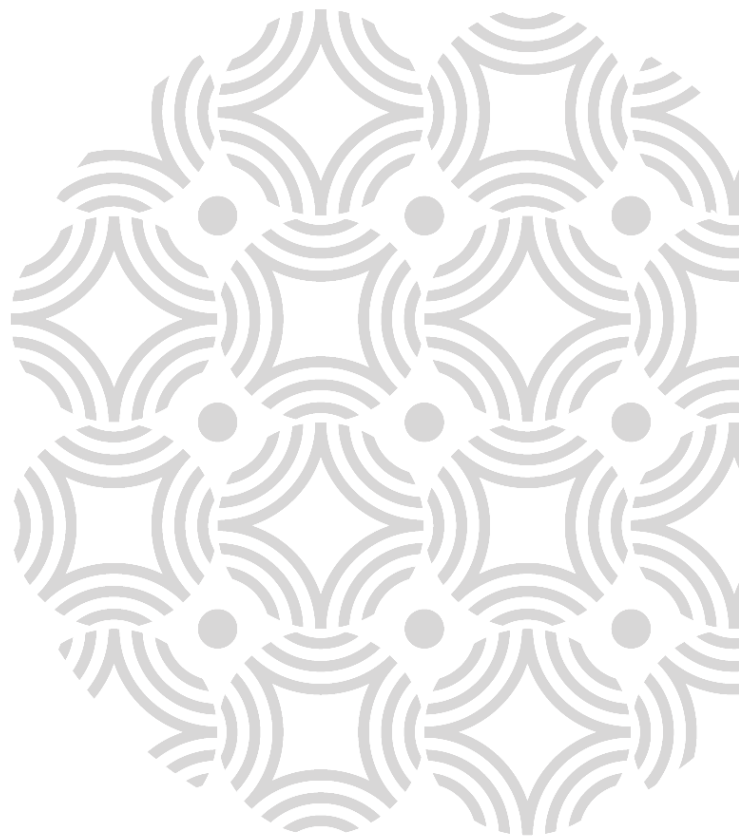




Italy





1 Country overview

MTS facilitates a regulated market for the wholesale electronic trading of Italian government bonds and other types of fixed income securities.

2 Instruments

2.1 Italian government bonds

- > **CCTs** (floating rate treasury certificate) – CCTs are currently issued with maturities of 7 years with semi-annual coupons. The first semi-annual coupon is decided by the Treasury at issuance and in-line with market rates. All other semi-annual coupons are calculated taking into consideration the yield of the last 6 month Treasury Bill (BOT) issued. Principal on all CCTs is paid at maturity
- > **BTPs** – Fixed rate bonds with maturities of 3, 5, 10 and 30 years. The annual coupon is paid semi-annually on an actual/actual basis
- > **BTPi** – Eurostat index-linked bonds, paying semi-annual coupons. The index ratios for these bonds can be found under BTPi – Daily Index Ratios
- > **BOTs** – Treasury bills are zero coupon instruments auctioned twice a month. They are issued at a discount from par with maturity of 90, 180 or 360 days. Yield is determined on an actual/360 basis
- > **CTZs** – Zero-coupon securities with 18 and 24 months maturity are issued twice a month, together with BOTs

2.2 Non-Italian government bonds

The following instruments are quoted on the MTS Repo platform:

- > **ATS** – Austrian fixed rate bonds
- > **BNI** – French Eurostat index-linked BTAN
- > **BTAN** – French fixed rate bonds
- > **BTC** – Belgian zero coupon securities
- > **DEM** – German fixed rate bonds
- > **DSL** – Dutch fixed rate bonds
- > **DTC** – Dutch zero coupon securities



- > FTB – French zero coupon securities
- > GIL – German Eurostat index-linked bonds
- > GTC – German zero coupon securities
- > IRL – Irish fixed rate bonds
- > OLO – Belgian fixed rate bonds
- > OAI – French Eurostat index-linked bonds
- > OAT – French fixed rate bonds
- > PTC – Portuguese zero coupon
- > PTE – Portuguese fixed rate bonds

2.3 Non-government bonds

- > Asset-backed securities – Instruments collateralised with either mortgages or public sector loans
- > Quasi-government bonds – All major euro-denominated EIB's issues and eurobonds issued by the Republic of Italy
- > Pfandbriefe, Freddie Mac, KfW, NRW, Kingdom of Denmark, Bank of England and Railway Network securities are listed on MTS Repo

