payment Service (RCC).....	35
Article 47 - Participants, participation requirements and procedures	35
CHAPTER IV – REGISTRATION OF ACCEPTANCES OF PUBLIC PURCHASE AND EXCHANGE TENDER OFFERS (OPA/OPS SERVICE)	36
Article 48 – Scope of the OPA/OPS Service	36
Article 49 – Participants in the Service.....	36

TITLE I - GENERAL PROVISIONS

Article 1 - Definitions

For the intents and purposes of these regulations:

«Announcements» shall mean the information made available by Monte Titoli on the basis of indications received, as preliminary announcements, from an Issuer or a Foreign CSD concerning corporate events that can be handled by the Service;

«Bank of Italy – Consob Provision» the provision dated 22 February, 2008, issued by the Bank of Italy and Consob, enacting Consolidated Law on Finance as amended;

«Central counterparties» shall mean the parties set out in Article 2, point (1) of EU regulation no. 648/2012 on OTC derivatives, central counterparties and trade repositories;

«Central Securities Depository Service» or «Service» shall mean the Central Securities Depository Service managed by Monte Titoli on centralised financial instruments.

«Collecting bank» shall mean the intermediary appointed by the Issuer to withdraw the funds deriving from corporate events;

«Consolidated Law on Banking» shall mean Legislative Decree no. 385 of 1 September 1993, as amended;

«Consolidated Law on Finance» shall mean Legislative Decree no. 58 of 24 February 1998, adopted pursuant to Articles 8 and 21 of Law no. 52 of 6 February 1996', as amended;

«CSD Rules» shall mean this Central Securities Depository Services Rules governing the organisation and operation of the central securities depository services and related and instrumental activities performed by Monte Titoli, adopted in accordance with Article 81, paragraphs 2, of the Consolidated Law on Finance;

«CSDR» shall mean EU regulation no. 909/2014 of the European Parliament and the Council of 23rd July 2014, on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation 236/2012, and its subsequent amendments and integrations and the related implementation acts and guidelines;

«Foreign Central Securities Depositories (CSDs)» shall mean the bodies that engage in business activities similar to the central securities depository and/or settlement services provided by Monte Titoli subject to equivalent forms of supervision to those provided for by Italian law;

«General Conditions for the Provision of Services»: the General Conditions Part I pertaining to all services provided by any companies belonging to Borsa Italiana Group, Monte Titoli included, and the General Conditions Part II pertaining to specific services provided by Monte Titoli.

«Instructions» shall mean the implementing provisions of these CSD Rules;

«Intermediaries» shall mean the entities participating in the Service and authorized to hold accounts on which financial instruments and the related transfers are recorded in accordance with these CSD Rules;

«Issuers» shall mean the companies and bodies that issue the financial instruments eligible for admission to the Service;

«Operating Documents» shall mean the documents containing the technical and functional specifications of the services provided, such as the Manuals and the Operating Guidelines, prepared by Monte Titoli;

«Participants» shall mean the entities authorized to participate in the central securities depository service as Intermediaries or Issuers in accordance with these CSD Rules;

«Paying Bank»: with reference to dividend payments, proceeds and redemptions of close-end funds, interest payments and capital redemptions of debt instruments, is the entity engaged by the Issuer to make payments ordered by Monte Titoli;

«PM account» shall mean a PM account held by a TARGET2 participant, as defined in the Guideline of the European Central Bank (ECB/2007/2) of 26 April 2007;

«Record date» shall mean the day at the end of which the ownership of financial instruments and the entitlement to exercise the related rights are verified on the basis of the entries on the central securities depository accounts opened in the names and at the request of the Intermediaries participating to the Service;

«Service Communications» shall mean information made available by Monte Titoli, at the request of Participants, merely for informative purposes, and also backing transactions handled by the Service;

«Service notices» shall mean the operating instructions issued by Monte Titoli, on the basis of definitive indications from an Issuer or a Foreign CSD, for individual transactions specifically identified and handled within the Service;

«Service Providers»: a provider that uses MT-X connectivity services on behalf of one or more Participant to the Central Security Depository Service and that could be entrusted with specific operational functions pertaining to the participation to the Service according to a specific mandate based on the model provided by Monte Titoli.

«Settlement Service Rules» shall mean the Rules of the Settlement Service and related and ancillary activities performed by Monte Titoli, in accordance with Article 69 of Legislative Decree no. 58/98;

«TARGET2 System» shall mean the Trans-European Automated Real-time Gross settlement Express Transfer system governed by the Guideline of the European Central Bank (ECB/2012/27) of 5 December 2012.

Article 2 - Legislative sources and scope of the CSD Rules

1. These CSD Rules which govern the organisation and operation of the Central Securities Depository and of the related and instrumental services are based on Article 81, paragraph 2 of the Consolidated Law on Finance.
2. These CSD Rules shall govern, on the basis of non-discriminatory, transparent and objective principles:
 - a) the organisation and operation of the central securities depository service;
 - b) the categories of instruments eligible for admission to the central securities depository service;
 - c) admission to central securities depository as Intermediaries or Issuers;
 - d) the conditions and procedures for the suspension and exclusion of entities admitted to the central securities depository service as Intermediaries or Issuers;
 - e) the basic elements of the contracts governing relations between Monte Titoli and Participants admitted to the Service;
 - f) the procedures for the administration of financial instruments admitted to central securities depository;
 - g) the organisation and operation of the related and instrumental activities of the central securities depository service.
3. The central securities depository service is managed by Monte Titoli, as well as in accordance with the provisions of these Rules, in accordance with the provisions established in to the Collateral Management Service Rules, whose provisions supplement the present Rules.
4. The Instructions and the Operating Documents shall supplement these CSD Rules as regards the operational aspects of the Service and the services provided.

Article 3 - Organisational principles and risk-mitigation measures

1. Monte Titoli shall perform all activities covered by these CSD Rules in a non discriminatory manner and using procedures established on a general basis.
2. Monte Titoli shall adopt and maintain strong corporate governance tools in accordance with the organisational requirements set out by the CSDR.
3. Monte Titoli shall avail itself of IT and organisational tools, including internal

control systems, which enable it to protect and ensure the physical and logical security of the data concerning the services provided, as well as the continuity and correctness of data processing.

4. Monte Titoli shall adopt procedures for the recovery, reinstatement and reactivation of data processing procedures to ensure service continuity, in accordance with applicable regulations.
5. Monte Titoli shall keep the data relating to the operation of the Central Securities Depository Service for ten years, ensuring its safety and confidentiality.
6. In order to ensure smooth and continuous provision of services, Monte Titoli shall ensure ongoing monitoring of the data processing procedures underway and a service which supports Participants with respect to any information needs.
7. Monte Titoli implements the organisational measures and all other required activities to face the risks of damage deriving from theft, robbery, fire, destruction or loss of financial instruments, when such events take place within the company location or during the transport from the location itself.

