



BANCA D'ITALIA  
EUROSISTEMA

*Agreement between Banca  
d'Italia and the Dealers admitted  
to participate in placements,  
buybacks and exchange offers of  
government securities*

*May 2025*



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# **Agreement between Banca d'Italia and the Dealers admitted to participate in placements, buybacks and exchange offers of government securities**

Subject to the condition that the Minister of Economy and Finance entrusts Banca d'Italia with carrying out placements, buybacks and exchange offers of government securities, either partially or in full, Banca d'Italia and the dealer signing this Agreement (the Dealer) agree to what follows.

## **Title I**

### **General provisions**

#### **Article 1**

##### *Definitions*

For the purposes of this Agreement, the following definitions apply:

- MEF: Ministry of Economy and Finance
- SWIFT: the Society for Worldwide Interbank Financial Telecommunication's messaging network for the exchange of information flows.
- Transactions: placements, buybacks or exchange offers of government securities conducted on behalf of the MEF. Unless otherwise indicated, this refers to transactions conducted through auctions in which dealers submit their applications directly with Banca d'Italia.
- Dealer: a Specialist or Candidate Specialist that meets the legal and technical requirements listed in Annex 1 and has signed this Agreement.
- Specialist: a dealer defined as a 'Specialist in government securities' under Article 23 of Ministerial Decree No. 216 of 22 December 2009.
- Candidate Specialist: a dealer that has applied for registration in the List of Specialists in Government Securities, as per Articles 5 and 6 of Executive Decree No. 993039 of 11 November 2011 as amended.
- Electronic procedure: IT application used by Banca d'Italia for placements, buybacks and exchange offers of government securities.
- Decrees: unless otherwise specified, the decrees issued by the MEF regulating the way in which transactions are to be carried out.
- Bid: combination of quantity and price (or yield) at which the dealer is willing to buy or sell a government security.

- Application: the set of bids a dealer may list in a single auction application message, up to the maximum number laid down in the Decrees.

## **Article 2**

### *Purpose of the Agreement*

1. This Agreement regulates relationships between Banca d'Italia and Dealers admitted to participate in transactions of government securities in accordance with the MEF Decrees.
2. Unless otherwise indicated, the provisions of this Agreement apply to all dealers.
3. The Annexes hereto constitute an integral part of this Agreement.

## **Title II**

### **Transactions carried out by Banca d'Italia**

## **Article 3**

### *Requirements for participating in the transactions*

1. To participate in the transactions, the Dealer must be a 'Specialist' or 'Candidate Specialist' and comply with the legal and technical requirements laid down in Annex 1.
2. Participation in non-competitive placements, buybacks and exchanges of government securities is reserved for Specialists, pursuant to the Decrees.
3. The Dealer shall promptly notify Banca d'Italia of any changes affecting its compliance with the technical requirements or any other changes that may alter the relationship governed by this Agreement.
4. Banca d'Italia shall carry out periodic checks on whether dealers continue to comply with the technical requirements.
5. The suspension or exclusion of the Dealer as a result of failure to meet the technical requirements is governed by Article 19.

## **Article 4**

### *Announcement of the transactions*

1. Banca d'Italia promptly notifies dealers of the financial features and the schedule of the transactions only after such information has been made known by the MEF. The notification shall be sent via SWIFT message.
2. The same information will also be published by Banca d'Italia through leading electronic financial information providers.

## **Article 5**

### *Submission of the application*

1. The Dealer shall submit the application to Banca d'Italia via SWIFT message, as described in Annex 2.
2. Applications received after the time fixed in the issue decree (cut-off time) and notified by Banca d'Italia will be rejected. Only the time stamp provided by the data processing centre of Banca d'Italia (CED- BI) will constitute proof for the purposes of compliance with the cut-off time.
3. Banca d'Italia shall confirm reception of the application via SWIFT message, specifying whether the application was rejected due to any of the errors described in Annex 2.
4. The Dealer may modify or cancel the application submitted via SWIFT message only before the cut-off time.
5. For exchange offers, the application must indicate the exchange securities that will be delivered in settlement.
6. Banca d'Italia shall be held harmless for any liability arising from a malfunction of the SWIFT Network, from the Dealers' use of the Network, or from an email malfunction, including in the cases laid down in Article 14.1.

## **Article 6**

### *Announcement of the results*

1. Following the completion of the auction, Banca d'Italia shall notify the Dealer of the results of the auction, including information on the quota allotted to the Dealer.
2. Banca d'Italia shall announce the results of the auction in a press release and through the leading electronic financial information providers.

## **Article 7**

### *Commissions*

Where the Decrees grant dealers a placement commission, Banca d'Italia calculates such commission according to the procedure set out in the Decrees.

## **Article 8**

### *Non-competitive placements*

1. Participation in non-competitive placements is open to Specialists that submitted at least one bid in the corresponding competitive placement.
2. Specialists are barred from participating in non-competitive placements if in the corresponding competitive placement they did not submit at least one bid featuring a higher price/lower yield than the minimum price or maximum yield (if applicable pursuant to the Decrees).

## **Article 9**

### *Exchange offers*

1. In exchange transactions conducted by auction, Banca d'Italia undertakes to publish promptly – on the morning of the day of the transaction and using at least one leading electronic financial information provider – the buyback price fixed by the MEF as soon as it is announced.
2. On the basis of the amount allotted at the auction, the allotment price and the conversion ratio, the Specialist undertakes to deliver to the MEF the corresponding amount of outstanding securities indicated in the message communicating the results of the transaction, pursuant to Article 17.4.



