



September 3rd 2012

SUBJECT: UPDATE OF THE TEST SCHEDULE FOR X-TRM and EXPRESSII

Dear Client,

I wish to inform you that the test schedule for X-TRM and EXPRESS II published on our website www.montetitoli.it/area-download/comunicazioni/2012/2012.en.htm on July 20th has been updated with a cut-off time chart concerning the bilateral cancellation requests. For further details please refer to the updated and attached document "Test Plan September 24th 2012"

FOR FURTHER INFORMATION PLEASE CONTACT:

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Monte Titoli

London Stock Exchange Group

Test Plan

September 24th 2012

September 3rd 2012

History of modification

Publishing document date	modification
July 20th 2012	First version
September 3rd 2012	Added section at the end of the document showing the cut-off timing of the cancellation requests. <i>Par. 9 - Cut-off Chart acceptance cancellation request</i>

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1. ASSUMPTION

This plan test is intended to illustrate the operating procedures for the testing of:

- New release of the X-TRM Service that provides the introduction of “bilateral cancellation of matched transactions” and “beneficiary matching in OTC transactions” functionalities and the modification of SWIFT MT541 for the acquisition of Repo transactions.
- The new release of Express II service which provides the adoption of “procedure 5” and the variation of selection criteria of transaction to be netted.

Participants are invited to perform the testing of new features introduced.

2. REQUIREMENTS FOR THE TESTING

2.1 X-TRM

The test is open to all members in the X-TRM service.

In order to guarantee the performance of new functionalities of “bilateral cancellation of matched transactions” and “beneficiary matching in OTC transactions”, participants of the X-TRM service are invited to communicate the participation to the test session via e-mail to clients@montetitoli.it by August 20th, providing name, telephone number and e-mail of an internal contact along with his consent, to allow MT to setup configurations concerning the tests which will start from August 27th.

The list of internal contacts received will be published by Monte Titoli in a special section of the MT-X web platform.

The above mentioned functions are also available for testing through the X-TRM Online.

Furthermore, before the start of testing activities scheduled for August 27, each participant should accomplish the following activities:

- Setup their IT environments by connecting them, in case they are not already connected to Monte Titoli's testing environment,
- develop its own test plan including the test cases listed in this document.

Clients, which have given an exclusive operational mandate to a third party, are excluded from test session. The appointed parties may perform tests on behalf of their clients.

2.2 Express II

2.2.1 Adoption of "procedure 5"

The test is open to all participants in RTGS service.

2.2.2 Variation of selection criteria of transaction to be netted

This change will not impact on the current activities of the intermediaries, then the test of the new procedures for mini-netting is extended only to Central Counterparties (Clearing House and LCH Clearnet S.A.)

Entities participating to the testing should provide a communication regarding the result of the test, as described in paragraph 7.

3. TEST DEVELOPMENT

The system will be available for the testing for a 3 week period, starting from August 27th 2012 until September 14th 2012.

Please note that on September 10 the X-TRM test environment will not be available due to internal maintenance activities.

The go live is planned for September 24th, after successful testing. Such date will be confirmed throughout a subsequent communication.

It is assumed that the personal data currently registered in the test environment should remain valid also for the execution of the test.

If participants were to have different needs, they are encouraged to report changes to the following e-mail mdm@montetitoli.it

4. TEST GUIDELINES

Participants are not bounded to a daily test plan but are required to verify the following functionalities, as expected from the roles they play.

4.1 X-TRM

4.1.1 Functionalities introduced with the new release

For what concerns the testing of functionalities introduced with the new release, which requiring transactions entered by both parties, participants are asked to agree upon the execution of the test by using the list of internal contacts which will be published on the proper section of MT-X

- **Cancellation of transactions previously submitted and matched**

Participants are asked to enter cancellation requests of matched transactions, derived from the market, from institutions and OTC, Express I and Express II regulation

- **Input of OTC transactions with final beneficiary and counterparty evaluated**

Participants are asked to enter transactions derived from OTC settlement in Express I and Express II , for a non mandatory matching of final beneficiary.

4.1.2 Functions existing before the new release

Participants are also asked to perform a non regression test.

- **Submitting contracts in the market**

We ask to enter to enter all types of contracts admitted by each market (CVT, Repo, etc. etc.) for each settlement system available. The following chart shows the possible combinations:

Market	Market	Contract Type	Settlement System
Borsa Italiana (MIT platform)	TTA TTI MCW MOT OPA ETF MAC	CVT	<ul style="list-style-type: none"> • No settlement • Express I (only MOT for non fungibles) • Express II
	MEM	CVT	<ul style="list-style-type: none"> • Settlement Group Euroclear/Clearstream
Borsa Italiana (MIT platform)	TAH	CVT	<ul style="list-style-type: none"> • Express II
MTS	MTS EBM	CVT	<ul style="list-style-type: none"> • Express II
	PCT	PCT	<ul style="list-style-type: none"> • Express II
ICAP plc Brokertec	BTM	CVT, PCT	<ul style="list-style-type: none"> • Express II
e-MID	EMD	PCT	<ul style="list-style-type: none"> • Express II
Banca IMI S.p.A. (ex Caboto)	MTC	CVT	<ul style="list-style-type: none"> • No settlement • Express I • Express II
TLX	TLX	CVT	<ul style="list-style-type: none"> • Express II • Settlement Group

			Euroclear/Clearstream
HI-MTF	HIM HIO	CVT	• Express II

- **Submitting OTC contracts**

We ask to enter all types of contracts admitted (CVT, CTC, PCT) for each settlement system (Express I, Express II, Euroclear, Clearstream) .

