

# Cassa di Compensazione e Garanzia

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## Instructions to the Rules

~~2 August 2018~~  
**1 March 2019**

The Italian text shall prevail over the English version



**London**  
Stock Exchange Group

## INDEX

<b>TITLE A GENERAL PROVISIONS</b> .....	<b>5</b>
Article A.1.1.1 Definitions .....	5
<b>TITLE B CENTRAL COUNTERPARTY SYSTEM</b> .....	<b>8</b>
CHAPTER B.1 Membership	8
<i>Heading B.1.1 Membership</i> .....	8
Article B.1.1.1 Requirements for <i>Clearing Members</i> .....	8
Article B.1.1.2 Requirements for <i>Trading Clients</i> .....	12
Article B.1.1.3 Notifications upon membership .....	14
Article B.1.1.4 Maintenance of membership requirements and Members' obligations.....	14
Article B.1.1.5 Supervisory Capital Guarantee .....	15
Article B.1.1.6 Relations with the Settlement Agent .....	15
Article B.1.1.7 Delegation to the Settlement Agent.....	18
<i>Heading B.1.2 Relations between General Clearing Members and Trading Clients</i> .....	19
Article B.1.2.1 Agreements between General Clearing Members and the Trading Clients.....	19
Article B.1.2.2 Suspension of Trading Clients .....	19
Article B.1.2.3 Mandates to Trading Clients .....	20
CHAPTER B.2 Clearing	22
<i>Heading B.2.1 Registration of operations and transaction requests</i> .....	22
Article B.2.1.1 Reporting and correcting of the opening and closing of options positions on third party accounts.....	22
Article B.2.1.2 Change of Contractual Positions in "client" account .....	23
Article B.2.1.3 Transfer of Contractual Positions of the Derivatives Sections .....	23
Article B.2.1.4 Transfer of Contractual Positions relating to the Cash Sections.....	25
Article B.2.1.5 Clearing of Contractual Positions in "futures".....	25
Article B.2.1.6 Error management.....	26
Article B.2.1.7 Sub-accounts.....	27
Article B.2.1.8 Cascading of Contractual Positions relating to the Energy Derivatives Section .	28
CHAPTER B.3 Guarantee System	29
<i>Heading B.3.1 Margins</i> .....	29
Article B.3.1.1 Initial Margins .....	29
Article B.3.1.2 Additional Intraday Margins .....	30
Article B.3.1.3 Daily Settlement Prices .....	31
Article B.3.1.4 Adjustment operations for Contractual Positions .....	32
<i>Heading B.3.2 Default Fund</i> .....	33
Article B.3.2.1 Contribution .....	33
Article B.3.2.2 Use of the Default Fund.....	34
Article B.3.2.3 Establishment and withdrawal.....	34
<i>Heading B.3.3 Assets admitted as security and transaction requests</i> .....	35
Article B.3.3.1 Handling of cash in Euros .....	35
Article B.3.3.2 Handling of Financial Instruments .....	36
Article B.3.3.3 Handling of assets underlying options on individual shares and stock futures with physical delivery.....	37

Article B.3.3.4 Use of guarantees .....	39
Article B.3.3.5 Securities Accounts .....	39
Article B.3.3.6 Allocation of deposited shares .....	40
<b>CHAPTER B.4 Daily Settlement</b> .....	<b>42</b>
Article B.4.1.1 Daily Settlement .....	42
<b>CHAPTER B.5 Final settlement of Contractual Positions of Cash Sections and the X-COM Section</b> .....	<b>43</b>
Article B.5.1.1 Final settlement of Contractual Positions of Cash Sections.....	43
Article B.5.1.2 Final settlement of Contractual Positions of the X-COM Section.....	43
Article B.5.1.3 Manner of creating the balances to be settled at a Settlement Service .....	45
Article B.5.1.4 Final cash settlement in the event of default or service termination by the <i>Special Clearing Member</i> or the service termination by <i>CC&amp;G</i> .....	45
<b>CHAPTER B.6 Exercise of options and settlement of Contractual Positions in Derivatives Sections</b> .....	<b>47</b>
<i>Heading B.6.1 Exercise of options of the Equity Derivatives Section.....</i>	<i>47</i>
Article B.6.1.1 Early exercise .....	47
Article B.6.1.2 Exercise at maturity .....	48
<i>Heading B.6.2 Exercise of physical delivery option for the Energy Derivatives Section Contractual Positions .....</i>	<i>49</i>
Article B.6.2.1 Exercise of physical delivery option for Contractual Positions in energy futures .....	49
<i>Heading B.6.3 Final settlement of Contractual Positions of the Equity Derivatives Section with consignment of underlying assets.....</i>	<i>50</i>
Article B.6.3.1 Options on individual shares .....	50
Article B.6.3.2 Stock Futures with physical delivery .....	50
<i>Heading B.6.4 Final settlement of differentials of Contractual Positions of the Equity Derivatives Section and the Energy Derivatives Section .....</i>	<i>52</i>
Article B.6.4.1 Settlement of Contractual Positions of the Equity Derivatives Section .....	52
Article B.6.4.2 Settlement of Contractual Positions of the Energy Derivatives Section.....	52
<i>Heading B.6.5 Final settlement of the Contractual Positions of the Agricultural Commodity Derivatives Section.....</i>	<i>53</i>
Article B.6.5.1 Definition of the days relevant for the final settlement of the Contractual Positions of the Agricultural Commodity Derivatives Section.....	53
Article B.6.5.2 Settlement of the Contractual Positions of the Agricultural Commodity Derivatives Section – Covering of sales positions.....	53
Article B.6.5.3 Settlement of the Contractual Positions of the Agricultural Commodity Derivatives Section – Alternative delivery and matching.....	54
Article B.6.5.4 Settlement of the Contractual Positions of the Agricultural Commodity Derivatives Section – Delivery procedure.....	54
Article B.6.5.5 Settlement of the Contractual Positions of the Agricultural Commodity Derivatives Section – Contesting the quality of the underlying .....	55
Article B.6.5.6 Settlement of the Contractual Positions of the Agricultural Commodity Derivatives Section – Differential settlement.....	56
<b>CHAPTER B.7 Fail, Buy-In and Sell-Out</b> .....	<b>57</b>
Article B.7.1.1 Management of <i>Failed Contractual Positions</i> in the <i>Cash and Derivative Sections</i> .....	57
Article B.7.1.1- <i>bis</i> Management of Failed Contractual Positions in the <i>X-COM Section</i> .....	59
Article B.7.1.2 Activation of Buy-In procedure .....	61
Article B.7.1.3 Execution of the Buy-In procedure .....	62

Article B.7.1.4 Buy-In procedure for Failed Contractual Positions of the Special Clearing Member.....	65
Article B.7.1.5 Sell-Out procedure .....	65
Article B.7.1.6 Management of Contractual Positions .....	67
Article B.7.1.7 Buy-In/Sell-Out agent .....	68
Article B.7.1.8 Buyer Protection .....	69
<b>CHAPTER B.8 Fees, Commissions and Interest</b>	<b>71</b>
Article B.8.1.1 Fees and commissions.....	71
Article B.8.1.2 Value dates and Interest.....	71
<b>CHAPTER B.9 Notice</b>	<b>72</b>
Article B.9.1.1 Transmission of information .....	72
Article B.9.1.2 Daily statement of payments .....	72
Article B.9.1.3 Technological Infrastructure .....	72
<b>CHAPTER B.10 Management Company</b>	<b>73</b>
Article B.10.1.1 Equity Derivatives Section.....	73
Article B.10.1.2 Energy Derivatives Section .....	73
Article B.10.1.3 Share Section .....	73
Article B.10.1.4 Bond Section .....	74
Article B.10.1.5 <i>Agricultural Commodity Derivatives Section</i> .....	74
Article B.10.1.6 <i>ICSD Bond Section</i> .....	75
Article B.10.1.7 X-COM Section.....	75
<b>CHAPTER B.11 Pre-settlement Service</b>	<b>76</b>
Article B.11.1.1 Pre-settlement Services .....	76
<b>CHAPTER B.12 Centralized Depository Service</b>	<b>77</b>
Article B.12.1.1 Centralized Depository Service .....	77
<b>CHAPTER B. 13 Settlement Services</b>	<b>78</b>
Article B.13.1.1 Settlement Services.....	78

## TITLE A General provisions

### Article A.1.1.1 Definitions

1. The following definitions shall apply to these *Instructions*:

«**BCS**»: the electronic application that CC&G makes available to *Members of the Derivatives Sections* by the methods indicated in the *Technical Manual*, that makes *Reports* and *Data Files* available and allows access to the clearing system in order to carry out transactions.

«**Cascading**»: mechanism allowing for the Final Settlement solely for the Monthly Futures contract, by progressively reducing the Futures having longer Delivery Periods to Monthly contracts.

«**PM Account**»: the PM account held by a participant to the *Target2 System* as indicated in the ECB guideline ECB/2007/2 of 26 April 2007.

«**PM Segregated Account**»: the *PM Account* held by the *Settlement Agent* for the obligations to be performed by a sole *Clearing Member*.

«**Group**»: a banking group as defined by Article 60 of the Consolidated Law on Banking or a group in accordance with Article 11 of the Consolidated Law on Finance and the related implementing provisions.

«**Data Files**»: files in a processable format forwarded through the *Technological Infrastructure*, indicated in the *Technical Manual*.

«**Spot settlement date**»: with reference to the *Contractual Positions* of the *X-COM Section*, the settlement date of the spot settlement instructions deriving from the conclusion of the contract on the *Market*.

«**Forward settlement date**»: with reference to the *Contractual Positions* of the *X-COM Section*, the settlement date of the forward settlement instructions deriving from the conclusion of the contract on the *Market*.

«**ICWS**»: the electronic application provided by CC&G to *Members* by the methods indicated in the *Technical Manual*, which makes *Reports* and *Data Files* available and enables documents and transaction requests to be sent.

«**Technological Infrastructure**»: the set of electronic applications, comprising the *BCS* and the *ICWS*, enabling *Members* to carry out transactions with CC&G and to receive clearing information.

«**BCS Manual**»: the part of the *Services Manual* containing the *BCS* rules and information enabling *Members* to operate the *BCS*.

«**Default Fund Manual**»: the part of the *Services Manual* containing information on the method for determining payments to the *Default Funds*.

«**ICWS Manual**»: the part of the *Services Manual* containing the ICWS rules and information enabling *Members* to operate the *ICWS*.

«**Manual for the creation of net balances for the ICSDs**»: the part of the *Services Manual* containing the rules on the creation of the balances to be sent to the *Settlement Systems* managed by *Foreign Entities*;

«**Technical Manual**»: the part of the *Services Manual* containing a description of information forwarded by *CC&G* to *Members* and *Settlement Agents* through the *Technological Infrastructure*.

«**Market Maker**»: a *Member* listed in the “register of derivatives market maker” held by *Borsa Italiana S.p.A.*, that undertakes to support the liquidity of financial instruments traded in the *IDEM* market.

«**MMeG**»: the part of the *Services Manual* containing the methods of calculating the initial *Margins* used by *CC&G* for the *Agricultural Commodity Derivatives Section*, that *Members* can replicate on the basis of the functions indicated in said manual.

«**MMeL**»: the part of the *Services Manual* containing the methods of calculating the initial *Margins* used by *GG&G* for the *Energy Derivatives Section*, that *Members* can perform on the basis of the specific functions indicated in the said manual.

«**MVP**»: the part of the *Services Manual* containing the method of calculating the initial *Margins* used by *CC&G* for the *Bond Section*, available to *Members* on the basis of the specific functions indicated in the *MVP* manual.

«**Delivery Period**»: indicates the period of supply established by the *Contractual Scheme* for the futures contract on electric energy.

«**Ordinary Contractual Position**»: the set of obligations and rights arising from a contract (i.e. the *Contractual Position*) between the date of stipulation of the said contract and the term provided in the *Contractual Scheme* for its execution.

«**Notice of Payment**»: The notice containing information on sums due from the *Clearing Member* or their cash *Settlement Agent*, notified in “broadcast” mode in *Target2 System* via *ICM* (*Information and Control Module*).

«**Disagreement Procedure**»: The procedure by which the *Settlement Agent* for cash may request the revocation of a payment instruction forwarded to *Target2 System* by the *CC&G* Ancillary System or may not allow the charging of the amounts shown in the request for additional intraday *Margins* in financial instruments referred to in Article B.3.1.2 paragraph 2 of the *Instructions*.

«**Daily Settlement**»: the daily settlement indicated at article B.5.1.1 of the *Regulations*.

«**Reports**»: the tabulated data, described in the *Technical Manual*, provided through the *Technological Infrastructure*.

«**RNI**»: the electronic transmission interbanking infrastructure of data relating to the Italian payment system, managed by the Società Interbancaria per l'Automazione (SIA-SSB).

«**Series**»: the *Derivative Financial Instruments* with the same characteristics (underlying assets, maturity, and, where applicable, strike right and price).

«**Trading System**»: the electronic trading system for a *Market*.

«**Centralized Depository Company**»: a company that provides the *Centralized Depository Service*.

«**Market Maker sub-account**»: sub-account of the house account opened by CC&G pursuant to Article B.2.1.7, paragraph 1, letter b), intended exclusively for the recording of *Contractual Positions* negotiated by a *Member* recognized as a "Market Maker" in *Derivative Financial Instruments* as defined in the relevant *Management Company's* regulations.

«**Specialist sub-account**»: sub-account of the third account opened by CC&G pursuant to Article B.2.1.7, paragraph 1, letter a) intended exclusively for the recording of *Contractual Positions* negotiated by a *Member* recognized as a "specialist" in *Derivative Financial Instruments* as defined in the relevant *Management Company's* regulations.

«**Specialist**»: a *Member* listed in the "Register of derivatives specialists" held by Borsa Italiana S.p.A..

«**MARS**»: the part of the *Services Manual* containing the method of calculating the initial *Margins* used by CC&G for the *Equity Derivatives Section* and the *Share Section*, which *Members* can also perform on the basis of the specific functions indicated in the said manual;

«**XMAR**»: the part of the *Services Manual* containing the methods of the calculating the initial *Margins* used by CC&G for *X-COM Section*, which *Members* can also perform on the basis of the specific functions indicated in the said manual.

2.The definitions set out under Article A.1.1.1 of the *Regulations* shall be understood as fully applicable to the present *Instructions*, with the same meaning.