### **Title III**

#### **Exclusion or correction of the applications**

##### **Article 10**

###### *Applications containing errors sent via SWIFT Network*

1. Where an application transmitted by the Dealer via SWIFT Network contains one or more errors, it shall either be excluded from the auction or corrected and admitted, in accordance with the provisions of the Decrees and of Articles 11, 12 and 13 of this Agreement.
2. The exclusion or the correction shall take place after the cut-off time provided for in Article 5.2.

##### **Article 11**

###### *Exclusion of the application*

1. A bid is excluded if it contains one or more of the following errors:
2. An application shall be excluded if all the bids listed in it are excluded pursuant to Article 12 of this Agreement.

##### **Article 12**

###### *Exclusion of a single bid*

A bid is excluded if it contains one or more of the following errors:

- a) Amount smaller than the minimum amount fixed by the Decrees;
- b) Missing or illegible price (or yield) or quantity;
- c) Price equal to zero for placements and buybacks (without prejudice to the provisions of Article 13, letter i);
- d) Indication of the exchange securities to be delivered in settlement in placements;
- e) Limited to exchange offers, the security codes of the securities to be delivered in exchange are missing or illegible;

- f) Limited to exchange offers, the securities to be delivered in exchange are non-existent or differ from those declared eligible by the MEF.

## **Article 13**

### *Correction of a single bid*

Bids that are found to contain correctable errors will be admitted to participate subject to appropriate correction. Such cases and the related correction procedures are the following:

- a) The indicated amount is not a multiple of the minimum issue denomination: the amount shall be rounded down to the nearest multiple.
- b) The number of submitted bids exceeds the maximum number set by the Decrees: the bids shall be accepted, up to the maximum number set by the Decrees, following the order in which they were listed in the auction application message.
- c) For placements and exchange offers, the price is not a multiple of the minimum change envisaged in the Decrees: the price shall be rounded up to the multiple of the nearest change.
- d) For placements and exchange offers, the yield is not a multiple of the minimum change envisaged in the Decrees: the yield shall be rounded down to the multiple of the nearest change.
- e) For placements, buybacks and exchange offers expressed in terms of price: in case of negative prices, the negative sign shall be ignored.
- f) For placements conducted by means of a uniform price-based auction, the amount of a single bid exceeds the maximum amount indicated in the Decrees: the bid is accepted up to the aforementioned maximum amount.
- g) For placements conducted by means of a multiple price-based auction, the total amount of the bids included in the application exceeds the maximum amount indicated in the Decrees: the bids shall be accepted starting with the one featuring the highest price (or the lowest yield, if the auction is yield-based), until the aforementioned maximum amount is reached.
- h) h) For non-competitive placements, the amount of the bid exceeds that stated at issue: the bid shall be accepted up to the amount stated at issue.
- i) For non-competitive placements, the price or yield of the bid differs from the allotment price or yield in the corresponding competitive placements, or is nil: the allotment price or yield of the corresponding competitive placements shall be used.

- j) For non-competitive placements, the application contains more than one bid: only the first bid listed in the auction application message shall be considered.
- k) For buybacks, the price or yield is not a multiple of the minimum change indicated in the Decrees: the price shall be rounded down (or the yield shall be rounded up) to the multiple of the minimum change provided for in the Decrees.

## **Title IV**

### **Technical malfunctions**

#### **Article 14**

##### *Submission of the applications using the recovery procedure owing to malfunctions ascribable to the Dealers' procedures*

1. Where it is impossible to send messages via SWIFT owing to technical issues ascribable to the Dealer, the latter may submit the application by sending an ad hoc file to Banca d'Italia via email ('recovery procedure').
2. For the purposes referred to in paragraph 1, the Dealer shall:
  - a) Promptly inform Banca d'Italia of the inability to send SWIFT messages by calling one of the phone numbers published on the websites of the leading electronic financial information providers;

- b) Obtain consent by telephone to use the recovery procedure. Banca d'Italia reserves the right to record telephone calls;
  - c) draw up the application using a form with the name, format and electronic trace defined by Banca d'Italia (see Annex 2);
  - d) send the file, by email, to the email address provided by Banca d'Italia at the time of consent, exclusively from the email address specified by the Dealer itself in Annex 7 of this Agreement;
  - e) send the file before the cut-off time established in the Decrees; the time reported automatically by Banca d'Italia's computer system as the email reception time will constitute proof for the purposes of compliance with the cut-off time;
- 3. Where more than one application for the same security is correctly sent via email by the Dealer, only the last one received by email before the cut-off time will be accepted.
  - 4. Any errors contained in the application sent by email, as laid out in Articles 11, 12 and 13, will be handled according to the provisions of those articles.
  - 5. If all the bids listed in an application submitted using the recovery procedure are excluded pursuant to Article 12, no application previously or subsequently sent via SWIFT message will be accepted in the auction.
  - 6. If the cut-off time for applications is extended pursuant to Article 15, any messages already sent by email will be considered no longer valid. Therefore, the application to be accepted in the auction shall be the one submitted via SWIFT message, either before or after the application sent by email. If a Dealer wishes to continue using the recovery procedure because the technical issues preventing it from sending the application via SWIFT message persist, such Dealer shall send a new message by email.
  - 7. Where the recovery procedure is used, the data considered valid are those inputted by Banca d'Italia in the electronic procedure. Banca d'Italia shall not be held liable for any discrepancies between the inputted data and those submitted by the Dealers.
  - 8. A Dealer using the recovery procedure for four consecutive transaction days, owing to issues ascribable to such Dealer, is suspended pursuant to Article 19.

