

ABN AMRO Clearing

Newsletter – 16 June 2015

- **Market:** T2S
- **Impact:** Operational
- **Service:** IIS - Clearing

T2S: Wave 1 - scheduled for 22 June 2015

Dear Client,

Monte Titoli, the Italian central securities depository (CSD), has advised all interested parties that the CSD Steering Group (CSG) reached an agreement to support Monte Titoli's migration to Target2-Securities (T2S) by end of August 2015.

The new schedule for the Italian market requires formal approval from the T2S Board and the European Central Bank (ECB) Governing Council that will meet on 18 June 2015. The revised migration timeline allows Monte Titoli and the Italian banking community extra time to test the platform functionalities. The other four markets in wave 1 will migrate as planned on 22 June 2015, wave 2 of the T2S implementation is currently scheduled for 29 March 2016.

ABN AMRO Clearing (AACB) herewith would like to highlight the Wave 1 changes possibly impacting your way of instructing AACB; for more general T2S information we also refer to the attached document "Changes Target2Securities for clients".

Changes T2S wave 1	Client Impact
Hold and release feature: Pre-matching of trades without available/sufficient balance	Already available to clients of AACB
Party identifier	Use of BIC-11 identifier in agent and buyer/seller field
Account structure T2S change	No impact on clients of AACB
Allegements	Already supported in Switzerland and will become available for Italian market following migration T2S.
Linked instructions (Back to Back).	AACB will continue its current service; links are being handled in AACB system. As of Wave 2, AACB will be able to forward linked instructions directly to the T2S platform.
ISO20022 communication with T2S settlement platform	No impact on AACB clients. Clients can continue to communicate with AACB via ISO15022 format.
Additional and optional matching fields: Introduction of Opt-Out and Cum/Ex indicator	AACB will forward these fields to the T2S settlement platform, without any further processing. Clients must handle these fields with care as the fields will become matching criteria and should therefore only be used after agreement with the respective counterparty.
Settlement schedule (near real-time)	NTS = Night Time settlement RTS = Real Time settlement NTS: 20:00h (S-1) - 03:00h (S) RTS: DVP 05:00h - 16:00h (S) FOP 05:00h - 18:00h (S)
Partial settlements	AACB will opt for partial settlement by default. In case client does not want a transaction to partially settle the PART//NPAR indicator must be used.

Change T2S wave 1	Client Impact
Levels of matching tolerance: Harmonisation over T2S markets	EUR 2,00 settlement value <= EUR 100.000,00 EUR 25,00 settlement value > EUR 100.000,00
Recycling rules	- limited for unmatched instructions as of Intended Settlement Date (IS): 20 days. - unlimited for matched instructions or up to maturity of the security
Bilateral cancellation of matched instructions	Clients need to agree on a cancellation with respective counterparty
Repurchase agreement (Repo)	Settlement format will no longer be supported. Clients selling a REPO will need to contact their counterparty for retrocession of coupon payments.
Auto-collateralisation	No impact on clients; AACB will not offer client-auto collateralisation.

We will provide further updates about the developments with respect to T2S, if and when applicable.

In case you require any further information, please do not hesitate to contact your Relationship Manager.

Yours faithfully,

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