Article 4 - Basic elements of the contracts between Monte Titoli and Participants

1. Relations between Monte Titoli and Participants concerning the provision of the Central Securities Depository Service for financial instruments and the related and instrumental activities shall be governed by the general conditions of contract established by Monte Titoli in accordance with Articles 1341 and 1342 of the Civil Code. Such general conditions shall comprise these CSD Rules, the Instructions and the General Conditions for the Provision of Services, including the related annexes, which Participants accept on signing the request for services.
2. Among other things, contracts between Monte Titoli and Participants shall govern:
 - a) the duration of the contract and the procedures and time limits for withdrawal;
 - b) the procedures for Monte Titoli to send communications to Participants;
 - c) the rules for amending the general conditions;
 - d) the liability of Monte Titoli;
 - e) the fees for the services;
 - f) the rules for resolving litigations.

3. The services concerning the related and instrumental activities may also be offered by Monte Titoli, under the same conditions, to parties other than those listed in paragraph 1. In this case, the related service contracts shall include the provisions of the Rules and those of the Instructions applicable from time to time to individual services.

TITLE II - CENTRAL SECURITIES DEPOSITORY SERVICE

CHAPTER I - GENERAL CRITERIA FOR THE CENTRAL SECURITIES DEPOSITORY SERVICE

Article 5 - Characteristics of the Central Securities Depository Service

1. The Central Securities Depository Service permits, through the opening of accounts in Participants' names pursuant to and for the purposes of Part III, Title II of the Consolidated Law on Finance and the related implementing regulations issued by the competent authorities:
 - a) the registration on the central securities depository accounts of dematerialised financial instruments;
 - b) the custody of financial instruments centralised in paper-based form;
 - c) the administration of financial instruments referred to in subparagraphs a) and b) on the basis of the information transmitted by Participants.
2. Rights attached to financial instruments admitted to the Service shall be exercised on the basis of the appointments and notifications sent to Monte Titoli by Participants in the manner and within the time limits specified in the Instructions.
3. Centralised financial instruments shall be administered directly by Monte Titoli or indirectly through connections with Foreign CSDs.
4. Monte Titoli shall inform Intermediaries about the creation of the connections referred to in the previous paragraph.

CHAPTER II - ENTITIES ADMITTED TO THE SYSTEM

Article 6 - Participants and participation procedures

1. Entities referred to in Article 13 of the Bank of Italy – Consob Provision and the following categories of entities may participate in the Service:
 - a) central banks;
 - b) Foreign CSDs;
 - c) Central Counterparties
 - d) financial intermediaries entered in the register kept by the Bank of Italy

and referred to in Article 106 the Consolidated Law on Banking, and authorised pursuant to Article 107 of the Consolidated Law on Banking to perform the activities covered by Article 1(5), letters c) and c)-bis, of Consolidated Law on Finance and, exclusively with regard to the trading of derivative financial instruments, authorised to exercise the activities covered by Article 1(5), letters a) and b), of the Consolidated Law on Finance;

- e) Cassa Depositi e Prestiti;
 - f) the Italian Ministry for the Economy and Finance.
 - g) international organization of public nature in which one or more EU Member States participate.
2. The Intermediaries provided in paragraph 1 may open at Monte Titoli own accounts, with the exception of stockbrokers entered in the single national roll referred to in Article 201 of the Consolidated Law on Finance. Own accounts must be distinguished from third party accounts.
 3. Entities that issue financial instruments eligible for admission to the Service may participate in the Service as Issuers.

Article 7 - Participation requirements

1. In order to participate in the Central Securities Depository Service, the entities listed in Article 6 shall rely on a continuative basis on the following:
 - a) an organisational structure committed to the activities related to the Service which is appropriate to the volume of activities performed, provided with appropriate professional qualifications and having an operating timetable compatible with that of the Service as specified in the Instructions;
 - b) a representative for liaison with Monte Titoli, available during the operating timetable of the Service and having knowledge of Monte Titoli's operating rules. The name of the representative must be communicated to Monte Titoli;
 - c) technologically advanced IT tools compatible with the Service;
 - d) the ability to communicate according to Article 23.
2. The entities admitted as Intermediaries shall also participate in the Settlement Service. Issuers admitted as Intermediaries pursuant to article 13 paragraph 1, letter g), of Consob - Bank of Italy Provisions, shall join the Settlement Service for the purpose of settlement of free-of-payment transactions. These Issuers must also have in place procedures for maintaining accounts as Intermediaries. Upon request these procedures shall be transmitted to Monte Titoli. For Issuers that are not admitted also as Intermediaries participation in the Settlement Service is not mandatory.

3. Intermediaries and Issuers may entrust Service Providers with the management of operating procedures and technological systems according to the conditions provided in the Article 8.

Article 8 - Service Providers requirements

1. Pursuant to Article 7(3), Participants may also avail of service Providers, other than the Participant, which qualify as Service Providers and have entered into a specific agreement with Monte Titoli.
2. The Service Providers shall meet the requirements set out in Article 7(1).
3. The agreement between Monte Titoli and the Service Provider shall provide, inter alia, for:
 - a) the possibility for Monte Titoli, or its authorised parties, to check the requirements laid down in the Rules;
 - b) the obligation for the Service Provider to adopt back-up and disaster recovery procedures;
4. The Participant shall have adequate documentation about the architecture, functionalities, operating procedures, service levels, controls and contractual guarantees of the activities assigned to the Service Provider.
5. The agreement between the Service Provider and the Participant shall also state if the Service Provider in turn avails of third parties to perform part of the services assigned by the Participant. Should the Service Provider avail of third parties, Monte Titoli shall be entitled to check the adequacy of the technological structure also at the third party's used by the Service Provider. The Participant shall send to Monte Titoli, also by excerpt, contractual clauses that reflect the requirements provided in this paragraph.
6. Where Monte Titoli finds that access to the System of a Participant who uses the Service Provider and / or the Service Provider cause, or may cause:
 - a) technical problems to Monte Titoli; or
 - b) interference with access to the system of any entity; or
 - c) any risk to the ordinary operation of the system; or
 - d) risk of violation to Monte Titoli of its regulatory responsibilities,

Monte Titoli may, upon notice to the Service Provider and to the Participant concerned, suspend access to the System of the Participant, or give instructions to this end to the Service Provider to which it will have to follow up without any delay.

In any case, Monte Titoli retains the right to limit the number of participants that a Service Provider can connect to the System in the event of (i) persistent technical

problems affecting a significant number of Participants connected by the Service Provider and / or if (ii) the Service Provider is not able to modify its systems to make them compatible with updates made by Monte Titoli.

