

Cassa di Compensazione e Garanzia

Annexes MIC Guarantee System

3 March 2017

The Italian text of these Regulations shall prevail over the English version



London
Stock Exchange Group

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SECTION A Membership

Annex A.1.1.1 Membership documentation

Entities that intend to join the *MIC Guarantee System* and *Members* must submit the following documentation to *CC&G*:

| Membership documentation | Deadline for submission | Form provided by CC&G |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|----------------------------------|
| Application for Services (Art. A.1.2.3, paragraph 1 of Regulations) | upon membership application | Yes |
| Membership data form | upon membership application and whenever modified | Yes |
| Consolidated Supervisory capital or the Member's capital, if the first is not applicable, using the form prepared by the Supervisory Authority jurisdiction | upon membership application with the regularity required by the relevant Supervisory Authority | No |
| Percentage according to Article A.1.1.4, paragraph 6 of Regulations, in case of concurrent membership to the MIC Guarantee System by several Members belonging to the same Group | upon membership application and whenever modified | Yes |
| The "TARGET2" European Central Bank form for collection of "Static Data-Debit mandate for AS settlement" of the European Central Bank, available from the www.ecb.eu website, which authorises <i>CC&G</i> to debit the PM Account in the Target2 System of the Member or its Settlement Agent | upon membership application and whenever modified | Yes |
| Agreement with the Settlement Agent for cash (if existing) | upon membership application and whenever modified | Yes |

The documentation indicated above must be sent in original (by registered letter with return receipt or by courier) and sent in advance by fax to the *CC&G* Membership Office.

Forms provided by *CC&G* are available on *CC&G* website www.lseg.com/ccg.

The receipt of the documentation indicated above is a condition for the examination of the *Application for Services*.

Annex A.1.1.2 Percentage for the determination of the effective Guarantee

| |
|----------------------------------------------------------------------------|
| PERCENTAGE ACCORDING TO ARTICLE A.1.1.4, PARAGRAPH 6 OF REGULATIONS |
|----------------------------------------------------------------------------|

To:
 Cassa di Compensazione e Garanzia S.p.A.
 Via Mantegna, 6
 20154 - Milano

C.c.: Parent Company

C.c.: Other Companies of the Group
 (Members of MIC Guarantee System)

The Member (Corporate Name):

The Contractual Representative (name and surname):

According to Articles A.1.2.2, paragraph 7 and A.1.2.5 paragraph 4 of Regulations, the underwritten Contractual Representative, by virtue of the powers vested in him, communicates that the percentages set forth in Article A.1.1.4, paragraph 6 of Regulations, established in agreement with the other companies of our own Group, Members to MIC Guarantee System, are the following:

| Member | Percentage |
|--------|-------------|
| _____ | ____ % |
| _____ | ____ % |
| _____ | ____ % |
| _____ | ____ % |
| _____ | ____ % |
| _____ | ____ % |
| | Total 100 % |

 (Place and date)

Stamp of the Company and
 Signature of the Contractual Representative

SECTION B Settlement in *Target2*

Annex B.1.1.1 Settlement of contractual positions

A. *Deposit Contractual Positions* for which settlement date follows the date of conclusion of contracts and *Repayment Contractual Positions*

Method of payment of amounts due by *Members*

Sums due by *Members* to CC&G are paid by means of crediting the *Member's* PM account in *Target2* or that the one of its *Settlement Agent*, using the ancillary procedure No. 3 (the so-called "Bilateral Settlement").

For this purpose, payment instructions relating to sums due by *Members* received by 8.30 hours are sent by CC&G to the *Target2* System at 7.30 hours CET (commencement of the "Information Period").

The "Debit Period" commences at 8.00 CET and concludes at 8.30 CET.

Method of payment of amounts due to *Members*

Sums due by CC&G to *Members* are paid by means of crediting the *Member's* PM account in *Target2* or that of its cash *Settlement Agent*, using the ancillary procedure No. 3 (the so-called "Bilateral Settlement").