# TITLE B Central Counterparty System

## CHAPTER B.1 Membership

### *Heading B.1.1 Membership*

#### **Article B.1.1.1 Requirements for *Clearing Members***

1. Legal persons that intend to join one or more *Sections* of the System as *Clearing Members* must submit to CC&G:

a) a “Request for Services” using the form provided by CC&G, available through the CC&G Internet site ([www.lseg.com/ccg](http://www.lseg.com/ccg));

b) the following documentation/information:

- share structure and the *Group* the company belongs to;
- membership of other central counterparty guarantee systems;
- place of the Clearing office;
- the referents indicated at Article B.2.1.2, paragraph 15, of the *Regulations*;
- whether or not an application is made to activate the “Daily statement of payments” indicated at Article B.9.1.2;
- where the application concerns membership of both the *Equity Derivatives Section* and the *Share Section*, whether separate margin calculation between *Sections* is activated as indicated at Article B.3.1.1, paragraph 3;
- the last approved financial statement and the most recent quarterly or half-year report;
- a description of the company’s and parent company’s activities and their risk management and back-office structure;
- a copy of the last rating issued to the company and/or the parent company;

c) with regard to the asset requirements:

- a declaration attesting to the applicant’s *Supervisory Capital*;



- any guarantee as indicated at Annex B.115;
- d) concerning obligations that must be fulfilled in Euros:
- a notification of the pre-selected methods of fulfilment, directly or through a *Settlement Agent*;
  - any agreement with the *Settlement Agent* for cash, as indicated at Annex B.116;
  - the “TARGET2 form for collection of Static Data-Debit mandate for AS settlement” of the European Central Bank, available from the [www.ecb.eu](http://www.ecb.eu) website that allows CC&G to debit the *PM Account* in *Target2 System* of the *Clearing Member* or its *Settlement Agent*;
- e) with respect to the execution of obligations to be fulfilled with the *Settlement Service*:
- a notification of the pre-selected method of fulfilment, directly or through a *Settlement Agent*;
  - any agreement with the *Settlement Agent* for settlement as indicated at Annex B.116;
  - in the event of participation in the *ICSD Bond Section*, the mandate given to CC&G, signed by the *Clearing Member* or the *Settlement Agent*, if any, for the transmission of the transaction settlement instructions indicated in Annex B.117;
  - in the event of participation in the *ICSD Bond Section*, an indication of the details of the accounts to be used for settlement opened with the *Settlement Service*; in the event of participation in *Sections* other than the *ICSD Bond Section*, CC&G acquires from the *Settlement Service* details of the settlement accounts that will be used for operations on each *Section*;
- f) with respect to the *Collateral Management Service*:
- confirmation of participation and an indication of any person engaged for the participation to the *Settlement Service*;
- g) with respect to the *Margins in Financial Instruments*:

- a notification of whether the *Margin in Financial Instruments* are handled whether directly or through a *Settlement Agent* pre-selected:
  - details of the securities accounts in the *Central Depository Service* for the withdraw of *Margins in Financial Instruments*; and details of the cash account for the payment of the amounts deriving from cash distribution on *Financial Instruments* deposited as *Margins*;
  - any agreement with the *Settlement Agent* as indicated at Annex B.116:
- h) with respect to the *Technological Infrastructure*:
- the form for activation of the *ICWS*;
  - the form for activation of the *BCS*, in the case of membership of one or more the *Derivatives Sections*.
- i) the names of the persons appointed to perform the management activities exercisable non-electronically, using the form indicated in Annex B.111, and the names of the persons authorized to request the suspension of *Trading Clients* from participation in *Section(s)* in accordance with Article B.2.3.3, of the *Regulations*, using the form indicated in Annex B.122B.
2. The information indicated at paragraph 1, letter a), c), second subsection, d) second subsection, e) second and third subsection, g) third subsection, and i) must be forwarded, in original, by means of registered letter with return receipt or by courier, and send in advance by email.
  3. The information indicated at paragraph 1, letter b), first six subsections, c) first subsection, d) first subsection, e) first and fourth subsection, f), g) first and second subsections, and h) must be forwarded electronically using the modules available through the CC&G Internet site ([www.lseg.com/ccg](http://www.lseg.com/ccg)), subject to provisions of Annex B.114, for legal entities operating under mutual recognition, with reference to *Supervisory Capital* information of paragraph 1, letter c).
  4. The information indicated at paragraph 1, letter b), seventh and subsequent subsections, may be sent either electronically, using the “import function” available through the CC&G Internet site ([www.lseg.com/ccg](http://www.lseg.com/ccg)), or alternatively by registered letter with return receipt or by courier.
  5. The form indicated at paragraph 1, letter d) third subsection, must be sent in advance by email, and received by CC&G using the following alternative methods:

- by registered letter with return receipt or by courier. The form must bear a signature corresponding to the specimen previously deposited with the relevant branch office of the Bank of Italy or, for those who access *Target2 System* through Central Banks other than the Bank of Italy, with the relevant Central Bank;
  - by Certified Email to the following email address: asi.t2@pec.ccg.it. The message may be sent by persons whose names have been previously deposited with the branch office of the Bank of Italy as persons authorized to append electronic signatures to forms.
6. Receipt by CC&G of the complete documentation as indicated above is a condition for examination of the Request for Services.
  7. Legal persons who are already *Members* of the *System*, but intend to join a further *Section* or intend to request the separation of operations of one of their *Organisational Units* must present a new *Request for Services* to CC&G, together with the documentation indicated in the preceding paragraphs.
  8. Where the proposed applicant has declared in the documents sent to CC&G referred to in paragraph 1, that it intends to avail itself of the guarantee set out in Article B.2.1.2. paragraph 5 of the *Regulations*, membership shall be subject to the CC&G's acceptance of such a guarantee.
  9. In order to be admitted to the *Share and Bond Sections*, *Clearing Members* must have joined the *Pre-settlement Service*, referred to in Article B.11.1.1.
  10. *Clearing Members* of the *Equity Derivatives Section* that intend to operate on *Derivative Financial Instruments* with "delivery" of underlying assets must have joined the *Pre-settlement Service*, referred to in Article B.11.1.1.
  11. The *Clearing Members* to *Share, Bond and Equity Derivatives Section*, must participate in the *Presettlement Service* referred to in Article B.11.1.1., also on behalf of the *Trading Clients* for whom they assume the role of *General Clearing Member*.
  12. If the *Clearing Members* to *Share, Bond and Equity Derivatives Sections*, avail themselves of a *Settlement Agent* to join the *Settlement Services* pursuant to Article B.2.1.2, paragraph 8, letter c), of the *Regulations*, the latter must join the *Presettlement Service* referred to in in Article B.11.1.1.
  13. The referents indicated at Article B.2.1.2., paragraph 15, of the *Regulations*, - the names of whom have been indicated by the *Clearing Member* in the documentation provided by paragraph 1, letter b) – are understood as entitled to receive all individual communications (of an operational character) from CC&G to the *Member* itself.
  14. *Clearing Members* must send CC&G the following information on *Clients* other than *Trading Clients*:

- the agreement signed with the *Client*, in conformity with the model indicated in Annex B.12A;
- the Request for Services for the *Member Pro-tem*, where relevant;
- the name of a person to be the contact person at the *Client* in the event of the *Clearing Member's* default;
- the *Group* the *Client* belongs to.

The information specified in the first two subsections must be forwarded, in original, by means of registered letter with return receipt or by courier, and sent in advance by email; the information specified in the third and fourth subsections must be forwarded electronically, using the forms drawn up by CC&G and available on CC&G's Internet site ([www.lseg.com/ccg](http://www.lseg.com/ccg)).

#### **Article B.1.1.2 Requirements for *Trading Clients***

1. Legal persons that intend to join the *System* as *Trading Clients* in one or more *Sections* must submit to CC&G:
  - a) an "Request for Services" using the form provided by CC&G and available through the CC&G Internet site ([www.lseg.com/ccg](http://www.lseg.com/ccg));
  - b) the following documentation/information:
    - share structure and the *Group* the company belongs to;
  - c) with respect to the *Technological Infrastructure*:
    - the form for activation of the *BCS*, in the case of membership of one or more the *Derivatives Sections*;
    - the form for activation of the *ICWS*, in the event of membership in the *Derivatives Sections*, and if the *General Clearing Member* has enabled the *Trading Client* to receive *Reports* and *Data Files*, pursuant to paragraph 2, fourth subsection.
  - d) in the event of membership on the *Derivatives Section*, the form provided at Annex B.112 including the names of the persons appointed to perform the management activities exercisable non-

electronically, delegated by *General Clearing Member* in accordance with Article B.1.2.3, paragraphs 1 and 2.

2. The *General Clearing Member* must forward to CC&G the following documentation/information relating to the *Trading Client*:

- the agreement signed with the *Trading Client*, conforming to the outline provided at Annex B.121;
- the referents indicated at Article B.2.1.2, paragraph 15, of the *Regulations*;
- where membership concerns either the *Share Section* or the *Equity Derivatives Section*, the request or otherwise to activate margination separately between the *Sections* indicated at B.3.1.1, paragraph 3;
- the (possible) enabling of the *Trading Client* to receive *Reports* and *Data Files*;
- with respect solely to the *Equity Derivatives Section*, the settlement accounts that the *General Clearing Member* intends to use for the *Trading Client* who uses its services;
- with respect only to the *Equity Derivatives Section*, whether or not it intends to deposit shares to cover the contractual positions of the *Trading Client*.

3. The information indicated at paragraph 1, letters a) and d), and paragraph 2, first subsection, must be forwarded, in original, by means of registered letter with return receipt or by courier, and sent in advance by email.

4. The information indicated at paragraph 1(b), first subsection, 1(c) and paragraph 2, second and following subsections, must be forwarded electronically, using the forms available through the CC&G Internet site ([www.lseg.com/ccg](http://www.lseg.com/ccg)).

5. The receipt by CC&G of the complete documentation indicated above is a condition for the examination of the Request for Services.

6. The provisions of the preceding paragraphs shall also apply in cases where legal persons who are already *Trading Clients* of the *System* intend to join a further *Section* in the same capacity or request the separation of operations of one of their *Organisational Units*.

7. The referents indicated by the *General Clearing Member* pursuant to paragraph 2, second subsection, are understood as entitled to receive all individual communications (of an operational character) from CC&G to the *Member* itself.

### **Article B.1.1.3 Notifications upon membership**

1. Upon attaining membership, CC&G shall notify:
  - a) the *Member* of acceptance of the Request for Services, with an indication of the day from which the service shall be provided to the *Member*. In the case of *Trading Clients*, notification is also provided to the *General Clearing Member* whose services it uses;
  - b) the *Member* of the access code for the System. In the case of a *Trading Client*, the *General Clearing Member* whose services it uses shall also be notified of the code.
  - c) the *Member* and *Guarantor* of acceptance of any guarantee pursuant to Article B.1.1.1, and Article B.2.1.2 paragraph 5, of the *Regulations*.

### **Article B.1.1.4 Maintenance of membership requirements and Members' obligations**

1. *Members* must forward updates of the membership information indicated in Annex B.114 to CC&G at the times and under the circumstances provided for therein, using the forms provided by CC&G available through the CC&G Internet site ([www.lseg.com/ccg](http://www.lseg.com/ccg)).
2. Any amendment of settlement accounts relating to positions in the *Equity Derivatives Section*, concerning *Trading Clients*, and of settlement accounts relating to positions in the *ICSD Bond Section* and the *X-COM Section* must be notified electronically to the *Clearing Member* using the forms available through the CC&G Internet site ([www.lseg.com/ccg](http://www.lseg.com/ccg)), at least 5 *CC&G open days* using the new accounts.
3. Any change in the appointments of Referents and Delegates with management powers exercisable in non-electronic form must be notified by the same methods as used in the application phase, and shall have effect, unless agreed otherwise, from the second *CC&G open day* after that in

which the notice is received by CC&G, or on a subsequent date indicated by the *Member* in said notification.

4. *Members* are obliged to notify CC&G, of any failure to maintain membership requirements within the same day in which the said failure has occurred, or has been verified, in order for CC&G to promptly undertake the consequent measures provided for by the *Regulations*. The notification shall be made by registered letter with return receipt, advanced via email.

#### **Article B.1.1.5 Supervisory Capital Guarantee**

1. Pursuant to Article B.2.1.2 paragraph 6 of the *Regulations*, CC&G shall notify the *Member* of the date in which the guarantee agreement has been concluded and shall therefore have effect.
2. The guarantee pursuant to Article B.2.1.2, paragraph 5 of the *Regulations*, must be forwarded by the *Guarantor*, using the contractual forms provided at Annex B.115.
3. The supplementary deeds of the guarantee shall have effect from the moment in which CC&G, upon verification of their validity, notifies the *Member* and the *Guarantor* of their acceptance.
4. Any withdrawal from the guarantee indicated in the preceding paragraphs must be communicated by registered letter with return receipt, sent in advance via email, with prior notice of at least 90 calendar days.
5. CC&G shall notify the *Guarantor* if it is informed that the *Member's Supervisory Capital* has fallen below the necessary minimum limit for the deposit of the guarantee indicated at Article B.2.1.2, paragraph 5 of the *Regulations*. In such a case, the withdrawal indicated at paragraph 4 may be exercised with a shortened notice period, although not less than 10 calendar days.

#### **Article B.1.1.6 Relations with the Settlement Agent**

1. Without prejudice to Article B.2.1.2, paragraphs 9 and 10 of the *Regulations*, *Clearing Members* may limit the responsibilities of the *Settlement Agent* to one or more *Sections* of which it is a member and/or to one or more *Trading Clients* and/or *Clients* for which it operates, reserving the right to act directly in relation to the remaining activities.

2. The *Settlement Agent* may withdraw from the agreement indicated at Annex B.116 by giving at least ten *CC&G* open days' notice to the *Clearing Member*. On the day in which the said notification is received, the *Clearing Member* shall forward notice of the said withdrawal to *CC&G* via email, confirmed by registered letter with return receipt.
3. If the *Clearing Member* intends to grant or withdraw a mandate to a *Settlement Agent*, it must forward the following information/documentation to *CC&G*, by the fifth *CC&G* open day preceding that in which it wishes the amendment to take effect:
  - a) an appropriate communication of the change, to be sent electronically using the firms available through the *CC&G* Internet site ([www.lseg.com/ccg](http://www.lseg.com/ccg));
  - b) any new agreement signed with the *Settlement Agent*, compiled in accordance with the outline provided at Annex B.116. The agreement must be forwarded, in original, by registered post with return receipt or by courier, and sent in advance via email.
4. If the amendment indicated at paragraphs 2 and 3 gives rise to the abrogation of an existing agreement, the communications forwarded by the *Clearing Member* shall be understood as also made on behalf of the relevant *Settlement Agent* and shall have the effect of abrogating the said agreement.
5. *CC&G* shall notify the *Member* and the *Settlement Agent* of the date from which the requested change shall enter into force, confirming, where possible, the date indicated in the communication.
6. The *Clearing Member* shall be suspended from the *System* or from the *Section* if – due to problems in the implementation of the changes provided for in paragraph 2 – it is not possible to promptly ensure the correct execution of its obligations.
7. During the period of notice indicated at paragraphs 2 and 3 the *Settlement Agent* continues to fulfil the *Clearing Member's* obligations. The period of notice of withdrawal established in preceding paragraphs may be reduced by agreement between the *Settlement Agent*, the *Clearing Member* and *CC&G*.
8. If a *Settlement Agent* for cash intends to activate the *Disagreement Procedure* to revoke one or more payment instructions, they must immediately contact *CC&G* and the *Clearing Member* concerned and, prior telephone notification, forward to *CC&G* via *ICWS* or, in the event of its malfunction, via fax, the form set out at Annex B.116A, under the terms indicated therein, signed by the legal representative or person vested with the necessary powers. The *Settlement Agent* must concomitantly send a copy of the notification to the *Clearing Member* concerned.



