

## Amendments to CSD Service Rules and Instructions

### **1. Reorganisation of the provisions governing the fiscal services currently offered by Monte Titoli**

In view of the extension of the fiscal services offered by Monte Titoli to the fiscal representation pursuant to legislative decree 461/1997, the Rules and the Instructions are amended in order to systematise the provisions governing the fiscal services offered.

Regarding the Rules, the provisions governing the services will thus be arranged as follows:

- “Fiscal Assistance” Services with or without representation;
- FTT Service.

As a consequence, the Instructions are updated to further detail the operation of the fiscal assistance services.

In contrast, the current regulatory arrangement is confirmed, based on which the provisions governing the fiscal services contained in the Rules include also the fiscal services offered in relation to foreign markets, as specified in the Instructions.

### **2. The new fiscal representation services**

Within the framework of the fiscal representation services, Monte Titoli essentially carries out the activities below:

- payment of the substitute tax on behalf of the intermediary or application of any exemption pursuant to the applicable legislation;
- communication to the tax authority of the periodic declarations regarding applied taxes and the identification data of the exempt subjects.

In line with the principles of European Regulation no. 909/2014 regarding Central depositories, the regulatory provisions governing the new services have been defined by following a risk-based approach with special focus on the monitoring regarding operating, credit and liquidity risk.

Therefore, the requirements for participation in the fiscal assistance services contained in the Rules are reviewed and the specific conduct regulations that can be applied on the basis of the activities carried out by Monte Titoli on behalf of participants are introduced.

Specifically, in order to entirely mitigate the liquidity risk and/or the credit risk connected to the payment of taxes, participants are requested:

- as conduct obligation, to have the necessary funds to pay the tax as of the 12th business day of the month for which the payment of the tax is required;
- as participation requirement, the provision of a guarantee to cover the risk of failed replenishment, which Monte Titoli will enforce in case of default.

As regards the monitoring covering the operating risk, it is described in the Instructions the essential characteristics of the procedures followed by Monte Titoli to manage the main processes connected with taxation (*i.e. acquisition of important information for tax purposes, methods of applying, calculating and paying taxes*).

### **3. Fine tunings to the Instructions**

With the occasion it is also adapted the indication to the availability calendar of the service to specify that it is the Target calendar.

Finally some fine tunings are made regarding the operation of the Service.

## **RULES**

### **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.

## **CHAPTER I - FISCAL SERVICES**

### **Section I – FTT service**

#### **Article 39 – Subject Characteristics of the FTT Fiscal Service**

1. Monte Titoli shall provide **the FTT Service** ~~fiscal assistance and comply with fiscal requirements applicable in accordance with current legislation for both financial transactions 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.** ~~and corporate actions, also at the request of Participants, in the cases and manner indicated by Operating Documents.~~
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** ~~the Fiscal Assistance Services~~ is allowed to Participants in the Central Securities Depository Service and ~~, with respect to the services covered by the relevant Operating Documents,~~ 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);**

- **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** ~~the Fiscal Service~~ will send Monte Titoli the documentation required by the ~~national and/or foreign fiscal~~ 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.

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## **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 12<sup>th</sup> 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.

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*(The articles included in SECTIONS II, III and IV have been renumbered as a consequence)*

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## 1 GENERAL PROVISIONS

### 1. DEFINITIONS

Accounting day: an operating day according to the TARGET 2–Securities calendar

**Fiscal Platform:** the proprietary system through which Monte Titoli: (i) acquires and records the information of Participants in the Fiscal Representation Services and their customers; (ii) maintains the accounting evidence relating to the payment of taxes, tax credits accrued and amounts received from the exempt subjects; (iii) runs the checks for the correct management of the fiscal requirements; (iv) calculates the tax pursuant to the applicable legislation.

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## 2 CHARACTERISTICS OF THE SERVICE

### 2.1 Availability of the Service

Service availability follows the TARGET–2–Securities calendar.

The Service is active between the following hours:

- opening at 06.45 hours
- closure at 18:00 hours

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### 2.4 Operational communications in the event of a contingency

In cases of necessity, Participants may send operational communications to Monte Titoli by e-mail (PDF format). This facility is available only as an alternative contingency method to the electronic networks.

The use of these operating method must be agreed in advance with Monte Titoli.

Paper instructions must be duly signed by authorised persons and must indicate the CIRIB control number.

