

# FAQ GUIDE

## Euronext Securities Milan - Intermediaries

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# INTRODUCTION

This guide is structured in 7 different chapters classified by practical field of application. In each of them it is possible to find answers to questions that may arise in the context of the daily management of intermediaries in their relationship with Euronext Securities Milan.

The purpose of this document is to provide in a targeted and fast manner all the information that the Client Support office provides, but which can also be found in a easy and independent way by clients in the various systems of Euronext Securities Milan.

Please refer to the Rules and Instruction of the service, the User Specifications and the documentation published on the site for further information.



# 1. Connectivity

## MT-X expired certificates renewal

This type of technical problem is handled by the office "Sicurezza", which can be contacted by writing to: **[sicurezza@euronext.com](mailto:sicurezza@euronext.com)**.

## Reception/activation of Swift messages to/from Euronext Securities Milan

For all the useful information regarding the reception and activation of Swift messages to and from Euronext Securities Milan, we recommend that you consult the Welcome Kit, available at the following link: **[Membership | euronext.com](#)**.

## Spanish FTT service activation

To activate the Spanish FTT service with Euronext Securities Milan, the customer must sign the proxy form available on MT-X in the following section:

Documents/ Documentazione tecnica/ SFTT.

This form must be sent in original to Euronext Securities Milan (at the Milan office in Piazza degli Affari, 6), for the attention of the tax office; or alternatively if digitally signed also by mail to **[SFTT@LSEG.com](mailto:SFTT@LSEG.com)**.

Each person, in order to send the declarations, must be in possession of an IIC (Spanish tax code). The same can be requested to Euronext Securities Milan by filling in the form on MT-X.

Furthermore, the operating model in use for the service is published, as well as the ITF001 template for the declaration (format published by Iberclear) which must be produced by the participant and then uploaded to MT-X.

Euronext Securities Milan acts as reporting agent and never enters into the merits of the declarations and contents of these.

## 2. Registry

### List of financial instruments admitted in Euronext Securities Milan

The list of instruments admitted in Euronext Securities Milan is available in MT-X, at the section "Lists", by inserting the ISIN in the subsection "Mt 23 - Financial instruments". In this section it is also possible to check which is the issuer CSD and the presence of any transferability constraints.

When a security present within the list is accompanied by the code "85997" it means that it is admitted for the market but cannot regulate in Euronext Securities Milan. In this case it is appropriate, if desired, to request the admission through a general intermediary mandate in MTX.

### List of financial instruments eligible for collateralization

The list of financial instruments eligible for collateralization is uploaded on a daily basis on the Euronext Securities Milan website, at the following link: **T2S Collateral Eligible Securities | euronext.com**.

When an instrument is not present in the list, it means that it can't be used as a collateral through Euronext Securities Milan.

### List of default issuers

The list of default issuers is available on the Euronext Securities Milan website, at the following link: **Issuers | euronext.com**.

### Application for admission of foreign securities

The application for admission of foreign securities must be submitted via MTX selecting the Role MT INVESTOR CSD – Request for admission of foreign securities uploading and signing the module that is available at the following link: **Intermediaries | Euronext.com**

Euronext Securities Milan, via the Fast Track procedure, will give priority to registration requests for foreign securities for which a settlement transaction is pending.

Registration of the security within two business days is guaranteed for requests received by 17:00 hrs. The registration cannot proceed if checks by the International Custody team reveal that the security is subject to exclusion.

Participants wishing to use the "Fast Track" procedure must:

- enter the general intermediary mandate of the type "MT Investor CSD - request for admission of foreign securities";
- Send an email to [international.fasttrack@lseg.com](mailto:international.fasttrack@lseg.com) with the following subject line: "Fast Track + general mandate no.". The expected settlement date must be indicated in the body of the message and, if available, the official documentation concerning the registration (e.g. "Final Terms") must be attached to the email.

### **Issuer contacts**

The contacts of issuers are available in MT-X, on the section "Lists", entering the issuer code on the subsection "Issuer contacts database".