## **Article 15**

### *Malfunction of the SWIFT Network or of Banca d'Italia's systems*

1. In case of malfunction of the SWIFT Network or of Banca d'Italia's systems, Banca d'Italia, having consulted the MEF, reserves the right to carry out the transaction by authorizing the Dealers to submit their applications via email as per Article 14.
2. In the cases provided for by paragraph 1, the MEF, having consulted with Banca d'Italia, may extend the cut-off time established by the Decrees for the submission of the applications or may take other measures to facilitate the execution of the transaction.
3. Banca d'Italia shall promptly communicate the need to use the recovery procedure, as described in paragraph 1, directly to the Dealers and through electronic financial information providers.
4. Through the same channels, Banca d'Italia shall communicate the new cut-off time for the submission of the applications or any other decision taken by the MEF pursuant to paragraph 2.

## **Title V**

### **Miscellaneous and final provisions**

## **Article 16**

### *Effective date for participation in the transactions*

1. After signing the Agreement, the Dealer may participate in the transactions once Banca d'Italia has communicated to the Dealer that it has entered it in the electronic procedure.
2. Once Banca d'Italia has received from the MEF a report stating that the Dealer has been recognized as a Specialist, Banca d'Italia shall change the Dealer's status in the electronic procedure and send a notification to that effect to the Dealer.

## **Article 17**

### *Settlement*

1. Banca d'Italia shall deliver to the settlement system for transactions in financial instruments the securities and their cash value with value date equal to the established settlement date, in accordance with the provisions of the Decrees.

2. The Dealer may ask Banca d'Italia to go through a settlement agent, pursuant to the Decrees and in accordance with the instructions contained in Annexes 1, 5 and 6. The date starting from which this will be possible shall be communicated to the Dealer by Banca d'Italia.
3. The Dealer may request to change its settlement agent in accordance with the provisions of Annexes 5 and 6. The date starting from which these changes will take effect shall be communicated to the Dealer by Banca d'Italia. In any case, such date shall not fall between an auction date and its settlement date.
4. The settlement of exchange offers consists of the settlement of the placement and buyback transactions of which it is composed.
5. The provisions of this Article shall also apply to transactions in which Dealers do not submit their application directly to Banca d'Italia but for which Banca d'Italia manages the settlement pursuant to the Decrees (transactions not conducted through auctions).

## **Article 18**

### *Test sessions*

Banca d'Italia shall organize periodic test sessions with Dealers. Following regulatory or procedural changes, Banca d'Italia may conduct dedicated test sessions that shall be mandatory for all Dealers.

## **Article 19**

### *Suspension from participation in the transactions*

1. A Dealer may be suspended from participation in the transactions in the following cases:
  - a) a) The Dealer failed to attend the mandatory test sessions;
  - b) b) The Dealer obtained a negative score in three consecutive mandatory test sessions;
  - c) c) The case described in Article 14.10;
  - d) d) The Dealer failed to communicate a change in the choice of the settlement agent, as laid down in Article 17.3.
2. Banca d'Italia, having consulted the MEF, shall notify the Dealer of the suspension, indicating its effective date.
3. The time frames governing the suspension are:

Cases (a) and (b): no later than 10 calendar days after the effective date of the suspension, Banca d'Italia shall contact the Dealer to schedule a test session, which shall take place within

the following 30 days. A successful outcome of the test session shall rescind the suspension.

Case (c): no later than 10 calendar days after the effective date of the suspension, Banca d'Italia shall contact the Dealer to schedule a test session, which shall take place within the following 10 calendar days. A successful outcome of the test session shall rescind the suspension.

Case (d): the suspension shall be effective up to the date on which Banca d'Italia communicates that the new settlement method has been entered into the electronic procedure.

4. In an emergency situation, Banca d'Italia may suspend a Dealer with immediate effect and send a communication to that effect at a later time.

## **Article 20**

### *Exclusion from participation in the transactions and termination of the Agreement*

1. Dealers that no longer qualify as 'Specialists' or 'Candidate Specialists', as per MEF communication, shall be excluded with immediate effect.
2. Exclusion from participation in the transactions shall automatically result in the termination of the Agreement.

## **Article 21**

### *Communication between Banca d'Italia and the Dealer*

1. Any and all communications between Banca d'Italia and the Dealers, concerning any amendments to the Agreement or to one or more of the Annexes thereto that are not envisaged or otherwise determined by the MEF Decrees, shall be in accordance with the provisions of Annex 4. The amended Agreement shall be effective from the time indicated in the above-mentioned communication, which Banca d'Italia shall send promptly to the Dealer.
2. In accordance with the provisions laid down in Annex 4, the Dealer shall indicate whether it intends to send its communications to Banca d'Italia by regular mail or by certified email (PEC). If the chosen method of communication is regular mail, Banca d'Italia shall rely on registered letters with return receipt.

## **Article 22**

### *Data verification prior to the inputting of the data into the SWIFT Network*

The Dealer shall undertake to verify carefully, if possible using automatic checking programs, the accuracy of the data in its application (prices, quantities, etc.) before inputting them in the SWIFT Network. The objective is to avoid any errors that could cause market disturbances for which the Dealer would be responsible inasmuch as no intervention by Banca d'Italia is permitted.