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## 3. SERVICE OPERATIONS

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### 3.5 Dividend payments

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#### 3.5.6 Instructions for collection, waiver or deferment of a dividend

Intermediaries can transmit the following information, by messages entitled “Instruction for dividend collection”:

- instructions for waiver, deferment or collection of dividend to be sent between the date of receiving of “Service Notice 721” and the record date which must contain the ISIN of the securities cum dividend;
- instructions for the collection or waiver of the dividend assumed that they must always return the Internal Code assigned by Monte Titoli, to be sent following the dividend payment date but in any case not later than the last working day before the date the dividend entitlement lapses, as referred in paragraph 3.5.15.

The instructions must be received by Monte Titoli by:

- 18:00 hours **of the record date for instructions for wavier or collection of the dividend instructions prior to the first processing** ~~of the Accounting Day. Instructions received after this time are not processed by Monte Titoli.~~
- **17:00 hours of the Accounting Day for wavier instructions or collection of the dividend instructions subsequent the first processing.**  
Instructions received after this time are not processed by Monte Titoli.

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### 3.5.10 Settlement

#### 1. Payments through RTGS account of the Payment Bank

In the case that the Payment Bank uses a RTGS account, the operation will be settled in the TARGET2 system following the “Simultaneous multilateral settlement” procedure (the so-called procedure 5),

Monte Titoli charges the RTGS account of the Payment Bank and accredits RTGS account or DCA of beneficiaries Intermediaries using a specific account opened by Monte Titoli (technical RTGS account), as Ancillary System (AS), at the Payment Module (PM) or DCA account of Monte Titoli.

The adopted settlement system provides for compensation, within the same operation, of the debited / credited amounts referring to the same Paying Bank, that operates in the double roles of Paying Bank and Beneficiary Intermediary.

In particular, Monte Titoli will start the settlement cycle of each Record Date (TARGET2 calendar), based on the following schedule:

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## 4. RELATED AND INSTRUMENTAL ACTIVITIES **MOVED TO NEW PART II**

### ~~4.1 Fiscal Services on securities issued under Italian Law~~

#### ~~4.1.1 Fiscal representation service for equity and debt securities~~

##### ~~4.1.1.1 Participants in the service~~

~~Intermediaries participants to the Centralised Security Depository Service not resident in Italy could be admitted to fiscal proxy service.~~

Participants to the Service are required to:



- ~~send Monte Titoli all information necessary for the fulfilment of the mandate with the terms provided in the operating Documents;~~
- ~~make available the necessary funds for the payment of taxes.~~

#### **4.1.1.2 Scope of Service**

~~Monte Titoli offers the fiscal representative service pursuant to Law n. 239/1996 and Decree n. 600/1973 for shares, bonds and other securities similar to these categories recorded in Monte Titoli as CSD Issuer.~~

~~Monte Titoli operates as a fiscal representative, on the basis of the mandate given by the non-resident Participant non-resident, as follows:~~

- ~~through official communication to the Tax (form 118 / IMP), with which the Intermediary declares to be a 2nd level Bank and indicates Monte Titoli as its tax representative in Italy, for its bond portfolio (under Law 239 / 1996)~~
- ~~by opening a securities account in the Central Depository Service, for the equity portfolio (under Decree n. 600/1973)~~
- ~~In both cases, the Participant it is required to sign the contractual documentation for the specific use of the fiscal services.~~

~~Monte Titoli may offer the service in partnership with a qualified third party.~~

~~In this case, the third party and the activities carried out on behalf of Monte Titoli are clearly identified in the contractual documentation signed by the Participant.~~

~~In accordance with applicable law, Monte Titoli provides Intermediaries which are not resident in Italy a service consisting of the following activities:~~

- ~~Relief at source: application of the more favourable tax rate and / or of any exemption based on the statements submitted by the Participants in the service, through the acquisition of certification for exemption (for bonds) and application of reduced rates (for shares), according to which payments of income attached to those securities are arranged (interest, dividends, repayments)~~
- ~~Calculation of tax: application of tax under Law decree n. 239/96, Decree n. 600/73 and subsequent amendments and payments of the related amounts to the Italian Tax Agency on a monthly basis;~~
- ~~Maintenance of the so called "Unique Account" (under Law decree n. 239/1996): for recording tax debits and credits. Debits are recorded at the sale of securities or payment of the proceeds to non-exempt investors (so called "nettisti"), while the credits are recorded at the time when non-exempt investor buys the securities, to properly handle the taxation applied in accordance with the mechanism "Pro Rata Temporis"~~
- ~~Transmission of the annual declaration (model 770) to the Italian Tax Agency (through ENTRATEL)~~
- ~~Tax Reclaim: forwarding notices to the tax authorities for submission, validation and process of declarations and requests for reimbursement of payments;~~
- ~~Fair Repentance: providing support in the process of payment to the Italian Tax Agency of previously not paid, or paid for an amount less than the amount due;~~
- ~~Information services relating to the activities provided to Participant as to the Italian Tax system;~~
- ~~Reporting Service to Issuers: FIS file creation and sending to Issuers;~~