## 3. Settlement

### How to execute cross and external transfers

- Cross CSD: the Euronext Securities Milan client instructs against a counterparty in another T2S CSD and the counterparty instructs from the other CSD against Euronext Securities Milan.
- External CSD: the Euronext Securities Milan client instructs against a counterparty based on the links existing between Euronext Securities Milan and the other CSD outside T2S and the counterparty, specularly, does the same.

To execute Cross CSD and External CSD transfers it is necessary to use the appropriate formats; they can be found in the document "T2S GATEWAY - Euronext Securities Milan Settlement links" in the **Cross Market Documents | euronext.com** of the Euronext Securities Milan website.

To select the correct format (Swift or X-TRM), you must first identify the issuer CSD of the security and then the counterparty to which you want to execute the transfer.

### Time limits for cancellations in T2S

An intra-CSD or cross-CSD operation can remain unmatched in T2S for a maximum period of 20 business days, after which it will be automatically canceled by T2S. The external settlement transactions (also known as "cross border"), on the other hand, once entered are considered as "already matched", so the calculation is applied in the same way as matched transactions.

A matched transaction which does not settle is automatically canceled by T2S after a period of 60 business days from the expected settlement date or from the latest status change, whichever is later.

### Kick back functioning

The kick back is the practice of securities crediting, executed without any instructions from the client.



Euronext Securities Milan cannot be required to execute a kick back for securities received incorrectly, in which case the client will have to agree with the counterparty for the return through a delivery operation.

## Status of operations in T2S

It is possible to find identification codes within T2S that allow you to better understand the status of a trade.

These codes can be consulted within MT-X, in the document "Standard per utente X-TRM modalità RNI ver 0.13.9 T2S", available at the following path: Documents/ Documentazione tecnica/ Tracciati utente.

## Manual cancellation of a settlement instruction

If the customer fails to independently cancel via X-TRM or SWIFT, he must send Euronext Securities Milan a Swift MT599 message (containing description of the request, reference of the instruction, significant data of the instruction) and an email to **mt-helpdesk.settlement@euronext.com** with the explicit acceptance of the cost of Euro 20.00 which will be charged on the invoice with code SET011.

In the event that the cancellation is necessary due to an X-TRM error, the fee is not applied.

However, it should be remembered that we must distinguish between three different cases:

- OTC operations: if the transaction is matched, the cancellation request must be sent from both counterparties. If it is not matched, Euronext Securities Milan will process the cancellation of the instruction of the requesting counterparty.
- Non guaranteed market trades: the request for cancellation of the contract must come from the market before the intended settlement date.
- Guaranteed market trades: the request for cancellation of the contract must come from the involved central counterparties before the intended settlement date.

For more information you can consult the Operational Notice 53/2020 entitled "Cancellation of an instruction in X-TRM – 23 December 2020" available at the following link: **Operational Notices | euronext.com**.

## **Balances research in MT-X**

In order to check the balance you can consult the MT-X section Inquiry/ Balances search and filter through ISIN, abi (under heading "account number"), record date and user account. A RNI 706 document is produced each day with the day's balances.

Inquiry / Balance Search feature allows to check live and past balances for a maximum of 14 days starting from the search date. Balances related to dates older than 14 days are not available in this section. RNI 706 messages remain instead available in the dedicated section of MT-X.

## 4. Custody/dividends/corporate events

### Events research in MT-X

All the events in Euronext Securities Milan are communicated to the intermediaries via the following channels, depending on the subscription of the participant:

- Swift
- MT-X
- RNI

Within the MT-X section "Corporate action information msg", you can find:

- 720 messages: shareholders meetings;
- 721 messages: cash (announcement of dividend payment, coupons, interests, general payments);
- 722 messages: capital operations (reorganizations, rights distributions, conversions);
- 097 messages: free text message for extraordinary operations (tender offers, Tefra D, disclosure investors).

Each section is divided into "issuer" and "investor". In section "issuer" it is possible to find events for securities admitted and centralised directly in Euronext Securities Milan, while in section "investor" is possible to find events for securities admitted and centralised in Euronext Securities Milan but deposited by Euronext Securities Milan in other CSD.

