
Market Notice

June 2nd 2014

CC&G: Default fund New MIC

Dear All,

As per anticipated in the consultations carried out with New MIC's Participants, in line with the new European Regulation 648/2012 (EMIR) and with the new CC&G Rules & Regulations applicable as of the **09th of June 2014**, CC&G approved the entry in force, as of the above mentioned date, of a Default Fund for the New MIC.

The Default Fund will substitute the current Mutual Fund, which is based on the 10% of the eligible securities posted by all Participants and would be used in case of Participant's default in the New MIC.

The total Amount of the Default Fund to be allotted periodically (usually on a monthly basis), amongst all Participants, will be defined based on the Stress Test results that will run on a regular basis. The attribution of Default Fund quotas will be determined based on the average monthly Exposures of the Participants.

With the entry in force of the Default Fund, the **09th of June 2014**, CC&G will initially ask to all Participants of the New MIC a minimum Contribution Quota of € 100.000.

Debtor Members or their Settlement Agents will have to fund their PM account in the TARGET2 System in order to allow CC&G to direct debit the amount due¹. The Debit Period will start at 9:00 and will end at 9:30 (CET) of the **09th of June 2014**².

Please note that the title used by CC&G for the payments will be **BOR-MMI**.

Moreover, we would like to remind you that, as of the **09th of June 2014**, the current mandatory minimum Contribution to the system will be abolished and the minimum percentage of Qualified Financial Instruments to be posted will be brought to 50%.

On CC&G's website www.ccg.it (Section New MIC / EMIR / Reporting) the following documents are also available:

- "Default Fund New MIC" that describes the methodology applied to calculate the Default Contribution Quota,
- "Default Fund New-MIC - Calculation details" that describes stress test scenarios used by CC&G for the New MIC,
- Parameters table for New MIC's Default Fund

¹ Through the Ancillary procedure n.3 (Bilateral Settlement).

² The debited amounts will be indicated to the Clearing Members or their relevant Settlement Agent by CC&G through the "Information Period" sent to Target2 System via ICM at 7:45 a.m.



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Would you require further information, please contact CC&G at:

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