## **Article 23**

### *Liabilities arising from the execution of the transactions*

Banca d'Italia shall be held harmless for any liability relating to the results of the transactions governed by this Agreement arising from non-compliance with the provisions of Articles 3.3 and 22.

**Banca d'Italia**

**The Dealer**

Pursuant to and for the purposes of Article 1341 of the Italian Civil Code, the Dealer expressly declares that it accepts the provisions of Articles 5.6-10-11-12-13-14-15-19-20-21-24-25.

**The Dealer**





## **Annexes**

## **Annex 1**

### *Technical requirements*

In order to participate in auctions, dealers must be able to send and receive messages via the SWIFT Network. The following technical and operational requirements shall therefore be met:

#### **1. Registering with SWIFT (Society for Worldwide Interbank Financial Telecommunication)**

Once connected to the SWIFT Network, the Dealer must be able to receive and send messages meeting the technical requirements specified by Banca d'Italia. The instructions on how to connect to the SWIFT Network and the technical specifications of the messages are set out in Annex 2.

#### **2. Settlement**

For the purposes of settlement, dealers must hold a Securities Account (SAC) with Monte Titoli S.p.A. and be a member of the settlement system for transactions in financial instruments in which the amounts to be settled and the securities to be assigned are entered and settled automatically.

It is possible to settle transactions through a specially appointed settlement agent. In this case, the settlement agent must hold a Securities Account (SAC) with Monte Titoli S.p.A. and be a member of the settlement system for transactions in financial instruments in which the amounts to be settled and the securities to be assigned are entered and settled automatically.

Settlements in cash are carried out in accordance with the agreement reached between dealers and settlement agents and communicated to Monte Titoli S.p.A.

Dealers intending to settle transactions through a settlement agent shall fill out the settlement agent appointment form ('Designazione dell'intermediario regolante' – Annex 5) and ensure the latter fills out an acceptance form ('Accettazione dell'incarico di intermediario regolante' – Annex 6). Signed original copies of both forms must be sent via regular mail to Banca d'Italia - Servizio Operazioni sui Mercati - Divisione Debito Pubblico, Via Nazionale 91, 00184 Rome, Italy, or via PEC to [isyde@pec.bancaditalia.it](mailto:isyde@pec.bancaditalia.it).

### **3. Performance testing with Banca d'Italia**

All dealers intending to take part in auctions must carry out performance tests with Banca d'Italia, in a testing environment, to ensure that SWIFT messages are correctly processed. The test session must be completed successfully before the procedure is activated in a production environment.

Dealers wishing to take part in a test session must send a written request via email addressed to Banca d'Italia - Servizio Operazioni sui Mercati - Divisione Debito pubblico at the email address [bi.aste@bancaditalia.it](mailto:bi.aste@bancaditalia.it), specifying the telephone numbers and email address of the person who will oversee the tests. Banca d'Italia will send a test sessions calendar, which shall also be published by leading electronic financial information providers. The performance tests must be repeated until they produce a positive outcome.

### **4. Agreement with Banca d'Italia**

Provided the requirements listed in points 1, 2 and 3 of this Annex have been met, dealers wishing to take part in auctions shall sign an Agreement with Banca d'Italia. Two copies of this Agreement will be sent to the Dealer, whose own legal representative must sign (both copies) and return to: Banca d'Italia - Servizio Operazioni sui Mercati - Divisione Debito Pubblico, Via Nazionale 91, 00184 Rome, Italy. Banca d'Italia will send back one of the copies signed by its legal representative.

## **Annex 2**

### **NETWORK CONNECTION AND MESSAGES OF PARTICIPATION IN THE PLACEMENT, PURCHASE AND EXCHANGE OF GOVERNMENT BONDS**

#### **TECHNICAL SPECIFICATIONS**

## INTRODUCTION

For transactions relating to the placing, purchase and exchange of government bonds by auction, the exchange of information between the Banca d'Italia and the dealers is provided by means of the following application messages:

1. Announcement to dealers of the characteristics of a bond auction placement/purchase transaction (Announcement);
2. Dealers send requests to participate in the placement/purchase by auction or requests to participate in the additional placement operations reserved for specialist dealers (bid submission);
3. notification to dealers of the receipt by the Banca d'Italia of the request to participate in the auction or additional placement operations (Confirmation);
4. communication to dealers of the results of the placement/purchase auctions (auction results);
5. communication of the share of the additional placement to which each specialist is entitled (Specialist Communication).

## TECHNICAL CONDITIONS FOR USING MESSAGES

### *Swift Service*

The message exchange is carried out using SWIFTNet's *Store-and-Forward InterAct Service* (SNF).

### *Joining the service*

Two user groups (CUG – *Closed User Group*) are defined on the Swift network, one for the testing environment and one for the production environment.

The SWIFT Services (*Service Name*) names are the following:

| Environment | Service Name          |
|-------------|-----------------------|
| Pilot       | bita.isyde.auction! p |
| Live        | bita.isyde.auction    |

Each member of the CUG will have to request SWIFT subscription to these services. SWIFT will do so after requesting authorisation from the Bank of Italy to proceed.

Only the messages specified in the following chapters may be exchanged within the CUG.