The service can be provided in User to Application mode (U2A) through a Graphic User Interface) or Application to Application (A2A) mode through exchange of data via FTP.

## 4.2 Coordination and collection of acceptances (“OPA/OPS” Service) (moved to new Section 6)

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## 5 - FISCAL SERVICES

### 5.1 Service declaration and payment for the Italian FTT

#### 4.1.2.1 5.1.1 Participants in the service

*Entities who are participants in the Central Security Depository Service and other legal entities subject to tax payment and declaration in accordance with Legislative Decree of 21 February 2013, residents and non-residents in Italy may participate in the service, and in particular:*

- *the parties responsible for the payment of the FTT (accountable party);*
- *permanent establishments of non-resident persons responsible for the payment of the tax (accountable party);*
- *tax representatives of the parties responsible for payment of the tax according to the case studies described in the following table:*

<i>Intermediary</i>	<i>Accountable Party / Participant of Monte Titoli</i>
<i>Resident in Italy</i>	<i>Intermediary resident in Italy</i>
<i>Non resident in Italy both White and Black Country list, having a permanent establishment in Italy</i>	<i>Permanent establishment in Italy (if he accepts the assignment given)</i>
<i>Non resident in Italy, both White and Black list, with a tax representative in Italy</i>	<i>Tax Representative in Italy</i>
<i>Not resident in Italy, White List Country, without tax representative or permanent establishment in Italy</i>	<i>Non resident White List Country</i>
<i>Resident in Black List country, part of a group of brokerage headquartered in Italy</i>	<i>Subject (parent company) resident in Italy, on a voluntary basis (otherwise subject blacklist)</i>
<i>Resident in a Black List Country without representation</i>	<i>Resident in Black List Country</i>

*Such entities may delegate the operational management of these obligations to third parties (agents) by completing the appropriate section of the documentation for participation.*

*To join the service an Italian tax code is required which must be communicated to Monte Titoli in the request for participation.*

*Participant that have not this code already, should request it by submitting the form AA5 via e-mail to the Italian Tax Agency.*

*To this end the entities placed in the Black List Country, must first ask Monte Titoli to accept the proxy referred to in Annex 4 of the Provision issued by the Italian Tax Agency on the 18 July 2013.*

Monte Titoli will provide acceptance by e-mail to the applicant. The applicant will have to submit by e-mail the acceptance of Monte Titoli attached to the form to request the tax code.

Once verified the completeness of the documentation for participation Monte Titoli announces the start date of operation and sends the login credentials to the Graphic User Interface (GUI).

The participant in the service must specify, through the GUI, operational data necessary for the provision of services.

Through its dominance within the Graphic User Interface (GUI), the participants in the service have a comprehensive view of all activities carried out on behalf of Liable party that they represent.

#### **4.1.2.2 5.1.2 Scope of Service**

As part of the service of declaration and payment of the Italian FTT under the Legislative Decree of 21 February 2013 (FFT Act), Monte Titoli provides technical support in relation to the following processes:

- a) transmission of the statements received from Intermediaries to the Italian Tax Agency;
- b) sending notices of payment of tax due, according to statements received by Intermediaries;
- c) settlement of amounts received by Intermediaries for the payment of the tax in favour of the Italian Tax Agency and transmission F24 form on monthly basis;
- d) forward the annual statement received from Intermediaries to the Italian Tax Agency;
- e) support the compensation of any tax credits, on monthly or yearly basis
- f) support for the process of active repentance

The service is delivered through a Graphic User Interface (GUI) accessible via the Internet, which has functions of entry, validation, monitoring and inquiry.