9. If the *Settlement Agent* for cash intends to trigger the *Disagreement Procedure* in order not to allow any charging of the amounts stated in the request for additional intraday *Margins* in financial instruments referred to in Article B.3.1.2(2) of the *Instructions*, the *Settlement Agent* for cash must immediately contact CC&G and the *Clearing Member* concerned and, after giving telephone notice, transmit to CC&G via ICWS or, in case of its malfunctioning, by fax, the form referred to in Annex B.116C within the time limits stated in the request, signed by the legal representative or a duly empowered person. A copy of the notice must be sent at the same time by the *Settlement Agent* for cash to the *Clearing Member* concerned. In case the financial instruments deposited by the *Clearing Member* are unsuitable or insufficient, the *Settlement Agent* for cash cannot activate the *Disagreement Procedure* with regard to charging of the amounts to be supplied in cash referred to in Article B.3.1.2, paragraph 2, point c) after the term within which the Member should have deposited the financial instruments.
10. In order to enable CC&G to manage the *Disagreement Procedure* indicated at paragraph 8, the *Settlement Agent* must ensure that CC&G receives, in original, a specimen signature of persons authorized to sign the communication set out at Annex B.116A, using the form set out at Annex B.116B, at the time the Agreement is signed with the *Clearing Member*, and subsequently in the event of any change of authorized persons. If no specimen is provided, CC&G shall not act on the request to revoke debits provided by the *Disagreement Procedure*.
11. The *Disagreement Procedure* shall not be activated to revoke payment instructions submitted on *PM Segregated Accounts*.
12. In any case of impossibility of fulfilment, including outside the period of notice, and subject to the provisions of paragraphs 8 and 10, the *Settlement Agent* shall immediately notify CC&G.
13. CC&G shall acknowledge the notification received pursuant paragraphs 8 and 11 and of any insufficiency of the *PM Segregated Account* pursuant to paragraph 10, without any obligation to verify its grounds, propriety or the reasons and shall adopt the consequent measures according to the provisions of the *Regulations*.
14. When the *Clearing Member* intends to use several *Settlement Agents* for *Margins* of different *Sections*, the *Member* must separate these operations by attributing them to a specific *Organisational Unit*.
15. When the *Clearing Member* avails itself of a *Settlement Agent* at the *Settlement Services* for the *Share, Bond Sections* and *Equity Derivatives* it has to request to the *Settlement Agent* to join the *Presettlement Service* on his behalf, pursuant to in Article B.11.1.1.

### **Article B.1.1.7 Delegation to the Settlement Agent**

1. *Clearing Members* may grant and revoke mandates to their *Settlement Agents* for cash, powers to forward requests for cash returns/transfers, as indicated at Article B.3.3.1, paragraph 3 on their behalf, and may grant and revoke mandates to its *Settlement Agent* for the *Margins* in *Financial Instruments* to forward requests for cash returns/transfers, as indicated at Article B.3.3.2, paragraph 6, and Article B.3.3.3, paragraph 8.
2. The mandates indicated at paragraph 1 are issued according to the methods indicated in the outline agreement with the *Settlement Agent* provided at Annex B.116. Revocations of mandates are made by the same methods.
3. When the *Clearing Member* has delegated a *Settlement Agent* to forward the requests for transfer/return of cash and/or the *Financial Instruments*, the *Member* must request that the *Settlement Agent* activate *ICWS* to execute said transactions.

## **Heading B.1.2 Relations between General Clearing Members and Trading Clients**

### **Article B.1.2.1 Agreements between General Clearing Members and the Trading Clients**

1. The agreement between the *General Clearing Member* and the *Trading Client* indicated at Article B.3.2.1 of the *Regulations*, to be forwarded to CC&G, must conform to the outline provided at Annex B.121.
2. In the event that the *General Clearing Member* or the *Trading Client* intends to withdraw from the agreement entered into with the other party, it must forward a notice of withdrawal to CC&G and the other party by the fifteenth calendar day before the day it wishes the withdrawal to have effect. The said notification to CC&G – to be made by registered letter with return receipt, sent in advance via email, is understood as made also on behalf of the other party. The period of notice may be reduced by mutual consent of the *Members* concerned and with the written approval of CC&G; otherwise, failure to comply shall render the relevant communication ineffective for CC&G.
3. In the cases indicated at paragraph 2, the *Trading Client* must, in real time, apply to CC&G, for membership of the *Section* as a *Clearing Member* (where permitted by the *Regulations*) or forward a new agreement with another *General Clearing Member* to CC&G, compiled according to the provisions of paragraph 1, or otherwise being suspended. CC&G shall indicate the moment from which the *Member's* new arrangement shall have effect.
4. During the period of notice indicated at paragraph 2, and up to the moment at which the withdrawal becomes effective, the replacement mechanism indicated at Article B.1.1.1, paragraph 1 of the *Regulations* shall continue to be effective.

### **Article B.1.2.2 Suspension of Trading Clients**

1. Any request for suspension of the *Trading Client* from membership pursuant to Article B.2.3.3 of the *Regulations*:
  - a. For the *Cash Sections* and *X-COM Section* must be made in the manner indicated in Annex B.122 and using the form indicated in Annex B.122A. The request for the suspension may be forwarded exclusively by persons,

so authorised and communicated by the *Clearing Member* using the form in Annex B.122B;

b. For the *Derivatives Sections* the request may be forwarded through the *Technological Infrastructure*, or in the manner described above in paragraph (a).

### **Article B.1.2.3 Mandates to Trading Clients**

1. The *Trading Client*, according to each case, and by the methods indicated in the Articles cited hereunder, carries out the following functions on behalf of the *General Clearing Member* with respect to deposits in the accounts indicated at Article B.3.1.2, paragraph 1(c) and paragraph 2, of the *Regulations* and in any existing sub-account:
  - a) adjustment of the reporting of the opening codes and closing codes of the *Contractual Positions* in options and futures in “client” accounts, as indicated at Article B.2.1.1;
  - b) transfer of *Contractual Positions* relating the *Share Section* as indicated at Article B.2.1.4;
  - c) early exercises and exercises at maturity as indicated at Article B.6.1.1. and Article B.6.1.2.
  
2. *General Clearing Members* may also delegate to *Trading Clients* that use its services - by the methods indicated in the Articles indicated hereunder – the following set of functions relating to entries into the accounts indicated at Article B.3.1.2, paragraph 1(c) and paragraph 2, of the *Regulations* and in any existing sub-account:
  - a) adjustment of *Contractual Positions* in “client” account, as indicated at Article B.2.1.2;
  - b) transfer of *Contractual Positions* of the *Derivatives Sections*, as indicated at Article B.2.1.3, also in relation to the exercise of the physical delivery option for the *Contractual Positions* in energy futures as indicated at Article B.6.2.1;
  - c) allocation of deposited shares, as indicated at Article B.3.3.6;
  - d) opening and management of sub-accounts, indicated at Article B.2.1.7.

3. The communications through which the functions indicated at paragraphs 1 and 2, forwarded to *Trading Clients*, shall be understood as made by the *General Clearing Member*.
4. *General Clearing Members* may also *Trading Clients* who use their services to consult the *Reports* and *Data Files* indicated in the *Technical Manual* relating to the operations of the *Trading Client*.
5. The mandate indicated at paragraph 1 and the authorization indicated at paragraph 4 are issued and communicated to *CC&G* according to the methods indicated in the outline provided at Annex B.121. They are also revoked by the same methods.

## CHAPTER B.2 Clearing

### ***Heading B.2.1 Registration of operations and transaction requests***

#### **Article B.2.1.1 Reporting and correcting of the opening and closing of options and futures positions on third party accounts**

1. The *Member*, at the time of the trading of an option or future contract on third party accounts, shall indicate to the *System*, through the *Trading System*, if the said trade opens a new *Contractual Position* (opening code), or if it closes an existing *Contractual Position* (closing code).
2. In the absence of an indication, the *System* shall register the contract in “open”.
3. Where there is a “closing” report for a number of contracts greater than that of *Contractual Positions* open in opposing positions on the same *Series*, the *System* shall enter as “open” all the contracts that form part of the said report, notifying the *Member* of this registration through the *BCS*.
4. Corrections to reports of the opening and closing code may be made on the same day by sending new *Transfer Orders* by the deadlines established at letter A) of Annex B.211 through the *BCS*. Requests for transfer received after this deadline are not carried out.
5. In the event of malfunction of the *BCS*, the correction indicated at paragraph 4 may be carried out by forwarding via *ICWS* or, in the event of its malfunction by fax the form provided at Annex B.211A by the same deadline. Requests for correction received after this deadline are not carried out.
6. CC&G nets *Contractual Positions* with the same characteristics in the *Specialist Sub-account* and in the other sub-accounts of the “client” account – for which the *Member* requests the “net” maintenance of the *Contractual Positions*, pursuant to Article B.2.1.7, paragraph 3, letter a) - independently of the opening or closing codes indicated at paragraph 1 (net registration of contractual positions).

## **Article B.2.1.2 Change of Contractual Positions in “client” account**

1. Changes in *Contractual Positions* in “client” accounts (which in any case cannot modify the overall net *Contractual Position*) may be requested from the *Member* by sending the new *Transfer Orders*, in the *Market* trading days following that of the trade, by the timelines established by letter B) of Annex B.211, through the *BCS* or, in the event of its malfunction, by forwarding the forms provided at Annex B.212 to CC&G via *ICWS* or, in the event of its malfunction, via fax. Requests for changes received after these deadlines are not carried out.
2. The requests indicated at paragraph 1 relating to *Contractual Positions* registered in the accounts indicated at Article B.3.1.2, paragraph 1(c), and paragraph 2, of the *Regulations* and in any existing sub-account, may be forwarded:
  - a) by the *General Clearing Member* or,
  - b) by the *Trading Client* duly mandated pursuant to Article B.1.2.3, paragraph 2.

## **Article B.2.1.3 Transfer of Contractual Positions of the Derivatives Sections**

1. The *Clearing Member*, may request with the consent of the transferee and with effect on the accounts and the existing sub-accounts, the transfer to another *Member*.
  - a) at the trading price of all (or part of) the positions relating to contracts entered into on the same day as the transfer request (“international give-up”);
  - b) at the trading price of all (or part of) the positions relating to contracts stipulated on the five days before that in which the transfer is requested, subject to provisions of paragraph 9;
  - c) of positions:
    - in futures, at the daily settlement price of the trading session before that of the execution of the transfer;
    - in options, at zero price.

2. The *Clearing Member* may request the transfer between his own accounts and/or sub-accounts:
  - a) at the trading price of all (or part of) the positions relating to contracts stipulated on the same day in which the transfer is requested;
  - b) at the trading price of all (or part of) the positions relating to contracts stipulated on the five days before that in which the transfer is requested, subject to provisions of paragraph 9;
  - c) of positions:
    - in futures, at the daily settlement price of the trading session before that of the execution of the transfer;
    - in options, at zero price.
3. The *Transfer Orders* indicated at paragraphs 1 and 2 must be forwarded through the *BCS* within the timetable set out in letter C) of Annex B.211 and of Annex B.621.
4. In the event of malfunction of the *BCS* the said *Transfer Orders* may be forwarded to *CC&G* via *ICWS* or, in the event of its malfunction, by fax, using the forms provided:
  - a) Annexes B.213B, B.213B1 and B.213B2, related respectively to the *Equity Derivatives Section*, the *Energy Derivatives Section* and the *Agricultural Commodity Derivatives Section*, for the *Transfer Orders* indicated at paragraph 1, letters a) and b) and at paragraph 2, letters a) and b);
  - b) Annexes B.213A, B.213A1 and B.213A2, related respectively to the *Equity Derivatives Section*, the *Energy Derivatives Section* and the *Agricultural Commodity Derivatives Section*, for the *Transfer Orders* indicated at paragraph 1, letter c) and at paragraph 2, letter c).
5. The transfer of *Contractual Positions* in options and matured “futures” to be settled with the consignment of underlying assets, may be carried out only with the approval of *CC&G* and by the methods that the latter indicates from time to time.
6. Requests indicated at paragraphs 1 and 2, relating to *Contractual Positions* of a *Trading Client* may be forwarded:



- a) by the *General Clearing Member* or,
  - b) by the *Trading Client* duly mandated pursuant to Article B.1.2.3, paragraph 2.
7. The transfer request indicated at paragraph 1, letter b) and paragraph 2, letter b):
- a) is not permitted:
    - on the day following *Cascading* days for *Contractual Positions* relating to energy futures contracts with quarterly or annual delivery periods;
    - on the first business day of the month for *Contractual Positions* relating to energy futures contract with monthly delivery periods;
  - b) is limited to *Contractual Positions* (or part thereof) relating to contracts stipulated on the day before that of the transfer request, if the request is made:
    - on the second day following days of *Cascading* and concerns *Contractual Positions* for energy futures contracts with quarterly or annual delivery periods;
    - on the second business day of the month and concerns *Contractual Positions* relating to energy futures contracts with monthly delivery periods.

#### **Article B.2.1.4 Transfer of Contractual Positions relating to the Cash Sections**

1. The transfer request of *Contractual Positions* relating to the *Share* and *Bond Sections* are carried out by the *Clearing Member* through the *Pre-settlement Service* pursuant to article B.11.1.1, by and not later than the day in which the contract is concluded on the *Trading System*.

#### **Article B.2.1.5 Clearing of Contractual Positions in “futures”.**

1. The clearing between *Contractual Positions* in futures of the *Share Derivatives Section* relating to the same Stock Market index (FTSE MIB)

registered in the same account or sub-account, having a different index point value, an opposite sign and the same maturity, takes place in the ratio of one Future to five mini-Futures, only by express application to CC&G by the *Clearing Member* concerned.

2. The application indicated at paragraph 1 must be forwarded to the *Clearing Member* concerned via *ICWS* or, in the event of its malfunction, by fax, using the form set out at Annex B.215.
3. Applications forwarded to CC&G within the timetable set out in letter D) of Annex B.211 shall be paid on the same day; those received after the said timetable shall be treated on the following *Market* trading day.
4. The clearing between *Contractual Positions* in futures of the *Energy Derivatives Section* relating to the same underlying and registered in the same account or sub-account, takes place only by express application to CC&G by the *Clearing Member* concerned. Said clearing takes place in the ratio of:
  - four quarterly Futures, which together cover the year, and the corresponding yearly Future of the opposite sign;
  - three monthly Futures, which together cover the quarter, and the corresponding quarterly Future of the opposite sign;
  - three monthly Futures and three quarterly futures, which together cover the year, and the corresponding yearly Future of the opposite sign.
5. The application referred to in paragraph 4 above, must be forwarded by the *Clearing Member* concerned via *ICWS* or, in the event of its malfunction, by fax, using the form set out at Annex B.215B.
6. The applications referred to in paragraph 4 above, forwarded to CC&G within the timetable set out in letter F) of Annex B.211, shall be paid on the same day; those received after the said timetable shall be treated on the following *Market* trading day, provided that they continue to meet the clearing conditions set out in paragraph 4.

#### **Article B.2.1.6 Error management**

1. The effects of transactions by CC&G in response to applications received from the Management Company pursuant to Article B.3.1.7 of the *Regulations* shall be reported to Members concerned on the subsequent *Market* trading day by means of *Reports*.