In MT-X there are some useful documents at the following path: Documents/ Documentazione tecnica/ MT-X User Guides and data schemes/ Manuali MT-X/ MT-X.

### Final response deadline for warrants

The final response deadline is expected to be communicated via SWIFT, MT-X and RNI messages.

In the case of communication sent out via MTX messages, this data can be found in the DDS 722 produced by Euronext Securities Milan, under the item "data termine istruzioni" or "final response deadline", read in conjunction with the Notes of the DDS.

In the case of communication performed via SWIFT messages, this data can be found in the MT564 message sent by Euronext Securities Milan, in the line containing the following code: ": 69A :: PWAL //", together with the start date of the operation.

In the RNI message, information is available on the 722 at tag IDC 72B.

## **Waiver or Deferement of a dividend**

In case of deferement of a dividend on a stock in which Euronext Securities Milan is Issuer CSD, the client must send a 704 or MT565 message before paying the proceeds with the waiver, and Euronext Securities Milan will load the interim security.

For the late deferement of a dividend, it is necessary to send a mandate also specifying the interim security to which the payment refers and then wait for the validation of the mandate by Euronext Securities Milan. Subsequently, the payment made will be reversed and the interim security added to the balance.

Finally the client will have to send instructions to receive the dividend or instructions to waive in order to complete the process.

In case of waiver of a dividend on a stock in which Euronext Securities Milan is Issuer CSD, the client must send a 704 or MT565 message before paying the proceeds with the waiver.

For the late waiver of a dividend, it is necessary to send a mandate also specifying the interim security to which the payment refers and then wait for the validation of the mandate by Euronext Securities Milan. Subsequently, the payment made will be reversed.

Finally the client will have to send waiver of dividend instructions to complete the process

## **Documents relating to events announced by Euronext Securities Milan**

Inside the DDS released by Euronext Securities Milan after receiving a mandate from issuers or foreign CSD, it is possible to find attachments which integrate with useful information what is already described in the DDS, in case it would be necessary to include further details for clients.

The presence of attachments is specified in the DDS, whereas attachments are available in MTX

## **Management of events with double Record Date in Euronext Securities Milan different from the foreign record date (dual listing)**

The client can check if a dividend is subject to this processing method by checking if the "dual listing data" field of DDS 721 is filled in with "s-90" and at the same time, within the Swift message MT564, the field :70E ADTX is populated.

In dual listed transactions, the foreign CSD communicates a Record Date prior to the Ex Date. Instead, for the international "CASG" and "CAJWG" standards, the Record Date must be after the Ex Date. For this reason, in order to manage the event correctly, Euronext Securities Milan announces a domestic Record Date that reflects international standards, resulting in two distinct RDs.

In these cases, the balances are recorded at the RD of Euronext Securities Milan.

Euronext Securities Milan, as envisaged in the instruction, corrects the balance recorded on the Italian record date only for cross-border transactions, as follows:

- Adds all transfers to abroad settled with settlement date between the Ex Date and the Italian Record Date;
- Reduces all transfers from abroad settled with settlement date between the Ex Date and the Italian Record Date.

## **Announcements of events in Euronext Securities Milan**

Euronext Securities Milan communicates corporate events via the RNI, SWIFT and MT-X channels, which can be received according to the subscriptions made by the participant.

These communications take place only after having received a previous mandate from the issuer (for Italian securities) or complete and confirmed messages from CSDs on which Euronext Securities Milan has links (for foreign securities).

It is not possible for Euronext Securities Milan to announce events without having received the previously mentioned mandates, even if the issuer in question has disclosed such events to the public through other channels.

## **Transfer of Securities with quantity under the minimum settlement unit**

In the rare case that an intermediary has a deposit of a security in Euronext Securities Milan with a quantity under the minimum settlement unit, Euronext Securities Milan offer the following administrative procedure in order to give the possibility to clients to have a quantity that respect the minimum settlement unit.

As a general rule Intermediaries must ensure that they keep on accounts in Euronext Securities Milan the proper quantity of financial instruments.

Intermediaries involved enter a General mandate via MTX specifying ISIN, quantity, accounts involved to be debited and credited, acceptance of fee under code SA0094 as per current pricing.