For this purpose, payment instructions relating to sums due to *Members* received by 12:00 CET are sent by CC&G to the *Target2* System at 7.35 CET (commencement of the "Information Period").

The "Credit Period" commences at 8.00 CET (From) and concludes at 12:00 CET (Till).

B. *Deposit Contractual Positions* for which settlement corresponds to the date of conclusion of contracts

Method of payment

Sums due by a *Member* to another *Member* are paid by means of crediting and debiting *Members'* PM accounts in *Target2* or that the one of their *Settlement Agent*, using the ancillary procedure No. 3 (the so-called "Bilateral Settlement").

In this case, pursuant to Article B.1.1.5, paragraph 3, of the *Regulations*, CC&G only provides technical facilities for the settlement of the *Deposit Contractual Positions* between the two *Members*.

To this end CC&G receives the settlement instruction from the *Management Company* and forwards it to *Target2* System with: "Credit/Debit Period" that commences ten

minutes after the instruction was forwarded and ends two hours later, but no later than the 17.45.

Messages

The MT900 and MT910 messages sent from *Target2* to *Members/Settlement Agents* who have requested them, must, in the above cases, have the following layout:

| | <u>MT900</u> | <u>ASTransferInitiation</u> |
|------------|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>S:</u> | TRGTXEPMASI (for T&T Env) TRGTXEPMASI (for PROD Env) | |
| <u>R:</u> | BIC of debited RTGS account (First Agent) | First Agent and Final Agent (BIC 11x) |
| <u>21:</u> | Related reference (<u>EndToEnd Identification</u>) of initial ASTransferInitiation | EndToEndID (It is unique in the year) |
| <u>52:</u> | BIC of sender of initialASTransferInitiation (XML) | CCEGITR0010 (for T&T Env) CCEGITRR010 (for Prod Env) |
| <u>72:</u> | /ASINF/<Remittance Information from ASTransferInitiation> | Remittance Information: <MIFor BOR>-<MIC>-<5 characters for Entity Code>-<blank or 1> <u>Where:</u> <u>Reason of payment:</u> MIF-MIC-Entity Code: settlement of contracts; MIF-MIC-Entity Code 1: settlement of fees BOR-MIC-Entity Code: settlement of default fund contributions |

| | <u>MT910</u> | <u>ASTransferInitiation</u> |
|-------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>S:</u> | TRGTXEPMASI (for T&T Env) TRGTXEPMASI (for PROD Env) | |
| <u>R:</u> | BIC of credited RTGS account (Final Agent) | First Agent and Final Agent (BIC 11x) |
| <u>21:</u> | Related reference (<u>EndToEnd Identification</u>) of initial ASTransferInitiation | EndToEndID (It is unique in the year) |
| <u>52a:</u> | BIC of sender of initialASTransferInitiation (XML) | CCEGITR0010 (for T&T Env) CCEGITRR010 (for Prod Env) |
| <u>72:</u> | /ASINF/<Remittance Information from ASTransferInitiation> | Remittance Information: <MIF or BOR>-<MIC or IIC>-<5 characters for Entity Code>-<blank> <u>Where:</u> <u>Reason of payment:</u> MIF-MIC- Entity Code: settlement of contracts; BOR-MIC- Entity Code: settlement of default fund contributions BOR-IIC-Entity Code: settlement interest on default fund contributions |

Contingency

In contingency situations, CC&G may instruct that the settlement of sums due by *Members* to CC&G or by CC&G to *Members* take place by crediting the PM Account in *Target2* System respectively of CC&G (BIC Code CCEGITRR010) or of *Members* (or their *Settlement Agents*) by means of FIN Swift MT202 messages, indicating the following motives in the TAG072 field:

Reason codes of messages for the Settlement of amounts due by *Members*:

MIF-MIC-(1)-(2)

Where:

- (1) Five digit Entity code of the *Member* (the *Settlement Agent* indicates the *Member's* code for which the payment is done).
- (2) According to the reason for the payment, the field must show one of the following values:

blank: for the settlement of contracts;
1: for the settlement of fees.

