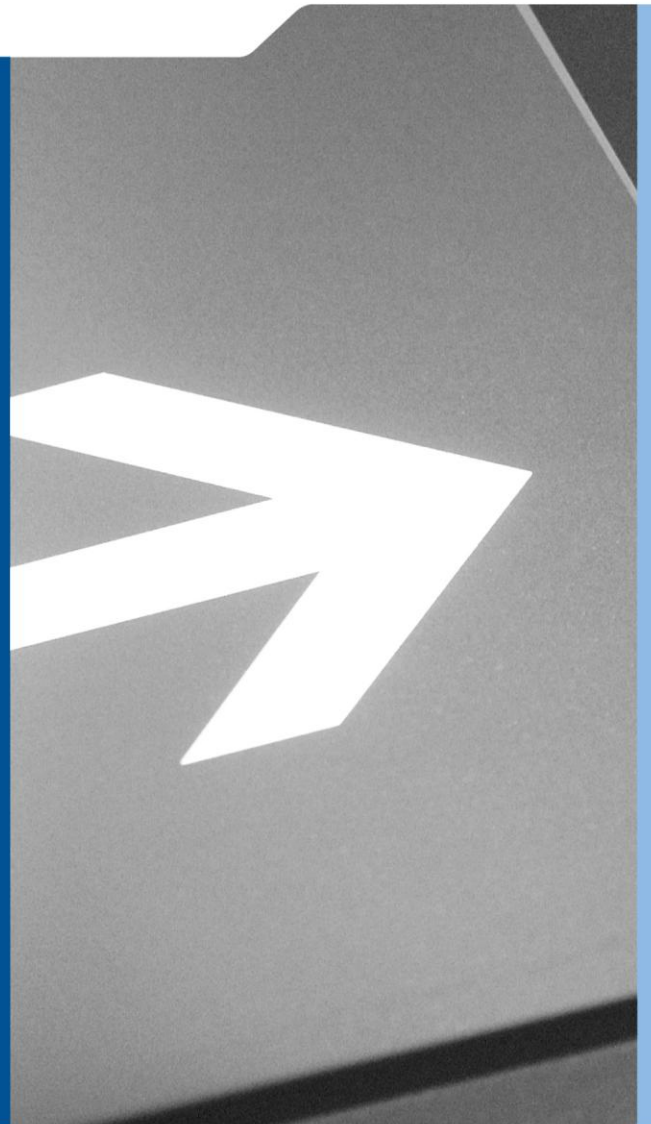


User Guide SIX x-clear Ltd

Italy

June 2011





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1.0 Market overview

Description	Details
Settlement Institution of SIX x-clear	SIX SIS Ltd (INSECHZZXX)
Local Custodian	BNP Paribas Milano PARBITMMXXX
Place of Settlement	Monte Titoli SPA, MOTIITMMXXX
Participant ID	Monte Titoli Nr. 89221 XTRM ID 2964
Custody account	872400
Cash Account EUR	EUR cash account 800872400
Beneficiary ID	CLRXCHZZXXX This BIC of SIX x-clear has to be mentioned in the instruction
Market Deadlines (CET)	Bonds and shares, free and versus payment S-1 05:30 p.m. (CET)

2.0 Settlement guide

2.1 Settlement process

Transactions free of payment and versus payment both have to match before settlement.

2.2 Handling of unmatched trades

Trades should be matched on T+1 at 02:00 p.m. (CET) to ensure timely settlement. SIX x-clear will contact missing/failing counterparties after 02:00 p.m. (CET) and ask for instructions. SIX x-clear will contact missing counterparties twice at the most.

2.3 Handling of unsettled trades

Trades are expected to settle on the intended settlement date (ISD). SIX x-clear will not cancel or amend instructions. SIX x-clear will contact delayed counterparties on settlement date twice at the most. In respect of late settlement, please refer to the “late settlement and buy-in guide” of SIX x-clear.

2.4 Specialties

Trades that are eligible for a specific entitlement, e.g. dividends / rights for trades settled over ex date, need to be reported and claimed at SIX x-clear.

A white arrow pointing to the right, set against a dark grey background, which is part of a blue and grey header graphic.

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2.5 **Position control**

During the prematching process and in case the intended settlement day is not reached yet, BNP Milano does not verify the availability of securities in the SIX x-clear account. Deliveries will be released into the market regardless whether SIX x-clear holds sufficient securities or has pre-matched receipts to cover those deliveries.

When a trade is instructed on or after the intended settlement day, the available position will be verified by BNP Milano and only released to the market for prematching, if the position is sufficient for settlement.

X-clear recommends to the counterparties to adopt the same process in order to adhere transparency in the market and to allow the market participants to allege their instructions in good time.

