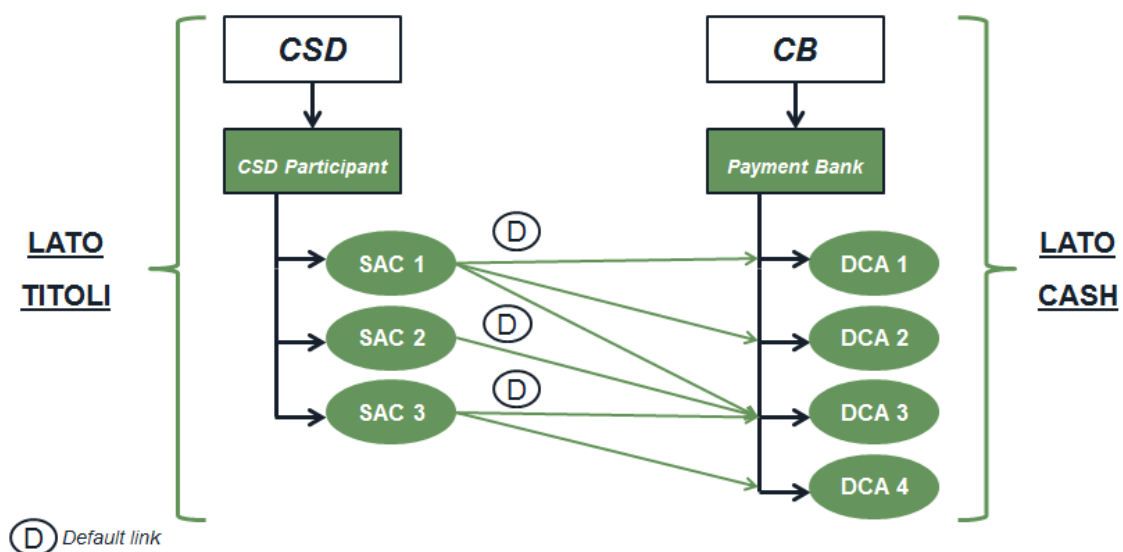


T2S Cash Coordinates – User Guide

T2S cash settlement is possible only if at least one SAC-DCA link has been settled up. As shown in the schema below, it is possible to link a securities account to more than one cash account but the first link is identified as default link.



SAC-DCA link creation is mandatory for:

- Settlement of DVP operation in T2S
- Government Bonds payments

SAC-DCA link creation is optional for:

- T2S settlement of the cash side of corporate actions affecting securities centralized by Monte Titoli via connections with NCSDs or ICSDs, as an alternative to the Target2 settlement and corporate actions affecting securities centralized by Monte Titoli as Issuer CSD. In other words for the following operation types:

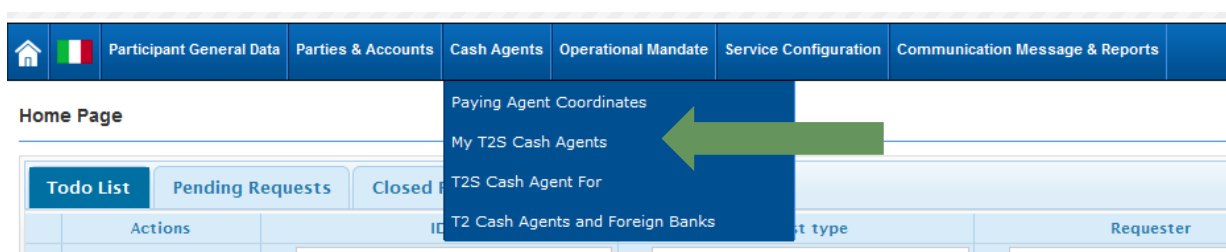


- Foreign securities payments¹
- Capital increase and warrant exercise
- Payments of dividends / funds proceeds
- Interests payment / repayment of capital

HOW TO

SECURITIES ACCOUNT OWNER

In order to create a SAC-DCA link you have to access the “My T2S Cash Agents” under the “Cash Agents” menu, as shown in the following picture.



Once created, the SAC-DCA link can not be modified; only the closure is possible. The first SAC-DCA link created for each securities account is automatically settled as default link; as a consequence, it is important to verify that, when creating a default SAC-DCA link there are no other valid issues which relate to the same account.

Be Careful!