## Article B.2.1.7 Sub-accounts

1. *Clearing Members* may request, pursuant Article B.3.1.2, paragraph 4 of the *Regulations*:
  - a) using the form provided at Annex B.217A, to register *Contractual Positions* originating from the activity of the *Specialist* on IDEM market in a relevant sub-account of the “client omnibus” account called *Specialist Sub-account*;
  - b) using the form provided at Annex B.217B, to register *Contractual Positions* originating from the activity of the *Market Maker* on IDEM market in a relevant sub-account of the “house” account called *Market Maker Sub-account*.

The *Specialist sub-account* and the *Market Maker sub-account* may also be activated for the transactions of *Trading Clients* whose *Contractual Positions* are registered in the accounts provided for in Article B.3.1.2, paragraph 1(c), or paragraph 2, of the *Regulation*.

2. *Clearing Members* and *Non Clearing Members* duly mandated pursuant to Article B.1.2.3, paragraph 2, letter d), may open and manage, pursuant to Article B.3.1.2, paragraph 5, of the *Regulations*, sub-accounts of “house” and “client” account, exclusively through the *BCS*.
3. The opening of subaccounts for *Contractual Positions* relating to the *Agricultural Commodity Derivatives Section* must take place, in the manner prescribed in paragraph 2, before each *Client* starts to operate. Immediately after the opening of each subaccount, the *Member* shall notify CC&G of the name and tax code or company name and VAT number of the holder of the subaccount by sending Annex B.217D via *ICWS* or, in the event of its malfunction, by fax.

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*Provisions in paragraph 3 will enter into force with a subsequent Notice.*

*In the transition period the following apply:*

3. For *Contractual Positions* relating to the *Agricultural Commodity Derivatives Section*, *Members* have to communicate to CC&G at the latest by 18.30 of the “maturity day” information on *Clients’ Contractual Position in Delivery*, by sending Annex B.217D via *ICWS* or, in the event of its malfunction, by fax or.

4. Without prejudice to Article B.4.1.1, paragraph 4, of the *Regulations*, for *Contractual Positions* relating to the *Agricultural Commodity Derivatives Section*, at the time of the opening of a new sub-account, or later, in the management phase, the *Member* may:
  - a) for a sub-account of the “client” account, choose the kind of maintenance, “net” or “gross”, to apply to the *Contractual Positions* registered in it;
  - b) for a sub-account of the “house” or “client” account, choose the kind of Initial *Margin* calculation, “combined” or “separated”, between the *Contractual Positions* registered in the sub-account and those registered in the relevant account.
5. For the *Equity Derivatives Section*, using the form provided by CC&G at Annex B.217C, *Clearing Members* may request to receive, for information purpose only, the Initial *Margins* calculation “separated” for each sub-account.
6. With reference to the *Members* acting as intermediaries for *Indirect Clearing* requesting a “gross omnibus segregated client” account under Article B.3.1.2, paragraph 3 letter b) of the *Rules*, CC&G proceeds with the opening of ad-hoc subaccounts to which an identification code may be assigned in order to allow the registration of *Contractual Positions* related to each Indirect Client on a gross basis.

#### **Article B.2.1.8 Cascading of Contractual Positions relating to the Energy Derivatives Section**

1. The *Contractual Positions* relating to annual futures existing at the end of each trading day (*Cascading day*) of the contract are replaced, on the same day, by six corresponding *Contractual Positions* relating to the three quarterly futures contracts with *Delivery Periods* corresponding to the “April-June”, “July-September” and “October December” quarters, and to the three monthly futures with a *Delivery Period* corresponding to the months of “January”, “February” and “March”. The new *Contractual Positions* in quarterly and monthly futures are valued at the daily settlement price of annual futures on the *Cascading day*.
2. *Contractual Positions* relating to quarterly futures existing at the end of the last trading day (*Cascading day*) of the contract are replaced, on the same day, by three corresponding *Contractual Positions* relating to the three monthly futures, the *Delivery Period* of which corresponds to the calendar months of the *Delivery Period* for the replaced quarterly futures. The new

*Contractual Positions* in monthly futures are valued at the daily settlement price of the quarterly futures on the day of *Cascading*.

## **CHAPTER B.3 Guarantee System**

### ***Heading B.3.1 Margins***

#### **Article B.3.1.1 Initial Margins**

1. The *Initial Margins*, indicated in Article B.4.1.1, paragraph 2, of the *Regulations*, notified to *Clearing Members* by means of the *Reports*, shall be calculated:
  - a) on the basis of the *MARS* method, for the *Equity Derivatives Section* and the *Share Section*;
  - b) on the basis of the *MVP* method, for the *Bond Section* and for the *ICSD Bond Section*;
  - c) on the basis of the *MMeL* method, for the *Energy Derivatives Section*;
  - d) on the basis of the *MMeG* method, for the *Agricultural Commodity Derivatives Section*;
  - e) on the basis of the *XMAR* method for the *X-COM Section*.
2. The general application data used by *CC&G* for the calculation of the *Margins* are made available to *Members* on the *CC&G* Internet site, and are also communicated to *Members* through the *Technological Infrastructure*.
3. A request for calculation of separate *Margins* for each *Section*, indicated at Article B.4.1.1, paragraph 8, of the *Regulations*, may be made by the *Clearing Member* by forwarding the appropriate form, which is available from the *CC&G Internet site*.
4. For the *Energy Derivatives Section* the *Initial Margin* on *Contractual Positions* to be delivered is paid by the *Members* starting from the second *CC&G open day* prior to the *Delivery* month.

5. For the *Agricultural Commodity Derivatives Section* the “*Initial Margins on Contractual Positions* to be delivered” shall be paid by *Members* starting from the sixth *CC&G open day* prior to the maturity day.
6. As of the “day for attesting the covering of sales positions”, in the event of complete or partial failure to attest the covering of sales positions, the *Margins* referred to in paragraph 5 shall be higher.

### **Article B.3.1.2 Additional Intraday Margins**

1. In the event of a request for additional intraday *Margins*, *CC&G*:
  - a) shall notify each *Clearing Member* of the additional amount requested pursuant to article B.4.1.3 of the *Regulations* and the debit period by an appropriate *Report* referred to in Annex B.312 and *Notice of Payment*, in accordance with Annex B.411, letter A);
  - b) may also notify all *Clearing Members* of activation of the requested additional intraday *Margins* by a message pursuant to Annex B.312 forwarded through the *Technological Infrastructure*.
2. If the request for additional intraday *Margins* is made after 14:00 (2:00 pm) of a *CC&G open day*, *CC&G* will allow the *Clearing Members* that made prior request using the form in Annex B.312A to pay the additional *Margins* by depositing the financial instruments referred to in Article B.4.3.1, paragraph 1 point b) within the term set out in Annex B.411 point D).

In this case, *CC&G* shall communicate to each *Clearing Member* concerned and to the *Settlement Agent* for cash through the *Report* referred to in Annex B.312B:

- a) the additional amount required pursuant to Article B.4.3.1, paragraph 3 of the *Rules*;
- b) the term for depositing the financial instruments.

Following the deposit of the financial instruments *CC&G* verifies that they are suitable and that their amount is sufficient to cover the additional intraday *Margins*, subsequently sending notice to any relevant *Member* and also to the *Settlement Agent* for cash through the *Report* referred to in Annex B.312C:

- a) whether the financial instruments are sufficient or, if not, the amount to be covered in cash related to the additional intraday *Margins*;

- b) the term for depositing the cash due by the *Clearing Member*, in accordance with Annex B.411, point A), in case the financial instruments are not sufficient to cover the additional Margins.

If the financial instruments deposited pursuant to the present paragraph result fully or partially insufficient so as to cover the Margins due to the concentration limits or the applicable haircuts, the ownership of the financial instruments temporarily exceeding the amount of the additional Margins is transferred to CC&G pursuant to article A.1.1.5 of the *Regulation*, unless a redemption request by the relevant *Clearing Member* is received.

The *Clearing Member* may deposit no more than two of the financial instruments (ISIN) referred to in Article B.4.3.1 paragraph 1 point b), of the *Regulations* selecting them from among those recorded in the *Clearing System* and available for consultation in ICWS – BCS.

These financial instruments must be deposited in the manner set out in the paragraph on “Deposit covering initial margins” of Annex B.411 by the deadline communicated from time to time in the call for additional intraday *Margins*.

3. CC&G may revoke the service for the coverage of additional intraday *Margins* with financial instruments in respect of any *Clearing Members* that deposit insufficient or unsuitable financial instruments above the thresholds set out in Annex B.312D.
4. Where necessary, CC&G may issue the notices pursuant to paragraph 1 by fax or e-mail.
5. The additional amount requested in cash or financial instruments must be made available respectively to the *PM Account* in the *Target2 System* of the *Clearing Member* or its *Settlement Agent* or in the securities accounts held at the *Central Depository Service for Financial Instruments* by the deadline indicated in the communications referred to in the previous paragraphs.

### **Article B.3.1.3 Daily Settlement Prices**

1. The daily settlement prices of the *Guaranteed Financial Instruments* traded on the Markets and guaranteed by the *System* and *Non-Derivative Financial Instruments* delivered for the settlement of the *Contractual Positions* of *X-COM Section* shall be determined by the methods indicated in Annex B.313.

2. The *Daily Settlement Prices* are made available on the CC&G Internet site. The prices are also reported to *Members* through the *Technological Infrastructure*.

#### **Article B.3.1.4 Adjustment operations for Contractual Positions**

1. Pursuant to Article B.3.1.6 of the *Regulations*, on the occasion of company operations or operations of a general nature, CC&G shall amend:
  - a) the *Ordinary Contractual Positions* of the *Derivatives Sections*, in accordance with the general rules established by the *Management Companies*;
  - b) the *Contractual Positions* of the *Cash Sections* and of the *X-COM Section*, in accordance with the rules established at Article B.7.1.6.



## **Heading B.3.2 Default Fund**

### **Article B.3.2.1 Contribution**

1. The reference period for calculation of payments to each *Default Fund* indicated in Article 4.2.1 paragraph 4, of the *Regulations* is of one calendar month before the date of recalculation.
2. The amount of the payment to each *Default Fund* due by the *Clearing Member* is determined on the basis of the daily average of *Initial Margins* relating to the Section(s) for which the *Default Fund operates*, due for each account indicated in Article B.3.1.2, paragraphs 1 and 2 of the *Regulation*.
3. Adjustments to payments to the *Default Funds* are requested and effected on a monthly basis. In the event of particular risk situations, CC&G may reduce the reference period indicated at paragraph 1 and consequently calculate the payments on this reduced different time basis. Payments are adjusted according to the methods indicated in the *Default Fund Manual*; the parameters and the minimum payment are notified to *Members* through CC&G's website. Any variations in the said parameters, as provided in the said *Manual*, including the minimum payment, are announced by *Notices*.
4. The amount to be settled in cash for the purposes of adjustment of payments to each *Default Fund*, and the date of settlement, are notified to *Clearing Members* through the *Technological Infrastructure*.
5. The adjustment of cash payments takes place by the method indicated in Annex B.411. Excess payments in cash are not permitted. Any balances in euros allocated to the *Default Funds* in excess of the requested payment shall be returned to the *Member*.
6. The adjustment of the payment and the restitution of the said surpluses shall not be included in the daily settlement indicated at Article B.5.1.1 of the *Regulations*.
7. The interest rate recognized by CC&G on balances constituted in cash pursuant to this article is notified to *Members* on the CC&G Internet site.

### **Article B.3.2.2 Use of the Default Fund**

1. In the event of use of payments to the *Default Funds* by *Members* other than the defaulting *Member*, and in the event of a request for additional resources as per Article B.4.2.5 of the Regulations, CC&G shall immediately inform *Clearing Members* involved, the Bank of Italy, *Consob*, and the *Management Company*.

### **Article B.3.2.3 Establishment and withdrawal**

1. *Clearing Members* must proceed to establishment of payments pursuant to Article B.4.2.3 paragraph 1, of the *Regulations*, by 9.30 a.m. of the third *CC&G open day* after the request for payment indicated to *Members* involved by means of the relevant *Notice*.
2. The notice of withdrawal from *Section(s)* indicated at Article B.4.2.4, paragraph 3, of the *Regulations*, must reach CC&G by registered letter with acknowledgement of receipt, sent in advance via email, prior to and not later than the term provided in the *Notice* indicated at paragraph 1.
3. *Clearing Members* shall proceed with the establishment of the payments pursuant to Article B.4.2.3, paragraph 2, of the Regulations, by 9.30 a.m. of the following *CC&G open day* after the request for payment indicated to *Members* involved by means of the relevant *Notice*.
4. The establishment in cash of the payment to the *Default Funds* shall be made by the method indicated at Annex B.411, letter A).

## **Heading B.3.3 Assets admitted as security and transaction requests**

### **Article B.3.3.1 Handling of cash in Euros**

1. Payments of guarantees in cash to CC&G in excess of margins requested must be made by *Clearing Members* or by *Settlement Agents* who use their services, by crediting the *CC&G PM Account* in *Target2 System* by the method indicated in Annex B.411, letter B).
2. Payments received within the timetable set out in Annex B.331 shall be used to determine the amount to be paid, pursuant to Article B.4.1.1, on the following *CC&G open day*.
3. The *Clearing Member* (or its *Settlement Agent* for cash, who is so delegated pursuant to Article B.1.1.7) may request from CC&G:
  - a) the credit of currently available sums to the *Clearing Member PM Account* in *Target2 System* or that of its *Settlement Agent*,
  - b) the transfer of the said sums between accounts of the same Member within the System.
4. The applications indicated at paragraph 3 may be sent through the *ICWS* or, in the event of its malfunction, by sending the form provided at Annex B.331A to by fax CC&G.
5. The applications indicated at paragraph 3, letter a), may be sent as a permanent request, by forwarding an appropriate application to CC&G in original, advanced via *ICWS* or, in the event of its malfunction by fax, using the form provided at Annex B.331B.
6. Applications pursuant to paragraph 3 received within the timetable set out in Annex B.331 shall be paid on the same day, by the method set out in Annex B.411 letter C). Applications received outside the said term shall not be executed.
7. The rate of interest recognised by CC&G on the available funds deposited in cash pursuant to this article shall notified to *Members* through the CC&G Internet site.

