

Monte Titoli

Instructions for the Client Fee Settlement Service (RCC)

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The Italian text shall prevail over the English version



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1 DEFINITION

The definitions referred to in Article 1 of the Rules are completely acknowledged in these Instructions with the same meaning, where not otherwise specified.

The following definitions apply to terms used in this document:

«Annexes»: the Service Manuals, the tariff system for Corporate Actions and the protocol for application of pricing for CAs, which is annexed to the Instructions;

«Correspondent Bank»: entity engaged by the Intermediaries ~~o by Issuers~~ to perform, on their behalf, **the function of receipt of fees from the Issuer** ~~accounting of funds between the Issuer itself and the Intermediary~~;

«RCC Paying Bank»: **the bank engaged by the Issuer to perform, on its behalf, the function of settlement of fees accruing intermediaries**;

«Agent Bank»: **entity engaged to settlement or receive the fees on behalf the Issuer or on behalf of the Intermediaries, when their respective RCC Paying Bank or Correspondent Bank not adhere to the TARGET2 System**;

«Corporate Action or CA»: corporate actions referring to which Intermediary fees are calculated;

«Evidence Ending Date»: **the settlement day of expiry, i.e. the ninth business day following the original payment date**;

«Settlement Ending Date»: **the second business day following the original payment date**;

«Information Period»: **time window provided for by settlement procedure 5 (“Simultaneous multilateral settlement”) of the TARGET2 System, within which it is possible to revoke one or more settlements instructions within the TARGET2 System**;

«RCC Service»: the Client Fee Settlement Service regulated by the Rules and the present Instructions;

«Central Securities Depository Service»: the service for Issuers and Intermediaries that enables centralised administration of financial instruments through accounts opened in the name of the Issuers and Intermediaries themselves;

«CPA Telematic Service»: the facility available on MT-X platform, that allows sending electronic messages with reference to shareholder meetings;

«FIS Telematic Service»: the facility available on MT-X platform, that allows sending electronic messages with reference to shareholder registration details;

«SHID Telematic Service»: the facility available on MT-X platform, that allows sending electronic messages with reference to shareholder identification;

«Participants»: Intermediaries and issuers that participate in the RCC Service;

«MT-X»: the web-based communication platform managed by Monte Titoli for sending/receiving instructions and document flows between Monte Titoli itself and Participants of the Service;

«Operational Manual»: the RCC Service manual containing the technical and functional specifications of the Service;

«Accounting day»: an operating day according to the TARGET calendar;

«RNI»: Rete Nazionale Interbancaria – the Italian interbank network;

~~«BI COMP Settlement System» (also known as Compensazione Giornaliera dei Recapiti – Sottosistema al dettaglio di Banca d'Italia) a retail subsystem for net cash settlement internal to the Bank of Italy – Monte Titoli Applications.~~

2 DESCRIPTION OF THE SERVICE

The RCC Service, available on the MT-X technological platform, manages, in a completely automated manner, the calculation, the check and settlement of the fees to the Intermediaries for their participation in corporate actions performed by issuers.

The RCC Service works on the basis of guidelines and fee levels defined by Issuers and Intermediaries and was created at their behest.

It is provided an electronic connection to Kedrios S.p.A. to enable calculation and settlement of the fees of Intermediaries that use a technological platform managed by Kedrios S.p.A. for reporting the registration details of shareholders.

RCC Service provides real time reports of any operational step along the entire process.

3 CHARACTERISTICS OF THE SERVICE

3.1 Tariff system of reference

The documentation of reference for calculation and verification of the fees that the RCC Service applies to individual operating cases comprises the Operational documents, available on the Monte Titoli website and in the Documentation section of the MT-X technological platform:

- a) tariff system for Corporate Actions
- b) protocol for the application of the new Tariff system

The above documents, produced by Emittenti Titoli S.p.A., represent non-binding reference criteria to be applied with respect to the RCC Service in cases where the Issuer does not exercise its right as indicated in the following paragraph. The RCC Service calculates and verifies fees for CAs performed since 1st **February 2012** ~~April 2007~~ (the date on which the new fees settlement system came into effect).

Given that Monte Titoli is not responsible for establishing determination criteria for fees due from Issuers to Intermediaries and acts solely in the role of a technological provider, Issuers have the right to use fee determination systems other than those indicated at letters a) and b), if their respective Intermediaries agree to the use of such systems.

This right may be exercised by sending a specific request to Monte Titoli when joining the RCC Service or later, by registered letter with return receipt delivered 30 (thirty) days before its entry into force, containing:

- a copy of the alternative price structure that has been agreed with the relevant Intermediaries
- an indication of the operations to which the alternative price structure is to be applied, it being understood that the said structure cannot be applied to operations in the process of being settled on the start date indicated in the following point
- an indication of the start date from which the scheme is to be applied.

3.2 Information processed by the Service

The RCC Service uses two main sources of information to calculate fees:

1. Information concerning Central Securities Depository Service:

- characteristic data of each CA managed by Monte Titoli, for centrally administered financial instruments;
- the countervalue of financial instruments assigned by means of CAs which provide for their assignation;
- amounts paid to Intermediaries for dividends;
- amounts paid by Intermediaries for subscription of financial instruments, for paid CAs.