For a full list of available instruments, click here:

<http://www.mtsdata.com/content/data/public/mts/anagraph/index.php>

2.4 Minimum lots

- > Proposals must be formulated for a minimum quantity equal to EUR 2.5 or 5 million depending on the instrument (bucket of maturity, liquid/illiquid security)
- > Orders may be submitted for EUR 2.5 million and multiples with auto-matching
- > Coupon strips – quoted and traded in lots equal to EUR 10,000 per lot
 - Proposals can be made for a minimum quantity of 10 lots and multiples thereof
 - The minimum order quantity is for one lot
- > Principal strips – quoted and traded in lots equal to EUR 500,000 per lot
 - Proposals can be made for a minimum quantity of 5 lots and multiples thereof



- The minimum order quantity is for one lot

3 Participants

For a list of participants, click here:

<http://www.mtsdata.com/content/data/public/mts/anagraph/member.php>

3.1 Requirements

- > Market makers – Eligible financial institutions must have net assets of at least EUR 39 million and have traded at least EUR 38 billion in bonds quoted on MTS in the preceding year
- > Market takers – Eligible financial institutions must have net assets of at least EUR 10 million

4 Market Hours

Cash

Market Hours (CET)	
Pre-Market	7:30am – 8:00am
Trading Hours	8:00am – 5:30pm
Market Closed	5:30pm

Repo

Market Hours (CET)	
Pre-Market	7:30am – 7:45am
Market Open	7:45am – 6:30pm
GC allocation window	6:30pm – 6:45pm
Market Closed	6:45pm

Trade details and statistics are available until 9pm



5 Settlement

5.1 Italian government bonds

Italian government bonds are settled through Express II, the settlement system managed by Monte Titoli S.p.A., which acts also as central depository. Bank of Italy manages the cash payment system (BI-REL).

Express II integrates a net settlement service and gross settlement service. Both settlement services work on delivery versus payment basis. MTS transmits trade details to the settlement system on behalf of both counterparties.

All MTS participants must be members of Express II either directly or indirectly through an agent bank. Those participants making use of a local custodian bank must sign a standard contract with the custodian, provided by MTS.

Participants can access the services of a central counterparty offered jointly by CC&G (Cassa di Compensazione e Garanzia) and LCH.Clearnet SA.

5.2 Other securities

Each market participant must be a member of one of the two ICSD, either directly or indirectly through an agent bank. For German securities available on the repo market only, it is also possible to settle via Clearstream Banking Frankfurt.

Participants holding their own account must execute a standard power of attorney provided by Euroclear Bank Brussels/Clearstream Banking Luxembourg/Clearstream Banking Frankfurt, granting MTS authorisation to send settlement instructions directly to these institutions and to be informed of potential fails.

Those participants making use of a local custodian bank must sign a standard contract with the custodian, provided by MTS and the custodian bank must execute the standard power of attorney.



Each participant is allowed one account for clearing transactions executed on MTS for every type of security. Settlement of MTS Italy trades follows t+2 cycle for BOTs and the t+3 cycle for BTPs, CCTs, CTZs and non-government bonds. Settlement calendar follows the TARGET calendar skipping value date only on TARGET non-business days. LCH. Clearent Ltd will soon be available as a central counterparty for other securities in addition to Italian government bonds traded on the repo market.

6 Market Data

Click to view report:

- Daily bulletins (<http://www.mtsdata.com/content/data/public/mts/bulletin/>)
- exBank of Italy Indices
(http://www.mtsdata.com/content/data/public/mts/index/index_exbi.html)
- BTPi – Daily Index Ratios
(<http://www.mtsdata.com/content/data/public/mts/btpi-idx/indexe.php>)
- MTS Italy Indices (http://www.mtsdata.com/content/data/public/mts/index/index_mts.html)

6.1 Password protected

Click to view:

- Participant statistics (<http://www.mtsdata.com/statistics/activity/participants.php>)

7 Contact

Find out how MTS can enhance your fixed income trading business by requesting a free trial or speaking to our expert team:

E: cash@mtsmarkets.com

T: +44 (0)20 7797 4100

W: www.mtsmarkets.com