

19 April 2024

ON\_16/2024

# May 1st as a business day: impact on ES-MIL systems

To the attention of:	<b>All Clients and Account Operators</b>
Topic:	<b>May 1<sup>st</sup> 2024 treated as a business day: impact on ES-MIL systems</b>

Dear Client,

Please take note that May 1<sup>st</sup>, 2024 will be treated as a business day and will have the following specific characteristics:

- T2S: open for FOP, but not for DVP and PFOD operations in EURO
- T2: closed
- All CSD participants in T2S (including ES-MIL): open

In particular, for Custody activities:

- no payments in EURO may be made on May 1<sup>st</sup>; payments will be postponed and made on the first subsequent working day
- securities disposal or Pool Factor adjustment for REDM, PCAL and MCAL will be performed at SOD in the scheduled NTS cycle following May 1<sup>st</sup>.

For Settlement activities:

- the X-TRM service will be operational with some limitations due to the impossibility of settling the cash part.
- Reports concerning penalties will be sent

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## Impact on Custody

The custody processes concerned are typically those that involve cash-related activities, including:

- Cash Distribution
- Payment of Government Bonds
- Payments management by the Paying Agent
- Late dividend collection
- RCC
- Reorganisation

The following chart describes the expected impact on individual processes

No.	PROCESS	SERVICE	CAEV	CASH SECURITIES	1/5/2024 NTS	1/5/2024 RTS	02/05/2024	ACTION
1	payments made in central bank money	Custody ITA	INTR, REDM, PCAL, PRED, MCAL	Cash/securities	securities accounting or PF amendment download	no payment	Deferred cash settlement	Payments will be deferred until the next business day The deferral will also apply to securities with a "PREVIOUS GOOD BUSINESS DAY" convention. No impact is expected for securities with a MODIFIED FOLLOWING BUSINESS DAY convention.
2	payments made in commercial bank money	Custody ITA Custody EST	INTR, REDM, PCAL, PRED, MCAL	Cash/securities	securities accounting or PF amendment download	suspension of payment	Deferred cash settlement	After suspension, payments will be postponed until the next working day
3	Payment of Government Bonds	Custody ITA	INTR, REDM	Cash/securities	securities accounting download	no payment	Deferred cash settlement	Payments will be postponed until the next working date. in the event of partial or total redemption the securities accounting download will be performed on 1 May.
4	Payment of dividends/fund units	Custody ITA Custody EST	DVCA, CAPD, etc.	Cash/securities	N.A.	no payment	N.A.	Issuers will be prevented from entering transactions with a payment date of 1 May
5	Payments management by the Paying Agent. RIFPA, REVPA, RIAPA (MSG7B4) instructions	Custody ITA	DVCA	Cash	N.A.	No instructions	Deferred cash settlement	the sending of RIFPA, REVPA, RIAPA instructions on 1 May will be prevented. For RIAPA instructions received the day before 1 May, payments will be postponed to the next working day.

No.	PROCESS	SERVICE	CAEV	CASH SECURITIES	1/5/2024 NTS	1/5/2024 RTS	02/05/2024	ACTION
6	Late dividend collection	Custody ITA	DVCA	Cash	N.A.	No payment	Deferred cash settlement	Payments will be deferred until the first subsequent working date for collection instructions received on the day before 1 May
7	Reversal	Custody ITA Custody EST	INTR, REDM, etc.	Cash	N.A.	No payment	N.A.	transactions will not be executed on 1 May

### Cash distribution: currency <> Eur:

N.	PROCESS	SERVICE	CAEV	CASH SECURITIES	1/5/2024 NTS	1/5/2024 RTS	2/5/2024	ACTION
8	payments executed in commercial bank money directly by the Paying Agent or its correspondent bank	Custody ITA	INTR, REDM, PCAL, PRED, MCAL	cash/securities	securities accounting or PF amendment download	sending of final payment messages	N.A.	No Action. Payment made outside ES-MIL
9	payments executed in commercial bank money	Custody EST	INTR, REDM, PCAL, PRED, MCAL, DVCA, etc.	cash/securities	securities accounting or PF amendment download	cash settlement	N.A.	No Action. Regularly executed operations

