

July 25th 2012

SUBJECT: CUSTODY SERVICE

New operational model for Coupon Stripping management on non index linked BTPs.

Dear Client,

We are pleased to inform you that, in order to increase the attractiveness and efficiency of the market of securities subjected to stripping, a new stripping model of non index linked BTPs has been defined.

The new process has been agreed by the Post-Trade Technical User Group Custody which includes representatives of the Ministry of Finance, our participants and of associations of category (ABI and ASSOSIM).

The major changes in the stripping and unstripping process are described in the operational model "Coupon Stripping for non index linked BTPs vers. 1 date 25/07/2012" and below detailed:

- The incorporation of the last coupon in each stripping plan to the principal and, as a result, the creation of a new stripping "category" named "hybrid coupon"
- The fungibility of the hybrid coupon with the single coupons being part of other stripping plans, on condition that the maturity dates are the same

In order to distinguish the payment of the hybrid coupon from the other payments on stripped BTPs, the IDC 71J of msg. 7B2 "Notification of payment (provisional and final) has been adjusted, to include a new value "4-hybrid coupon" (see User Guide).

In order to apply a correct tax regime, a document called "Coupon Stripping- tax issues" vers.1 date 25/07/12 was developed, to highlight suggestions proposed by PT-TUG and shared with associations of category

The above mentioned documentation has been published MT-X web platform.

The start of the test session and the go live, expected to be on December 3rd 2012, will be provided with a subsequent announcement.

FOR FURTHER INFORMATION PLEASE CONTACT:

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