Article 9 - Application to participate in the Central Securities Depository Service

1. Entities which intend to participate in the Central Securities Depository Service shall submit the specific application form to Monte Titoli.
2. After ensuring that the participation requirements have been met and that the supporting documents submitted are complete and in good order, Monte Titoli shall send the applicant a letter of acceptance, confirming the admission to the service and the date of commencement of the relationship or the reasons of the rejection, in accordance with Article 33 of CSDR.
3. Monte Titoli may ask that Foreign CSDs submit documents certifying that they are subject to equivalent forms of supervision to those provided for by Italian law
4. Participants are required to pay fees for the services provided in the amount, with the frequency and within the time limits established by Monte Titoli on the basis of transparent and non-discriminatory criteria published on Monte Titoli's website. Litigation concerning the above-mentioned fees are subject to the exclusive jurisdiction of the Italian judges of the Court of Milano.
5. With reference to credit matured by Monte Titoli towards Participants deriving from the provision on Central Depository Services and related and instrumental activities, Monte Titoli may exercise the right of retention on the securities recorded in the own account of Participants or the pertaining proceeds, within the limit of the amount of the outstanding credit. The procedure for exercising the right of retention are described in the Instruction to the Rules.

Article 10 - Ongoing Participation Eligibility

1. Participants shall ensure ongoing compliance with the subjective and objective requirements set out in Articles 6 and 7 and shall immediately communicate any circumstance likely to affect the participation requirements from which may descend the suspension or exclusion from the Service.
2. Participants shall notify, in the forms and time frames specified in the Instructions to the Rules, any change in the operating conditions to which the information submitted upon filing the application for admission relate.

Article 11 - Measures involving Participants

1. In the event of irregularities causing malfunctioning or delays in the carrying out of the services or of lack of compliance with the CSD Rules, with the Instructions or with the operating procedures provided by the Operating Documents and in

any case of behaviour not compatible with the smooth functioning of the System, Monte Titoli may suspend Participants with a decision giving the reasons.

2. Monte Titoli shall exclude from the Service:
 - a) investment companies deleted from the register established by Consob;
 - b) asset management companies deleted from the register established by the Bank of Italy;
 - c) banks deleted from the register established by the Bank of Italy pursuant to Article 13 of the Consolidated Law on Banking and banks that have permanently ceased to offer securities investment services under the freedom to provide services;
 - d) stockbrokers deleted from the single national roll;
 - e) intermediaries deleted from the register of financial intermediaries established by the Bank of Italy pursuant to Article 106 of the Consolidated Law on Banking;
 - f) the Intermediaries referred to in Article 6 (1), except for those specified in subparagraphs a) and e) in the event of permanent inability to communicate in accordance with Article 23;
3. The exclusion from the Centralised Depository Service involves the exclusion of the Participant concerned by the activities connected with and under Title III. Monte Titoli may limit the effectiveness of the measure of exclusion or suspension of one or more services covered as part of the activities connected with and under Title III.
4. Monte Titoli in order to ensure the orderly performance of the Service and investors protection, takes the measures necessary to ensure the management of the positions that are part of the participants excluded or suspended under the preceding paragraphs.
5. Monte Titoli shall without delay notify the Bank of Italy and Consob and the Participants, the measures of suspension or exclusion adopted, and any regulations issued pursuant to the preceding paragraph.

Article 12 - Rules of conduct

1. Participants shall:
 - a) comply with these CSD Rules, the Instructions and the Service Manuals and the General terms and conditions of services;
 - b) act fairly, diligently and professionally, both vis-à-vis the other Participants and the Paying and Collecting Banks, and both in their fulfilments towards Monte Titoli and the use of technology systems;
 - c) operate with the utmost diligence to ensure the adequate and correct operation of the connection systems to Monte Titoli;

- d) participate in the tests organised/requested by Monte Titoli and report the relevant outcome;
 - e) promptly inform Monte Titoli of any circumstance known to them, including any technical malfunctioning of their systems which affect or may affect the regular operation of the Central Securities Depository Service;
 - f) refrain from performing any action which may affect the regular operation of the Central Securities Depository Service.
2. Participants are responsible vis-à-vis Monte Titoli for the conduct of their employees and collaborators and Service Providers.

Article 13 - Assessment activities

1. In order to check compliance with the provisions of the CSD Rules or the Instructions and, more in general, to ensure the performance of the Central Securities Depository Service, Monte Titoli may:
- a) ask the Participants for any useful information or document about their activities in the Central Securities Depository Service;
 - b) call the representatives of the Participants to obtain clarifications about specific conduct or situations;
 - c) carry out checks at the Participants' premises.
2. Participants shall ensure that Monte Titoli is able to carry out the checks also at Service Providers' premises as recalled in article 8.

CHAPTER III - FINANCIAL INSTRUMENTS

Article 14 - Financial instruments eligible for admission to the Service

1. The following categories of financial instruments shall be eligible for admission to the Service:
- a) securities tradable on the capital market referred to in Article 1, paragraph 1-*bis*, of the Consolidated Law on Finance, including commercial papers;
 - b) Government securities and other public debt securities;
 - c) shares/units of collective investment undertakings;
 - d) securities traded on the money market;
 - e) any other security that can be traded on the capital market in accordance with Article 1, paragraph 1-*bis*, of the Consolidated Law on Finance not included in the previous subparagraphs.
2. Shares and other securities representing equity capital, tradable in the capital market, and issued by banche popolari (cooperative banks), are also eligible for

admission to the Service, subject to the provisions set forth in Article 40 of the Bank of Italy – Consob Provision.

Article 15 - Admission of financial instruments to the System

1. Financial instruments may be admitted to the Service at the request of the Issuer or, only in the case of financial instruments managed through a Foreign CSD, at the request of the Intermediaries and/or the Foreign CSD in question. Admission to the Service is subject to the stipulation of a specific agreement between Monte Titoli and the aforesaid Issuer.
2. Monte Titoli shall inform Intermediaries upon admission of financial instruments to the Service.
3. The admission of financial instruments to the Service does not affect the statutory obligations arising from ownership of the rights attaching to the financial instruments in question. The recording and notification requirements imposed under applicable regulations that entail the identification of certificate numbers shall be met by indicating the type and quantity of the financial instruments to which the record or notice refers.
4. Debt securities of foreign Issuers, regardless of the law applying to their issue, may be centralised at Monte Titoli provided the Issuer attests that there are no impediments of any kind to application of the provisions on central securities depository of the Consolidated Law on Finance and the related implementing regulations.

Article 16 - Financial instruments admitted to the Service on a dematerialised basis

1. Financial instruments referred to in Article 14 shall be admitted to the Service on a dematerialised basis within the meaning of Article 83-*bis* of the Consolidated Law on Finance and must have the characteristics specified in Articles 14 and 15 of the Bank of Italy – Consob Provision.

