



New operational Coupon Stripping model on non-index linked BTPs

Test Plan

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1. INTRODUCTION

This document outlines the requirements to test on new functionalities for the non-index linked coupon stripping on BTPs. The need to change the in-force model comes from an instance of the Ministry of Finance, based on the experiences matured in other European markets and considering the requests made by the major international players; the new model is expected to revitalize the market and, however, will contribute to create a more efficient trading system, with a level of liquidity almost comparable to the one of the debt instrument of reference.

The new operational model is applicable either to new issuances and to existing non-index linked BTPs, after appropriate harmonization, according to the new data and accounting logics related to the stripping plans.

This new model will necessarily coexist with pre-existing stripping model that will be applicable only to index linked BTPs.

The main features provided by the model include the following for non-index linked BTPs and for its coupon stripping plan:

- **The incorporation of the last coupon of each stripping plan to the mantel and the constitution of a new stripping “category” called “hybrid coupon”;**
- **The fungibility of hybrid coupon with individual coupons of other stripping plans provided that the maturity dates are equal.**

2. DOCUMENTATION

- Standards for Users “dividend payments, interests and redemptions throughout the gross Target2 settlement system or throughout the “Swift” system - code MT-RNI-RL001 - release 1.7
- Operational Model v.1 of 25/07/12
- Tax Notes v. 1 of 25/07/12
- <http://www.montetitoli.com/area-download/comunicazioni/2012/coup-strip.en.pdf>

3. AIM OF TEST

The test is launched to allow qualified participants (as registered in the official environment on date October 26, 2012) to:

1. Verify the correct data and accounting migration on holding positions registered in test environment, according to the principles included in the new model;
2. Manage the new stripping and unstripping mode;
3. Verify the correctness of the payments of normal coupons and of the hybrid coupons;
4. Ascertain the correctness of the accounting and reporting of payment.

During the testing period the involvement of Bank of Italy is expected for the reconciliation process.

Participants are not obliged to run daily tests according to a predefined schedule but are advised to check whether the new features and the existing ones in order to exclude regression troubles.

Tax management, according to the new framework developed by the system, is sole responsibility of the individual operators and, therefore, is not the part of the above described test.

4. TEST ORGANIZATION

The system will be available for the test plan for 3 weeks, starting from October 29th until November 16th 2012.

The go live, which is subject to a successful result of the tests, is expected for December 3rd 2012 . This date will be confirmed by a subsequent communication.

Monte Titoli will credit for each intermediary a nominal amount of 1.000.000,00 euro for each principal listed below:

HYBRID COUPON	BTP CODE	PRINCIPAL MANTEL CODE	LAST COUPON CODE
IT0004848484	IT0001278511	IT0001312773	IT0001312815
IT0004848492	IT0001444378	IT0001464186	IT0001464210
IT0004848500	IT0003242747	IT0003246250	IT0003246268
IT0004848542	IT0003357982	IT0003398333	IT0003246391
IT0004848559	IT0003472336	IT0003474951	IT0003246383
IT0004848591	IT0003535157	IT0003540371	IT0003540405
IT0004848658	IT0004009673	IT0004014061	IT0003268700
IT0004848674	IT0004164775	IT0004276322	IT0003246284

It is assumed that the data of the participants currently registered in the official environment will remain valid also for the execution of the test.

If participants have different requirements they should communicate the changes to the following email address: mdm@montetitoli.it .

5. OPERATIONAL AND TECHNICAL DETAILS/ DAILY TIMING OF THE TEST

The test will take place in the PI environment.

For what concerns the general features of the service, the functional aspects, the technical aspects and web issues related to the performance of the test it is possible to send clarification requests to itps@montetitoli.it or calling 02.33635-566.

For operational information requests contact helpdesk.domesticcustody@montetitoli.it.

The test day will start at 8.30 am and end at 2.30 pm.

Any changes to the time schedule will be promptly communicated.

M.T. CUSTODY	Opening	08.30am
	Closing	02.30pm

6. TEST RESULT

Participants to the test session are asked to communicate the test result within November 21st to client@montetitoli.it, specifying as subject “Test Result new management mode on non-index linked Coupon Stripping release December 2012”

The go live of the new model will be announced, after positive outcome of the tests, with a subsequent notification.

7. NON -INDEX LINKED BTPS AFFECTED BY MIGRATION (ISSUANCES AT 30/09/12)

IT 000366655	BTP-01NV2023	9%	IT 0004019581	BTP 06/16	3.75
IT 0001086567	BTP 7,25%	1.11.96/26	IT 0004164775	BTP 06/17	4%
IT 0001174611	BTP 6,50%	1.11.97/27	IT 0004273493	BTP 07/18	4.50%
IT 0001278511	BTP 5,25%	1.11.98/29	IT 0004286966	BTP 20390801	5%
IT 0001444378	BTP 6%	1/11/99/31	IT 0004356843	BTP 08/23	4,75%
IT 0003242747	BTP 2002/17	5,25%	IT 0004361041	BTP 4,50%	08/18
IT 0003256820	BTP 02/33 TF	5,75%	IT 0004423957	BTP 20190301	4.50%
IT 0003357982	BTP 2002/13	4,75%	IT 0004489610	BTP 20190901	4.25%
IT 0003472336	BTP 03/13	4,25%	IT 0004532559	BTP 5,00%	20400901
IT 0003493258	BTP 03/19	4,25%	IT 0004536949	BTP 4.25%	20200301
IT 0003535157	BTP 03/34	5%	IT 0004634132	BTP 3.75%	20210301
IT 0003618383	BTP 2014/08/01	4.25%	IT 0004644735	BTP 4,5%	20260301
IT 0003644769	BTP 04/20	4.50%	IT 0004695075	BTP 20210901	4.75%
IT 0003719918	BTP 04/15	4.25%	IT 0004759673	BTP 5%	20220301
IT 0003844534	BTP 20150801	3.75%	IT 0004793474	BTP 20170501	4.75%
IT 0003934657	BTP 05/37	4%	IT 0004801541	BTP 01092022	5.50%
IT 0004009673	BTP 2006/2021	3.75%	IT 0004820426	BTP 01062017	4.75%