#### **4.1.2.3 5.1.3 Calendar for submission of reports and payments**

According to the relevant provisions, Monte Titoli shall pay the tax to the Italian Tax Agency by the 16<sup>th</sup> of the second month following the month in which:

- the transfer of ownership to the securities referred to in paragraph 491 of the FFT Act occurred. For settlement date refers to the actual registration of transfers on the accounts, or, prior agreements between the Liable and Accountable party, the settlement date contractually provided
- conclusion of the transaction (subscription, advance cancellation) or modification of the transaction and as a moment of transfer of ownership of securities, financial instruments referred to in Paragraph 492 of the FTT Act;
- has sent the cancellation or modification to the transaction, for the transactions referred to in Paragraph 495 of the Law.

#### **4.1.2.4 5.1.4 Service Features**

##### Reporting

The submission of reports to Monte Titoli is possible by uploading CSV file, according to the formats described below, for the production of automatic flow. It is also possible to enter the required data by manual input following fields available in the GUI.

Taxable transactions and exempted or excluded transactions are all subject to reporting.

Monte Titoli transmits the necessary information for the execution of payments, without checking the accuracy, completeness and truthfulness of the information conveyed to the Italian Tax Agency.

Monte Titoli sends to the Italian Tax Agency a single file for each Accountable Party on monthly basis. The sum of the amounts contained in the reports received during the reference month is the equivalent of the tax due.

#### Validation of reports

Monte Titoli makes available specific functionality for validation of reports that enable participants to:

- 1) test the format and the presence of the required fields included in the file;
- 2) verify the identity of the participant who is the sender of the file;
- 3) confirm that the Accountable Party, whether resident in Black List Countries, are accredited by the Italian Tax Agency and included in the list published on its the website.

The system notifies the files rejected as a result of the validation process, so that the sender can proceed to the correction of errors and sending correct files.

#### Management of flows received after the deadline

Monte Titoli system keeps evidence of the file received after the deadline provided. The Participant may ask Monte Titoli to convert them into regular files.

#### Deletion of the alerts

Participants have the option to delete flows already loaded, provided that they have not already been forwarded to the Italian Tax Agency. Cancellation is made through the selection of files through the GUI. The evidence of deleted files is available in the system for a period of 6 months following the day on which the cancellation took place.

#### Determination of the total tax

Monte Titoli will calculate the total amount of tax due by each participant, for transactions carried out during the previous month, aggregating for each Accountable Party, the unit value of the tax specified in the flows loaded during the relevant period.

Participants must verify the amount reported in order to ensure that all reports have been correctly included. In the absence of express objection reporting is confirmed by the Participant.

#### Sending notices and demands for payment

From the fifth business day of the month following the month in which the tax is accrued, Monte Titoli sends notices of payment by electronic mail to the addresses that have been specified by the participant in the GUI.

The seventeenth day of the month following the relevant month, Monte Titoli will issue payment reminder, if participant have not paid the tax, or paid a partial amount than the expected.

#### Payment of FTT

To ensure the payment of the FTT, Participants in the service are required to credit the related amount on Monte Titoli account at TARGET 2 or on the other account indicated by Monte Titoli, by the deadline stated in the timetable of the service.

Participants shall choose the payment system in the documentation for participation.

*In order to facilitate the reconciliation of amounts, payment must bear the same references specified in the notice of payment.*

*The payments, whose value does not correspond to the amount reported in the notice of payment, are accepted provided that the breakdown of the amounts paid for each of the categories of taxation it is shown in the payment message, or on the money bank transfer, in order to give evidence of the tax payment reported for which the payment of tax has not been made, or has been carried out only partially.*

*On the day set for the payment of the tax, Monte Titoli performs the expected records to the Italian Agency Tax.*

*In the event that the money paid by the accountable party:*

- a) corresponds to the amount shown in the notices of payment, Monte Titoli pays the money to the Italian Tax Agency;*
- b) is less than the amount shown in the notices of payment, Monte Titoli pays the received amounts and alerts the Italian Tax Agency;*
- c) is greater than the amount shown in the notices of payment Monte Titoli pays the amount due to the Italian Tax Agency according to evidence produced by the Service, and returns the sums in excess;*

*If it is not received any payment, Monte Titoli sends the alert to the Italian Tax Agency*

#### *Monthly reporting*

*On the basis of the credits received by accountable parties, Monte Titoli produces the F24 form and send it to the Italian Tax Agency.*

#### *Annual statements*

*The service produces the annual declaration for each accountable party that bring the total tax paid during the year for each month.*