### *Conditions for the provision of the service by the Bank of Italy*

The service of acquisition and sending of application messages provided by the Bank of Italy is available from 7: 00 to 20: 00 during TARGET working days, except for particular events and subject to the availability of the SWIFNet InterAct service.

### *Signature of the Swift service*

In order to exchange messages, you must subscribe to the service via the link indicated in the table:

| Protocol     | BIC      | Business name             | E-order                               |
|--------------|----------|---------------------------|---------------------------------------|
| INTERACT SNF | BITAITRR | Live: ISYDE AUCTION       | <a href="#">E-order service</a>       |
| INTERACT SNF | BITAITRR | Pilot: ISYDE AUCTION TEST | <a href="#">E-order pilot service</a> |

You can also find the service by connecting [to https://www.swift.com/](https://www.swift.com/) and looking for the *Business Name* among the services available to BIC BITAITRR:

**BANCA D'ITALIA (BIC: BITAITRR)**

ISYDE AUCTION LIVE - bita.isyde.auction (Live) - SwiftNet

Subscribe >

ISYDE AUCTION TEST (Test)

Subscribe >

### *Message exchange between the parties via SWIFTNet*

*From Banca d'Italia to dealers*



| Parameters           | Value  | Notes   |
|----------------------|--|---|
| Enquiry DN – Pilot   | CN = isyde, ou = test, o = bitaitrr, o = swift |   |
| Requestor DN – Live  | CN = isyde, ou = prod, o = bitaitrr, o = swift |   |
| DN Responders        | CN = o = < BIC >, o = swift                    | The BIC is that of the counterparty that subscribed to the service, and will be uniquely associated with the ABI referenced to in the payload of the message. |
| Service Name – Pilot | bita.isyde.auction! p                          |   |
| Service Name – Live  | bita.isyde.auction                             |   |
| Request Type         | sese.xxx.announcement                          |   |

| Parameters            | Value  | Notes |
|-----------------------|--|-------|
|                       | sese.xxx.auctionresults<br>sese.xxx.bidconfirmation<br>sese.xxx.noncompquota |       |
| Non Repudiation       | Required   |       |
| Delivery Notification | Optional   |       |

*From dealers to the Bank of Italy*



| Parameters            | Value  | Notes   |
|-----------------------|--|---|
| Requestor DN          | CN = o = < BIC >, o = swift                    | The BIC is that of the counterparty that subscribed to the service, and will be uniquely associated with the ABI referenced to in the payload of the message. |
| DN responder – Pilot  | CN = isyde, ou = test, o = bitaitrr, o = swift |   |
| DN responder – Live   | CN = isyde, ou = prod, o = bitaitrr, o = swift |   |
| Service Name – Pilot  | bita.isyde.auction! p                          |   |
| Service Name – Live   | bita.isyde.auction                             |   |
| Request Type          | sese.xxx.bid                                   |   |
| Non Repudiation       | Required                                       |   |
| Delivery Notification | Optional                                       |   |

## *Security*

SWIFTNet certificates are used to authenticate/encrypt traffic exchange between SWIFTNet and InterAct interfaces and the identity of the sender is always verified by SWIFT. The parties (Bankits and CUG members) are responsible for the protection of messages between their backend system and the InterAct interface.

SWIFTNet security does not include an end-to-end signature and the actual user (sending dealer) will not be identified by Bankit. The user identification will be managed autonomously by the dealer.

## *Message structure*



The messages are composed in XML format, with schemes defined by XSD files.

In *Request InterAct* alerts, the business application message will be reported in the *body (payload)*, the format of which is described in the following chapter.

### *Parameters for message recognition*

The SWIFT Request type (s) indicated in the XML envelope are:

| Outbound messages (from Banca d'Italia to dealers) |                          |
|--|--------------------------|
| Description  | Request type             |
| Announcement of the auction                        | sese.xxx.announcement    |
| Submission confirmation                            | sese.xxx.bidconfirmation |
| Auction Results                                    | sese.xxx.auctionresults  |
| Specialist communication                           | sese.xxx.noncompquota    |

| Inbound messages (from operators to Banca d'Italia) |              |
|---|--------------|
| Description   | Request type |
| Bid submission                                      | sese.xxx.bid |

### *Characteristics of A2A messages*

The messages will be composed in **XML format**, with schemes defined by **XSD files** to be used as pre-validation tools prior to sending. File encoding is UTF-8. In order to communicate possible adjustments to the data transmitted, the Bank of Italy reserves the right to send messages relating to the same placement/purchase operation several times to counterparties.

With regard to the processing applied to the **Submission** message, please note that failure to comply with the XSD scheme leads to rejection of the message. In this case, the system produces a response message (**Confirmation signature** with negative result) containing information on the errors found.

If there is a sub-entry that passes the initial formal validation, a confirmation message may be sent with a negative result for breach of business rules. If there are no validation errors or inconsistencies with business rules, a Confirmation message is sent with a positive acceptance result.

### *End-to-end test messages*

It will be possible to exchange end-to-end test messages by sending Submission and Confirmation messages. The test sub-section must be filled in with the following conventional values:

- Security ISIN: IT1111111113
- number – tranche-quota: 1
- tranche/quota: T
- sign: E
- price-yield: 999.9999
- amount required: 9999999999999999.99

- security-in-exchange: IT1111111113

### *Cancellation messages*

You will be able to send a Submission message cancelling the previous participation without replacing it with a valid participation. The cancellation message must be filled in with at least one occurrence with the price/yield and amount requested fields equal to zero, and must not contain any occurrence with the same fields used.