Reasons codes of messages for the settlement of amounts due for Default Fund:

BOR-MIC-(1)

Where :

- (1) Entity code – five fields - of the Member (the Settlement Agent indicates the Member's code for which the payment is done).

SECTION C Regulation of Guarantees

Annex C.1.1.1 *Financial Instruments* eligible for deposit, categories and applied haircuts

Financial Instruments eligible for deposit

Financial Instruments eligible to be deposited as *Guarantees* are the following:

- Bond debt *Financial Instruments* issued by States (government bonds),
- Bond debt *Financial Instruments* issued by companies (corporate bonds),
- ABS (Asset Backed Securities) class A, except those whose underlying assets are other ABS or *credit linked notes* or similar credit instruments resulting from the transfer of credit risk through credit derivatives,

In order to assess the eligibility of the *Financial Instruments* CC&G takes into account the following criteria, applied according to the parameters communicated to participants and posted on the website of CC&G:

- eligibility to be centralized at Monte Titoli;
- eligibility at the European Central Bank;
- denomination currency;
- country of emission;
- presence of close link;
- time to maturity;
- minimum rating.

Categories

Financial Instruments eligible to be deposited are classified in two categories: *Qualified Financial Instruments* and *Ordinary Financial Instruments*. The classification in either category is carried out by CC&G on a daily basis, depending on the type of *Financial Instrument* and its rating.

Qualified Financial Instruments meet the following requirements:

| QUALIFIED FINANCIAL INSTRUMENTS |
|-----------------------------------------------------------------------------------------|
| - Government bonds rated at least equal to the one communicated by CC&G on its website. |

All other eligible Financial Instruments that do not meet the such criteria are included in *Ordinary Financial Instrument* category.

Pursuant to Article C.1.1.3, paragraph 3 of *Regulations*, at least 50% of the total value of the collateral deposited by each *Member* must consist of *Qualified Financial Instruments*.

Applied haircuts

For the purpose of article C.1.1.5 of the Rules, haircuts applied when calculating the amount of deposited Guarantee are defined with reference to the type of *Financial Instrument*, the rating class and the duration/wal (weighted average life) / residual maturity (expressed as fraction of year). CC&G informs Participants and posts on its website, the haircut applied to each type of *Financial Instrument* according to the category they belong to.

Annex C.1.1.2 Conditions for the transfer and the valuation of the Guarantees

The conditions for the transfer and the valuation of the *Guarantees* indicated at Article C.1.1.4 of the *Regulations* are indicated in Tables A, B and C below.

Table A: Parameter values relating to the management of Collateral per individual ISIN

| | |
|----------------------------------------------------------------------------------------|-------------------|
| Minimum nominal transferable amount (deposit/withdrawal) | Nominal € 500,000 |
| Total minimum nominal amount | Nominal € 500,000 |
| Maximum issue concentration limit | 40% nominal value |
| Maximum concentration limit on the basket of the <i>Ordinary Financial Instruments</i> | 50% countervalue |

Table B: Parameter values relating to the management of collateral per individual Member

| | |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Minimum percentage of <i>Qualified Financial Instruments</i> | 50% countervalue |
| Maximum contribution (absolute amount) | € 5,000,000,000 countervalue (or the relevant percentage, in case of concurrent Membership by several Members of the same Group) |
| Percentage of Consolidated Net Capital | 100% (or the relevant percentage, in case of concurrent Membership by several Members of the same Group) |

Annex C.1.1.3 Transfer of Guarantees

Deposit

The *Member* must deposit *Financial Instruments* in a securities account opened by CC&G with the *Central Depository Service* offered by Monte Titoli, with a sub-heading in its name and notified at the time of the membership application.

To this end the Member will have to dispose the transfer of securities according to the functioning of the *Central Depository Service* managed by Monte Titoli and send appropriate notification by e-mail to CC&G by 16.30 hours CET.