*Such statements are submitted to the Italian Tax Agency.*

*The annual statement is produced by Monte Titoli on the basis of the tax paid as declared by participants.*

*Monte Titoli reserves the right to ask participants additional data to complete the annual statement.*

*Submission and receipt of the annual statement is notified to the participants together with the verification of the data communicated to the Italian Tax Agency.*

*Refunds for tax payments in excess could be offset only in the annual declaration to be counted in the following year.*

#### *Active repentance*

*In the case of active repentance, participant in the service shall send the message inherent in the tax missing the month of competence by loading the GUI or CSV file.*

*Loading must be inserted only the tax without considering interest and penalties. Will be charged only on the Committee on the request of active repentance.*

*The actual amount to be paid (including the penalty and default interest) is calculated by the participant on the basis of the tax omitted and will be notified via email to [iftt@lseg.com](mailto:iftt@lseg.com) through appropriate form available on Monte Titoli website.*

The completion of the voluntary disclosure is subject to credit the amount of the non-tax plus penalty and the lack of interest at the same account used for payment of credit dell'IFTT.

Crediting of funds must be made before the five working days prior to the date of the first payment available.

Any requests for voluntary disclosure arrived in the five days preceding the date of the first payment will be treated useful on a best effort basis.

Monte Titoli will carry out on time, via the F24, the payment of the fine, penalty and interest as well as from the customer who remains with the obligation to pay the correct tax.

#### **4.1.2.5 5.1.5 Calendar of Service**

The service follows the opening days of the Target calendar according to the same operating hours of the latter.

<i>Deadline</i>	<i>Activity</i>
<i>Fifth business day of the month following that in which the transaction was completed financial</i>	<i>Last day for submission of reports Send payment notices</i>
<i>Sixteenth day of the calendar month following the month in which ended the financial transaction (if it is not working, is considered the next one)</i>	<i>Last date for payment of the tax</i>
<i>The seventeenth day of the calendar month following the month in which ended the financial transaction (if it is not working, is considered the next one)</i>	<i>Sending payment reminders</i>
<i>Sixteenth calendar day of the second month following the month in which ended the financial transaction (if it is not working, is considered the next one)</i>	<i>Last day for payment of the tax to the Revenue by Monte Titoli</i>

#### **4.1.2.6 5.1.6 Period of record keeping**

Monte Titoli keeps records processed and F24 forms for the following periods:

- 1) flows sent to the authorities: 10 years
- 2) modules F24 products on a monthly basis: 10 years
- 3) flows rejected for validation errors: 6 months
- 4) flows deleted: 6 months
- 5) flows statement sent by the Accountable Party: 10 years

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## **5.2 Fiscal Assistance Service on the Italian market**

### **5.2.1 Taxes that are the subject of the service**

Monte Titoli provides fiscal assistance services in relation to the following cases:

- a) income taxes that can be subject to the regime under legislative decree no. 239/1996 (deriving from bonds and similar securities);
- b) income taxes that can be subject to the regime under articles 27-bis and 27-ter of Presidential Decree no. 600/1973 (deriving from shares and similar financial instruments);
- c) income taxes that can be subject to the regime under the combined provision of legislative decree no. 461/1997 and legislative decree no. 239/1996 and no. 600/1973 (deriving from capital gains, differentials and other income).

## **5.2.2 Fiscal assistance pursuant to legislative decree 239/1996**

### **5.2.2.1 Role of Monte Titoli**

Monte Titoli may operate on behalf of the Intermediaries not residing in Italy which qualify as second level banks according to the procedure under article 7 of legislative decree 239/1996 and Ministerial Decree 632/1996. To this end the Intermediaries must send the official communication to the Revenue Agency (form 118/IMP), with which the Intermediary declares to be a 2<sup>nd</sup> Level Bank and specifies Monte Titoli as its fiscal representative in Italy, for the bond portfolio.

In other cases Monte Titoli provides support to Participant in relation to the taxation-related processes described in the following paragraphs, with the exception of tax payments, corrective communications to the Revenue Agency and the management of the Tax Authority requests pursuant to paragraphs 5.2.2.6, 5.2.2.7 and 5.2.2.8.

### **5.2.2.2 Structure of the accounts**

To correctly apply the tax, Participants must deposit in separate accounts the securities belonging to the following categories of subjects:

- non-resident exempt customers;
- not resident non-exempt customers;
- Italian customers individuals;
- Italian customers legal entities;
- other types of customer.