### *Contingency messages*

If the message exchange infrastructure or the ISYDE application were not available, the Bank of Italy will be able to launch a contingency procedure, which provides that bid submission messages are to be sent by the counterparties by email, via xml files, validated against the xsd files described in this document.

In the same way, the messages produced by the Banca d'Italia application may be sent to dealers.

The names of the files must follow the following formalism:

ABI-ISIN-numberTrancheQuota-typeTrancheQuota-sign

Example

2008-IT0123456789-1-T-E

### *Announcement of placement, purchase or exchange*

By means of the “announcement” message, the Banca d'Italia communicates to the operators the characteristics of the placement/purchase or exchange of a loan by auction.

The Bank of Italy reserves the right to send the message several times for the same operation in order to correct the data previously transmitted.

Here follows the table presentation of the trace, the xml diagram of which in file.xsd version is distributed to operators on request.

| Name                               | Type   | Cardinality | Description  |
|------------------------------------|--|-------------|--|
| mitten-040                         | <a href="#">common: mitten-type</a>                        | 1.. 1       | Identifier of the sender Banca d'Italia (01000)  |
| recipients – 050                   | <a href="#">common: recipients – type</a>                  | 1.. 1       | Recipient Trader Identifier  |
| CRO-020                            | <a href="#">common: cro-type</a>                           | 1.. 1       | Message reference code, assigned by the sender   |
| reference data-031                 | <a href="#">common: data-ora-type</a>                      | 1.. 1       | Message sent date  |
| dati-identification – prestito-6C0 | <a href="#">common: dati-identification-prestito- type</a> | 1.. 1       | Transaction identifier: <ul style="list-style-type: none"> <li>• ISIN</li> <li>• Serial number</li> <li>• Type</li> <li>• Sign of operation</li> </ul>   |
| characteristic prestito-6C1        | <a href="#">common: characteristic – prestito- type</a>    | 1.. 1       | Characteristics of the issue: <ul style="list-style-type: none"> <li>• Description of the bond</li> <li>• Title type</li> <li>• Nominal bond rate</li> <li>• Coupon rate</li> <li>• Short/Long coupon</li> </ul> |

|                                    |   |       |  |
|------------------------------------|---|-------|--|
|                                    |   |       | <ul style="list-style-type: none"> <li>• Maturity date before coupon</li> <li>• Indexing coefficient</li> <li>• Securities settlement</li> </ul>   |
| long-lasting – prestito-6C2        | <a href="#">common: long-lasting-prestito-type</a>                  | 1.. 1 | Duration of the issue: <ul style="list-style-type: none"> <li>• Date of issue</li> <li>• Date of reimbursement</li> </ul>  |
| dati-asta-6C4                      | <a href="#">common: dati-asta-type</a>                              | 1.. 1 | Auction data: <ul style="list-style-type: none"> <li>• Maximum number of bids that may be submitted</li> <li>• Type of auction</li> <li>• End date of submission of applications/bids</li> <li>• Settlement date</li> </ul>              |
| thitoli-in-conchange-6CI           | <a href="#">common: thitoli-in-conchange-type</a>                   | 0.. 1 | Securities accepted in exchange  |
| dati-general-6C5                   | <a href="#">common: dati-general-type</a>                           | 1.. 1 | General data: <ul style="list-style-type: none"> <li>• Number of days of accruals - Amount of accruals</li> <li>• Calculation basis for accruals</li> <li>• Placement fee</li> <li>• Spread</li> </ul>                                   |
| characteristic: base-offerta-1-6C6 | <a href="#">common: characteristic-histiche-base-offerta-1-type</a> | 1.. 1 | Basic characteristics of the auction(1): <ul style="list-style-type: none"> <li>• Nominal amount offered</li> <li>• Maximum nominal amount offered</li> <li>• Minimum nominal amount offered</li> </ul>                                  |
| characteristic: base-offerta-2-6C8 | <a href="#">common: characteristic-histiche-base-offerta-2-type</a> | 1.. 1 | Basic characteristics of the tender (2): <ul style="list-style-type: none"> <li>• Tax price</li> <li>• Minimum change in price/yield</li> <li>• Minimum variation in quantity</li> <li>• Minimum amount that can be requested</li> </ul> |

### *Application to participate in the auction*

By means of the ‘submission’ message, dealers send to the Bank of Italy requests to participate in the placement/purchase or exchange operations by auction, or requests to participate in the additional placement operations reserved for specialist dealers.

The message is subject to validation and business checks by the Bank of Italy, followed by a confirmation message, with a positive or negative acceptance result.