3.0 **Income and corporate action guide**

In the Italian market the most common events are dividend payments, bonus issues, rights issues and tender offers.

Italian companies usually pay one annual dividend. In general, dividend payments are approved at the company's general meeting.

Dividends on all listed Italian equities are paid to the Italian custodian banks gross of tax on the third business day after ex date through the domestic cash clearing system.

3.1 **Ex date**

The first date on which shares are traded without entitlement. Ex date is two business days before record date.

3.2 **Record date**

The date when close of business positions are captured for entitlement to the proceeds of the corporate event. Record date is the business day preceding pay date.

3.3 **Pay date**

The corporate event proceeds are credited to the participant's account on pay/available date based on the holdings registered as of record date (EOD).

3.4 **Cancel/Regeneration (transformation)**

In case of a mandatory exchange (i.e. split, reverse split, conversion etc) Monte Titoli will not cancel the pending settlement instructions at record date (EOD) and therefore both SIX x-clear and the clearing member have to cancel the pending instructions and reinstruct the new trades according to the terms and conditions of the corporate action event.



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3.5 Compensation rules for mandatory events

No compensation is offered by the Italian market. For compensation of dividend payments, participants have to claim the proceeds directly from the counterparty.

If a pre-emptive rights trade is not settled by the third working day after intended settlement date (and the rights are still tradable), the failing counterparty should pay to the counterparty in bonis a cash amount equal to 170% of the larger of the two following values:

- a. the original settlement amount, or
- b. the value of the pre-emptive rights calculated on the basis of the official price of the previous day.

If on the third working day after intended settlement date, the pre-emptive rights are no longer tradable on the market, on subscription date the failing counterparty should pay to the counterparty in bonis a cash amount equal to 170% of either the original settlement amount or the difference between the value of the stocks resulting from the pre-emptive rights issue on subscription date and the subscription price.

On a case-by-case basis, such subscription price could be amended (and only for the purposes of the calculation of the amount to be paid by the failing counterparty) so as to take into account any significant discrepancy between the last pre-emptive rights trading price and their theoretical parity.

Any loss will be allocated to the failing counterparty.

3.6 Management of fails over last cum settlement date – 103.56% rule

On-exchange trades which are failing over the record date are automatically adjusted by Monte Titoli. Effectively the original transactions are cancelled and a new instruction created with a new countervalue. The difference between the countervalue of the original instruction and the new transaction is adjusted to take into account the dividend/coupon payment that has occurred.

The adjustment, which is designed to compensate the “in bonis” counterparties for the dividend which they were due to receive, is treated as a price adjustment which is equal to 103.56% of the gross dividend. This amount has been derived by applying the tax regime applicable to a dividend received by an Italian bank.

For the reason of harmonization between on-exchange and off-exchange trades, the same procedure will be adopted for off-exchange transactions.

In the case of fail over dividend compensation, SIX x-clear will contact the counterparty to agree the new amount including 103.56% of the gross dividend. Both parties, SIX x-clear and the counterparty need to cancel the initial instruction and reissue instructions with the agreed amount (upon agreement the trade date can also be amended).

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SIX x-clear is obliged to send the amended instruction to the local custodian by no later than 4.30 pm (CET) on the ISD. For that reason, agreements with the counterparty and prematching of the amended instruction at the local custodian have to be completed at that time.

3.7 **Source tax**

Dividends on ordinary shares and participating preferred shares are subject to a withholding tax of 27%. Dividends on saving (risparmio) shares are subject to a withholding tax of 12.5%.

3.8 **Currency**

The currency most commonly distributed in the Italian market is EUR. There is a possibility that the CSD will not distribute the originally announced currency. In this case SIX x-clear will credit the currency received from the custodian.

3.9 **Buyer election**

There is neither a buyer election nor a buyer protection facility in the Italian market.

The buyer has to send his choice by fax (a template can be downloaded from the website at www.six-x-clear.com > Forms to SIX x-clear). Settlement will take place by no later than 10:00 a.m. (CET) one business day after deposit date. SIX x-clear will forward the buyer's choice to the failing seller by 6:00 p.m. (CET) one business day after the deposit date.

The seller is obliged to execute the instruction and to deliver the outcome according to the buyer's choice. The cancellation of the original trade and the new instruction(s), according to the relevant corporate action terms, need to be agreed bilaterally by SIX x-clear and the counterparty. The settlement dates of the new outcome will generally be the payment date of the corporate action transaction.

A seller shall deliver the rights/shares on the deposit date at the latest. A buyer/SIX x-clear is not obliged to accept delivery of rights/shares after such date. Therefore the rights/shares could be returned to the seller. The seller still has the obligation to fulfill the executable buyer's choice.



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4.0 Contact details

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