## Article B.3.3.2 Handling of Financial Instruments

1. The *Financial Instruments* that may be deposited pursuant to Article B.4.3.1, paragraph 1(b), of the *Regulations* and the related concentration limits specified in Article B.4.3.1, paragraph 3(b), of the *Regulations* shall be indicated in Annex B.332.
2. The deposit of *Financial Instruments* must be made to the securities accounts of Article B.3.3.5.
3. The financial instruments indicated at paragraph 1 shall be deposited in accordance with the terms in Annex B.331, informing CC&G in advance via email. In this case the Financial Instruments shall be used to determine the amount to be paid, pursuant to Article B.4.1.1 on the following *CC&G open day*.
4. The *Financial Instruments* indicated at paragraph 1 shall be considered when determining the *Margins* to be paid pursuant to Article B.4.1.1 only up to the fourth calendar day inclusive before their maturity.
5. The valuation for guarantee purposes of financial instruments pursuant to paragraph 1 shall be carried out according to the calculation criteria and according to the schedule set out at Annex B.332.
6. *Clearing Members* (or their *Settlement Agents* for the *Centralized Depository Service* so mandated pursuant to Article B.1.1.7) may request that CC&G withdraw the *Financial Instruments* indicated at paragraph 1 that are deposited and currently available in securities accounts referred to in subsequent Article B.3.3.5 or the transfer of the said *Financial Instruments* between accounts of the same *Member* within the *System*.
7. The applications indicated at paragraph 6 may be sent through the *ICWS* or, in the event of its malfunction, sent to CC&G by fax, using the form provided at Annex B.332A or, if the withdrawal of the *Financial Instruments* is possible only following the deposit of new *Financial Instruments* and/or cash, using the form provided at Annex B.332B, according to the rules indicated in the same annex.
8. Requests of withdrawal and transfer received by the timetable established in Annex B.331 shall be paid on the same day; those received subsequently are taken into consideration exclusively on the following *CC&G open day* and shall be executed during that day, provided that the entire quantity of the *Financial Instruments* subject to the transfer request are still available. Requests of withdrawal following the deposit of new *Financial Instruments* and/or cash received by the timetable established in

Annex B.331 shall be executed on the same day; those received subsequently are not executed. CC&G shall proceed to transfer the *Financial Instruments* by the methods indicated at Annex B.411, letter E).

9. According to the regulations of the *Centralized Depository Service*, amounts relating to the accrued interest on *Financial Instruments* deposited and redeemed capital shall be credited, on the instructions of CC&G, by the said *Centralized Depository Service* to the *Settlement Agent* or in their absence the *Clearing Member* concerned.

### **Article B.3.3.3 Handling of assets underlying options on individual shares and stock futures with physical delivery**

1. The deposit of underlying shares to cover *Contractual Positions* in short “call” options and *Contractual Positions* in short stock futures with physical delivery is made by *Members* or their *Settlement Agents* only for amounts equal to, or whole multiples of, the number of underlying shares provided by the corresponding *Contractual Scheme*.
2. The deposit of shares shall be made to the securities accounts indicated at Article B.3.3.5.
3. Shares deposited within the timetable indicated at Annex B.331 are used to cover the respective short “call” *Contractual Positions* in options on shares, or the short *Contractual Positions* in stock futures, on the basis of the allocation chosen by the Member pursuant to Article B.3.3.6. The *Contractual Positions* guaranteed by underlying shares are defined as “covered positions”.
4. Short “call” *Contractual Positions* in options on shares are covered according to the following priorities:
  - a) priority is given to covering the *Contractual Positions* that, at the end of each trading day, have a higher daily settlement price, followed by those with lower prices. For assigned options, instead of the daily settlement price, the *In-The-Money Amount* is considered, which is conventionally equal to the difference between the reference price of the underlying asset – as defined in the Regulations for *Markets* organised and managed by the *Management Companies* with whom CC&G has stipulated an appropriate agreement – and the strike price. Where the daily settlement price or the *In-The-Money Amount* are equal, the *Contractual Positions* with greater residual time of on the day of maturity of the option contract are covered.

- b) where the daily settlement price or *In-The-Money Amount* and the maturity times are equal, the *Contractual Positions* with a lower strike price are covered.
5. Short *Contractual Positions* in stock futures are covered according to the following priorities:
- a) priority is given to covering the *Contractual Positions* relating to the maturity on which a greater number is open;
  - b) when short *Contractual Positions* opened on different maturities are equal, priority is given to covering the *Contractual Positions* with more residual time until maturity.
6. Shares allocated to cover short “call” *Contractual Positions* in options on shares and those allocated to cover short *Contractual Positions* in stock future are tied to satisfy obligations to the *Settlement Services*, therefore the *Member* is not obliged to forward the said shares to the *Settlement Services*. This obligation applies:
- a) in case of assignment of short “call” *Contractual Positions* in options on the same underlying assets;
  - b) if short *Contractual Positions* in stock future, with the same underlying assets are present at closing on the day of maturity.
7. The tied shares shall continue to be used to cover *Contractual Positions* by the methods indicated at paragraphs 4 and 5:
- a) between the day of assignment, deriving from the exercise of the option by CC&G, and the day of settlement at the *Settlement Services*;
  - b) between the day of maturity of the stock future contract and the day of settlement at the *Settlement Services*.
8. *Clearing Members* (or their *Settlement Agents* for the *Centralized Depository Service*, so mandated pursuant to Article B.1.1.7) may apply to CC&G through the ICWS, or, in the event of its malfunction by forwarding to CC&G the form provided at Annex B.333 by fax, for the withdrawal for settlement of non-tied shares existing in securities accounts referred to in subsequent Article B.3.3.5 or for the transfer of such *Financial Instruments* between accounts of the same *Member* within the *System*.

9. The applications indicated at paragraph 8, received within the timetable set out in Annex B.331, shall be executed by the method set out in Annex B.411, letter E):
  - a) the same day, for shares not used to cover *Contractual Positions*;
  - b) the *following CC&G open day*, for shares used to cover *Contractual Positions*, provided that initial Margins have been previously deposited for them.
10. The applications indicated at paragraph 8, received after the timetable set out in Annex B.331, shall be taken into consideration on the following *CC&G open day* and shall be executed according to the rules indicated at paragraph 9 and by the method set out in Annex B.411, letter E).
11. According to the rules of the *Centralized Depository Service*, amounts relating to distributed dividends on deposited shares shall be accredited, on CC&G's instructions, by the said *Centralized Depository Service* to the *Settlement Agent* or in its absence, to the *Clearing Member* concerned.

#### **Article B.3.3.4 Use of guarantees**

1. The guarantees indicated at Article B.3.3.1 and at Article B.3.3.2 may be used without discrimination for the purposes of covering the *Margins* relating to all *Sections*.

#### **Article B.3.3.5 Securities Accounts**

1. The *Financial Instruments* indicated at Article B.3.3.2 and Article B.3.3.3 shall be deposited in the CC&G securities accounts at a *Centralized Depository Service*, sub-registered in the *Clearing Member's* name and possibly further sub-registered in the name of the *Client* or, in the case referred to in Article B.3.3.3, of the *Trading Client* for which provision has been made for the registration of *Contractual Positions* pursuant to Article B.3.1.2, paragraph 2, of the *Regulations*.
2. In order to open the said securities accounts sub-registered as described above, the *Clearing Member* shall send an appropriate form, available from the CC&G Internet site, to CC&G, with prior notice of at least five CC&G open days. CC&G shall notify the *Clearing Members* of the details of securities accounts sub-registered in its name and of its *Clients* and *Trading Clients*, if any.

3. CC&G may close the securities accounts if they are not used for a period of six months, giving notice of it to the *Clearing Member*.

#### **Article B.3.3.6 Allocation of deposited shares**

1. Shares deposited in the CC&G securities accounts indicated at Article B.3.3.5, are automatically allocated to cover the short “call” *Contractual Positions* in options on shares registered in the accounts indicated at Article B.3.1.2, paragraphs 1 and 2, of the *Regulations*.
2. *Clearing Members* – by the deadlines established at letter E) of Annex B.211, and using the *BCS* - may change the allocation of the deposited shares:
  - a) from the cover of short “call” *Contractual Positions* in options on shares, to the cover of short *Contractual Positions* in stock futures with physical delivery;
  - b) from the cover of short *Contractual Positions* in stock futures with physical delivery, to the cover of short “call” *Contractual Positions* in options on shares;
  - c) from the cover of *Contractual Positions* registered in the account, to the cover of *Contractual Positions* registered in a sub-account of the same account;
  - d) from the cover of *Contractual Positions* registered in a sub-account, to the cover of *Contractual Positions* registered in the relevant account;
  - e) from the cover of *Contractual Positions* registered in a sub-account, to the cover of *Contractual Positions* registered in another sub-account of the same account.
3. In the event of malfunction of the *BCS*, *the Member* may forward the allocation change request to CC&G via *ICWS* or, in the event of its malfunction, by fax, by the same deadlines as indicated at paragraph 2, using the form set out at Annexes B.336.
4. Requests pursuant to paragraph 2 relating to *Contractual Positions* of a *Trading Client* may be forwarded:
  - a) by the *General Clearing Member* or,



- b) by the *Trading Client* mandated pursuant to Article B.1.2.3, paragraph 2.
5. Changes in allocation are not allowed if the shares are tied to satisfy obligations to the *Settlement Services*, pursuant to Article B.3.3.3, paragraph 6.

## CHAPTER B.4 Daily Settlement

### Article B.4.1.1 Daily Settlement

1. The amount of cash to be paid daily in euro shall be reported by *CC&G* to each *Clearing Member* and to *Settlement Agents* by means of the *Reports*, the *Notice of Payment* and through the “Daily payments accounting system” set out at Article B.9.1.2.
2. Payments in euros under paragraph 1 must be made by *Clearing Members* or by *Settlement Agents*, ensuring its own *PM Account* in *Target2 System* has sufficient funds within the period established by Article B.5.1.1 of the *Regulations* and by the methods indicated in Annex B.411, letter A).
3. *CC&G* makes payments in euro to the corresponding *PM Account* in *Target2 System* of *Clearing Members* or *Settlement Agents*, by the methods indicated in Annex B.411, letter C).
4. The determination of the amount of cash to be paid in euro, due in relation to the final settlement of differentials and other item, defined in currencies other than the euro, takes place on the basis of the change which applies to *CC&G* by the intermediary appointed for the purchase or sale of the currency.

## **CHAPTER B.5 Final settlement of Contractual Positions of Cash Sections and the X-COM Section**

### **Article B.5.1.1 Final settlement of Contractual Positions of Cash Sections**

1. The *Contractual Positions*, whose settlement date is after the trade date, shall be sent:
  - a. to the *Settlement Services* managed by an entity authorized pursuant to Article 69 of the Consolidated Law on Finance at the end of the day prior to the settlement date, for the *Contractual Positions* of the *Sections* other than the *ICSD Bond Section*;
  - b. to the *Settlement Services* managed by *Foreign Entities* on the open days of the *TARGET2 System*, within the time limits indicated in Annex B.511A of the day prior to the settlement date, for the *Contractual Positions* of the *ICSD Bond Section*.
2. The *Contractual Positions*, for which the *Contractual Scheme* makes provision for the settlement to occur on the trade date, shall be sent to the *Settlement Services* right after the conclusion of the contract.
3. *Contractual Positions* in the *Cash Section* may be partially settled, in the manner indicated in Annex B.511B.
4. Requests to change or cancel *Contractual Positions*, sent to the *Settlement Services* and awaiting settlement or not settled within the time limits established by the *Contractual Scheme*, may be sent to the *Settlement Services* only by CC&G. In the event of requests for cancellation sent by a *Member*, the provisions of Chapter B.7 shall apply.

### **Article B.5.1.2 Final settlement of Contractual Positions of the X-COM Section**

1. The *Contractual Positions*, whose settlement date is after the trade date, shall be sent to the *Collateral Management Service* immediately after the acquisition of the contract concluded on the *Market*.
2. The settlement of such *Contractual Positions* shall be by delivery of *Non-Derivative Financial Instruments* belonging to the following categories:

- a) bond debt issued by a State (government securities) or a supranational entity;
- b) bond debt issued by a company (corporate securities) for which the issuer is an industrial company, a bank or a local authority;
- c) bond debt deriving from a securitization (mortgage securities);

Infungible, perpetual and extendible Financial Instruments and certificates shall be excluded and those in relation to which there are close-links between the Participant who delivers the instruments and the persons identified in the provisions of Part IV, Title III of the Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 and subsequent amendments.

3. Financial instruments listed in paragraph 2 shall satisfy the following requirements:

- a) eligible for collateralization with the ECB;
- b) eligible for admission to the central security depository service managed by the Monte Titoli;
- c) availability of at least one rating among those used by the *X-Com Service*;
- d) the issuer belongs to a country included in the list of eligible countries provided in Annex B.512;
- e) respect of minimum risk indicator for the financial instrument/issuer specified in Annex B.512;
- f) evaluable by the *X-COM Service*;
- g) availability from the *X-COM Service* of a price that shall not be older than 5 days;
- h) availability of information ensuring that close links do not exist between the *Member* that delivers the instruments and the persons identified in the provisions of Part IV, Title III of the Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 and subsequent amendments.

4. *Participants* making available the financial instruments referred to in paragraph 2 letter c) for the settlement of the *Contractual Positions* taken within the X-COM Section must declare that in relation to these instruments there are no *close-links* with the subjects identified in the provisions of Part IV, Title III of the Guideline (EU) 2015/510 of the European Central Bank of 19th December 2014, and subsequent amendments.

5. If the conditions related to close links mentioned in the declaration referred to in paragraph 4 change, the *Participant* must promptly notify CC&G and shall immediately activate the process of recalling and replacing the relevant financial instruments, within the *X-COM Collateral Management*

*Service*. In this case CC&G may request margins pursuant to Article B.4.1.3 of the Rules.

6. The deliverable *Non-Derivatives Financial Instruments* for purposes of this paragraph shall also comply with the concentration limits established by CC&G and reported on its website [www.lseg.com/ccg](http://www.lseg.com/ccg).
7. Buy Contractual Positions in the X-COM Section may be partially settled within the limits of the securities received from CC&G, and in compliance with the minimum quantities indicated in Annex B.512.
8. Requests to change or cancel *Contractual Positions*, sent to the *Collateral Management Service* and awaiting settlement or not settled within the time limits established by the *Contractual Scheme*, may be sent to the *Collateral Management Service* only by CC&G. In the event of requests for cancellation sent by a *Member*, the provisions of Chapter B.7 shall apply.

#### **Article B.5.1.3 Manner of creating the balances to be settled at a Settlement Service**

1. The *Contractual Positions* whose settlement takes place at a *Settlement Service* managed by Monte Titoli are aggregated into bilateral balances calculated by the *Pre-settlement Service*, pursuant to Article B.11.1.1, in the manner indicated in its rules.
2. The *Contractual Positions* whose settlement takes place at a *Settlement Service* managed by a *Foreign Entity* are aggregated into bilateral balances calculated in the manner indicated in the *Manual for the creation of net balances for the ICSDs*. In this case The Pre-settlement information is made available by CC&G to the *Clearing Members* and the related *Settlement Agents* in the manner indicated in Article B.9.1.1.
3. The information on the settlement is provided to the *Clearing Members* or the related *Settlement Agents* by the *Settlement Service*.

#### **Article B.5.1.4 Final cash settlement in the event of default or service termination by the *Special Clearing Member* or the service termination by CC&G**

1. The determination of the price at which CC&G proceeds for cash settlement pursuant to Article B.6.2.2 bis, paragraph 1, point *iv*) and

paragraph 3 and Article B.6.2.5 paragraph 2, point iii), of the *Regulations* is carried out according to the methods and criteria for the valuation of variables specified in the Annex B.514. These methods and criteria are aimed to assign a market value at which to settle the contractual positions on the cash settlement date. The price should be representative of the economic value of the underlying financial instruments and the future cash flows at the date of the cash settlement.