Article 17 - Exclusion of financial instruments from the Service

1. Financial instruments may be excluded from the Service:
 - if they no longer satisfy the requirements for admission;
 - In the case where the issuing company is dissolved or liquidated;
 - for financial instruments, managed through a Foreign CSD, if they have been excluded by such CSD from the agreement stipulated with Monte Titoli and/or from the system managed by the Foreign CSD

2. Where financial instruments are excluded from the Service, Monte Titoli shall give immediate notice to the Intermediaries and Issuers and shall make said financial instruments available to the same:
 - at the expense and risk of the Intermediaries, in accordance with the procedures described in the Instructions and Operating Documents, for directly managed financial instruments;
 - in accordance with the procedures agreed upon with Foreign CSDs for financial instruments managed by same.
3. Where financial instruments are excluded as a result of the dissolution or liquidation of the Issuer, Monte Titoli shall bring to zero the balance of the Issuer's and Intermediaries' accounts pertaining to the excluded financial instruments.

Article 18 - Financial instruments subject to liens

1. Liens on financial instruments admitted to the Service may only be established at the Intermediary.
2. Liens on financial instruments, including those falling under special regulations pertaining to government securities, may be established by registration in a specific account held by the Intermediary.

Specific accounts may be opened with the Intermediary to allow the establishment of liens on the ensemble of the financial instruments registered in such accounts. In such case, the Intermediary is responsible for compliance with the instructions received at the time of establishment of the lien with regard to the conservation of the value of the lien and the exercise of the rights attaching to the financial instruments.

3. Liens on financial instruments to be admitted to the Service are transferred, without effects of novation, on the rights of the owner of the financial instruments, by endorsement to Monte Titoli, using the following formula 'Ai sensi dell'articolo 87 del T.u.f., l'annotazione del/i vincolo/i si intende non apposta' ('Pursuant to Article 87 of the Consolidated Law on Finance the annotation of the lien(s) is deemed not to have been made').
4. In the event of withdrawal of non-dematerialised financial instruments from the Service, the Intermediary shall make notation of the liens on the relevant certificates, indicating the date of the establishment thereof.
5. Where financial instruments admitted to the Service have been subject to attachment, the obligations towards the co-owners, arising under Sections 599 and 600 of the Italian Code of Civil Procedure, shall be performed towards the Intermediaries.

Article 19 - False or amortised non dematerialised financial instruments

1. Where financial instruments admitted to the Service are suspected to be false or information has been received on their being subject to amortisation, Monte Titoli shall carry out the necessary enquiries with the Issuer.
2. Monte Titoli shall be entitled to require the amortisation of the financial instruments admitted to the Service and to oppose proceedings brought by others.
3. If financial instruments are found to be false or amortised, Monte Titoli shall – after informing the parties concerned – debit the securities account of the Intermediary who requested central securities depository and, in the event the balance of such account was found to be insufficient, purchase financial instruments of the same type and quantity, debiting the value thereof to the Intermediary.

CHAPTER IV - BOOKKEEPING

Article 20 - Accounts opened for Intermediaries and transaction statements

1. In the name and at the request of Intermediaries, Monte Titoli shall open, for each of them, distinct own accounts and third party accounts, each of which shall be subdivided into as many sub-accounts as are the types of centralised financial instruments.

Monte Titoli shall record in each account all accounting movements that occur. These accounts may not present debit balances.

2. Intermediaries may have the financial instruments at their disposal only after the relevant account has been credited accordingly.

Monte Titoli may carry out partial or total blocks on the accounts at the request of Intermediaries or to meet service requirements in order to ensure the correct execution of corporate events as set out in Chapter V.

3. At the end of each accounting day, Monte Titoli shall send Intermediaries a statement showing both the opening and closing balances of their account(s) in accordance with Article 23 (1). Such statement shall also indicate the quantity of any financial instruments not available for transfer or delivery for settlement as well as any movements in the account(s) occurred during the day, if these have not been notified before.

4. If Intermediaries find any discrepancies in the statements and/or the communications relating to the individual account movements carried out in the course of the day, they shall give notification in writing within the day following the receipt of same.

In the absence of such notification, the statements and/or the aforesaid movements shall be deemed to be tacitly approved.

Article 21 - Account opened in the Issuer's name and transaction statements

1. In the name and at the request of Issuers, Monte Titoli shall open, for each of them, accounts which keep separate evidence of each issue containing all the information communicated by the Issuer that is necessary for identifying the features of the issue itself and, at least, the type of financial instrument, the ID, the quantity issued, the total value of the issue, the split and any related rights.
2. In the event of financial instruments managed through Foreign CSDs, Monte Titoli shall open special accounts in their names.
3. Monte Titoli shall send transaction statements to Issuers and Foreign CSDs in accordance with Article 23 (1). as a record of all accounting movements carried out on the financial instruments.

4. If an Issuer or a Foreign CSD finds any discrepancies in the statements and/or the communications relating to individual account movements carried out in the course of the day, they shall give notification in writing within the day following the receipt of same.
5. In the absence of such notification, the statements and/or the aforesaid movements shall be deemed to be tacitly approved.

Article 22 - Account reconciliation

1. Monte Titoli, once all the transactions carried out on each business day have been duly processed, shall verify for each type of financial instrument admitted that the sum of the balances of Intermediaries' accounts and of the account owned by Monte Titoli itself, if applicable, coincides with the balance of each issue or with the analogous balance related to financial instruments held through other central depositories or Foreign CSDs. Where, as a result of this check, inconsistencies are found between the balance of a specific issue, or the mirror balance of securities held with other Foreign CSD, and the sum of account balances of Intermediaries, Monte Titoli shall adopt the necessary measures in order to preserve the integrity of the issue and the protection of investors, specified in the Instructions.

Article 23 - Communications

1. Communications sent from and to Monte Titoli in relation to the central securities depository service and the related and instrumental activities are made exclusively via electronic networks in the manner and within the time limits specified in the Instructions and the Operating Documents.
2. Monte Titoli shall send Participants the Service Notice defining operating instructions concerning the individual transactions handled by the Service.
3. Monte Titoli shall send Participants, at their request, Announcements received from an Issuer or a Foreign CSD. Event Announcements shall differ from Service Notices in that their exclusive purpose is to give advance notice of corporate events without this binding Monte Titoli to execute the events announced in the absence of confirmation by the Issuer or the Foreign CSD.
4. Monte Titoli shall also send Participants, including at their request, Service communications containing just support information with reference also to transactions carried out within the Service or indications of a general nature.

Article 24 - Centralisation

1. Monte Titoli shall carry out the centralisation of dematerialised financial instruments by recording them on the Intermediaries' account and as a counter-item on the Issuer's account, on the basis of specific crediting instructions given by the latter. In the cases and following the manners specified in the Instructions,

Monte Titoli verifies that financial instruments' placement and subscription have taken place, when relevant also through the check of the cash transfer.