If *Financial Instruments* to be deposited have to be transferred from an account opened with one of the services operated by:

- Euroclear Bank,
- Euroclear France,
- Euroclear Belgium,
- Euroclear Nederland,
- Clearstream Banking Frankfurt; and
- Clearstream Banking Luxembourg,

the Participant will have to send appropriate notification by e-mail to CC&G at least 30 minutes before the deadline set in these systems for transfer operations not later than 16:30 hours CET.

The communication must be sent to: clearing.settlement@ccg.it and contain the following information:

Account to debit: *[Indicate the securities account from which Financial Instrument will be transferred as indicated in the Membership Form]*

Account to credit: *[Indicate the securities account opened by CC&G Monte Titoli and sub-heading in the name for the Participant in which shall Financial Instruments will be deposited]*

ISIN code:

Description of Financial Instruments:

Maturity of Financial Instruments:

Nominal Value of Financial Instruments:

Trade Date: *[Always indicate the date of the current day]*

Settlement date: *[Always indicate the date of the current day]*

Financial Instruments must be deposited by 17.00 hours CET. Without prejudice to provision referred to in article C.1.1.3, paragraph 5 of the *Regulations*, *Financial Instruments* deposited by the established deadline are considered in the calculation of the value of the *Guarantees* and contribute to the calculation of the *Operating Limit* of the *Member* on the following *CC&G open day*.

Requests for return

Requests for the return of *Financial Instruments* must be forwarded by the *Member* by 17:00 hours CET by e-mail or fax.

Requests sent by fax should be submitted by using the Form RD013 indicated below:

| FINANCIAL INSTRUMENTS RETURN REQUEST | | | | | |
|-------------------------------------------------------------|-----------|---------------|-----------------------|-------------------------------------------------------------------------------------|-------------------|
| As of date: | | Seq. N. | |  | |
| Member: | | | | | |
| Member's code | | | | | |
| Mnemonic code: | | | | | |
| Contact: | | | | | |
| Phone: | | | | | |
| E-mail: | | | | | |
| | | | | Phone: +39 06 32395 303 | |
| | | | | Fax: +39 06 32395 241 | |
| Asks for the return of the following Financial Instruments: | | | | | |
| Type and Expiry | ISIN Code | Nominal value | Account to withdrawal | To | |
| | | | | Member | Account to credit |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| The Member (Stamp and Signature) | | | | | |
| Mod. RD013 | | | | | |

Requests sent by e-mail should be submitted by using Form RD013-FD duly signed with digital signature.

Both Forms are available on CC&G website www.lseg.com/ccg, in the section “MIC - Operation Manuals and Forms”.

Requests received by the established deadline are processed on the following *CC&G open day* as long as the value of the *Guarantees* (determined net of the *Financial Instruments* for which return is requested) is greater than the *Total Net Exposure*. Requests received after the said deadline will not be processed.

The return is made by transfer of the securities to the securities account (own account) of the *Member* or of its intermediary listed by the *Participant* in the *Membership Form*.

Interest accruing, capital redemption and other credit amounts due to the *Member*

According to the regulations of the *Central Depository Service* amounts related to the accrued interest, capital redemption or any other amount accrued on *Financial Instruments* deposited shall be credited by *CC&G*, or upon its instruction by the said *Central Depository Service* on the account/s specified by the *Member* concerned. For return, the *Member* has to communicate to *CC&G* in the *Membership Form*:

- a) DCA account to deposit the proceeds deriving from Government Italian securities
- b) RTGS or DCA accounts to deposit the proceeds deriving from *Financial Instruments* other than those referred to in letter a).