Each client has to contact their indirect cash participants and require the set up of a new T2S payment assignment in the following cases:

- Settlement of DVP operation in T2S when the client acts as agent bank
- Government Bonds payments when the client acts as agent bank
- Corporate Actions payments that the client decide to pay in T2S

The client, through the “T2S DVP Payments” section, has to use the “New DVP link” section. By Pressing the button will appear the following pop-up:

¹ Please note that this operation type should not be confused with the settlement in currency different from € (i.e. payments in UDS, GDP, CHF currencies)

Security accounts	Default Link	Collateralization Link	Cash Settlement
<input type="checkbox"/> 2193 00 P	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 62193 00 T	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> 60253 00 L	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- **Cash Agent:** it's the agent bank that owns the DCA. If you are the owners of the DCA you intend to use, select yourself as cash agent.
- **Lista Party BIC:** it is filled out automatically with the Party BICs linked to the securities accounts selected by the participant.
- **Security accounts:** all securities accounts owned by the client are shown. You have to select the ones to be connected with one or more DCAs.
- **Default link:** it shows whether the selected SAC-DCA link is a default link or not. The system will automatically select the default box, if this is the first link associated with that SAC. If the box is gray  it means that for the selected SAC a default link already exists
- **Collateralization link:** if selected, the link can be used for collateralization operations. If you want to use a specific SAC for collateralization operations, it is necessary to select this box and define the account as "Earmarked for Autocollateral".².
- **Cash settlement link:** if selected it can be used for cash settlement
- **Proposal start date:** it indicates the start-of-validity date of the link.

Once specified all data, the request will be sent to the agent bank that will insert the cash coordinates. If the client is also the DCA owner the system shows automatically the second step of the request. Otherwise the agent bank will find the request on its "To Do List" on CLIMP home page.

² In order to select this option, please check the section of the user manual related to "T2S Parties and Accounts"

AGENT BANK

The pop-up for input the cash coordinates is the following one:

Indentificativo SAC	Identificativo DCA	Default Link	Collateralisation Link	Cash Settlement Link	Identificativo CMB	Data Inizio Proposta
60111 00 T		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		24/11/2014
60222 00 L		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		24/11/2014

Data to be input are the following ones :

- **Central Bank BIC code:** it's the BIC code of the Central Bank where the DCA is opened.
- **Payment Bank BIC code:** it's the BIC code of the Payment Bank where the DCA is opened
- **DCA ID:** it's possible to associate a different DCA for each single SAC or or it's possible to indicate always the same DCA.
- **Credit Memorandum Balance (CMB) ID:** it's assigned to SAC(s) for cash settlement of cash.

The field referred to CMB could be filled with a value which is meaningfully in order to identify the CMB type. Monte Titoli does not require the precise code assigned by T2S when the Central Banks creates the CMB.

Monte Titoli suggests the following agreement:

- A value which identify the CMB type: CMBP, if it is a primary one, or CMBS if it is a secondary one
- A progressive number in order to distinguish the different CMBs

For example it will be possible to define the primary CMB as “CMBP” and more than one secondary CMB named as “CMBS01, CMBS02 etc..”

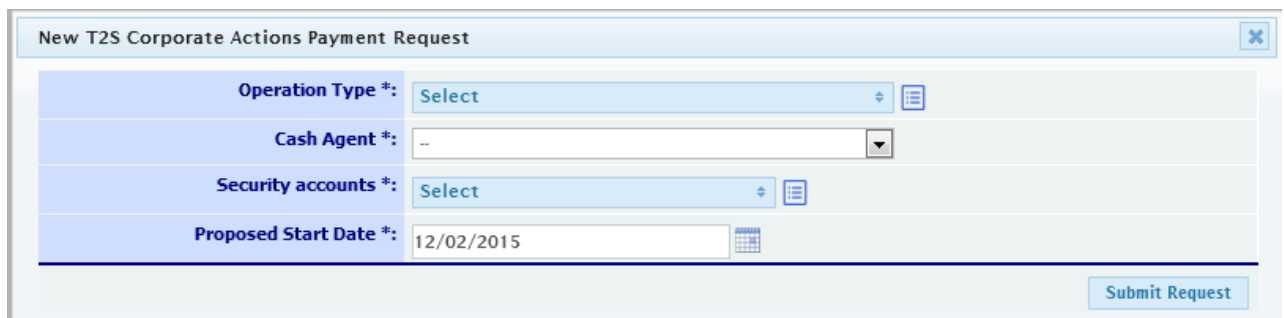
The creation of the SAC-DCA link alone, allows only the cash settlement, in order to settle corporate actions and government bonds payments, it is necessary to create a dedicated payment assignment.

Be Careful!

Monte Titoli has settled up through CLIMP the configurations that, for the time being, are used for T2 settlement (for all the operations different from government bonds payment). If the client has the need to modify the payment system, it must be close the T2 configuration first and, only after that, set up the T2S new configuration.