2. The centralisation of non dematerialised financial instruments shall take place with the delivery of the certificates to Monte Titoli, accompanied by specific crediting instructions and with the subsequent bookkeeping entry in the Intermediary's account. For registered financial instruments, an endorsement or registration in Monte Titoli's name is required, using the formula indicated in Article 19 of the Bank of Italy – Consob Provision.

Monte Titoli shall communicate to Issuers the specific identification numbers of the registered, non-dematerialised financial instruments endorsed in its name, also to enable the Issuers to record them in the shareholders' register. Communications shall be made on a monthly basis, within the fifth working day of each month, with reference to the actual movements of all the financial instruments that have taken place until the last day of the previous month.

Article 25 - Withdrawal

1. The centralised, non dematerialised financial instruments that are managed directly by Monte Titoli may be withdrawn from the Service.
2. Monte Titoli shall inform Issuers – also for recording purposes in the shareholders' register – about the specific identification numbers of the registered, non dematerialised financial instruments put at their disposal for withdrawal through an Intermediary.

Communications shall be made on a monthly basis, within the fifth working day of each month, with reference to the actual movements of all the financial instruments that have taken place until the last day of the previous month.

3. If the financial instruments are not collected at Monte Titoli's premises, they are returned by Monte Titoli, also through the Issuer, at the expense and risk of the Intermediary.

Article 26 - Transfers

1. Entities admitted as Intermediaries may transfer the financial instruments recorded in their accounts by entering settlement instructions in the Settlement Service, without prejudice to the provisions under article 30, paragraph 3, lett. a) of Bank of Italy and Consob Provision.
2. The provisions of the Rules of the Settlement Service shall apply.

Article 27 - Limitations to transactions on financial instruments

1. To ensure the good functioning of the Service, Monte Titoli has the authority to establish conditions and deadlines for transfer and centralisation transactions and, exclusively for non dematerialised financial instruments, also for the withdrawal and delivery of centralised financial instruments.

Article 28 - Attendance at shareholders' meetings

1. For financial instruments managed directly by Monte Titoli, Monte Titoli, having been duly appointed by the Issuer, shall send Intermediaries participating in the Service the information necessary for the issue of the communication referred to in Article 83-sexies of the Consolidated Law on Finance and in Article 22 of Bank of Italy – Consob Provision, including the record date where applicable. The aforesaid communication is issued by the intermediary in accordance with its accounting records, in accordance with Bank of Italy – Consob Provision.

At the request of Issuers, Monte Titoli shall communicate, with reference to the record date, the ID data of the Intermediaries on whose accounts the financial instruments are registered and the related quantities.

2. For financial instruments managed by Monte Titoli through Foreign CSD, Monte Titoli shall provide the information referred to in paragraph 1, if provided for in the agreements entered into between Monte Titoli and the Foreign CSDs at which the financial instruments are centralised. Monte Titoli sends Intermediaries participating in the Service the information received through the Foreign CSD or the Issuer and performs the necessary activities in order to facilitate participation in the shareholders' meetings.
3. In the event of a request for proxy voting – pursuant to the Consolidated Law on Finance – Monte Titoli, upon receipt of the prospectus and proxy form, shall inform the participant Intermediaries in the Service of the availability of such documents and of every subsequent change thereto. Furthermore, at the request of the promoter, Monte Titoli shall communicate the ID data of the Intermediaries and the accounting balances with regard to the number of financial instruments registered on the accounts of each Intermediary.

Article 29 - Payment of dividends for financial instruments managed directly by Monte Titoli

1. For financial instruments managed directly by Monte Titoli for which the dividend payment is made in euro, the Issuer shall send to Monte Titoli instructions for the execution of the transaction and indicate the Paying Bank under the terms and in the manner specified in the Instructions.

2. The Paying Bank is required to communicate to Monte Titoli the acceptance of the mandate and the account of TARGET 2 System in which the funds for the payment of dividends are provided. The appointment between the Issuer and Paying Bank provides that the latter can send, under his sole responsibility, instructions refusal and / or revocation and / or cancellation of payments within the deadlines set by Monte Titoli.
3. In the absence of instructions of revocation and / or rejection and / or cancellation of the payment sent by the Paying Bank within the time limits specified in the Instructions, Monte Titoli shall perform the operation using the funds available in the account referred to in paragraph 2, and, acquired the result of the settlement, and shall credit the funds to Intermediaries. In the event of lack or inadequacy of funds Monte Titoli does not proceed the operation.
4. As part of the same operation, Monte Titoli shall debit the Paying Bank of an amount net of allowances due to Paying Bank itself as Intermediary.
5. In the case of obvious mistakes reported by the Issuer, Monte Titoli may reverse the made payment and repropose the same, in the manners and within the time limits specified in the Instructions.
6. Intermediaries may send instructions for the renunciation and/or delayed payment of dividends within the terms indicated by Monte Titoli.
7. Issuers shall send Monte Titoli the information needed for the payment of the augmented dividend pursuant to Article 127-*quater* of the Consolidated Law on Finance in the cases specified by the Issuer, in the manner specified in the Instructions.
8. The provisions of the present Article, paragraph from 1 to 5, shall apply also to the proceeds and redemptions of close-end funds managed directly by Monte Titoli.

Article 30 - Payment of dividends for financial instruments managed through Foreign CSD

1. For financial instruments managed by Monte Titoli through Foreign CSD, for which the payment of dividend is carried out both in euro and in a currency different from the euro, Monte Titoli shall carry out the payment of dividends, after having received the funds from the Issuer or from the Foreign CSDs, in the manner and within the time limits set out in the Instructions and Operating Documents. According to the type of transaction and the Service notices issued by Monte Titoli, the Intermediary may indicate, with a specific communication, the foreign withholding tax rate for collecting the dividend; failure to do so shall result in payment being made by applying the highest applicable rate under the tax law that applies to the financial instrument in question.

For such financial instruments, renunciation and/or delayed dividend payment on the part of the Intermediary are not allowed.

2. The provisions of the present Article shall apply also to the proceeds and redemptions of close-end funds managed by Monte Titoli through Foreign CSD.