## CHAPTER B.6 Exercise of options and settlement of Contractual Positions in Derivatives Sections

### Heading B.6.1 Exercise of options of the Equity Derivatives Section

#### Article B.6.1.1 Early exercise

1. *Clearing Members* may forward a request for early exercise of the options to *CC&G*, where this right is provided by the *Contractual Scheme*, by the deadline indicated at letter A) of the Annex B.611, through the *BCS*. Applications for early exercise received before the said term shall have effect on the day of receipt, while those received after the said term shall not be executed.
2. In the event of malfunction of the *BCS*, the application, may be sent via *ICWS* or, in the event of its malfunction, by fax, by sending the form provided at Annex B.611A.
3. The applications indicated at the previous paragraph are not accepted if forwarded for a number greater than the *Contractual Positions* opened on the same *Series* in the name of the *Member* concerned.
4. Adjustments or revocations of applications for early exercise may be made, only within the deadline indicated at letter A) of the Annex B.611, by forwarding an appropriate application to *CC&G* through the *BCS*. Applications received by the deadline indicated above shall be executed on the day of receipt, while those received after the said term shall not be executed. The provisions of paragraph 2 shall also apply to such applications.
5. Options shall be understood as exercised with respect to *CC&G* on expiry of the term provided in letter A) of the Annex B.611 and from that moment they shall no longer be revocable or amendable. Subsequently, on the same business day as the application for early exercise, *CC&G* shall exercise the corresponding strike rights pursuant to Article B.5.2.5 of the *Regulations*, notifying *Members* concerned through the *BCS*. Where the said notice concerns *Contractual Positions* of a *Trading Client*, it shall be forwarded also to the said *Trading Client*.

## Article B.6.1.2 Exercise at maturity

1. At the end of the trading of the matured Series:
  - a) the option contracts matured are «In-the-Money», «At-the-Money» e «Out-of-the-Money» on the basis of the price or the value of the underlying asset, conventionally equal to:
    - for options on shares, at the reference price of the underlying share on the last day of trading;
    - for options on Stock Market indices, at the settlement price determined by the *Management Company*;
  - b) options considered «In-the-Money», shall be considered tacitly exercised by *Members* following the deadline indicated at letter B), point 2) of the Annex B.611 and are not required to be met, only when the *Contractual Scheme* sets out delivery of the underlying, via express request in accordance with paragraph 2;
  - c) options considered «At-the-Money» and «Out-of-the-Money» may be exercised, only when the *Contractual Scheme* sets out delivery of the underlying.
  - d) In the case the *Contractual Scheme* provides for the delivery of the underlying, CC&G forwards to *Clearing Members* the *Reports* which show whether the contracts are «In-the-Money», «At-the-Money» e «Out-of-the-Money», as indicated at letter a).
2. With reference to options whose *Contractual Scheme* provides the delivery of the underlying, prior to and not later than the deadlines indicated at letter B), point 1) of the Annex B.611, *Members* may forward to CC&G, for each account, sub-account and *Series*, express requests relating to the exercise (the so-called “exercise by exception”), through the *BCS*. In such cases, the request for “exercise by exception” must indicate the number of options that the *Member* intends to effectively exercise. Where the *Member* does not wish to exercise any option indicated in the list of «In-the-Money» options, the said *Members*’ request must indicate the number zero for “exercise by exception”.
3. In the event of malfunction of the *BCS*, the requests indicated at paragraph 2 shall be forwarded through *ICWS* or, in the event of its malfunction, via fax, by sending the form provided at Annex B.612.



4. If a request as indicated at paragraph 2 or 3 is effected for a number of options greater than the number of matured options, the said request shall not be accepted by CC&G, The rejection is immediately notified to the *Member* concerned through the *Trading System*.
5. Adjustments or revocations of requests for “exercise by exception” may be received by CC&G within the deadlines indicated at letter B), point 1) of the Annex B.6.11 through the *BCS*, by inserting a new request that cancels and replaces the previous one. In the event of malfunction of the *BCS*, paragraph 3 shall apply.
6. The options are understood as exercised with respect to CC&G on the expiry of the deadline indicated in letter B), point 2) of the Annex B.6.11, and from that moment are not revocable or amendable. On the same day, and after the expiry of the said deadlines, CC&G shall:
  - a) exercise, pursuant to Article B.5.2.5 of the Regulations, the corresponding rights of option, taking account of the requests for “exercise by exception” received by Members pursuant to the preceding paragraphs;
  - b) forward the notice of *Contractual Positions* in assigned options to the *Members* concerned through the *BCS*: the same information is also sent through the *Reports* to *Clearing Members* and to *Trading Clients* authorized pursuant to Article B.1.2.3, paragraph 4.

## ***Heading B.6.2 Exercise of physical delivery option for the Energy Derivatives Section Contractual Positions***

### **Article B.6.2.1 Exercise of physical delivery option for Contractual Positions in energy futures**

1. On the third CC&G *open day* prior to the delivery month *Clearing Members* may request the exercise of the physical delivery option for the *Contractual Positions* in energy monthly futures as envisaged in their *Contractual Scheme*.
2. The application indicated in paragraph 1, shall be made through the *BCS* by forwarding to the *Qualified Member* a transfer request of the *Contractual Positions* to be exercised, by the deadline indicated at Annex B.6.21, according to the terms pursuant Article B.2.1.3 paragraph 1 letter c).

3. In the event of malfunction of the *BCS*, the application indicated at paragraph 1 shall be made via *ICWS* or, in the event of its malfunction, by fax using the form set out in Annex B.213A1.
4. If the request, as indicated in paragraph 1, is not forwarded by the stated deadlines or for a number of greater than the *Contractual Positions* opened on the same *Series* in the name of the *Member* concerned, shall not be accepted by *CC&G*. The *Contractual Positions* registered in the client accounts of the *Clearing Member* can be amended pursuant to Article B.2.1.2.
5. The application indicated at paragraph 1, is perfected only after the acceptance of the transfer request indicated at paragraph 2, by the *Qualified Member* within the deadlines stated in Annex B.621.
6. Acceptance or rejection related to transfer requests, pursuant to paragraph 2, are notified by *CC&G* to the *Members* through the *BCS*.

### ***Heading B.6.3 Final settlement of Contractual Positions of the Equity Derivatives Section with consignment of underlying assets***

#### **Article B.6.3.1 Options on individual shares**

1. Before 9.00 am on the *Market* trading day following the exercise, *CC&G* shall communicate to each *Clearing Member*, through the *Reports*, and to the *Settlement Agent*, the amounts of shares in “delivery” (or in “withdrawal”) to them, and the corresponding countervalue to be received (or paid).
2. The obligation to “consign” shares indicated at paragraph 1 shall be considered discharged by the *Member* where the underlying shares have been previously deposited, according to the provision of Article B.3.3.3.

#### **Article B.6.3.2 Stock Futures with physical delivery**

1. Before 9.00 am on the *Market* trading day following the maturity of the contract, *CC&G* shall communicate to each *Clearing Member*, through the *Reports*, and to the *Settlement Agent*, the amounts of shares in “consignment” (or in “withdrawal”) to them, and the corresponding countervalue to be received (or paid).

2. The obligation to “consign” shares indicated at paragraph 1 shall be considered discharged by the *Member* where the underlying shares have been previously deposited, according to the provision of Article B.3.3.3.

## **Heading B.6.4 Final settlement of differentials of Contractual Positions of the Equity Derivatives Section and the Energy Derivatives Section**

### **Article B.6.4.1 Settlement of Contractual Positions of the Equity Derivatives Section**

1. The settlement of the differential of *Contractual Positions* in options and futures on Stock Market indices and in stock futures with cash settlement is carried out on the *CC&G open day* following the day of maturity.

### **Article B.6.4.2 Settlement of Contractual Positions of the Energy Derivatives Section**

1. Settlement of the differential of the *Contractual Positions* of the *Energy Derivatives Section* is carried out on the *CC&G open day* following the last day of the *Delivery Period*.
2. If the last day of the *Delivery Period* falls on a day in which the market is closed, the settlement of the differential is made on the second *CC&G open day* following the last day of the *Delivery Period*.
3. In the event that the *Settlement Price* is communicated by the *Management Company* to *CC&G* after the *CC&G open day* preceding the day of settlement of the differential, it shall be settled on the *CC&G open day* following that on which the communication is received.

## **Heading B.6.5 Final settlement of the Contractual Positions of the Agricultural Commodity Derivatives Section**

### **Article B.6.5.1 Definition of the days relevant for the final settlement of the Contractual Positions of the Agricultural Commodity Derivatives Section**

1. For the final settlement of the *Contractual Positions* of the *Agricultural Commodity Derivatives Section* the days referred to in Article B.5.2.7 et seq. of the *Regulations* shall be as follows:
  - a. the “day for monitoring Positions” shall be the tenth trading day before the maturity day of the contract specified in the *Contractual Scheme* (T-10);
  - b. the “day for attesting the covering of sales positions”, shall be the fourth trading day before the “maturity day” of the contract specified in the *Contractual Scheme* (T-4);
  - c. the “period for the late attestation of the covering of sales positions” shall be the period from the “day for attesting the covering of sales positions” to the first *CC&G open day* after the “maturity day” (i.e. from T-3 to T+1);
  - d. the “maturity day” shall be the maturity day of the contract specified in the *Contractual Scheme*, i.e. the tenth day of the maturity month or, if this is a non-trading day, the first subsequent trading day (T);
  - e. the “first phase of alternative delivery” shall be the first *CC&G open day* after the “maturity day” of the contract (T+1);
  - f. the “second phase of alternative delivery” shall be the second and third *CC&G open days* after the “maturity day” of the contract (T+2 and T+3);
  - g. the “last delivery day” shall be the tenth *CC&G open day* after the “maturity day” (T+10).

### **Article B.6.5.2 Settlement of the Contractual Positions of the Agricultural Commodity Derivatives Section – Covering of sales positions**

1. The covering of *Contractual Positions in Delivery* shall be attested by the selling *Clearing Member* on the basis of the deposit certificate issued by the silo(s) referred to in Article B.6.5.4, paragraph 1.

2. Pursuant to Article B.5.2.8 of the *Regulations*, the information on the covering of *Contractual Positions in Delivery* shall be provided by *Clearing Members* to CC&G by sending Annex B.652 via ICWS or, in the event of its malfunction, via fax.
3. The notification of the covering of *Contractual Positions in Delivery* referred to in Article B.5.2.8, paragraph 2, of the *Regulation* must be made at the latest by 12:00 on the last day of the “period for the late attestation of the covering of sales positions”.

### **Article B.6.5.3 Settlement of the Contractual Positions of the Agricultural Commodity Derivatives Section – Alternative delivery and matching**

1. *Members* whose *Clients* intend to adopt alternative delivery methods, as provided for in Article B.5.2.9, paragraph 1, of the *Regulations* shall notify the *Contractual Positions in Delivery* to be delivered by an alternative method to CC&G by 15:00 of the “first phase of alternative delivery” by sending Annex B.653A via ICWS or, in the event of its malfunction, via fax.
2. Upon receiving the notification, CC&G shall close the *Contractual Positions* to be delivered by an alternative method.
3. On the CC&G *open day* after the “first phase of alternative delivery” CC&G shall send *Reports* informing each Member of the matching of their *Positions*, those of their *Clients*, and those of the latter’s *Indirect Clients*.
4. As provided for in Article B.5.2.9, paragraph 4, of the *Regulations*, in the “second phase of alternative delivery”, Members may again agree to adopt alternative delivery methods in connection with the matches notified by CC&G. By 15:00 on the last day of the “second phase of alternative delivery” the latter shall send CC&G via ICWS or, in the event of its malfunction, via fax the Annex B.653B referred to above, duly signed by both *Members*. Upon receipt of the notification, paragraph 2 shall apply.

### **Article B.6.5.4 Settlement of the Contractual Positions of the Agricultural Commodity Derivatives Section – Delivery procedure**

1. For the purposes of the final settlement of the *Contractual Positions* of the *Agricultural Commodity Derivatives Section*, the underlying shall be delivered at the silos specified in Annex B.654.

2. In exceptional cases, in which it is not possible to store the goods at the silos referred to in paragraph 1, for space or other reasons, CC&G may indicate alternative sites for delivery in a *Notice*, specifying the procedures to be followed, or may postpone the deadline for the delivery referred to in Article B.5.2.10, paragraph 2, of the *Regulations*.
3. If the contract cannot be executed for reasons of *force majeure*, CC&G shall carry out differential settlement in accordance with Article B.6.5.6.
4. The withdrawal of the underlying in executing the *Contractual Positions in Delivery* shall take place starting from the fourth CC&G *open day* after the maturity day of the contract, for minimum contracts of 50 tons with a tolerance of  $\pm 20$  kg for each loaded truck. The withdrawal of the underlying must be preceded by the notification to the silos of the time and manner of the withdrawal.
5. The withdrawing party, via its *Clearing Member*, shall promptly notify CC&G of the withdrawal of the goods and the acceptance thereof or the application of Article B.6.5.5. The notification shall be made by sending Annex B.654A via *ICWS* or, in the event of its malfunction, via fax.
6. Pursuant to Article B.5.2.10, paragraph 4, of the *Regulations*, payment for the goods withdrawn shall be made in the manner agreed between the parties, in a way that allows the seller to receive the means of payment by 12:00 on the third business day after the day on which the goods were withdrawn or accepted in accordance with the previous paragraph.
7. By 18:30 on the day of receiving payment, the delivering party, via its *Clearing Member*, shall notify CC&G of the settlement of the contract. The notification shall be made by sending Annex B.654B via *ICWS* or, in the event of its malfunction, via fax.

### **Article B.6.5.5 Settlement of the Contractual Positions of the Agricultural Commodity Derivatives Section – Contesting the quality of the underlying**

1. Pursuant to Article B.5.2.10, paragraph 3, of the *Regulations*, for the purpose of verifying the quality of the underlying, the withdrawing party, at its expense, may request one of the entities identified by CC&G in Annex B.655 to take 5 samples of wheat from each loaded truck.
2. The samples, taken as provided for in paragraph 1, may be used by the withdrawing party to request the AGER laboratory in Bologna to perform appropriate analyses. In such case, the *Member*, within the following day,

shall request the entity referred to in the previous paragraph to send the samples promptly to the AGER laboratory in Bologna and shall inform CC&G accordingly. The absence of the notification to CC&G within the above time limits shall entail full acceptance of the goods. The notification shall be made in the manner specified in paragraph 5 of Article B.6.5.4.

3. CC&G and the withdrawing *Clearing Member* shall examine the results of the analyses performed by the AGER laboratory in Bologna showing the conformity or otherwise of the quality of the wheat with that of the underlying specified in the *Contractual Scheme*.
4. If the quality of the goods conforms with that of the underlying specified in the *Contractual Scheme*, the withdrawing party must make payment for the goods withdrawn by the end of the business day following the AGER laboratory's notification.
5. If the quality of the goods does not conform with that of the underlying specified in the *Contractual Scheme*, CC&G shall declare the delivering *Member* in default in accordance with Article B.5.2.10, paragraph 7, of the *Regulations*. The withdrawing *Member* must return the goods in a manner to be agreed with the counterparty and CC&G shall be relieved of its obligations vis-à-vis the *Members*.
6. If for reasons of *force majeure*, the AGER laboratory in Bologna is unable to perform the analyses requested within 7 business days of the delivery of the samples, CC&G may arrange for the analyses to be performed by another laboratory that it shall identify.