This information, which constitutes the reference data for calculation of fees, is provided to the RCC Service automatically by means of a native connection between Monte Titoli's Central Securities Depository System and the RCC Service.

Thanks to the native connection, Participants of the RCC Service do not need to provide any information to the RCC Service in order for the fees of CAs to be calculated and settled.

2. Information concerning shareholder registration details, identifiable as:

- standardised information flows, for channelling shareholders' registration details from Intermediaries to Issuers, where required; shareholder registration details, understood as aggregated information for the purposes of channelling to the RCC Service salient data from each standardised information flow sent from the Intermediary to the Issuer (message 713 RNI ~~and~~ message 713 bis RNI ~~and form MT-60~~).

This information, managed directly by the services that channel standardised information flows from Intermediaries to Issuers (Monte Titoli's FIS and CPA Services and Kedrios' KCA Service), is an informative addition to the RCC Service for the calculation of fees relating to the forwarding of shareholder's names.

Participants in the RCC Service are therefore required to share this information, directly or indirectly, with the procedures for calculation by the operating methods described below.

3.3 Corporate Actions concerned by the calculation of fees

The RCC Service interacts with Central Securities Depository System and uses information and processing from the following Corporate Actions:

- shareholders' meetings
- dividends on bearer shares
- dividends on registered shares
- right issues (bonus, option or both)
- capital operations, including continuous operations
- Company events;
- Shareholder identification,

for which provision is made for the payment of fees to intermediaries, as established by the new tariff system for Corporate Actions defined by Emittenti Titoli S.p.A.

3.4 Management workflow of fee settlement

The essential outlines of the process of managing the settlement cycle of each CA are established by the settlement tariff system and the system's application protocol.

For a better understanding of the complex system for managing each phase of a CA in which fees are paid, the table below provides a general guide, broken down into individual operations and each intermediary step along the workflow.

Operation type	Date of start of CA	1 st start date of shareholder name reporting (DSS1)	1 st end date of shareholder's name reporting (DES1)	1 st Start date adjustments (DSR1)	1 st End date adjustments (DER1)	1 st provisional date (DP1)	1 st settlement date (DR1)	2 nd start date of shareholder's name reporting (DSS2)	2 nd end date of shareholder's name reporting	2 nd Start date adjustments (DSR2)	2 nd End date adjustments (DER2)	2 nd provisional date (DP2)	2 nd settlement date (DR2)
Shareholders' meetings	Start date	DSOP (date of start of operation)	Date of end of communications	DES1+1	DP1-1 day	DR1-2 days	DES1+30 days from end of month	NA	NA	NA	NA	NA	NA
Dividend on bearer shares	Date payable	NA	NA	End of month of month payable	DP1-1 day	DR1-2 days	Date payable + 30 days from end of month	NA	NA	NA	NA	NA	NA
Dividend on registered shares	Date payable	Date payable	Date payable + 90 days	Date payable + 90 days + 1 day	DP1-1 day	DR1-2 days	Date payable + 120 days from end of month	Date payable + 91 days	Date payable + 120 days	DES2 + 1 day	DP2-1 day	DR-2 days	Date payable + 150 days from end of month
Capital operations with shareholder name reporting	value date	Value date	Value date + 90 days	Value date + 90 days + 1 day	DP1-1 day	DR1-2 days	Value date + 120 days from end of month	Value date + 91 days from end of month	Value date + 120 days from end of month	DES2 + 1 day	DP2-1 day	DR-2 days	Value date + 150 days from end of month
Capital operations without shareholder name reporting	Value date	NA	NA	End of month of value date	DP1-1 day	DR1-1 day	Value date + 30 days from end of month	NA	NA	NA	NA	NA	NA

Operation type	Date of start of CA	Start date of shareholder name reporting (DSS)	End date of shareholder's name reporting (DES)	Start date adjustments (DSR)	End date adjustments (DER)	Provisional date (DP)	Settlement date (DR)
Shareholders' meetings	Start date	date of start of operation	Date of end of communications	DES +1	DP -3 days	DR -2 days	Last TARGET calendar day of the month following the month in which the shareholder's meeting takes place
Dividend on bearer shares	Date payable	NA	NA	End of month of month payable	DP -3 days.	DR -2 days	Last TARGET calendar day of the month following the month in which the payment of the dividend takes place
Dividend on registered shares	Date payable	Date payable	For residents: Date payable +30 days For foreign: Date payable +50 days	Date payable +51 days	DP -3 days	DR -2 days	Last TARGET calendar day of the month following the month of reference for the end date of shareholder name reporting (50 trading days starting from the day of dividend payment)
Capital operations with shareholder name reporting	value date	Value date	For residents: Date payable + 30 days For foreign: Date payable +50 days	Value date +51 days	DP -3 days	DR -2 days	Last TARGET calendar day of the month following the month of reference for the end date of shareholder name reporting (50 trading days starting from the day of securities credit)
Capital operations without shareholder name reporting	Value date	NA	NA	End of month of value date	DP -3 days	DR -2 days	Last TARGET calendar day of the month following the month in which the securities credit takes place

3.5 Availability of the Service

Service availability follows the TARGET calendar.