Article 31 - Interest payments and capital reimbursements on bonds and similar financial instruments managed directly by Monte Titoli

1. For financial instruments managed directly by Monte Titoli for which the interest payments and capital reimbursements is carried out in a currency different from the euro Issuers send to Monte Titoli instructions for the execution of the transaction and indicate the Paying Bank in the manners and within the time limits specified in the Instructions.
2. The Paying Bank is required to communicate to Monte Titoli the acceptance of the mandate and the account of TARGET 2 System in which the funds for the interest payments and capital redemptions are provided. The appointment between the Issuer and Paying Bank provides that the latter can send, under his sole responsibility, instructions of refusal and / or revocation and / or cancellation of payments within the deadlines set by Monte Titoli.
3. In the absence of instructions of refusal and / or rejection and / or cancellation of the payment sent by the Paying Bank within the time limits specified in the Instructions, Monte Titoli shall perform the operation using the funds available in the account referred to in paragraph 2, and, acquired the result of the settlement, and shall credit the funds to Intermediaries. In the event of lack or inadequacy of funds Monte Titoli does not proceed the operation.
4. As part of the same operation, Monte Titoli shall charge the Paying Bank of an amount net of allowances due to the Payment Bank as Intermediary.
5. In the case of obvious mistakes reported by the Issuer, Monte Titoli may reverse the payment made and repeat the same, in the manners and within the time limits specified in the Instructions.
6. For financial instruments for which the payment of interest and the reimbursement of capital is carried out in a currency different from the euro, Monte Titoli, having been appointed by the Issuer shall issue instructions to the Paying Bank to execute the interest payments and capital reimbursements in the manner and within the time limits specified in the Instructions.
7. If provided by the agreements with the Issuer, the payment can be made upon receipt of the funds by Monte Titoli.

Article 32 - Interest payments and capital reimbursements on bonds and similar financial instruments managed through Foreign CSD

1. For financial instruments managed by Monte Titoli through Foreign CSD for which the payment of interest and the reimbursement of capital is carried out in euro or in a currency different from the euro, Monte Titoli, after having received the funds, issues instructions to the entities with which it has established current accounts to execute the payment of interest and capital reimbursements according with the indications received from the Foreign CSDs or the entities appointed in the manner and within the time limits specified in the Instructions.
2. According to the type of transaction and the Service notices issued by Monte Titoli, Intermediaries may indicate, with a specific communication, the foreign withholding tax rate for interests payment; failure to do so will result in payment being made by applying the highest applicable rate under the tax law that applies to the financial instrument in question.

Article 33 - Capital increases (*financial instruments managed directly by Monte Titoli*)

1. For capital increases involving financial instruments managed directly by Monte Titoli issued under Italian law, Monte Titoli shall act after being duly appointed by the Issuer.
2. For cash capital increases, Intermediaries shall send Monte Titoli instructions for the execution of the transaction, specifying the TARGET2 account on which the funds are available to cover the subscription, in the manners and within the time limits specified in the Instructions. After verifying the settlement of the funds, Monte Titoli shall transfer the funds to the Issuer and, if the financial instruments deriving from the transaction are admitted to the Service, Monte Titoli shall transfer them to the Intermediaries' securities accounts. Monte Titoli shall carry out the transaction up to the amount of the funds made available in accordance with the indications given by Intermediaries and in the absence of such indications by giving priority to the transactions undertaken by Intermediaries on behalf of third parties. If no instructions are given or in the absence of funds, Monte Titoli shall not carry out the transaction.
3. For bonus capital increases, if the allotment right is not negotiable, Monte Titoli, on its own initiative, shall comply with all the necessary requirements for the allotment of the new financial instruments issued. If the allotment right is negotiable, Monte Titoli shall operate on the basis of the instructions received from Intermediaries.

Article 34 - Conversion and exercise of rights (*financial instruments managed directly by Monte Titoli*)

1. For conversions and the exercise of rights attached to financial instruments managed directly by Monte Titoli, Monte Titoli shall act after being duly appointed by the Issuer.
2. For conversions and the exercise of rights, Intermediaries shall send Monte Titoli instructions for the execution of the transaction, in the manners and within the time limits specified in the Instructions.
3. In the event of conversions, if the financial instruments deriving from the transaction are admitted to the Service, Monte Titoli shall transfer them to the securities accounts of Intermediaries.
4. For the exercise of rights, without prejudice to paragraph 2, Intermediaries shall specify the TARGET2 account on which the funds are available to cover the transaction. After verifying the settlement of the funds, Monte Titoli shall transfer the funds to the Issuer and, if the financial instruments deriving from the transaction are admitted to the Service, Monte Titoli shall transfer them to the Intermediaries' securities accounts. Monte Titoli shall carry out the transaction up to the amount of the funds made available in accordance with the indications given by Intermediaries and in the absence of such indications by giving priority to the transactions undertaken by Intermediaries on behalf of third parties. If no instructions are given or in the absence of funds, Monte Titoli shall not carry out the transaction.
5. Upon expiry of the time limit for the exercise of the right, Monte Titoli shall operate in accordance with the provisions contained in the Instructions.

Article 35 - Other corporate events (*financial instruments managed directly by Monte Titoli*)

1. For other corporate events involving financial instruments managed directly by Monte Titoli, Monte Titoli shall act after being duly appointed by the Issuer.
2. For other corporate events decided by the Issuer, Intermediaries shall send Monte Titoli the instructions needed to carry out the transaction in the manners and within the time limits specified in the Instructions.
3. For bonus capital increases, if the financial instruments deriving from the transaction are admitted to the Service, Monte Titoli shall transfer them to the Intermediaries' securities accounts.
4. For cash capital increases, without prejudice to paragraph 2, Intermediaries shall specify the TARGET2 account on which the funds are available. After verifying the settlement of the funds, Monte Titoli shall transfer the funds to the Issuer and, if the financial instruments deriving from the transaction are admitted to the System, Monte Titoli shall transfer them to the Intermediaries' securities accounts. Monte Titoli shall carry out the transaction up to the amount of the funds made available in accordance with the indications given by Intermediaries and in the absence of such indications by giving priority to the transactions

undertaken by Intermediaries on behalf of third parties. If no instructions are given or in the absence of the funds, Monte Titoli shall not carry out the transaction.

**Article 36 - Waiver from the cash settlement procedures for corporate events
(financial instruments managed directly by Monte Titoli)**

1. Exclusively for instructions carried out on behalf of the collecting bank, at the request of the Issuer, by way of derogation from Article 33 (2). Monte Titoli shall transfer the funds deriving from the transaction net of the amounts due to the collecting bank.
2. If the issuer also participates in the Service as an Intermediary, exclusively with reference to instructions carried out on behalf of the Issuer involving its own financial instruments and at the request of the Issuer, Monte Titoli, by way of derogation from Articles 33 (2), 34(4) and 35 (4), shall not debit or credit the related funds.