Annex C.1.1.4 Reason codes for return of Financial Instruments

In the event of non acceptance of the *Financial Instruments* deposited by the *Member* or of a request from a *Member* to return the said *Financial Instruments*, CC&G will proceed with their return by indicating the reason for the return of the *Financial Instruments* in the CAMT 71N message, using the motives indicated below:

| Message field 71N "Information" | Reason for return |
|---------------------------------|---------------------------------------------|
| MIC Return Reason Code 001 | Ineligible with Eurosystem |
| MIC Return Reason Code 002 | Currency denomination not accepted |
| MIC Return Reason Code 003 | Residual life below established minimum |
| MIC Return Reason Code 004 | Existence of Close Link |
| MIC Return Reason Code 005 | Unacceptable security type |
| MIC Return Reason Code 006 | Degree of subordination not permitted |
| MIC Return Reason Code 007 | Rating below minimum limit |
| MIC Return Reason Code 008 | Unacceptable country of issue |
| MIC Return Reason Code 009 | Nominal amount below minimum handled amount |
| MIC Return Reason Code 010 | Return requested by Member |

Annex C.1.1.5 Default Fund

Pursuant to Article C.1.2.1 paragraph 2 of the Rules, the total amount of the Default Fund is calculated periodically by CC&G and published on its website.

The contribution to the Default Fund shall be paid solely in euro. The constitution and the return of such payments shall be made by means of PM accounts in the Target 2 System.

CC&G shall calculate pursuant to article C.1.2.1 paragraph 4 and 5 of the Regulations, the amount of the contributions to Default Fund due by Members and communicate it to each of them by the Technological Infrastructure.

The reference period and the timing for the calculation of contribution to the Default Fund is usually equal to a calendar month. In the presence of particular risk situations, CC&G may reduce the period of reference and consequently calculate payments with such different timing.

The adjustment of payments is determined according to the method specified in the Manual "MIC Default Fund" available on CC&G website. The parameters and the minimum contribution threshold are also communicated to Members through the CC&G website. Any changes in these parameters, including the minimum payment, shall be announced by means of specific notices.

The settlement of the amounts to be paid as contribution to the Default Fund follows the terms of Annex B.1.1.1 letter A) and is made separately from the settlement of the contractual positions.

The amount to be settled in cash for the purposes of contribution to the Default Fund, as well as the settlement date, is communicated to Members in ad hoc notices.

It is not permitted to make cash payments exceeding the contribution required. Any availability in euro allocated to the Default Fund, in excess of the required contribution will be returned to the Member. The return of these surpluses are not covered by daily settlement Regulation daily in Annex B.1.1.1.

The measure of interest rate recognized by CC&G on cash paid for Default Fund is communicated to Members on CC&G website.

SECTION D Fees and interests

Annex D.1.1.1 Fees and interests

Fees and interests are paid by the methods indicated in Annex B.1.1.1, separately from the settlement of the contracts.

SECTION E Total and Daily Net Exposure

Annex E.1.1.1 Daily Net Exposure (EGN)

The *Daily Net Exposure* (EGN) is equal to the difference between funds (including interest) that the *Member* is required to pay and those that it is entitled to receive on the same day by effect of *Contracts* stipulated on the *Market*. If it emerges from this difference that the *Member*, on the day of reference, is entitled to receive funds, the net exposure from the day is zero.

Calculations made in the night batch process do not take account of contracts with a settlement date on the following *CC&G open day*, as they are taken as settled. Therefore, only the EGNs relating to settlement dates at least two (settlement) days after the date of calculation are taken in consideration.

The *Daily Net Exposure* does not include funds that should be paid by or received from a *Member* in execution of a *Deposit Contractual Position* that is not guaranteed pursuant to Article B.1.1.1 of the *Regulations*.

Annex E.1.1.2 Total Net Exposure (ECN)

The *Total Net Exposure* (ECN) of the *Member* is equal to the sum of the *Member's Daily Net Exposures* (EGN).

$$ECN = \sum EGN$$

The calculation of the *Total Net Exposure* is processed after the conclusion of each contract after the close of trading and within the night batch process.

SECTION F Information through the Technological Infrastructure

Annex F.1.1.1 Clearing Reports

A document with a description of Clearing Reports is available from the “MIC” section of the CC&G website www.lseg.com/ccg, in the section “MIC - Operation Manuals and Forms”.

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