The Service is active between the following hours:

- Opening at 07:00 hours
- Closure at 24:00 hours

3.6 Method of accessing the Service

Participants may access the Service through the MT-X technological platform, by choosing the option for Interactive access to the RCC Service through the MT-X platform and compiling the documentation indicated in the “Participation in Services” document:

The following operational Documents should be consulted before becoming a member of the RCC Service through the technological platform:

- MT-X Services Manual – Connection and access
- MT-X Services Manual – Management of licences
- MT-X Services Manual – FIS & CPA Services
- RCC Services Manual
- Instructions for the RCC Service

4 SERVICE OPERATIONS

4.1 Intermediary operations

4.1.1 Management of instructions sent by members

The RCC Service operates by collecting and organising tariffs and the rules for their application, according to the type of operation, together with information on the processing of the CAs within the Central Securities Depository System, and shareholder registration details received from individual Participants in relation to CAs performed by issuers that are members of the Central Securities Depository System, whether or not they are members of RCC Service.

To this end, Participants may avail themselves of the following services:

- the FIS Telematic Service – Management of Standardised Information Flows, managed by Monte Titoli through the MT-X platform.
- the CPA Telematic Service – Communications regarding Participation at Shareholders' meetings, managed by Monte Titoli through the MT-X platform
- SHID Telematic Service - shareholder identification, managed by Monte Titoli through the MT-X platform;
- the KCA service provided by Kedrios S.p.A.

In addition to the services indicated above, which use electronic platforms exclusively, there remain some residual operating methods which use methods such as electronic file transfer or paper-based methods to send registration data to Issuers.

The following operating methods can be employed, according to the system preselected by Intermediaries, for routing standardised information flows:

- a) Intermediaries that are members of the FIS, CPA and SHID electronic notification services managed by Monte Titoli and of the RCC Service, with interactive or non-interactive access, do not need to send any additional communication to the RCC Service, because of the connection existing between the Central Securities Depository System, the RCC Service and MT-X's FIS. CPA and SGID Telematic Services. This connection enables registration details received directly from Monte Titoli to be organised and managed with the FIS, CPA and SHID Telematic Services, while at the same time processing the relevant fees within the RCC Service.

- b) Intermediaries that are members of the KCA electronic platform and of the RCC Service with interactive or non-interactive access, are not required to send any direct communication to the RCC Service, as due to an application connection between the two systems and to the integration with the Central Securities Depository System, aggregated instructions are forwarded to RCC Service directly by Kedrios S.P.A, which operates on behalf of such Intermediaries using a specific and agreed electronic protocol named 713 bis RNI. ¹. Intermediaries in this category need to provide a special documentation with their application to join the RCC Service.
- c) Intermediaries that are members of the RCC Service with interactive or non-interactive access, but which are not members of any electronic platform for the notification of registration details may ~~, only in exceptional circumstances and after paying the relevant administrative charges to Monte Titoli,~~ provide their aggregate shareholder registration details by the following means:
- MSG 713 RNI – Shareholder name reporting for CA ²
 - ~~MT 60 – Shareholder name reporting for CA~~

These messages must be received by Monte Titoli at least 5 days before the settlement date to which they refer, duly signed, in the case of paper forms, pursuant to applicable powers of signature. Intermediaries are required to send standardised information flows containing shareholder's registration details to the Issuers in addition to the MSG 713 RNI ~~or equivalent paper MT 60 notifications~~.

In any case, the RCC Service is also able to receive and manage notifications by MSG 713 ~~(or paper equivalent)~~ for intermediaries that are members of one of the electronic platforms indicated at points a) and b).

However, Intermediaries can in any case use non-electronic methods for specific operations, even if they are regular members of one of the said platforms (default platforms, contingent situations, extra-standard operations etc.).

¹ For operating details on the production of the MSG 713 bis by Kedrios S.p.A. in the role of Account Operator for intermediaries that are members of KCA, see the relevant technical documentation published by that provider.

² For details on the use of MSG 713 RNI, see the Standard for Users entitled "Aggregate shareholder registration details for Corporate Actions".

4.1.2 Reconciliation between shareholder names and standardised information flows

The reconciliation between aggregate shareholder registration details sent to the RCC Service and the standardised flows, if existing, containing the names of shareholders, is performed exclusively by the Intermediary which must add the following essential identification data to both communications, regardless of the preselected method for routing them:

- the formulaic identification number;
- date on which registration information is produced / made available to the Issuer;
- number of the special operation to which the information refers.

4.1.3 Participant accounting

When CAs are executed in the Central Securities Depository System, the RCC Service, using the shareholder registration details received, prepares specific analytical reports on the MT-X technological platform indicating for members by means of interactive access, the status of fees due for each Participant, broken down by specific operation and the specific account concerned.

By interactive access, Intermediaries that are members of the RCC Service can consult reports concerning them online. The reports contain the following information:

- data on the operation to which the fees refer
- notifications made, where relevant, indicating the detail of the various characteristics that distinguish the operation (timing of transmission, type of platform used, reporting entity's account code, batch, nationality of the reporting entity, etc.)
- total fees calculated automatically by the RCC Service for operations that do not provide for the reporting of shareholder's names
- adjustments made by Issuers to fees and/or to its own instructions
- the state of progress of the settlement process.