Article 37 - Corporate events involving financial instruments managed through Foreign CSD

1. For corporate events involving financial instruments managed through Foreign CSD, Monte Titoli shall act after receiving an information document from the Foreign CSDs with which the financial instruments are centralised and shall provide its own Participants the operational time limits and the indications necessary to manage the transaction and, where provided for, receive the instructions.
2. For cash capital increases, the exercise of rights and other cash corporate events:
 - a) the settlement of the cash leg shall be carried out by debiting the-account in the System TARGET2 for payments in euro and, for those in currency other than the euro, by receiving the equivalent value, from the subscribers, on an account indicated by Monte Titoli;
 - b) Monte Titoli shall transfer the funds on to the account of the Collecting bank indicated by the Foreign CSD and credit the financial instruments deriving from the transaction received from the Foreign CSD on the accounts of the Intermediaries;
 - c) if no instructions are given or in the absence of funds, Monte Titoli shall not carry out the transaction.
3. For bonus capital increases, Monte Titoli shall perform, on its own initiative, all the formalities needed for the allotment of the new financial instruments issued or, where instructions are required, act on the basis of thereof.

4. For bonus capital increases, Monte Titoli, where provided for, shall credit the financial instruments deriving from the transaction on the securities accounts of the Intermediaries participating in the Service and update its accounting records for each financial instrument involved in the transaction.

Article 38 - Identification of financial instrument holders

1. For financial instruments managed directly by Monte Titoli, having been duly appointed by the Issuer, shall send Intermediaries the information, including the record date, necessary for the identification of financial instruments' holders according to article 83 *duodecis* of the Consolidated Law on Finance and article 26-bis of the Bank of Italy – Consob Provision.
2. In addition, at the request of Issuers, Monte Titoli shall communicate, with reference to the record date, the ID data of the Intermediaries that hold the financial instruments on their central securities depository accounts and the number of financial instruments registered in the accounts assigned to them.
3. For financial instruments managed through Foreign CSD, Monte Titoli shall provide the information referred to in paragraphs 1 and 2, if provided for in the agreements entered into between Monte Titoli and the Foreign CSDs at which the financial instruments are centralised or if requested by the Issuer.
4. In cases of identification requests concerning financial instruments' holders as mentioned in the paragraph 2, Monte Titoli transfers to the Issuer only the data of the Intermediaries holders of the financial instruments who have not expressly forbidden the communication of ID data and/or the number of financial instruments registered in their own accounts.

TITLE III - RELATED AND INSTRUMENTAL SERVICES

CHAPTER I - FISCAL SERVICES

Section I – FTT service ¹

Article 39 - Subject of the FTT service

1. Monte Titoli shall provide the FTT Service as delegate for the payment of taxes and the reporting obligations, notwithstanding Participants' responsibility for the correct payment of taxes and the instrumental obligations pursuant to article 19 of M.D. of 21 February 2013.
2. Regarding the tax reporting and payment service and the instrumental obligations, Monte Titoli offers technical support regarding the following requirements:
 - a) transmission of the declarations received from the Intermediaries to the Revenue Agency;
 - b) transmission of the tax payment notices for payment based on the declarations received from the Intermediaries;
 - c) monthly settlement of the amounts received from the Intermediaries for tax payment in favour of the Revenue Agency and transmission of the relevant F24 forms;
 - d) transmission of the annual declaration received from the Intermediaries to the Revenue Agency;
 - e) support for the clearing of any tax credit based on the monthly or annual declaration;
 - f) technical support for the voluntary tax correction procedure;
3. The operating methods adopted by Monte Titoli in carrying out the activities listed under paragraph 2 are described in the Instructions.

Article 40 - Participants, participation requirements and procedures

1. Participation in the FTT Service is allowed to Participants in the Central Securities Depository Service and, to the other legal persons obliged to pay and to declare the tax pursuant to the M.D. of 21 February 2013, residing and not residing in Italy and in particular:
 - the parties responsible for paying the tax (accountable party);
 - the permanent establishment of non-resident subjects responsible for the payment of the tax (accountable party);

¹ *FTT Service provisions will be deleted starting from 1 January 2019*

- the fiscal representative of the subjects responsible for the payment of the tax according to the cases described in the Instructions.
2. Participation shall be in the manner of, and in accordance with, the provisions of Article 6 and subsequent articles, as far as possible.
 3. In order to allow the correct execution of the activities referred to in Article 39, Participants in the FTT Service will send Monte Titoli the documentation required by the legislation in force and that indicated in the Instructions and the Operating Documents.
 4. The above mentioned documentation and any relevant instructions must be received within the time limits set by Monte Titoli and described in the Instructions issued by Monte Titoli.

CHAPTER II - COMMUNICATIONS AND NOTICES MANAGEMENT SERVICE

Section II – Fiscal Assistance Services

Article 41 – Scope of the service

1. Within the framework of the Fiscal Assistance Services, Monte Titoli carries out the activities below, with or without assuming the role of fiscal representative:
 - a) acquires and stores, in compliance with the applicable legislation, all the information and documents needed to fulfil the fiscal requirements on behalf of Participants;
 - b) verifies that the information under letter a) is consistent with the data available as part of the Central Securities Depository Service via suitable procedures;
 - c) calculates the tax based on the applicable rate or verifies that the conditions for exemption are satisfied based on the fiscal position of Participant and its clients, making reference to the information acquired;
 - d) pays the tax on the behalf of Participant according to the time limits laid down by the applicable fiscal legislation;
 - e) transmits the periodical declaration to the Tax Authority in accordance with the applicable fiscal legislation;
 - f) addresses the requests from the Tax Authority, providing any news and documents regarding the obligations fulfilled on behalf of Participants also after the assignment expires.
2. Monte Titoli may carry out the activities under paragraph 1, assuming the capacity as fiscal representative, within the framework of the types of representation stated in the Instructions, or by providing operating support to manage taxation-related processes.
3. Participants grant Monte Titoli the mandate as fiscal representative by signing a specific contract that specifies the activities carried out by Monte Titoli on their behalf. These Rules and the relevant Instructions are an integral part of this contract.
4. As part of the consistency checks under paragraph 1, letter b), in the case of provision of Services based on Italian legislation, Monte Titoli carries out the following checks:
 - data reconciliation between the central securities depository statement of Participant and the reports for the transactions communicated by the Participant, in consideration of the type of transactions (i.e. sales contract or simple movements between FOP securities accounts);
 - reconciliation between the accounting positions of the Participant in the Fiscal Services and the securities positions present in the central securities depository account, in consideration of the changes deriving from the corporate operations.

5. Monte Titoli may use third party subjects to carry out the activities under paragraph 1. The methods of interaction between Participants and these third-party subjects are clearly specified in the Instructions and in the Operating Manuals of the Fiscal Services attached to the participation documentation.