### Reorganization: currency Eur:

N.	PROCESS	SERVICE	CAEV	CASH SECURITIES	1/5/2024 NTS	1/5/2024 RTS	2/5/2024	ACTION
10	ACPG (accounting and rolling) Warrant exercise and dividend with option	Custody ITA Custody EST	EXRI, EXWA, DVOP, etc.	Cash	N.A.	No payment	Cash post settlement	Issuers will be prevented from entering transactions with a payment date of 1 May In the case of rolling transactions, unexecuted instructions received on the business day before 1 May and those received on 1 May will all be settled on the next business day

## Other processes:

N.	PROCESS	SERVICE	CAEV	CASH SECURITIES	1/5/2024 NTS	1/5/2024 RTS	2/5/2024	ACTION
11	voluntary / mandatory Reorganization (no cash)	Custody ITA Custody EST	RHDI, CONV, MRGR, SPLF etc	NO	Securities settlement	Securities settlement	Securities settlement	No Action. Operations performed regularly
12	Issuance, MarkUp and MarkDown	Custody ITA	N.A.	NO	Securities settlement	Securities settlement	Securities settlement	No Action. Operations performed regularly
13	DVP Issuance	Custody ITA	N.A.	Cash	N.A.	No payment	Cash post settlement	Issuers will be prevented from entering transactions with a payment date of 1 May
14	<b>RCC</b>	Custody ITA	N.A.	Cash	N.A.	No payment	Cash post settlement	Payments will be postponed to the next working date.

## Settlement impact

### System

### Operation

T2S – X-TRM	<ul style="list-style-type: none"> <li>➤ The T2S platform will be available and therefore also the X-TRM service will be operational with some limitations due to the impossibility of settling the cash part only and exclusively Intra and Cross-CSD instructions can be settled, while “APMT” instructions will be blocked/rejected by the T2S platform</li> </ul>
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**Intra and Cross CSD:**

TYPE OF OPERATION	Operation
<b>NON-GUARANTEED MARKET OPERATIONS</b>	<ul style="list-style-type: none"> <li>➤ Any transactions with a "Trade Date" of 1/5/2024 will be rejected by X-TRM.</li> <li>➤ For transactions received on previous days and with ISD up to 26/04/2024, the determination of the end-of- validity date (ISD + n days) will not take into account of 1/5/2024</li> <li>➤ Unsettled transactions from previous days will not attempt settlement on 1/5/2024.</li> </ul>
<b>GUARANTEED MARKET OPERATIONS</b>	<ul style="list-style-type: none"> <li>➤ Any transactions with a "Trade Date" of 1/5/2024 will be rejected by X-TRM.</li> <li>➤ For transactions received on previous days and with ISD up to 26/04/2024, the determination of the end-of- validity date (ISD + n days) will not take into account of 1/5/2024. Unsettled transactions from previous days will not attempt settlement on 1/5/2024.</li> </ul>
<b>OTC</b>	<ul style="list-style-type: none"> <li>➤ "FREE" instructions already in T2S will attempt settlement, while "APMT" instructions will remain blocked.</li> <li>➤ "FREE" instructions can be entered/reset/settled with any ISD.</li> <li>➤ It will be possible to enter/match "APMT" instructions with ISDs other than 1/5, but they will not attempt settlement.</li> <li>➤ It will <b>NOT</b> be possible to enter "AMPT" instructions with an ISD of 1/5. Any instructions will be rejected by T2S.</li> </ul>

**External CSD:**

System	Operation
<b>MARKETS</b>	<ul style="list-style-type: none"> <li>➤ All Markets connected to X-TRM will be closed, any trades with A 'Trade Date' of 1/5/2024 will be rejected by X-TRM.</li> <li>➤ Trades (EuroTLX and EuroMOT) received on previous days with ISD 1/5/2024 will be sent to the relevant ICSDs on the trade day.</li> </ul>
<b>OTC</b>	<ul style="list-style-type: none"> <li>➤ Pending "FREE" instructions with an ISD before 1/5/2024 will attempt settlement, while for pending "APMT" instructions:               <ul style="list-style-type: none"> <li>○ Delivery from the ES-MIL account can be settled with the foreign CSD, but the securities will be released and debited on 2/5 together with the corresponding cash credit;</li> <li>○ Receive to the ES-MIL account will be settled at the ICSD and securities will be credited on 2/5</li> </ul> </li> <li>➤ "FREE" instructions can be entered/matched/settled with any ISD.</li> <li>➤ It will <b>NOT</b> be possible to enter "AMPT" instructions with an ISD of 1/5. Any delivery or withdrawal instructions will be rejected by T2S.</li> </ul>

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