By interactive access to the RCC Service, Intermediaries may consult reports online and during the validation / adjustment phases of each individual operation and may contact the Issuer directly to obtain any clarifications or alteration that they consider appropriate or necessary.

For the details of the inquiry and management functions of the analytical tables and the other utilities available to members of the RCC Service with interactive access, see the Optional Manual for the RCC Service.

Intermediaries that are members of the RCC Service with non-interactive access cannot access accounting functions on the MT-X platform. Therefore they must keep independent evidence of operations performed by Issuers and processed by Monte Titoli, together with registration details sent, settlement dates, the individual phases of each operation and the corresponding fees payable.

No accounting details are provided, either by administrative procedure (fax, email, printouts etc.) or in the form of electronic support through the help desk.

4.2 Issuer operations

4.2.1 Management of instructions received from Intermediaries

The RCC Service provides Issuers that are members with interactive access with information organised according to the type of operation, the relevant tariff rates and the rules for their application, information on the processing of CAs within the Central Securities Depository System and registration details received from individual Intermediaries.

Issuers can receive standardised information flows through the following services:

- The FIS Telematic Service – Management of Standardised Information Flows, managed by Monte Titoli through the MT-X platform;
- The CPA Telematic Service – Communications regarding Participation at Shareholders' meetings, managed by Monte Titoli through the MT-X platform;
- SHID Telematic Service - shareholder identification, managed by Monte Titoli through the MT-X platform;
- the KCA service provided by Kedrios S.p.A.

In addition to the services indicated above which are provided over electronic platforms, it is possible to use as residual method such as electronic file transfer or paper-based post or courier delivery to receive registration data.

Every month Monte Titoli sends to Issuers that are not members of FIS Telematic Service a computer disk containing the electronic notifications of dividends and capital operations sent by Intermediaries that are members of the MT-X platform.

Issuers are exclusively responsible for the method of reception of shareholder registration details sent by Intermediaries that are not members of FIS, CPA, SHID Telematic Services managed by Monte Titoli. These methods are not in any manner managed by the RCC Service.

The following operating methods can be employed, according to the system preselected by Issuers for receiving standardised information flows:

- a) Issuers that are members of the FIS, CPA and SHID Telematic Services and of the RCC Service, with interactive or non-interactive access, do not need to send any additional communication to the RCC Service, because of the native connection between the Central Securities Depository System, the RCC Service and MT-X's FIS, CPA, SHID Telematic Services.

This connection makes it possible to organise and manage registration details received while at the same time processing the relevant fees to be paid by the due dates indicated for each individual operation.

- b) Issuers that are members of the RCC Service with interactive or non-interactive access, but which are not members of the FIS, CPA and SHID Telematic Services, regardless of their membership of Kedrios' KCA platform, may send changes in their aggregate shareholder registrations subject to settlement to Monte Titoli, only in exceptional circumstances after paying the relevant administrative charges to Monte Titoli, using the following form MT 60 c – Confirmation / change of shareholder registrations / fees to be paid for CAs. These changes must be received by Monte Titoli, duly signed pursuant to applicable powers of signature, at least 5 days before the settlement date to which they refer.

4.2.2 Participant accounting

When CAs are executed in the Central Securities Depository System, the RCC Service, using the shareholder registration details received, prepares specific analytical reports on the MT-X technological platform indicating for members by means of interactive access, the status of fees due for each Participant, broken down by specific operation and by each individual settlement period.

By interactive access, Issuers that are members of the RCC Service can consult reports concerning them online. The reports contain the following information:

- data on the operation to which the fees refer
- notifications made, where relevant, of all reporting intermediaries indicating the detail of the various characteristics that distinguish the operation (timing of transmission, type of platform used, reporting entity's account code, batch, nationality of the reporting entity, etc.)
- total fees calculated automatically by the Service for operations that do not provide for the reporting of shareholder's names
- adjustments made by issuers to fees and/or to its own instructions
- the state of progress of the settlement process.

For the details of the inquiry and management functions of the analytical tables, see the Operational Manual.

Issuers that participate in the RCC Service with non-interactive access cannot access accounting functions on the MT-X platform. Therefore they must keep independent evidence of their operations which are processed by Monte Titoli,

together with registration details received from Intermediaries, settlement dates, the individual phases of each operation and any corresponding fees to be paid.

No accounting details are provided, either by administrative procedure (fax, email, printouts etc.) or in the form of electronic support through the help desk.

4.3 Management of fees payable

For issuers that are members with interactive access, the RCC Service provides a set of functionalities for modifying, customising and adjusting fees payable for its operations that are processed by Monte Titoli. The information that can be managed interactively and the customisable utilities available to issuers are described in detail in the aforementioned Operational Manual.

Issuers that are members of the RCC Service with non-interactive access cannot use the variation and customisation of service functions provided through the MT-X platform. They must therefore keep independent evidence of all information managed by RCC Service by virtue of the pricing system and the relevant application protocol.

In any case, the RCC Service is able to receive and manage, by the operating model indicated at point b) of paragraph 4.2.1, adjustments to aggregated instructions subject to a fee or total amounts to be paid to intermediate members.