Euronext Securities Milan once both general mandates have been entered and confirmed, process the transfer of the security among the intermediaries

## **Amendment of wrong conversion from cum/ex BTP Italia e Futura**

In case an intermediary realize that a wrong request of conversion from cum to ex line was entered and settled, Euronext Securities milan offer the following procedure to reverse the wrong conversion

1. Intermediary must send a letter duly signed to Euronext Securities Milan and in copy to Ministry of Finance (MEF) (Treasury Department , Direzione II, Street XX Settembre 97, 00187 Rome) and to Bank of Italy, (Service to the Public Debt and Central Bank Operations - Street Nazionale 91 00184 Rome).
2. Intermediary has to enter the same request via a general mandate in MTX to Euronext Securities Milan.
3. The general mandate shall specify:
  - a) Account of the Intermediary
  - b) ISIN code "EX" security to be debited and ISIN code "CUM" security to be credited
  - c) Quantity for which is requested the amendment of the conversion
  - d) Date on which during the subscription period the security has been subscribed
  - e) The reason for the request
  - f) Declaration that the Intermediary shall have proper documentation that can prove the beneficiary/ies is/are entitled to keep the CUM security in order to permit MEF to run checks also in the future
  - g) Specify if the request of amendment is due to a delivery order or if it is due to the fact that the beneficiary is not entitled to keep the CUM security
  - h) Specimen of authorized signatures.

Euronext Securities Milan once the process of amendment is completed will inform the Intermediary, MEF and Bank of Italy

## **PIK-type bonds management**

In the case of a procedure for PIK bonds, a distinction must be made between the issuance day and the trades subsequent to the issuance day.

CENTRALIZATION PHASE	During the centralization phase, Euronext Securities Milan credits the instruments after each beneficiary Intermediary has sent a general mandate confirming the withdrawal. Following the crediting, Euronext Securities Milan places a technical block on the accounts of the Intermediaries.
FOLLOWING TRANSFERS	After the centralisation phase, Euronext Securities Milan sets a block on the accounts of the Intermediaries. In order to process the transfer of debt instruments, the Intermediaries must proceed as follows. a) the delivering Intermediary and the receiving Intermediary enter the transfer instructions;  b) the delivering Intermediary requests Euronext Securities Milan to release the quantity subject to the transfer by means of a "General Mandate" message, indicating the securities account of the receiving Intermediary;  c) the beneficiary Intermediary sends Euronext Securities Milan a general mandate confirming the withdrawal.

Upon receipt of the unblocking request and the and the assignment referred to in point c) removes the block from the account of the delivering Intermediary to allow the accounting transfer.

Following the transfer, Euronext Securities Milan resets the technical block on the account of the receiving Intermediary.

Block (unblock) operations are communicated to issuers and intermediaries:

- real time, by sending the notification message 71N or MT 508;
- at the end of the day, by sending the "Daily statement".

It is possible to consult the Market Notice 03/2021 entitled "

Amendment of instructions for the CSD service” available at the following link:

### **Market Notice Euronext Securities Milan**

### **Information on FIS/DIV/TOS/RCC**

For this typology of question, it is advisable to contact the e-mail address:

**[mt-helpdesk.ce&is@euronext.com](mailto:mt-helpdesk.ce&is@euronext.com)**.

### **Information on taxation**

For this typology of question, it is advisable to contact the e-mail address:

**[mt-helpdesk.fiscal@euronext.com](mailto:mt-helpdesk.fiscal@euronext.com)**.

### **Check of balance on which a corporate action is executed**

To check the balance at the record date of an event, it is possible to consult the MT-X Inquiry / Balances search section and filter by ISIN, bic (entered under “account number”), record date and user account. Each day a 706 document is produced with the day's balances, or a Swift MT535 / 536 message for those who have subscribed to the Swift services.

### **Write off of securities of default issuers**

The dematerialized securities of companies in default can be written off on initiative by Euronext Securities Milan only if the company has been canceled from the register of companies.

If this is not the case, the write off can only be requested by the liquidator appointed by the court.