#### **Article B.6.5.6 Settlement of the Contractual Positions of the Agricultural Commodity Derivatives Section – Differential settlement**

1. In the case of default, in accordance with Article B.6.2.1, paragraphs 1(c) and 2, of the *Regulations*, final settlement shall be by settlement of the cash differential. In such case the *Settlement Price* shall be calculated in accordance with Annex B.656.



## CHAPTER B.7 Fail, Buy-In and Sell-Out

### Article B.7.1.1 Management of *Failed Contractual Positions* in the *Cash and Derivative Sections*

1. Clearing in each of the accounts indicated at Article B.3.1.2 of the *Regulations* shall not apply to *Failed Contractual Positions*, with the exception of the provisions stated in paragraph 6.
2. *Failed Contractual Positions* are registered into accounts indicated at Article B.3.1.2 of the *Regulations* according to the rules indicated at Annex B.711.
3. CC&G delivers the *Non-Derivative Financial Instruments* to the *Member* in bonis when the failed entries are settled within the terms and by the methods indicated in Articles B.7.1.2 and B.7.1.3.
4. CC&G may defer the “end of validity” of the settlement failed instruction if, on the “end of validity date” the conditions to enable the execution of the *Buy In* indicated in Article B.7.1.3, do not exist since, taking into account the matching mechanism performed by the instructions of the Settlement System, at the instruction of the in bonis *Member* does not correspond an instruction of an in malis *Member*, or when in correspondence of the failed instruction has been settled an instruction of the same *Member* with following settlement date on the same *Non-Derivative Financial Instruments*. In this latter case *Participants* shall forward to CC&G the request for deferral using Annexes B.711A, B.711B, B713F e B713G. CC&G shall inform the *Member* of the modification of the terms and methods of delivery of the *Non-Derivative Financial Instruments*.
5. In order to reduce financial risk and in extraordinary cases, where CC&G does not succeed in delivering *Financial Instruments* withdrawn in the *gross settlement* process due to a settling counterparty’s lack of cash, CC&G may cancel or request the company that manages the *Settlement Services* to suspend all further *Financial Instrument* delivery operations in favour of the said counterparty, possibly including the suspension of *Financial Instrument* withdrawal operations from other settlement counterparties for quantities commensurate with the suspended delivery operations.
6. In exceptional cases, according to the terms and methods communicated by CC&G, as a general rule or on case-by-case basis, the compensation of *Failed Contractual Positions* of the same *Member* will be allowed if :
  - a) the settlement date of the receive transaction is prior to the settlement date of the delivery transaction;

- b) the settlement date of the delivery transaction is prior to the settlement date of receive transaction, if the delivery transaction is originated by an early exercise of a short call option and the settlement date of the receive trade is originated by a trade executed the following day when the market is open.

## **Article B.7.1.1-*bis* Management of Failed Contractual Positions in the X-COM Section**

1. *Failed Contractual Positions* are registered in the accounts indicated in Article B.3.1.2 of the *Regulations*.
2. *Failed Contractual Positions* for the failure to deliver *Non-Derivative Financial Instruments* must be settled by the fifth day after the *Spot settlement date* (L+5) and in any case within the day before the *Forward settlement date*.
  - a) carry out the clearing of *Failed Contractual Positions* and *Contractual Positions* with a *Forward settlement date* referring to the same contract
  - b) request the company that manages the *Collateral Management Service* to cancel the settlement instructions relative to the contract traded on the *Market* for the cleared part;
  - c) pay the *Member* in bonis:
    - i. for contracts concluded with positive rates, an amount equal to the total interests agreed in the original contract.
    - ii. for contract concluded with negative rates, an amount that shall consider the cost of the deposit at the Central Bank.

In the case of *Failed Contractual Positions* for the failure of deliver *Non-Derivative Financial Instruments*, resulting from contracts concluded with negative rates, settled after the *Spot settlement Date*, but by the terms of the paragraph 2, CC&G shall correspond to the *Member in bonis* an amount that will consider the cost of the deposit at the Central Bank.

3. *Failed Contractual Positions* for failure to deliver the cash must be settled at *spot settlement Date* (L+0). In the absence of such settlement CC&G shall apply the provisions of the preceding paragraph, letters a) and b), and shall correspond to the *Member in bonis*:
  - i. for contracts concluded with positive rates an amount that takes into account of the cost of refinancing;
  - ii. for contracts concluded with negative rates an amount equal to the total interests agreed in the original contract.
4. The amounts referred to in the preceding paragraphs 2 and 3 are calculated and settled in accordance with Annex B.711 bis.

5. *Failed Contractual Positions* with a *Forward settlement date* shall be managed in the manner laid down in Articles B.7.1.2, B.7.1.3 and B.7.1.5. CC&G shall “deliver” *Non-Derivative Financial Instruments* to the *Member* in bonis after settlement of the failed items in accordance with the time limits and procedures laid down in Articles B.7.1.2 and B.7.1.3.

## Article B.7.1.2 Activation of Buy-In procedure

1. Except as provided for in Article B.7.1.1-*bis*, paragraphs 2 and 3, pursuant to Article B.5.3.2 of the Regulations, where *Failed Contractual Positions* are not settled due to failure to fulfill the obligation to deliver *Non-Derivative Financial Instruments* on the settlement date provided by the *Contractual Scheme*, CC&G notifies the activation of *Buy-in Procedure* to the *Clearing Member* affected by the *Failed Contractual Positions* by means of a report:
  - a) the CC&G *open day* following the settlement date (S+1) for shares of the *Share Section* and the *Equity Derivatives Section*;
  - b) the second CC&G *open day* following the *Forward Settlement Date* (S+2) for *Financial Instruments* of the *X-COM Section*;
  - c) the fourth CC&G *open day* following the settlement date (S+4) for *Financial Instruments* of the *Share Section* other than shares (convertible bonds, warrants, units of close-end funds, units of open-end funds, securitized derivatives financial instruments);
  - d) the seventh CC&G *open day* following the settlement date (S+7) for *Financial Instruments* of the *Bond Section* and for the *ICSD Bond Section*.
2. Without prejudice to the provisions of the following paragraphs, *Failed Contractual Positions* in the *Share and Derivative Sections* must be settled within the forth CC&G *open day* following the date of settlement provided in the *Contractual Scheme* (S+4) for *Financial Instruments* referred to in paragraph 1, letter a); the seventh CC&G *open day* following the date of settlement provided in the *Contractual Scheme* (S+7) for the *Financial Instruments* referred to in paragraph 1, letter c); the tenth CC&G *open day* following the date of settlement provided in the *Contractual Scheme* (S+10) for the *Financial Instruments* referred to in paragraph 1, letter d). For financial instruments of the *ICSD Bond Section*, CC&G may set a different time limit taking into account the open days of the payment systems of the currencies other than euro.
3. *Failed Contractual Positions* in the *X-COM Section* referred to in Article B.7.1.1-*bis*, paragraph 5, that provide for the delivery of *Non-Derivative Financial Instruments* must be settled not later than the fifth CC&G *open day* subsequent to the *Forward Settlement Date* (S+5).
4. In cases of urgency and for the purposes of protecting the System, CC&G may proceed to execution of the *Buy-In* starting on the CC&G *open day* following that of failure to fulfil the obligation to deliver (S+1). In cases where the *Contractual Positions in Fail* involve *Non-Derivative Financial Instruments* that are considered unavailable, CC&G may proceed to cash

settlement starting on day S+1, pursuant to Article B.7.1.3, paragraph 10, informing promptly the interested Members and Settlement Agents.

5. Provisions of this Article do not apply to *Contractual Positions* on option rights resulting from the corporate actions management of *Non Derivatives Financial Instruments Fail* object of *Fail Contractual Positions*.

### **Article B.7.1.3 Execution of the Buy-In procedure**

1. Without prejudice to the provision of Article B.7.1.2, paragraph 4, and when CC&G postpone the *Buy-In* execution to allow the *Buyer Protection* exercise, if the *Failed Contractual Position* is still not settled within the date indicated in Article B.7.1.2, paragraphs 2 and 3, CC&G shall proceed with the *Buy-In* on the following market day notifying the *Members* concerned by means of a report and appointing a *Buy-In Agent* pursuant to Article B.7.1.7.
2. Exclusively in the *Cash and Derivative Sections*, before proceeding to the execution of the *Buy-In*:
  - a) CC&G allows the in bonis *Clearing Member* to compensate the *Failed Contractual Positions* related to the same *Non Derivatives Financial Instruments* having:
    - settlement date of the withdrawal preceding the settlement date of the delivery by no more than two *CC&G open days*;
    - settlement date of the withdrawal preceding the settlement date of the delivery by no more than three *CC&G open days*, exclusively for *Non Derivatives Financial Instruments* for which the *Contractual Scheme* provides that the settlement takes place the third *CC&G open day* after the trading day;
    - settlement date of the delivery preceding the settlement date of the withdrawal, in case the delivery has been generated by an early assignment on a short call option and the withdrawal by an operation concluded on the following open market day;
  - b) the request of compensation can be submitted only on the end of validity date of the first one between the two *Fail Contractual Positions* which are meant to be compensated, according to the modalities indicated in the Annex B.713 and using the form at the Annex B.713A;
  - c) the request of compensation indicated at letter b) can be submitted by the *Settlement Agent*, in case the latter had been delegated by the *Clearing Member*; for this purpose, the *Clearing Member* submits to

CC&G the form at the Annex B.713B, in original anticipated via ICWS or, in the event of its malfunction, via fax;

- d) in case the management of the compensation has been delegated to a *Settlement Agent* by the *Clearing Member*, the *Settlement Agent* should advise CC&G about the persons authorised to undersign the request in the Annex B.713A, through the form at the Annex B.713C;
- e) in case the delivery having a settlement date following the one of the withdrawal had a nominal and/or countervalue higher than the withdrawal, CC&G shall submit into the *Settlement* an instruction for the residual;
- f) the possible cash residual arising from the compensation for the *Non-Derivatives Financial Instruments* which are settled in euro is paid by the *Clearing Member* or by CC&G within the *Daily Settlement* of the CC&G *open day* following the one when the compensation has taken place; for the *Non-Derivative Financial Instruments* which are settled in currency other than euro, the cash residual is paid by the *Clearing Member* or by CC&G within the *Daily Settlement* of the CC&G *open day* following the one on which CC&G communicates to the *Clearing Member* the value in euro of the cash residual, unless differently agreed by the parties;

3. Within the *Buy-In* procedure:

- a) CC&G reserves the right to accept the delivery of the *Financial Instruments*, by the *Clearing Member* in fail, upon his request, also in the period foreseen for the execution of the *Buy-In*, according to the timing and the methods provided in Annexes B713D1, B713D2, B713E, B713F e B713G;
- b) CC&G shall confer to the *Buy-In Agent* the order to buy, to the detriment of the *Clearing Member* in fail, the *Non-Derivatives Financial Instruments* not delivered by the latter by requiring the company that manages the *Settlement Services* or the *Collateral Management Service* to remove the failed settlement instructions;

4. If the *Buy-In Agent* does not succeed in buying the *Financial Instruments* the day CC&G has conferred the order referred to in paragraph 3, letter b), or only partially succeeds in doing so, he or she may buy them up to the second subsequent market day except in case of differing instructions from CC&G.

5. CC&G shall inform the following parties by means of a *report*:

- a) *Members* in fail and in bonis s of the status of the *Buy-In procedure*;

- b) *Members* on the amount in euro that must be payed to CC&G or that shall be received by CC&G if the countervalue of the *Non-Derivative Financial Instruments* bought by the *Buy-In Agent* is greater/lower than that of the original contracts, pursuant to Article B.5.3.2 of the Regulations.
6. CC&G receives the *Non-Derivative Financial Instruments* from the *Buy-In Agent* and delivers them to the *Member in bonis* on the settlement day equal to that of the *Non-Derivative Financial Instruments* bought by the *Buy-In Agent*.
  7. The *Non-Derivative Financial Instruments* subject to *Buy-In* are delivered starting from *Members* in bonis, also partially and in more than one settlement day, who are to receive a lesser quantity.
  8. The amount set out at paragraph 5, letter 4.b) must be paid by the *Member* affected by the *Failed Contractual Positions* to CC&G in the context of the *Daily Settlement* of the CC&G open day following that on which CC&G communicates to the *Clearing Member* the value of the amount.
  9. If the countervalue of the *Non-Derivative Financial Instruments* bought by the *Buy-In Agent* is smaller than that of the original contracts, the difference shall be recognized to the *Member* in bonis.
  10. If the *Buy-In Agent* does not succeed in buying the *Non-Derivative Financial Instruments* within the time frame provided by paragraph 4, CC&G shall consider the said *Non-Derivative Financial Instruments* to be objectively unavailable, and shall proceed with respect to the *Member in bonis*, as provided by the Annex B.713H, to arrange for cash settlement, the amount of which shall be charged to the *Member* affected by the *Failed Positions*. CC&G shall notify *Members* affected by the *Failed Positions* and in bonis of the method for determining the amount subject to cash settlement. This paragraph does not apply if the in bonis *Clearing Member* request CC&G not to provide the cash settlement in order to exercise the *Buyer Protection*; the request has to be notified to CC&G within the timeline and according to the form specified in Annex B.713H-bis.
  11. The cash settlement indicated at paragraph 10 shall occur in the context of the *Daily Settlement* of the CC&G open day following that on which the *Buy-In Agent* has been able to buy the *Non-Derivative Financial Instruments* or for the *Non-Derivative Financial Instruments* which are settled in currency other than euro, within the *Daily Settlement* of the CC&G open day following the one on which CC&G communicates to the *Clearing Member* the value in euro of the amount of the cash settlement.



12. Pursuant to Article B.5.3.2 of the *Regulations*, CC&G shall notify the *Member* affected by the Failed Positions of the costs incurred in the management of the *Buy-In Procedure*, which must be paid by the *Member* affected by the Failed Contractual Positions in the context of the *Daily Settlement* of the CC&G open day following that in which the notification was sent.
13. For the purposes of executing the Buy-In procedure, account shall be taken of the impact of the capital operations or operations of a general character indicated at Article B.3.1.6 of the *Regulations*.

#### **Article B.7.1.4 Buy-In procedure for Failed Contractual Positions of the Special Clearing Member**

1. Where the defaulting counterparty is a member of the *Special Clearing Member* of the *Bond Section*, the Buy-In is carried out by the *Special Clearing Member* within the timescale indicated at Article B.7.1.3, by its own methods. CC&G shall proceed to deliver the *Non-Derivative Financial Instruments* received from the *Special Clearing Member* to the *Member*, or, in the event of partial delivery or failure to deliver, to cash settlement.
2. The delivery, including partial delivery of the *Non-Derivative Financial Instruments* to the *Member* in bonis, shall take place, respecting the priority indicated at Article B.7.1.3, paragraph 7 after the cash/*Financial Instruments* balance is settled with the *Special Clearing Member*.
3. The cash settlement between CC&G and the member in bonis shall occur in the day on which the cash settlement between CC&G and the *Special Clearing Member* occurs.