Such adjustments must be received by Monte Titoli at least 2 days before the scheduled settlement date.

Confirmations or variations in instructions subject to a fee are also accepted from Issuers that use the MT-X technological platform in exceptional circumstances after paying the relevant administrative charges to Monte Titoli.

Issuers can in any case use non-electronic methods for specific operations, even if they use the MT-X platform (e.g. default platform, contingent situations, extra-standard operations etc.).

5 SETTLEMENT OF FEES

5.1 Calculation of fees

The RCC Service organises instructions received from Participants and information originating from the Central Securities Depository System by rigorous application of the guidelines for this subject established by issuers and intermediaries, as published on the Monte Titoli website.

In no case may Monte Titoli intervene to alter a calculation of fees made by the RCC Service, or contact the issuer to obtain adjustments or alterations of automatically determined amounts on behalf of the intermediary.

5.2 Settlement of fees due

According to the characteristics and settlement timing of each operational case, the RCC Services **automatically activates, on the scheduled dates**, the production of payment notices, both anticipatory (2 working days before the settlement date) and final (on the settlement date).

See paragraph 3.4 above for the details of the settlement workflow for operations.

The settlement date is calculated according to the Target calendar, ~~excluding Target calendar days in which the BI COMP Settlement System is not operational (Italian holidays that coincide with a Target operating day).~~

In exceptional cases and on the specific and documented request of the issuer, Monte Titoli may intervene to alter the settlement date of an individual operation.

Requests for alteration must be received by Monte Titoli at least 2 working days before the date of settlement **using general assignment on MT-X** (~~requests may be faxed to 02 336353345~~), must be signed pursuant to applicable powers of signature, must contain all the necessary elements for identification of the operation (special operation number, original date of settlement) and the reasons for alteration and the new settlement date.

In this case Monte Titoli informs intermediaries by means of a “Service Notice”, referring the relevant explanations and consequent liability to the issuer.

The communication is also published in a specific reporting section on MT-X.

Notification messages are drafted with the formats of the messages “7B2” and “7B1” messages addressed to the beneficiary Intermediary and the **RCC Paying Bank** ~~Correspondent Bank~~ respectively, as described in detail in the user standard entitled **RL003 “Regolamento cash distributions per Issuer**

CSD tramite pagamento lordo TARGET2” (cash distributions settlement per Issuer CSD through the gross payment TARGET2) “~~Base Monetaria Regulations~~” which should be consulted for further detail.

The operation is settled **in TARGET2 System as reported in the following paragraph** ~~by Monte Titoli through the BI COMP Settlement System, by inserting:~~

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- a) ~~the credit positions of the Intermediaries participating in BI COMP Settlement System or representatives of the respective Correspondent Banks against fees due for operations pertaining to them~~
- b) ~~the debit position of the Issuers' Correspondent Banks which are responsible for the payment of the fees on the Issuer's behalf.~~

~~In the event that, in exceptional cases, the Issuer's Correspondent Bank notifies Monte Titoli that it cannot, for justified reasons, settle the fees using the BI COMP Settlement System, the operation may be settled by other methods.~~

~~For amounts not settled using the BI COMP Settlement System, the Correspondent Banks will proceed directly to:~~

- ~~_____ debit the issuer~~
- ~~_____ credit the intermediary beneficiaries or any correspondent bank with the amounts pertaining to them on the value date.~~

To enable the Participants to perform the due confirmations, Monte Titoli, upon receipt of the information required, will send a specific provisional information notice by automatic procedures with the following timing:

- **2 business days before the payment date and on payment date at 8:00:**
 - **to the Issuer, the “7B3 Provisional” message;**
 - **to the RCC Paying Bank the “7B1 Provisional” message;**
 - **to Intermediaries and the relevant Correspondent Banks, the “7B2 Provisional” message specifying the amount.**

It should be underlined that the 7B2 reporting procedure is based on the following:

- **the Correspondent Banks operating on behalf of third party beneficiaries will always receive, in their role as Correspondent Banks, the 7B2 notification messages for each third party beneficiary they represent;**

- the Correspondent Banks operating on behalf of their own beneficiaries will receive the reporting messages only as the beneficiaries, i.e. a single notification message.

Interested entities are required to verify the accuracy of the provisional messages and in case of inconsistencies they shall send Monte Titoli a communication.

Regarding the transactions for which not all the settlement information have been submitted, Monte Titoli will not process the provisional messages and will prearrange the payment operation.

5.3 Settlement in TARGET2 System using the BI-COMP Settlement System

On the date of settlement of the operation, Monte Titoli sends:

- each beneficiary Intermediary of the fees and its relevant Correspondent Bank a “Notice of payment” showing the account information for the fee for which it will be in a credit position (directly or through the aforementioned Correspondent Bank)
- the Issuer’s Correspondent Bank responsible for payment of the fees with a “Payment instructions” showing the order to debit the Issuer and credit the beneficiary Intermediary.
- the Issuer that is a direct Participant of the RCC Service with a “Payment notification” published on the MT-X technological platform, showing the payment orders sent to the Correspondent Bank engaged to pay the fees

As a result of these communications, for amounts settled through the ‘*base monetaria*’ system:

- Intermediaries that are members of the BI-COMP Settlement System, or the Correspondent Banks are credited with the fees due to them;
- the Correspondent Bank of the Issuer is debited in the of the BI-COMP Settlement System by the total amount of credits made in the “*base monetaria*”
- the Correspondent Banks proceed, on the basis of a “Notice of payment” message received, to credit the corresponding beneficiary Intermediary on the value date;
- the Issuer’s Correspondent Bank proceeds to debit the issuer itself on the value date.