Participants communicate to Monte Titoli the accounts associated to each category of subjects.

### **5.2.2.3 Acquisition of information relating to Participants and their customers**

Participants communicate, via the Fiscal Platform, the details of the subjects exempt from the substitute tax pursuant to article 6 of legislative decree 239/1996 and in particular the following information:

- a) fiscal code of the exempt subjects;
- b) self-certification form for exempt subjects prepared by the Revenue Agency;
- c) reports containing the identification data of the exempt subjects.

The information must be sent by following the procedures described in the Manual of the Fiscal Services and according to the terms agreed upon admission to the Service.

Notwithstanding the responsibility of Participants for the veracity and correctness of the information communicated, Monte Titoli checks the completeness of the information under letters a), b) and c).

If the information communicated by Participant is incomplete, Monte Titoli notifies Participant of the request to integrate the information.

In case Participants do not provide all the information required by the terms agreed upon admission to the Service, Monte Titoli will apply the maximum rate set.

Participants are obliged to update the communicated information in case of changes that affect the qualification of the subject for fiscal purposes.

#### **5.2.2.4 Application of the tax pursuant to legislative decree 239/1996**

To correctly apply the tax under legislative decree 239/1996, Monte Titoli acquires information relating to:

- interest payment and capital redemption transactions on bonds;
- sales contracts (including portfolio transfers and clearance operations).

##### *Interest payment and capital redemption transactions*

Monte Titoli processes the interest payment and capital redemption transactions, acquiring the information relating to the amounts received by Participants and their customers via the Central Securities Depository Service.

##### *Sale and purchase of bonds*

With reference to the sale or purchase of bonds, Participants are obliged to send a daily report containing the statement of the transactions settled on behalf of the customers, including the internal transfers to participating accounts.

The report specifies among other items:

- the identification of the exempt subject (TAX ID);
- the type of transaction (e.g. purchase or sale etc.).

Monte Titoli checks the completeness of the data included in the report. If the check has a negative outcome, Participant receives a notification for the necessary integrations. Based on the information acquired, Monte Titoli:

- accounts on a daily basis the transactions pertaining to the exempt subject (identified via the TAX ID);
- accounts on a daily basis the charges and any tax credits in the so-called “Single Account” of the non-exempt subjects.

#### **5.2.2.5 Calculating the tax**

Based on the accounting evidence recorded upon occurrence of the events under the previous paragraph, Monte Titoli:

- calculates the tax applicable to the non-exempt subjects;
- compiles the accounting file for the exempt subjects.

The tax is calculated by applying the *Pro rata temporis* criterion.

#### **5.2.2.6 Paying the tax**

On the 12<sup>th</sup> business day of the month for which the payment of the tax is due, Monte Titoli carries out the clearing of the credit and debit positions recorded in the Single Account. If there is a debit



balance, it communicates the amount due to the Tax Authority to Participant and charges Participant's account for a corresponding amount. If there is a credit balance, this is carried forward to the balance of the Single Account for the next calendar month.

On the day prior to the date scheduled for the payment of the tax, in case of failed replenishment Monte Titoli enforces the guarantees provided by Participant pursuant to article 42 of the Rules.

Within the sixteenth day of each month, Monte Titoli pays the Revenue Agency the amounts due in relation to the events accounted for in the previous calendar month and makes the related declarations.

#### **5.2.2.7 Corrective communications to the Revenue Agency**

By 31 March and 30 September of each year, Monte Titoli makes any corrective communications regarding the declarations made when paying the Revenue Agency, containing the information relating to the income not subject to substitute tax received in the previous calendar half-year by non-resident subjects, according to the methods specified in the Measure of the Director of the Revenue Agency on 26 September 2002.

#### **5.2.2.8 Management of the Tax Authority requests**

Monte Titoli communicates the requested information to the Tax Authority and in particular any news or document that is useful to identify the amounts paid without the application of the substitute tax and the related collectors.

### **5.2.3 Fiscal assistance pursuant to Presidential Decree 600 / 1973**

#### **5.2.3.1 Role of Monte Titoli**

Monte Titoli may operate in its capacity as representative on behalf of the Intermediaries that are non-resident for the purpose of applying the substitute tax (based on the maximum or reduced rate) or the exemption under Presidential Decree no. 600/1973.