Here follows the table presentation of the trace, the xml diagram of which in file.xsd version is distributed to dealers on request.

| Name                               | Type  | Cardinality | Description   |
|------------------------------------|---|-------------|---|
| mitten-040                         | <a href="#">common: mitten-type</a>                       | 1.. 1       | Sending Operator Identifier   |
| recipients – 050                   | <a href="#">common: recipients – type</a>                 | 1.. 1       | Identifier of the recipient Banca d’Italia (01000)  |
| CRO-020                            | <a href="#">common: cro-type</a>                          | 1.. 1       | Message reference code, assigned by the sender  |
| reference data-031                 | <a href="#">common: data-ora-type</a>                     | 1.. 1       | Message sent date   |
| dati-identification – prestito-6C0 | <a href="#">common: dati-identification-prestito-type</a> | 1.. 1       | Issue identification data: <ul style="list-style-type: none"> <li>• ISIN</li> <li>• Progressive tranche or quota number</li> <li>• Type</li> <li>• Sign of operation</li> </ul> |
| offer-6C9                          | <a href="#">common:</a>                                   | 1.. 1       | Bids:   |

|  |              |  |   |
|--|--------------|--|---|
|  | offerte-type |  | <ul style="list-style-type: none"> <li>• Price (or yield)</li> <li>• Amount requested.</li> <li>• Security in exchange</li> </ul> |
|--|--------------|--|---|

The received message is checked for compliance with business rules. For infringements, the following anomaly codes are included in the confirmation/signature messages:

| Code | Description of error   | Reasons leading to the immediate rejection of the subscription message  |
|------|--|---|
| 300  | Dealer not qualified to participate in placement/purchase operations   | <p>The event may occur in one of the following cases:</p> <ul style="list-style-type: none"> <li>• The dealer indicated in tag mittente-040 is not listed in the register of participants to the auctions of the ISYDE application</li> <li>• The BIC code indicated in the submission header is not the one associated with the ABI indicated in the payload of the tag mittente-040 message</li> <li>• The dealer is not eligible to participate in the auction operation (e.g. it is not present in the target group of the announcement)</li> </ul> |
| 301  | Message received after cut-off   | <p>The time when the bid submission message was received by the ISYDE application exceeded the cut-off time indicated in the announcement.</p> <p>For the purposes of accepting or rejecting the message, only the timestamp recorded by the ISYDE auction management application is taken into account.</p>  |
| 302  | Reference date and time not in sequence with bids already inserted   | Date and time indicated in field data-031 are before or equal to those of an already acquired submission message  |
| 303  | Bond identification data is not reflected in the application data  | <p>The event may occur in one of the following cases:</p> <ul style="list-style-type: none"> <li>• The test message for fictitious ISIN IT1111111113 does not comply with the agreement for testing messages indicated in the technical specifications</li> <li>• The auction or operation referenced in the fields dati-identification/prestito-6C0 is not in announced state in ISYDE.</li> </ul>   |
| 304  | Dealer not qualified for additional placement – no participation in the ordinary auction                             | <p>The dealer did not submit a valid bid in the previous ordinary auction, in accordance with Article 8 of the ‘Agreement between the Bank of Italy and the dealers for participating in the auction procedure for placement, purchase and exchange of government bonds.’</p> <p>In particular, the dealer did not submit any bids in the ordinary auction.</p>   |
| 305  | Dealer not qualified for additional placement – all bids in the ordinary auction were excluded as per the Convention | <p>The dealer did not submit a valid bid at the previous ordinary auction, in accordance with Article 8 of the ‘Agreement between the Bank of Italy and the dealers for participating in the auction procedure for placement, purchase and exchange of government bonds.’</p> <p>In particular, the dealer has submitted at least one bid in the ordinary auction but none of the bids submitted complies with the exclusion criteria laid down in the above mentioned agreement.</p>   |
| 306  | Acquisition of bids temporarily blocked. Please try again later  | The acquisition of bids is in a state of temporary blockage. Submission received before the block will not be considered valid for participation in the auction. When acquisition of bids   |

|     |   |   |
|-----|---|---|
|     |   | will be restored, the operator will receive a new announcement and may send new submission messages.  |
| 307 | Offers already acquired in contingency mode | An offer sent by the dealer in contingency mode is already present in the system  |
| 313 | Dealer suspended                            | The dealer is temporarily suspended from participating in auction operations  |
| 400 | Trace validation error against scheme xsd   | The submission message contains formal filing errors that do not allow it to be acquired.<br>Fields abi and CRO-origin-022 present in the reply message confirming submission will be valued at 0 |

### *Confirmation of receipt*

By means of the ‘Confirmation/Submission’ message, the Banca d’Italia informs the dealers of the receipt of the request to participate in the auction placements and of the results of the validation and business checks.

Here follows the table presentation of the trace, the xml diagram of which in file.xsd version is distributed to dealers on request.

| Name                         | Type  | Cardinality | Description   |
|------------------------------|---|-------------|---|
| mitten-040                   | <a href="#">common: mitten-type</a>                       | 1.. 1       | Identifier of the sender Banca d’Italia (01000)   |
| recipients – 050             | <a href="#">common: recipients – type</a>                 | 1.. 1       | Recipient Trader Identifier   |
| CRO-020                      | <a href="#">common: cro-type</a>                          | 1.. 1       | Message reference code, assigned by the sender  |
| CRO-origin-022               | <a href="#">common: cro-type</a>                          | 1.. 1       | Indicates the content of field CRO-020 of the submission message to which the confirmation relates  |
| identifyingdata-prestito-6C0 | <a href="#">common: dati-identification-prestito-type</a> | 0.. 1       | Bond identification data: <ul style="list-style-type: none"> <li>• ISIN</li> <li>• Progressive tranche/quota number</li> <li>• Type</li> <li>• Sign of operation</li> </ul> |
| reference data-031           | <a href="#">common: data-ora-type</a>                     | 1.. 1       | Message sent date   |
| hexito-application           | <a href="#">common: hexito-demand-type</a>                | 1.. 1       | Outcome of the request to participate in the auction  |

### *Reporting of results*

With the message ‘communication\_results’, Banca d’Italia communicates to dealers the results of the auction operations.