At the settlement date, Monte Titoli shall:

- debit the account in the TARGET2 system of the Issuer or the RCC Paying Bank appointed by the Issuer;
- credited, after acquiring the outcome of the settlement, the account in the TARGET2 System of the Intermediaries or the Correspondent Banks in respect of the accrued fees for the operations of its relevance.

On the payment date, Monte Titoli will send:

- to the Issuer, the message “7B3/Final”, showing the amounts being paid;
- to the RCC Paying Bank, message “7B1 Final” providing information on the amounts due to Intermediaries and information regarding any amounts pertaining to the RCC Paying Bank itself, which will be settled in its internal accounts;
- to the Intermediary beneficiary and to the Correspondent Bank, message “7B2-Final” providing information on the method of settlement of amounts due, which will take place in the TARGET2 System, or by other methods (also known as reciprocal current accounts).

The operation will be settled in the TARGET2 system following the “Simultaneous multilateral settlement” procedure (the so-called procedure 5), using a specific account opened by Monte Titoli (technical account), as Ancillary System (AS), at the Payment Module (PM).

The adopted settlement system provides for compensation, within the same operation, of the debited / credited amounts referring to the same RCC Paying Bank and beneficiary Intermediary (or Correspondent Bank of one or more beneficiary Intermediaries).

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

- a) ordinary settlement*
- b) contingency settlement*

a) Ordinary settlement

The Ordinary settlement stage is activated automatically by Monte Titoli on and not later than 11:00 hours of the Accounting Date (TARGET calendar) of the same payment date, specifying the Information Period:

- from 11:00 to 11:45 hours for the transactions that have zero balance (between matches debit and credit pertaining to the payer);

- from 11:00 to 11.55 hours for the transactions that have balance different from zero (between matches debit and credit pertaining to the payer).

Within the Information Period, the RCC Paying Bank may revoke the payment of the dividend in case of failure to provide cash cover.

The payment operations which, within the envisaged term, are subject to rejection or revocation will automatically be suspended by Monte Titoli, which will inform the interested entities in a timely manner (see paragraph 5.4).

At the end of the Information Period and within 12:10 on the Record Day, in the absence of revocation and/or rejection and/or cancellation instructions from the RCC Paying Banks, Monte Titoli will perform the payment of the operations for which the corresponding cash coverage is verified.

The settled operations are notified to the interested entities by means of messages, specifying the actual settled amounts.

In particular, Monte Titoli will send:

- the 7B1 “Payment Notification” message to the Issuer, the RCC Paying Bank, specifying the final debited amount and detailing the amounts referring to Beneficiary intermediaries;
- the 7B2 “Payment Notification” message:
 - to the beneficiary Intermediaries and the Correspondent Banks (where relevant), specifying the credited amount;
 - to the Correspondent Banks specifying the credited amount on the account in TARGET2 with reference to its own Intermediaries;
 - to Agent Banks (if the RCC Paying Bank does not have a direct account in TARGET2), specifying the amount credited to Correspondent Banks (where relevant);
- the 7B3 “Payment Notification” message to the Issuer specifying the total amount that the RCC Paying Bank will be entitled to receive from the Issuer with the details referring to beneficiary Intermediaries and the corresponding amounts.

All operations not settled during the ordinary settlement stage due to partial or total lack of cash cover are automatically forwarded to the contingency settlement stage on the Accounting Day.

For such operations Monte Titoli will manage the payment “*delay*” by sending, on the payment date, at 12:10:

- the 7B1 suspension message for the RCC Paying Bank, specifying “Payment Suspension”;
- the 7B2 suspension message for the beneficiary Intermediaries and the Correspondent Bank, specifying “Payment Suspension”;
- the 7B3 suspension message for the Issuers.

b) Contingency settlement

All operations not settled during the ordinary settlement stage due to lack of total or partial cash cover will automatically be submitted to the contingency settlement stage on the payment date within 15:00.

All operations for which the cover is verified will be settled and notified to the interested entities through specific final reports based on the above.

The operations not settled in the contingency settlement phase due to lack of total or partial cash cover are automatically presented to the ordinary settlement phase of the following accounting day.

For such operations Monte Titoli manages the payment delay through the sent of suspension messages at 15:00 of the payment date to Participants and to Paying Banks through specific reporting, according to what indicated above.

In case of evident errors or errors declared by the Issuer which require the cancellation of incorrect payments and the submittal of the correct settlement, paragraph 5.5 (“Payment Reversal”) will apply.

All operations for which it was not possible to verify the cover will automatically be submitted until the Settlement End Date and if not settled within such date, will automatically be cancelled by Monte Titoli, as specified under par. 5.4.