In other cases Monte Titoli provides support to Participant in relation to the taxation-related processes described in the following paragraphs, with the exception of tax payments and the management of the Tax Authority requests pursuant to paragraphs 5.2.3.4 and 5.2.3.5

#### **5.2.3.2 Acquisition of Information**

To correctly apply the tax, Participants must deposit in separate accounts the securities belonging to the categories of subjects referred to in paragraph 5.2.2.3, without prejudice to the segregation for exempt non-resident customers. Participants communicate to Monte Titoli the accounts associated to each category of subjects.

Participants are obliged to send the following information via the Fiscal Platform:

- a) certificate of residence, where applicable;
- b) forms for the application of the reduced rate or the exemption;
- c) reports containing the identification data of the subjects benefiting from the rate.

The information must be sent by following the procedures described in the Manual of the Fiscal Services and according to the terms agreed upon admission to the Service.

Notwithstanding the responsibility of Participants for the veracity and correctness of the information communicated, Monte Titoli checks the completeness of the information under letters a), b) and c).

If the information communicated by Participant is incomplete, Monte Titoli notifies Participant of a request to integrate the information.

In case Participants do not provide all the information required by the terms agreed upon admission to the service, Monte Titoli will apply the maximum rate set.

Participants are obliged to update the information communicated in case of changes that affect the qualification of the subject for fiscal purposes.

### **5.2.2.3 Application of the tax pursuant to legislative decree 600/1973**

In its capacity as fiscal representative Monte Titoli manages the application of the tax relating to the payment of dividends on shares.

Within the payment date, Participants that held shares in third-party-omnibus accounts at Monte Titoli as of the Record Date, are obliged to send a report via the Fiscal Platform containing the quantity of shares belonging to each customer and the corresponding applicable rate.

Participants use a special report to communicate any change in the accounting position of their customers deriving from exercising an option as part of a corporate operation.

Monte Titoli performs the reconciliations between these reports and balances in the Central Securities Depository Service. In case of failed reconciliation, Participant must send a new report by the terms specified in the Fiscal Services Manuals.

In case of failed communication of the reports requested the maximum rate will be applied.

If Participant holds shares in accounts dedicated to a single customer, only the applicable rate - and not the communication of the report - is requested.

Participants may ask to defer the payment of the dividend according to the methods set by the Central Securities Depository Service. In this case Participant must send a suitable report, via the Fiscal Platform, which states the positions of its customers for which the suspension of the payment is requested. The deferment requests must be received by Monte Titoli by 16:00 on the Record Date.

Participants are obliged to send the relevant documentation for the part of the deferred dividend payment within the new payment date.

Monte Titoli processes the dividend payment operations via the Central Securities Depository Service. Notwithstanding paragraph 3.5.5. of the Instructions, Monte Titoli settles the dividends towards the Intermediaries for which it operates as representative pursuant to Presidential Decree 600/1973 net of the tax applicable.

The amount held for tax purposes is credited to the DCA account in T2S or RTGS in TARGET 2 of Monte Titoli, depending on the dividend payment method selected by Participant.

Participants may also change reports following the payment operation and until the twelfth day of the calendar month following the one when the dividend was paid.

If credit positions in favour of subjects that benefit from the reduced rate emerge following these changes, Monte Titoli carries out the reversal of the payment previously made and re-credits the correct amount according to the supplementary information sent by Participant.

#### **5.2.3.4 Paying the tax**

Within the sixteenth day of each month, Monte Titoli pays the Revenue Agency the amounts due in relation to the events accounted for in the previous calendar month.

#### **5.2.3.5 Management of the Tax Authority requests**

Monte Titoli communicates the requested information to the Tax Authority and in particular any news or document that is useful to identify the amounts paid without the application of the substitute tax and the related collectors.

### **5.2.4 Fiscal assistance pursuant to legislative decree 461 / 1997**

#### **5.2.4.1 Role of Monte Titoli**

Monte Titoli may operate in its capacity as representative on behalf of the Intermediaries that are non-resident for the purpose of applying the administered or declared regime under article 6 of legislative decree 461/1997.

In other cases Monte Titoli provides support to Participant in relation to the taxation-related processes described in the following paragraphs, with the exception of tax payments, the obligations and the management of the Tax Authority requests pursuant to paragraphs 5.2.4.6, 5.2.4.7 and 5.2.4.8.

