

31 July 2012

SUBJECT: CUSTODY SERVICE

New operating model for cash distributions

Dear client,

we are pleased to inform you that, in order to increase efficiency of corporate actions processing and compliance with international standards defined by “Corporate Actions Joint Working Group (CAJWG)”, a new operating model for cash distributions¹ has been developed. The new model was agreed in the Post-Trade Technical User Group Custody, including intermediaries and the associations of intermediaries (ABI and ASSOSIM). Nevertheless, the same model has been showed to the main Italian issuers.

The main implementations of the new model are below detailed:

- Create corporate action information on interest payment and capital redemption;
- Better support for paying agents’ activities;
- Ensure payments to be irrevocable, by guaranteeing the cash to be settled only after a check of its availability in the paying agent account, by replacing the current net settlement system (BICOMP) with a gross settlement one (T2);
- Complete automation and integration of specific extraordinary cash settlement procedures;
- Improve payment process efficiency in event of payment cancellation;
- Manage all ancillary activities of cash distributions, by increasing the STP level.

¹ Interest payment, mark up and redemption on bonds, dividend payment, funds proceed payment.

All technical documentation is available on MT-X web platform.

The new model introduces some changes in the processing and in the communication channels; the amendments will be notified in subsequent communications.

The go live is expected to be in the second half of 2013.

FOR ANY FURTHER DETAIL PLEASE CONTACT:

Service Custody

Tel: +39.02.33635.298

E-mail: Helpdesk.DomesticCustody@MonteTitoli.it