All operations settled on a date subsequent to the original payment date will show as the value date the actual date of settlement in TARGET2; such date will be specified on the reporting messages sent to the interested entities, as described in the previous paragraphs.

5.4 Rejection, revocation, reactivated and cancellation instructions of the payment Revocation of payment in the BI-COMP Settlement System

If the Correspondent Bank designated by the issuer notifies Monte Titoli, by 10:00 hours on the day of settlement, of the revocation of the payment of fees in the '*monetary basis*' system by a message entitled "Rejection of payment 7B4", Monte Titoli sends:

- ~~— to the said Correspondent Bank, in addition to the "Confirmation of rejection of payment", a notification with the same content as the previously sent message, but with evidence of the revocation of the settlement through the '*base monetaria*' system.~~
- ~~— to each Intermediary and to any Correspondent Bank, an indication that the amounts involved will no longer be settled through the BI-COMP Settlement System.~~

~~If it is impossible to transmit the "Rejection of payment" message, the instruction must be sent, within the same deadlines, by fax preceded by telephone notice to the Corporate Events & Info Services Office.~~

RCC Paying Banks may suspend, under their own responsibility, payment operations by means of the 7B4 message.

In particular, RCC Paying Bank may:

- **reject the payment, starting from two days before the payment date and within 10:00 of the payment date;**
- **on payment date, between 11:00 and 11:30 revoke the payment. If, taking into account the methods of operation of the settlement procedure, the payment instructions revoked during such *information period* should be processed, Monte Titoli will reverse the incorrect payment in a timely manner. Payment operations for which the corresponding revocation instructions should arrive after 11.30 will be regularly processed;**
- **until the Evidence Ending Date, reactivate the rejected or revoked payments;**

- until Settlement Ending Date cancel the payments that have not been settled and until Evidence Ending Date cancel the payment that have been rejected / revoked / reactivated.

Monte Titoli, upon reception of the rejection or revocation instruction or reactivation will transmit to the RCC Paying Bank the 7B5 message in order to confirm the receipt of the 7B4 message.

Incorrect or non-processable 7B4 messages will be discarded and notified to the sender by forwarding the same 7B4 message showing the error identified by the system. Such messages will not cause any effect on the payments to which they refer, which will be managed according to customary settlement procedures.

Payment operations rejected or cancelled within the term provided for, will automatically be suspended by Monte Titoli, which will inform the interested entities in a timely manner by sending the specific notice by means of "Payment Suspension" 7B1/7B2/7B3 message specifying the motivations.

All operations rejected or revoked may be reactivated by the RCC Paying Bank through a specific settlement instruction for a maximum of three times starting from the rejection or revocation date and until the Evidence End Date. Such operations will be included in the first available settlement cycle.

In particular, the operations may be reactivated:

- from the opening of the service to 10:45 on the scheduled payment date. In such case, the payment instructions are submitted to the ordinary settlement stage;
- from 12:30 to 14:45 on the scheduled payment date. In such case, the payment instructions are submitted to the contingency settlement stage on the same day;
- from 15:45 to the closing of the service on the scheduled payment date. In such case, the payment instructions are submitted to the ordinary settlement stage on the following day.

Any reactivations forwarded to the system from 10:45 to 12:30 and from 14:45 to 15:45 are rejected and must be re-submitted.

All operations reactivated and not settled due to lack of cover during the first available settlement cycle will be resubmitted for settlement for a maximum of three business days, including the reactivation date, and if they are not settled within such date, they will be cancelled by Monte Titoli, as specified below.

All operations rejected or revoked by the RCC Paying Bank that as of the Evidence Ending Date have not been cancelled by the RCC Paying Bank, will be cancelled by Monte Titoli. All operations (not rejected or revoked by the RCC Paying Bank) that have not been settled within the Settlement Ending Date will automatically be cancelled by Monte Titoli.

All operations cancelled by Monte Titoli under the preceding paragraph and all operations cancelled by the RCC Paying:

- will be notified to the interested entities by means of final 7B1/7B2/7B3 cancellation messages with specific information regarding the reasons for such cancellation.
- may be settled by the RCC Paying Bank with commercial bank cash or, upon the request of the Issuer, through Monte Titoli using the extraordinary administrative procedure with central bank cash but with value deferred to the date of the original payment.

5.5 Reversal of incorrect payments

In case of an evident and declared payment error, the Issuer will be allowed to submit a specific reversal request to Monte Titoli together with correct instructions for resubmitting the settlement, by means of a general assignment message on MT-X.