## **Tefra D certification**

For securities subject to Tefra D regulations, the Tefra D form completed in all its parts must be sent, exclusively via a general mandate on MT-X, by the date indicated in the Euronext Securities Milan information disclosed through DDS 097 and / or message Swift MT568.

The methods of instruction and the type of mandate to be used are indicated within the DDS.

## 5. Payments

### **Additional information on credits/debits**

To find more information about a credit or debit received, it is advisable to check the 7B2 message present in MT-X. Inside, in the header or under "processing details" there are details that can help in reconciliation. In the case of Market Claim, this field will contain the T2S reference of the transaction that generated it.

### **Information on the application of the pool factor**

The applied pool factor (as communicated to us by the issuer) is visible in the DDS 721 under the item "redemption amount", in the message 7B2 under the item "pool factor" and in the Swift MT566 message within the field: 92A :: NWFC //.

In the RNI 721 message the information is available at tag 7GE.

### **Functioning of messages related to dividends**

When a dividend event is processed, Euronext Securities Milan sends the following messages:

- 7B2 pre-advice of cash settlement. The corresponding Swift message is a 564 NEWM.
- 7B2 balance notification at the record date. The corresponding Swift message is a 564 REPE.
- 7B2 final. The corresponding Swift message is a 566. For securities where Euronext Securities Milan is Issuer CSD. For the payment of dividends on ISINs where Euronext Securities Milan is Investor CSD, the process is the same but in this case there is the production of a "pre-advice of cash settlement".

## 6. Market claims and transformations

### Information on Euronext Securities Milan's operating model for market claims and transformations

The operating model for "Market Claims and Transformations" can be consulted in MT-X following this path: Documents / Operational Procedures / New Item.

This operating model describes the management of pending settlement instructions and those relating to ex securities, traded starting from the Ex Date and settled within the Record Date, relating to corporate transactions in progress.

It constitutes the reference documentation for the management of CAoF, together with:

- Msg RNI 7B2 Claim and Transformation;
- Swift Iso15022 MT564-566;
- Settlement messages cited within the document.

It contains the rules for identifying the trades subject to Market Claim or Transformation and the procedures followed by Euronext Securities Milan in the management of such events.

### Market claim recognition and connection with the trade of origin

The market claim is generated according to the rules described in the various scenarios of the table on page 14 in the operational model of the CAoF present in MT-X at the following path: Documents / Operational Procedures / New Item.

When a market claim is processed, a 7B2 pre-advice and final, and a swift MT564 and MT566 message are produced.

To recognize that it is a Market Claim, the following field is entered in the swift message with the entry "clai":: 22F :: CAEV / CITI / CLAI.

In the 7B2 message it is indicated in the header and additionally indicated in the "Processing details" field. This item also contains the T2S reference of the operation that generated it.

In the RNI 7B2 message tag IDC 71J specify if the market claim is a debit or credit and the t2s reference that originated the claim.

More attention should instead be paid to CLAI on foreign DVCA in USD, which do not report the CLAI indication in 7B2, nor the T2S reference of the transaction that generated it. The simplest way to understand that this is a market claim is to note that there is no 7B2 of the balances on the record date.

In addition, both DVCA and CLAI have 7B2 indicating "Msg. type 7B2 Cross border dividend payment – pre-advice of cash settlement" and in this case it is definitive.

## 7. Useful links and other information

### Rules and instructions of the services

Within the Euronext Securities Milan website it is possible to consult the Rules and instructions of the service.

Both of them are available at the following link: **Rules & Instructions | euronext.com**.

### Price list for intermediaries

The fees for the Euronext Securities Milan services are available within the document "Fees applied to Intermediaries" available in the membership section of the Euronext Securities Milan website, at the following link: **Contracts and Fees | euronext.com**.

### Fiscal operational guides for markets covered by Euronext Securities Milan

You can find the fiscal operational guides for the markets for which Euronext Securities Milan offers its services at the following links:

**T2S Gateway | euronext.com**

**Other Markets | euronext.com**

Within these two links, you will need to click on the CSD or market of interest to find the guide you want to consult.



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