Article 42 - Participants, participation requirements and procedures

1. Participation in the Fiscal Assistance Services is allowed to the subjects admitted to the Central Securities Depository and Settlement Service:
 - that are authorised pursuant to the European regulations concerning credit institutions (Directive 2013/36/EU – CRD), central counterparties (Regulation no. 2012/648/EU - EMIR) or central depositories (Regulation no. 909/2014/EU – CSDR)
 - that qualify as non-residents pursuant to Italian fiscal legislation, in the case of performing the Service based on Italian legislation.
2. Should Monte Titoli pay the tax in its capacity as fiscal representative of Participant, the subjects under paragraph 1 must:
 - a) use, for the transfer of the cash necessary for the payment of the taxes, their own account in TARGET 2 System configured for the application of self-collateralisation mechanisms;
 - b) communicate the name of the reference subject for the fiscal services that knows the processes connected to taxation and that can be found at the hours when the service is in operation;
 - c) provide guarantees that Monte Titoli can activate also in case of insolvency of Participant, to cover the risk of default of the funding obligation under article 43, paragraph 2.
3. The requirements under letters a) and c) do not apply in case Participant, based on the documentation produced, is an exempt subject and/or operates exclusively on behalf of exempt subjects.
4. The amount of the guarantee will be equal to three times the average amount to be paid for each payment period and in any case not lower than the maximum payment made in the fiscal year on behalf of participant. Monte Titoli monitors these values and communicates them to participant on a half-yearly basis. When this is first applied, Monte Titoli determines this amount on the basis of the documentary evidence produced by participant when starting the service.

Article 43 – Obligations of Participants

1. Participants send Monte Titoli the documentation required by the applicable fiscal legislation as well as all the information required by Monte Titoli in order to correctly manage the obligations towards the Tax Authority, in the manner specified in the Instructions. The timing, formats and procedures to send the information are described in the Fiscal Services Manuals.

2. In case Monte Titoli pays the tax in its capacity as fiscal representative of Participant, the latter must replenish the funds in its TARGET 2 System account for the payment of the taxes by within the 12th business day of the month when the payment of the tax is due. In case of failed replenishment on the day prior to the date of paying the tax, Monte Titoli activates the guarantees provided by Participant pursuant to article 42, paragraph 2, letter c), and excludes participant from the fiscal service, communicating the termination of the relationship to the Tax Authority. This provision shall not apply in the case of payment of the taxes where Monte Titoli directly withholds the amount to be paid to the Tax Authority.
3. In the cases covered by the Instructions, Participants declare, under their own responsibility, the fiscal regime applicable to the customers on behalf of which they hold financial instruments in accounts open at Monte Titoli. Monte Titoli checks the correctness of the declarations made by the Participants based on the information available. In the absence of these declarations, Monte Titoli will apply the maximum rate set by the fiscal legislation.
4. In the cases covered by the Instructions, Participants deposit the securities belonging to subjects subject to different fiscal regimes in separate accounts.

Article 44 - Characteristics of the Communications and Notices Management Service (FIS/CPA)

1. Under the specific terms of the Service Manual, the Communications and Notices Management Service:
 - a) allows to pre-determine and/or manage, based on the accounting evidence processed by the Central Securities Depository Service, standard information flows related to the nominal notifications which Intermediaries are required to submit to the Issuers in the circumstances covered by the Consolidated Law on Finance and the data of the eligible shareholders who intend to participate in meetings;
 - b) manages the electronic transmission of the information flows related to the above notices, supporting each step of the preparation and submission process through control, monitoring, reconciliation tools and/or consistency checks;
 - c) prepares reports on the quality of the processed information and submits specific information to facilitate management of the processed flows;
 - d) allows storage, organisation and management of all information flows transmitted and provides prompt updates on the progress of the completion of the process to transmit and manage information flows;
 - e) ensures authentication of the parties authorised to operate on the system and the confidentiality of the information flows transmitted;
 - f) ensures matching of the information with the RCC service to pay the fees due by the Issuer to the Intermediary in respect of the information flows transmitted.

Article 45 - Participants, participation requirements and procedures

1. Participation in the service is allowed to Participants in the Central Securities Depository Service and shall be subject to the provisions of Article 6 and subsequent articles, where applicable.

CHAPTER III - CLIENT FEE PAYMENT SERVICE (RCC)

Article 46 - Characteristics of the Client Fee Payment Service (RCC)

1. The service permits the reconciliation, control and settlement of the fees that Issuers recognise as due to Intermediaries for the supply of data on shareholders.
2. The RCC service provides for the following activities:
 - a) calculation of the fees due by the Issuer to the Intermediary in respect of the services rendered by the Intermediary, company transactions on financial instruments centralised and managed in the Central Securities Depository Service, even when the Intermediary does not participate in the RCC service;
 - b) production of detailed reports summarising the fees due for each transaction;
 - c) settlement of the amounts determined in accordance with the above point on the accounts held by the Intermediary, directly or indirectly, and indicated to Monte Titoli to this end. The settlement is carried out at the cut-off date set out in the Instructions of the RCC service based on the findings at that date;
 - d) the availability of the electronic forms to prepare the invoices for the above payments.
3. The RCC services gathers, checks and organises the data and information sent by the Intermediary and orders the related payments pertaining to the Issuers in accordance with the terms and conditions set out in the Instructions.

Article 47 - Participants, participation requirements and procedures

1. Participation in the service is allowed to Participants in the Central Securities Depository Service and shall be subject to the provisions of Article 6 and subsequent articles, where applicable.

CHAPTER IV – REGISTRATION OF ACCEPTANCES OF PUBLIC PURCHASE AND EXCHANGE TENDER OFFERS (OPA/OPS SERVICE)

Article 48 – Scope of the OPA/OPS Service

1. Monte Titoli coordinates the collection of acceptances, the “OPA/OPS Service”, of Public Purchase or Exchange Tender Offers involving directly managed financial instruments.
2. As part of the OPA/OPS Service, Monte Titoli carries out the following activities:
 - a) preparing the operational procedures for the collection of acceptances;
 - b) providing the Intermediaries with the information required to manage the additional operational requirements related to acceptances, through Service Notices;
 - c) coordinating the collection of acceptances and communicating data on the number of acceptances received and the total financial instruments made available by participants;
 - d) transferring the financial instruments made available by the participants in the offer to the bidder and paying the offer price;
 - e) paying the fees, if any, due by the bidder to the Intermediaries for the activities carried out as part of the offer.
3. The operational procedures and the timing related to the coordination and organisation of the collection of acceptances are described in the Instructions.
4. As part of the activity referred to in paragraph 1, letters a) and b), Monte Titoli also assists the bidder with the preparation of the terms and conditions to accept the offer, solely as regards the technical profiles pertaining to Monte Titoli as central depository, and provides the Intermediaries with the operational information and clarifications necessary for managing the requirements related to the offer.

Article 49 – Participants in the Service

1. Entities who are participants in the Settlement Service or who have identified a participant in the Settlement Service in relation to the requirements set out in article 48, paragraph 2, letter d) may participate in the OPA Service.

Monte Titoli S.p.A.
Piazza degli Affari, 6
20123 – Milano
www.montetitoli.it