- **Modification Request of previously submitted OTC transactions**

- **Cancellation Request of previously submitted OTC transactions**

- **Receipt of placing/modification/cancellation of OTC transactions**

According to communication procedures setup by the user.

- **Transaction retransmission information request**

ROM: flows G54, request result G55.

- **Flow including transaction occurred in the previous day**

- G56 ROM e flusso.

- **Information request on continuous operation updating**

ACB: flussi, G57 esito richiesta G58.

- **Verification of accuracy of creation/updating of balance of guaranteed transaction and bilateral balance of transactions to send to ICSD**

- **Verification of correct forwarding of transactions/contracts to domestic settlement system (Express I, Express II)**

4.2 Express II

4.2.1 Adoption of “procedure 5”

The variation concerns the adoption of “Procedure 5” (Simultaneous Multilateral Regulation) of Target 2 which will bring to the modification of the client reference in MT900/MT910 messages transmitted from the payment system (from RTGS + 12 numeric characters to MNR5 + 12 numeric characters).

Participants should verify the new development of TAG21 of the MT900 message after the adoption of procedure 5 (TON) for the cash regulation of transactions subjected to mini-netting.

4.2.2 Variation of selection criteria of transaction to be netted

The modification concerns the selection criteria of transactions to be netted, allowing the development of groups composed by two or three transactions also with different Intended Settlement Date (ISD) favoring the ones with oldest ISD. Further details on these criteria are available in the document User Requirements published on the MT-X platform.

Central Counterparties will have to verify the impact of this modification on their operational systems.

5. TECHNICAL AND OPERATIONAL MODES FOR TESTING

Contact details

For what concerns the general details of the service or functional issues related to networks, it is possible to send a request via e-mail at itps@montetitoli.it or calling **02.33635-566**.

6. DAILY TESTING SCHEDULE

The testing day will start at 8.00 and end at 19.

Any changes to the schedule listed below will be promptly notified.

In particular in the following chart summarizes the most significant cut-offs during the day:

system	Activity description	Orario
X-TRM®	Opening of the system	10.00
	<ul style="list-style-type: none"> • Timeout for gross settlement transactions L • Cut-off for submitting transactions with settlement date L (T+1) 	13.30
	✓ For DVP	15.00
	✓ For FOP	15.15
	Closing of the system	19.00
PRE-SETTLEMENT	Information request starting from	09.30
	closing	15.30
Net settlement	Security and cash settlement overnight cycle(within the following time)	19.00
	Start of daylight cycle	09.30
	Cut-off for security coverage and rollback execution	11.00
	Cut-off for cash coverage and a possible rollback execution, closing of the daily cycle	11.30
Gross Settlement	Opening of the system	08.00
	Timeout for cancellation of failed transactions arising from the daily cycle	13.30
	Closing of system	14.30
M.T. CUSTODY	Opening of the system	08.00
	Closing of the system	14.30

The standing order to set the liquidity reserved to the overnight cycle in sub-accounts of SSP for Express II must be communicated within **14.30 CET**.

We remind to our clients that, according to the availability SSP establishes an earlier closure at 17.00 CET on Friday , the overnight settlement cycle starting on Friday and closing on Monday, due to this limitation in the test window on Friday may close on Monday morning.

7. Testing Results

Clients participating to the test session should provide within September 14th a communication regarding the test result by sending an e-mail to clients@montetitoli.it, indicating as object "Test result September 2012". In paragraph 8 you can find a template of the communication.

Concerning X-TRM, we point out that the setup of the functionality of bilateral cancellation is subject to delivery of the positive outcome of the tests. Participants who can't perform the test can ask the activation of the bilateral cancellation functionality later but after carrying out the tests, and communicating to Monte Titoli the outcome of the test above indicated.

8. TEMPLATE FOR NOTIFYING TEST RESULT

An example is given concerning to build the test outcome communication. It should be customized depending on the functionalities tested.

Tests performed on the features listed below have shown no abnormalities:

X-TRM

- *Bilateral cancellation of transactions*
- *Matching of final beneficiary in OTC transactions*

We ask to enable in X-TRM official environment the functionalities of bilateral cancellation and transactions Matching of final beneficiary.

Express II

- *adoption of "procedure 5"*
- *variation of selection criteria of transaction to be netted*

9. Cut-off to accept cancellation request

The table below shows the cut-off for cancellation requests based on the type of settlement, days remaining until the settlement date during which you can make cancellations and type of transaction.

Cut-off time	Settlement System ID	Settlement Times	Trade Type
18:00:00	1	1	CVT
18:30:00	1	2	CVT
14:30:00	2	1	CVT
17:30:00	2	2	CVT
18:00:00	2	3	CVT
18:30:00	2	999	CVT
18:00:00	1	1	CTC
18:30:00	1	2	CTC
14:30:00	2	1	CTC
17:30:00	2	2	CTC
18:00:00	2	3	CTC
18:30:00	2	999	CTC
18:00:00	1	1	PCT
18:30:00	1	2	PCT
14:30:00	2	1	PCT
17:30:00	2	2	PCT
18:00:00	2	3	PCT

18:30:00	2	999	PCT
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Legend:

Cut-off time : indicates the cut-off time of acceptance of the request for acceptance

Settlement system ID: indicates the type of settlement 1 gross 2 net.

Settlement times : days remaining until the settlement date during which you can make cancellations (in 999 are included all time periods not expressly shown).

Trade type : indicates the type of operations that refer to the cut-off (CVT, CTC and PCT).