#### **5.2.4.2 Structure of the accounts**

Pursuant to article 43, paragraph 3, Participants must deposit in separate accounts the securities belonging to the following categories of subjects:

- non-resident exempt customers;
- non-resident non exempt customers that selected the administered regime;
- non-resident non exempt customers that selected the reporting regime;
- Italian costumers individuals that selected the administered regime;
- Italian customers individuals that selected reporting regime;
- Italian customers legal entities;
- other types of customer.

Participants communicate to Monte Titoli the accounts associated to each category of subjects.

Likewise Participants also declare that the customers subject to administered regime do not hold significant shareholdings as defined by article 67 of the Consolidated Law on Income Tax. If a customer subject to an administered regime holds a significant shareholding, Participant must inform Monte Titoli within 10 days from exceeding the relevant thresholds and transfer the securities of the subject in question to an account assigned to subjects subject to a declared regime.

#### **5.2.4.3 Acquisition of information**

Participants communicate the following information to Monte Titoli via the Fiscal Platform:

- a) certificate of residency, to be renewed every year;
- b) forms prepared by the Revenue Agency for the application of the tax or exemption;

c) reports containing the identification data of the exempt subjects;

The information must be sent according to the procedures described in the Fiscal Services Manual and according to the terms agreed upon admission to the Service.

Notwithstanding the responsibility of Participants for the veracity and correctness of the information communicated, Monte Titoli checks the completeness of the information under letters a), b) and c).

If the information communicated by Participant is incomplete, Monte Titoli notifies Participant of the request to integrate the information.

In case Participants do not provide all the information required by the terms agreed upon admission to the service, Monte Titoli will apply the maximum rate set.

Participants are obliged to update the communicated information in case of changes that affect the qualification of the subject for fiscal purposes.

#### **5.2.4.4 Application of the tax pursuant to legislative decree 461/1997**

Monte Titoli manages the application of the substitute tax relating to the capital gains, differentials and other income deriving from transactions or corporate operations as defined by the fiscal legislation applicable (Consolidated Law on Income Tax).

##### *Corporate operations*

Monte Titoli processes the corporate operations by acquiring the information relating to the countervalues of the financial instruments, necessary for the calculation of the tax via the Central Securities Depository Service.

##### *Sale and purchase of financial instruments*

Participants send Monte Titoli a daily report of the transactions settled for each account via the Fiscal Platform.

The report specifies among other items:

- the identification of the subject (TAX ID);
- the type of transaction (e.g. purchase or sale etc.).

Monte Titoli checks the completeness of the data included in the report. If the check provides a negative outcome, Participant receives a notification for the necessary corrections.

Based on the information acquired, Monte Titoli records the transactions pertaining to the non-resident subject on a daily basis (identified via the TAX ID) based on the applicable regime (administered or declared or exempt).

In the case of exempt subjects the transactions are included in a report for the purpose of compiling the annual declaration (Model 770).

#### **5.2.4.5 Calculation of the tax in case of administered regime**

In case of administered regime, Monte Titoli applies the tax at the time of the sale if the difference between the average purchase price of the instrument and the sales price is positive.

If the difference is negative the loss is accounted for through subsequent offsetting according to the legal terms.

Monte Titoli uses the Fiscal Platform to record the accounting evidence pertaining to the taxes applied to each transaction daily.

With reference to the corporate actions that generate an update of the securities balance on the omnibus accounts of Participant, the tax is calculated at the time of the transaction based on the countervalue of the financial instruments assigned to the subject.

The methodology to calculate the tax applied by Monte Titoli may imply specific rules based on the nature of the financial instrument.

#### **5.2.4.6 Payment of the tax in case of administered regime**

Within the sixteenth day of each month, Monte Titoli pays the Revenue Agency the amounts due in relation to the events accounted for in the two previous calendar months.

On the twelfth business day of the month for which the payment of the tax is due, Monte Titoli communicates the amount Participant owes the Tax Authority and charges Participant's account for the corresponding amount.

The day before the tax payment date, in case of failed replenishment, Monte Titoli immediately activates the guarantees provided by Participant pursuant to article 43 of the Rules, notwithstanding the right to defer the payment of the tax in accordance with the applicable legislation.

#### **5.2.4.7 Reporting regime**

In case of reported regime, Monte Titoli, according to the time limits laid down by law, issues the certifications regarding the amount of the taxable miscellaneous income of a financial nature received by non-resident subjects.

#### **5.2.4.8 Management of the Tax Authority requests**

Monte Titoli communicates the requested information to the Tax Authority and in particular any news or document that is useful to identify the amounts paid without the application of the tax and the related collectors.