#### **Article B.7.1.5 Sell-Out procedure**

1. If a *Member* does not withdraw *Financial Instruments* due to lack of cash, CC&G shall, pursuant to Article B.5.3.3 of the *Regulations*, CC&G shall proceed to the Sell-Out of the *Failed Contractual Positions* that are not settled included those suspended pursuant to article B.7.1.1, paragraph 5, notifying the *Member* in fail, cancelling or requesting the company that manages the *Settlement Service* or the *Collateral Management Service* to remove the security delivery operations in favour of the said counterparty not settled due to lack of cash and those suspended pursuant to article B.7.1.1, paragraph 5.
2. CC&G may, also taking account of the methods of functioning of the *Gross Settlement*, postpone the terms of the Sell-Out, notifying *Member* involved.

3. CC&G shall appoint a Sell Out Agent pursuant to Article B.7.1.7, to sell the *Non-Derivative Financial Instruments* delivered by the *Member* in bonis.
4. If the Sell Out Agent does not succeed in selling the *Non Derivative Financial Instruments* on the Sell Out execution day, or only partially succeeds in doing so, he or she may sell them on the subsequent trading day before 3 p.m.
5. CC&G shall inform the *Member* affected by the *Failed Contractual Positions* by report with respect to:
  - a) the status of the *Sell Out procedure*;
  - b) the amount in euro that it must pay CC&G, pursuant to Article B.5.3.3 of the *Regulations*, if the countervalue of the *Non-Derivative Financial Instruments* sold by the Buy-In Agent is lesser than that of the original contracts.
6. CC&G shall deliver the *Non-Derivative Financial Instruments* to the Sell-Out Agent in the context of the *Settlement Services* for the said settlement date, equal to that of the *Non-Derivative Financial Instruments* sold by the Sell-Out Agent.
7. The amount set out at paragraph 5, letter b) must be paid by the *Member* affected by the *Failed Contractual Positions* to CC&G in the context of the *Daily Settlement* of the CC&G open day following that in which the *Non-Derivative Financial Instruments* were sold by the Sell-Out Agent on which CC&G communicates to the *Clearing Member* the value of such amount.
8. If the countervalue of the *Non-Derivative Financial Instruments* sold by the Sell-Out Agent is higher than that of the original contracts, the difference shall be deducted by CC&G.
9. In the event of failure by the Sell-Out Agent to sell the *Non-Derivative Financial Instruments* within the time frame set out at paragraph 4, CC&G shall notify the *Member* affected by the *Failed Contractual Positions* of the original countervalue of the unsold *Financial Instruments* which, in order to cover losses, it is obliged to pay CC&G, by payment to CC&G *PM Account* in *Target2 System* within the *CCG Open Day* following that on which CC&G communicates to the *Clearing Member* the value in euro of such amount. On confirmation of payment CC&G shall deliver the *Non-Derivative Financial Instruments* to the *Member* affected by the *Failed Contractual Positions*.

10. CC&G shall notify the *Member* affected by the *Failed Contractual Positions* of the costs incurred in the management of the *Sell-Out Procedure*, and the costs incurred by CC&G for the financing of *Failed Contractual Position*, which must be paid by the *Member* affected by the *Failed Contractual Positions* in the context of the *Daily Settlement* of the CC&G open day following that on which the notification was sent.

### **Article B.7.1.6 Management of Contractual Positions**

1. The management of *Contractual Positions* of *Cash*, referred to in Article B.3.1.6 of the *Rules*, is carried out by CC&G on the basis of the management made by the *Settlement Service* or, in the absence of management by the *Settlement Service*, on the basis of criteria designed to minimize the distortionary effects of the event and to discourage the delayed delivery of *Financial Instruments* or cash, referred to in Annex B716A.
2. At the end of the *CC&G open day* preceding the date of the *Contractual Position* management referred to in paragraph 1, in case of a partial availability of *Financial Instruments*, CC&G reserves to itself the right to deliver these *Financial Instruments* to the in bonis counterparties having an older value date.
3. Where the interventions referred to in paragraph 1 provide for the transmission of a only-cash settlement instructions and the instruction is not settled within the intended settlement date, CC&G reserves to itself the possibility to request for the settlement in euro, in the context of the *Daily Settlement* referred to in article B.4.1.1. Furthermore, where the adjustment interventions referred to in paragraph 2 provide for the transmission of cash settlement instructions, CC&G communicates to the *Member* the eventual interests that CC&G has applied, that shall be paid by the *Member* in fail in the context of the *Daily Settlement* of the *CC&G Open Day* following the one on which the communications is forwarded.
4. The management of the *Contractual Positions* of the *X-COM Section* are carried out by CC&G, pursuant to Article B.3.1.6 of the *Rules*, and are carried out by CC&G based on the actions performed by X-COM Service. The *Failed Contractual Positions* subjected to *Buy-in* and *Sell out* procedures, are adjusted by CC&G based on criteria designed to minimize the distortionary effects of the event and to discourage the late delivery of the *Financial Instruments* or the cash and specified in the Annex B.716A
5. The management of *Contractual Positions* in this Article considers the possible *Buyer Protection* exercise, in Article B.7.1.8.

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### **Article B.7.1.7 Buy-In/Sell-Out agent**

1. Intermediaries who do not control or are not controlled, directly or indirectly by the *Clearing Member* affected by the *Failed Contractual Positions* and who do not belong to the same Group as the *Clearing Member* shall be appointed by CC&G as Buy-In and Sell-Out Agents.

## Article B.7.1.8 Buyer Protection

1. In case of *Failed Contractual Position* on *Non Derivative Financial Instruments* subject to a mandatory corporate event with option or to a voluntary corporate event, the in bonis *Clearing Member*, or the *Settlement Agent*, may notify to CC&G the option/s requested sending the Buyer Protection Notice, within the *CC&G open day* before the last day to send the election instructions as provided by the corporate event.
2. The Buyer Protection Notice has to be sent to CC&G via *ICWS* or, in the event of its malfunction, via fax, within the timeline in Annex B.718 and through the form in Annex B.718.B CC&G confirms the receipt of the Buyer Protection Notice with the same channel.
3. The in bonis *Clearing Member* shall modify the Buyer Protection Notice, notifying a new Buyer Protection Notice within the term in paragraph 1.
4. On the day in which the Buyer Protection Notice is received, within one hour of the timeline indicated in Annex B.718, CC&G assigns to the in malis *Clearing Members*, the Buyer Protection Notice received, according to a criteria aimed to minimize the number of assignments. The assignment is notified to the *Clearing Members* by means of a *Report*.
5. The assignment in paragraph 4 is terminated or is modified if, within the term in paragraph 1:
  - a. The in malis *Clearing Member* assigned delivers the *Non Derivatives Financial Instruments* for which the Buyer Protection was exercised. In this case the assignment is terminated;
  - b. The in malis *Clearing Member* assigned partially delivers the *Non Derivatives Financial Instruments* for which the Buyer Protection was exercised and the Buyer Protection provided for more than one option. In this case the assignment is terminated;
  - c. The in malis *Clearing Member* assigned partially delivers the *Non Derivatives Financial Instruments* for which the Buyer Protection was exercised and the Buyer Protection provided for only one option. In this case the assignment remain valid for the part unsettled;
  - d. The in bonis *Clearing Member* who notified the Buyer Protection Notice modify the Buyer Protection according to paragraph 3. In this case CC&G notifies the change of the Buyer Protection Notice to the in malis *Clearing Member* by means of a *Report*;

- e. In case of delivery of *Non Derivatives Financial Instruments* to the in bonis *Clearing Member* by a *Clearing Member* different from the in malis *Clearing Member* assigned, in virtue of the settlement systems process. In this case *CC&G* notifies the change of the Buyer Protection Notice to the in malis *Clearing Member* assigned by means of a *Report*.
6. If the *Failed Contractual Positions* for which the Buyer Protection has been exercised are not settled within the term in paragraph 1, *CC&G*:
- a) Requests to the *Settlement Service* to hold/delete the settlement instructions between the in malis *Clearing Member* assigned and *CC&G* and between *CC&G* and the in bonis *Clearing Member*, and
  - b) enters in the *Settlement Service* new settlement instructions between the same counterparties according to the Buyer Protection exercised.
7. In case the *Non Derivatives Financial Instruments* resulting from the corporate event are not delivered, *CC&G* activate the Buy-in procedure to the detriment of the in fail *Clearing Member* assigned.

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**The provisions on Buyer Protection for ISCD securities will enter into force with a subsequent notice.**

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## **CHAPTER B.8 Fees, Commissions and Interest**

### **Article B.8.1.1 Fees and commissions**

1. The amount of annual fees and commissions reported to *Members* is settled in the context of the daily settlement pursuant to Article B.4.1.1.

### **Article B.8.1.2 Value dates and Interest**

1. Payments received before 4 p.m. shall be assigned the rate prevailing on that day. After this time, the value of the following *CC&G open day* shall be recognized.
2. Interest pursuant to Articles B.3.2.1, paragraph 7, and B.3.3.1 paragraph 7, shall be paid at the end of each calendar quarter by crediting of *daily settlement*.

## CHAPTER B.9 Notice

### Article B.9.1.1 Transmission of information

1. CC&G makes information and data on the position of each *Member* available to *Members* – and as required to *Settlement Agents* –through the *Technological Infrastructure*. Some information is available by accessing the CC&G Internet site ([www.lseg.com/ccg](http://www.lseg.com/ccg)).
2. Where necessary, CC&G may issue the notices pursuant to paragraph 1 by fax or e-mail.

### Article B.9.1.2 Daily statement of payments

1. CC&G shall make the data regarding “Daily statement of payments” available to *Clearing Members* and *Settlement Agents* for cash in euros, by means of the national inter-banking network (RNI) and of the Swift network, the flow of which are set out in the *Technical Manual*. For this purpose, *Members* must submit to CC&G an application in the form available from the CC&G Internet site ([www.lseg.com/ccg](http://www.lseg.com/ccg)).

### Article B.9.1.3 Technological Infrastructure

1. CC&G makes the *Technological Infrastructure*, as described in the *Services Manual*, available to *Members* (and *Settlement Agents* so mandated pursuant to Article B.1.1.7, paragraph 1). The *Services Manual* indicates where use of the *Technological Infrastructure* is compulsory.



## **CHAPTER B.10 Management Company**

### **Article B.10.1.1 Equity Derivatives Section**

1. For the *Equity Derivatives Section*, the *Management Companies* with which CC&G currently has Agreements are:
  - Borsa Italiana S.p.A., exclusively for *Financial Instruments* traded on the IDEM Equity segment of the IDEM market.

### **Article B.10.1.2 Energy Derivatives Section**

1. *Management Companies* for the *Energy Derivatives Section* with which CC&G currently has agreements are:
  - Borsa Italiana S.p.A, exclusively for *Financial Instruments* traded on the IDEX segment of the IDEM market.
2. *Management companies* of commodity markets currently authorised to take part in the *Energy Derivatives Section* as *Qualified Member* are:
  - Gestore dei Mercati Energetici S.p.A.

### **Article B.10.1.3 Share Section**

1. The *Management Companies* for the *Share Section* with which CC&G currently has agreements are:
  - Borsa Italiana S.p.A., limited to *Non-Derivative Financial Instruments* traded on the MTA market, the MIV market, the ETFplus market, the Borsa Italiana Equity MTF market and related trading segments, with the exclusion of contracts for adhesion to share offers made on the market.

#### **Article B.10.1.4 Bond Section**

1. For the *Bond Section*, the *Management Companies* with whom CC&G has appropriate Agreements are:
  - Borsa Italiana S.p.A., limited to *Financial Instruments* traded on MOT *Market* – DomesticMOT segment;
  - MTS S.p.A., limited to Italian government securities traded on MTS *Market*;
  - ~~- EuroMTS Ltd, limited to Italian government securities traded on EuroMTS *Market*;~~
  - ICAP Electronic Broking Ltd, limited to Italian government securities traded on BrokerTec trading platform.
  - EuroTLX Sim S.p.A., limited to *Financial Instruments* traded on the EuroTLX multilateral trading facilities, settled in the *Settlement System* managed by Monte Titoli;
  - e-MID SIM S.p.A., limited to *Financial Instruments* traded on the e-MID Repo multilateral trading facilities, settled in the *Settlement System* managed by Monte Titoli;
  - Hi-MTF Sim S.p.A., limited to *Financial Instruments* traded on the Hi-MTF multilateral trading facilities, settled in the *Settlement System* managed by Monte Titoli.
2. The provisions of Article 2, paragraph 9, Article 3, paragraph 7, Article and 4, paragraph 9 of the *General Conditions Part II* apply to *Markets* managed by these companies.
3. With reference to the MTS Market, ~~the EuroMTS Market~~ and the BrokerTec trading platform, for the Italian government securities traded thereon, CC&G has entered into agreements with a *Special Clearing Member*.

#### **Article B.10.1.5 Agricultural Commodity Derivatives Section**

1. The *Management Companies* with which CC&G currently has agreements for the *Agricultural Commodity Derivatives Section* are:
  - Borsa Italiana S.p.A., exclusively for the *Financial Instruments* traded in the AGREX segment of the IDEM market.

### **Article B.10.1.6 ICSD Bond Section**

1. The *Management Companies* with which CC&G currently has agreements for the *ICSD Bond Section* are:
    - Borsa Italiana S.p.A., only for the *Financial Instruments* traded in the MOT Market – EuroMOT segment and in the ExtraMOT Market;
    - Hi-MTF Sim S.p.A., only for the *Financial Instruments* traded in the Hi-MTF multilateral trading facilities settled in the *Settlement Services* managed by Euroclear Bank S.A. and Clearstream Banking Luxembourg.
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*The date of entry into force of the following alinea shall be established in a subsequent Notice*

- EuroTLX Sim S.p.A., only for the *Financial Instruments* traded in the EuroTLX multilateral trading facilities settled in the *Settlement Services* managed by Euroclear Bank S.A. and Clearstream Banking Luxembourg.
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### **Article B.10.1.7 X-COM Section**

1. The *Management Companies* with which CC&G currently has *Agreements* for the *X-COM Section* are:
  - E-mid Sim S.p.a
  - MTS S.p.a.

## **CHAPTER B.11 Pre-settlement Service**

### **Article B.11.1.1 Pre-settlement Services**

1. Companies that manage the *Pre-settlement* Service, with whom CC&G has appropriate agreement, are:
  - Monte Titoli S.p.A., for the management of X-TRM Service.

## CHAPTER B.12 Centralized Depository Service

### Article B.12.1.1 Centralized Depository Service

1. Companies that manage the Centralized *Depository Service*, the *Members* must participate in, for the purpose of handling the *Margins* in *Financial Instruments* are:
  - Monte Titoli S.p.A..

## **CHAPTER B. 13 Settlement Services**

### **Article B.13.1.1 Settlement Services**

1. Companies that manage the *Settlement Services*, in which CC&G settles the *Contractual Positions*, are:

- Monte Titoli S.p.A.
- Euroclear Bank S.A. and Clearstream Banking Luxemburg.

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