

21 October 2022

ON_51/2022

Government bonds with loyalty bonus: improvement in the transformation process

To the attention of:	Intermediaries and their Account Operators
Priority:	Average
Topic:	Removal of the PD-3 block on transformation operations of the ISIN CUM into the regular ISIN

Dear Client,

With a view to continuous improvement in the efficiency of the Italian market and the services that ES-MIL offers to its participants, we are pleased to announce that we have optimised the current process for the transfer of balances, from the ISIN CUM loyalty bonus to the ISIN EX loyalty bonus, on government bonds issued with a double ISIN.

Currently there are two suspension periods, at PD-3 and PD-1 respectively. These are necessary for the reconciliation of ISIN CUM and EX balances entered in the ES-MIL and Bank of Italy systems, in order to determine the correct payment amounts for each ISIN.

As a result of this improvement, which was implemented with the active collaboration of the Bank of Italy (in its capacity as agent of the Ministry of Economy and Finance for the management of public debt securities), the current suspension of transformation instructions at 13:30 hours on PD-3 until EOD on PD-3 has been removed. This will result in an extension of the period available to clients to send transformation instructions for the settlement of securities sale transactions with an ISIN EX already sent to the market.

At present, no change has been made to the second suspension period, between 13:30 hours until EOD on PD-1, as it is a preliminary to the said reconciliation activities.

This publication is for information purposes only and is not a recommendation to engage in investment activities. This publication is provided "as is" without representation or warranty of any kind. Whilst all reasonable care has been taken to ensure the accuracy of the content, Euronext does not guarantee its accuracy or completeness. Euronext will not be held liable for any loss or damages of any nature ensuing from using, trusting or acting on information provided. No information set out or referred to in this publication shall form the basis of any contract. The creation of rights and obligations in respect of financial products that are traded on the exchanges operated by Euronext's subsidiaries shall depend solely on the applicable rules of the market operator. All proprietary rights and interest in or connected with this publication shall vest in Euronext. No part of it may be redistributed or reproduced in any form without the prior written permission of Euronext.

Euronext refers to Euronext N.V. and its affiliates. Information regarding trademarks and intellectual property rights of Euronext is located at <https://www.euronext.com/terms-use>.

© 2022, Euronext N.V. - All rights reserved.



Trusting that this improvement will be useful, please note that it will be released into production on 24 October 2022.

Please use the following contact email addresses for any requests for clarification:

Direct Custody

E: mt-helpdesk.domesticcustody@euronext.com

E: mt-helpdesk.ce&is@euronext.com