

	N°	Title
Instruction	III-4-8	CLEARING AND SETTLEMENT OF TRANSACTIONS ON ITALIAN GOVERNMENT DEBT SECURITIES EXECUTED ON TRADING AND MATCHING PLATFORMS AND MTS ITALY WITH THE USE OF CASSA DI COMPENSAZIONE E GARANZIA (“CC&G”) AS AN ALLIED CLEARING HOUSE

Pursuant to Section 1.3.2, to Article 1.3.1.3 to Sections 3.1.1, 3.2.1, 3.2.3, 3.4.2 of the Clearing Rule Book.

CHAPTER 1 SCOPE

Article 1

This Instruction applies to Transactions on Italian government debt Securities executed in accordance with the rules of MTS Italy and Trading and Matching Platforms which are cleared by LCH SA and Cassa di Compensazione e Garanzia as Allied Clearing House.

As part of this Instruction, MTS Italy and Trading and Matching Platforms are hereafter referred as “Platforms” and Cassa di Compensazione e Garanzia as “CC&G”.

CHAPTER 2 CLEARING AND SETTLEMENT OF TRANSACTIONS ON ITALIAN DEBT SECURITIES WITH CC&G AS AN ALLIED CLEARING HOUSE

Article 2

The Platforms allow its participants to decide whether or not to have their Transactions cleared. They are further allowed to elect to have these Transactions cleared through a clearing member of LCH SA (Clearing Member) or a clearing member of “CC&G”.

For this purpose LCH SA admits CC&G as an Allied Clearing House, and CC&G admits LCH SA as a special clearing member (which is an equivalent to the Allied Clearing House status). This arrangement allows LCH SA to clear Transactions executed on Platforms with counterparties whose Transactions are cleared through CC&G.

Article 3

The Platforms notify Clearing Members of the last times at which Transactions may be dealt so as to be received by LCH SA for inclusion within the appropriate settlement cycle of the same day (“cut-off times”).

Transactions dealt after the relevant cut-off times are registered by LCH SA on the following Clearing Day before 9 a.m. CET. Those Transactions are included in the netting process of the following Clearing Day.

Article 4

For each Platform, when a participant cleared by a Clearing Member enters into a Transaction with another participant of the same Platform which is cleared by another Clearing Member, LCH SA acts as central counterparty to each Clearing Member.

For each Platform, pursuant to Article 1.3.1.2 of the Clearing Rule Book, when a participant cleared by a Clearing Member enters into a Transaction with a participant of the same Platform which is cleared by a clearing member of CC&G, LCH SA acts as central counterparty to the Clearing Member and to CC&G, which is an Allied Clearing House.

Article 5

For each Platform, if a participant, which Transactions are cleared by a Clearing Member, enters into a Transaction with a participant of the same Platform which Transactions are not cleared via LCH SA or via CC&G, such Transaction will not be cleared by LCH SA.

Article 6

Any Transaction received by LCH SA from a Clearing Member or an Allied Clearing House is deemed irrevocable in the sense of Article L 330 1 § III of the French Monetary and Financial Code as soon as the Transaction's details are registered in the Clearing System in the conditions stipulated in Article 3.1.1.1, under the exception foreseen in Article 3.3.2.1.

Article 7

After matching, Platforms send the details of all Transactions cleared through LCH SA to X-TRM.

X-TRM, which is part of Monte Titoli systems, transmits to LCH SA and CC&G, in real time, the Transactions data to calculate Margins. X-TRM also sends the settlement instructions concerning the relevant parties to Monte Titoli's Securities settlement system.

For the purpose of the settlement of Open Positions between LCH SA and Clearing Members or CC&G, and in accordance with Monte Titoli's rules, cash payments will be transferred at Monte Titoli's participant relevant cash account opened in a national central bank, and Securities will be delivered into Monte Titoli's participant's account opened in the books of Monte Titoli.