In such events, Monte Titoli:

- a) will send a structured service instruction specifying the following:
 - the reasons for the reversal;
 - the timeframe and the reversal currency for the incorrect payment;
 - the timeframes and the repetition currency for the correct payment;
- b) will debit the accounts of the interested beneficiary intermediaries or their Correspondent Banks in the TARGET2 System. In case of lack of funds, Monte Titoli will not perform the reversal operation and will inform the Issuer and RCC Paying Bank. For such intermediaries Monte Titoli will not carry out the procedure provided for under letter f) below;
- c) will credit the Issuer or the RCC Paying Bank for the incorrectly settled amount;

- d) will send to the interested entities specific accounting reports for the performed by means of a 097 message;**
- e) will repeat, if requested by the Issuer, the payment debiting in the TARGET2 account of the Issuer or the RCC Paying Bank for the total new amount, net of the amounts referring to intermediaries, for which it was not possible to carry out the reversal operation provided under letter b) due to lack of funds;**
- f) will credit the new amount on the accounts of the relevant Intermediaries or their Correspondent Banks in the TARGET2 System;**
- g) will send to the interested entities accounting reports regarding the re-executed payment operation by means of a 097 message.**

5.6 5.5 Operations of participants with different membership profiles

The RCC Service requests that all intermediaries and issuers involved in the process of recognition and settlement of fees for CAs acquire full membership.

However on the specific request of parties, it is possible for Monte Titoli to standardise the process, thereby guaranteeing:

- automatic settlement of sums for Intermediary participant in RCC Service, including for the operations of non-member Issuers (subject to special confirmation, by the issuer, of the actual sum to be recognised)
- automatic settlement of sums for intermediaries that are not Participant of RCC Service, if expressly requested by the intermediaries and subject to confirmation by the issuers of the sums.

Note that in all cases the minimum level of membership required to obtain settlement is non-interactive access to the RCC Service.

The following operating models reflect the various levels of participation (interactive membership, non-interactive membership and non-membership).

	INTERMEDIARY member of RCC with interactive membership	INTERMEDIARY member of RCC with NON-interactive membership	INTERMEDIARY not a member of RCC	NOTES
ISSUER member of RCC with interactive membership	<ul style="list-style-type: none"> Complete visibility of shareholder registration details sent (for intermediary)/received (for issuer)(1) Complete visibility of fees calculated by the system Complete interactivity between participants Calculation of fees for issuer and intermediary Complete automation of settlement in TARGET2 BI-COMP 	<ul style="list-style-type: none"> Visibility of instructions received for issuer only (1) Visibility of fees calculated for issuer only Operational interactivity only for issuer Calculation of fees for issuer and intermediary Complete automation of settlement in TARGET2 BI-COMP 		<p>(1) if sent to MT, with respect to one of the available channels:</p> <ul style="list-style-type: none"> - MT-X's FIS and CPA services - KCA (through MSg 713 bis RNI) - MSG 713 RNI - MT-60
ISSUER member of RCC with NON-interactive membership	<ul style="list-style-type: none"> Complete visibility of shareholder registration details sent for intermediary(1) Complete visibility of fees calculated by the system per intermediary and adjustments made by issuers(2) Interactivity for intermediary only Calculation of fees for issuer and intermediary Complete automation of settlement in TARGET2 BI-COMP for both issuer and 	<ul style="list-style-type: none"> No visibility of shareholder registration details sent (for intermediary)/received (for issuer)(3) No visibility of fees calculated by the system per intermediary and adjustments made by issuers No interactivity between participants Calculation of fees for issuer and intermediary Complete automation of settlement in TARGET2 BI-COMP for both issuer and intermediary (2) 		<p>(2) The issuer can adjust the amount to be settled with the intermediary by sending MT form MT 60c (min. 5 days before settlement date)</p> <p>(3) even if sent to MT, with respect to one of the available channels:</p> <ul style="list-style-type: none"> - MT-X's FIS and CPA services - KCA (through MSg 713 bis RNI) - MSG 713 RNI - MT-60

	intermediary (2)			
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	INTERMEDIARY member of RCC with interactive membership	INTERMEDIARY member of RCC with NON-interactive membership	INTERMEDIARY not a member of RCC	NOTES
ISSUER not a member of RCC	<ul style="list-style-type: none"> • Complete visibility of shareholder registration details sent for intermediary(1) • Complete visibility of fees calculated by the system for intermediary • Interactivity for intermediary only • Calculation of fees for intermediary • No automatic settlement in TARGET2 B+COMP • The issuer keeps independent evidence of fees due and proceeds with payment independently 	<ul style="list-style-type: none"> • No visibility of shareholder registration details sent (for intermediary)/received (for issuer)(3) • No visibility of fees calculated by the system per intermediary and adjustments made by issuers • No interactivity between participants • Calculation of fees for intermediary • No automatic settlement in TARGET2 B+COMP • The issuer and the intermediary keep independent evidence of fees due and the issuer proceeds with payment independently 		

Given that for each participant in the CSD System, Issuers' and Intermediaries' participation in the RCC Service constitutes an important cognitive aspect supporting correct identification of the functionalities expected of them and of their specific obligations, Monte Titoli will publish a list containing the details of all Participants of RCC Service on its website and in the "Documentation" section of MT-X, specifying, for the purposes of complete information, their individual levels of participation (i.e. interactive or non-interactive access), the access date and eventually the date of withdrawal.

5.7 Closure of a settlement operation

Following settlement of each operation the RCC Service files the concluded operation and stores it as evidence in its historical section.

Members with interactive access may consult concluded operations using the various search criteria for the section.

For a detailed description of the individual functions available for consultation of the historical archive, see Operational Manual for the RCC Service.

Clients of the RCC Service with non-interactive access do not have access to any of the functions for consultation of concluded operations.

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