SECURITIES ACCOUNT OWNER

The Client in the “T2S Payments Corporate Actions” has to use the “New CA Payment”. Pressing the button it will appear the picture below:



New T2S Corporate Actions Payment Request	
Operation Type *:	Select
Cash Agent *:	--
Security accounts *:	Select
Proposed Start Date *:	12/02/2015
Submit Request	

Data to be input are the following ones:

- **Operation Type:** select the type of Corporate Action to be settled in T2S.
- **Cash Agent:** select the agent bank .selezionare la banca tramite
- **Security accounts:** select the SAC used for the payment.
- **Proposal Start Date :** select the start-of-validity date.

Once specified all data, the request will be sent to the agent bank that will insert the cash coordinates. The agent bank will find the request on its “To Do List” on CLIMP home page.

The pop-up for input the cash coordinates is the following one:

Corporate Action Types	SAC	DCA	Proposed Start Date
AUMENTO CAPITALE ED ESERCIZIO DI WARRANT	60111 00 T	DCA2	04/12/2014
PAGAMENTO DIVIDENDI/PROVENTI E FONDI	60111 00 T	DCA2	04/12/2014

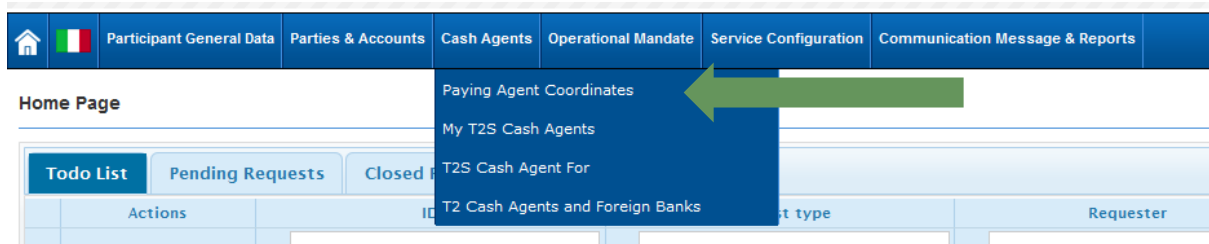
In this screen the paying agent has to select the DCA for each securities account- corporate action couple.

If a client proposes itself as paying agent for issuers in T2S, it has to insert through CLIMP the cash coordinates for Corporate Actions payments affecting securities centralized by Monte Titoli as Issuer CSD. In other words for the following operation types³:

- Capital increase and warrant exercise
- Payments of dividends / funds proceeds
- Interests payment / repayment of capital

Paying agent cash coordinates input can be done through the “Paying Agent Coordinates” section present at the menu “Cash Agent” as shown in the following picture:

³ The Operation type named “Foreign securities payments”, should not be considered and will be removed soon.



Be Careful!

A paying agent for issuers can choose alternatively to indicate T2 or T2S coordinates. If T2S payment system is chosen only one cash account per corporate action type can be defined.

The client in the “T2S Paying agent” section has to use the “Add New”; when pushing the button the following pop-up:

 A screenshot of a 'New T2S Paying Agent Coordinates' form. The form has a light blue header and a white body. It contains several input fields:

- 'Corporate Action Type *': A dropdown menu with 'Select' as the current value.
- 'Central Bank BIC *': An empty text input field.
- 'Payment Bank BIC *': An empty text input field.
- 'Dedicated cash account *': An empty text input field.
- 'Proposed start date *': A date input field with '16/12/2014' entered.
- 'Proposed end date': An empty date input field.

 A 'Submit Request' button is located at the bottom right of the form.

Data to be input are the following ones:

- **Operation Type:** select the Corporate Action for which the client acts as cash agent
- **Central Bank BIC code:** BIC code of the Central Bank by which the cash account is opened.
- **Payment Bank BIC code:** BIC code of the Payment Bank where the cash account is opened.
- **Identificativo DCA ID:** input the DCA for the payment of the selected Corporate Action .

When an issuer set up an assignment to a paying agent who decides to pay in T2S for one or more corporate actions, it is necessary to create a SAC-DCA link between the issuer account and the cash account.

Since for not financial issuers there are concrete difficulties on accessing CLIMP, Monte Titoli, in order to help their clients, is available to create on behalf of their participants the SAC-DCA link between the issuer account and the cash account of a paying agent.

If a paying agent would change the cash coordinates from T2 to T2S, it should require to Monte Titoli the template for the input of issuers data who are indirect cash participants. After that Monte Titoli will insert it in CLIMP.

In the "T2S Cash Agent for" section under the "Cash Agent" main menu the agent bank can display their indirect T2S cash participants for cash settlement and corporate actions payments.

In this section is also possible to revoke payment assignment, since it is the agent bank in charge to revoke the assignment previously received.

For further information please contact:

Master Data Management

email: mdm@lseg.com

Telephone: +39 0233635639