The Bank of Italy reserves the right to send the message several times for the same dealer in order to correct the data previously transmitted.

This is followed by the table presentation of the trace, the xml diagram of which in file.xsd version is distributed to dealer on request.

| Name             | Type                                      | Cardinality | Description                                     |
|------------------|---|-------------|---|
| mitten-040       | <a href="#">common: mitten-type</a>       | 1.. 1       | Identifier of the sender Banca d’Italia (01000) |
| recipients – 050 | <a href="#">common: recipients – type</a> | 1.. 1       | Recipient Dealer Identifier                     |

|                                    |  |        |   |
|------------------------------------|--|--------|---|
| CRO-020                            | common: cro-type                             | 1.. 1  | Message reference code, assigned by the sender  |
| reference data-031                 | common: data-ora-type                        | 1.. 1  | Message sent date   |
| Regulation-600                     | common: data-ora-type                        | 1.. 1  | Transaction settlement date   |
| dati-identification – prestito-6C0 | common: dati-identification- prestito-type   | 1.. 1  | Bond identification data: <ul style="list-style-type: none"> <li>• Title code</li> <li>• Serial number</li> <li>• Type</li> <li>• Sign of operation</li> </ul>  |
| date-asset-repurchased – 6CD       | common: allocation/repurchasing to type data | 1.. 1  | Allocation data: <ul style="list-style-type: none"> <li>• Amount allotted/purchased in auction by the dealer</li> <li>• Countervalue of the allocated amount to be settled, net of commissions and including accruals</li> <li>• Accruals, as a share of the countervalue</li> </ul>  |
| dati-conchange-6CH                 | common: dati-conchange-type                  | 0.. 10 | Exchange auction data: <ul style="list-style-type: none"> <li>• Security in exchange</li> <li>• Exchange ratio</li> <li>• Nominal amount of security in exchange.</li> </ul> Only in the case of a securities settlement auction, up to 10 occurrences can be sent.   |
| information general-asta-6CE       | common: general – auction information        | 1.. 1  | General information on the auction: <ul style="list-style-type: none"> <li>• Total amount requested/offered</li> <li>• Total amount allocated/purchased</li> <li>• Auction price/yield</li> </ul>   |
| altre-informations-6D1             | common: altre-informationi-type              | 1.. 1  | Other information: <ul style="list-style-type: none"> <li>• Exclusion price or rate</li> <li>• Amount excluded</li> <li>• Number of tenders excluded</li> <li>• Maximum price/minimum acceptable yield</li> <li>• Amount allocated extra-auction</li> <li>• Number of bids awarded extra-auction</li> <li>• Maximum price/yield</li> <li>• Minimum price/yield</li> <li>• Allotment at the marginal price/return</li> <li>• Total outstanding amount</li> </ul> |
| yield-award – 6E5                  | common: rendiant-winning – type              | 1.. 1  | Yields: <ul style="list-style-type: none"> <li>• Yield calculated on the weighted average price in competitive auction or on the price in marginal auctions</li> <li>• Yield on the maximum price in competitive auction</li> </ul>   |

|  |  |  |   |
|--|--|--|---|
|  |  |  | <ul style="list-style-type: none"> <li>Yield on the minimum price in competitive auction</li> </ul> |
|--|--|--|---|

### *Communication to specialists*

By means of the ‘Communication\_Specialists’ message, the Banca d’Italia communicates to the specialist dealers the information regarding the share of the additional placement to which they are entitled.

The Bank of Italy reserves the right to send the message several times for the same operation in order to correct the data previously transmitted.

Here follows the table presentation of the trace, the xml diagram of which in file.xsd version is distributed to operators on request.

| Name                               | Type  | Cardinality | Description   |
|------------------------------------|---|-------------|---|
| mitten-040                         | <a href="#">common: mitten-type</a>                       | 1.. 1       | Identifier of the sender Banca d’Italia (01000)   |
| recipients – 050                   | <a href="#">common: recipients – type</a>                 | 1.. 1       | Recipient Dealer Identifier   |
| CRO-020                            | <a href="#">common: cro-type</a>                          | 1.. 1       | Message reference code, assigned by the sender  |
| reference data-031                 | <a href="#">common: data-ora-type</a>                     | 1.. 1       | Message sent date   |
| dati-identification – prestito-6C0 | <a href="#">common: dati-identification-prestito-type</a> | 1.. 1       | Bond identification data: <ul style="list-style-type: none"> <li>Title code</li> <li>Serial number</li> <li>Type</li> <li>Sign of operation</li> </ul>                            |
| specialist information-6D3         | <a href="#">common: Special-type information-type</a>     | 1.. 1       | Specialist information: <ul style="list-style-type: none"> <li>Amount allocated to specialists</li> <li>Share of additional placements to which the dealer is entitled</li> </ul> |

### *List of common fields*

The common parts are defined below.

#### **err-demand-type**

##### *Elements*

| Name       | Type                       | Cardinality | Description                     |
|------------|----------------------------|-------------|---------------------------------|
| codice-err | <a href="#">XS: string</a> | 1.. 1       | Error identification code       |
| descr-err  | <a href="#">XS: string</a> | 1.. 1       | Description of the error        |
| mess-err   | <a href="#">XS: string</a> | 1.. 1       | Error technical details message |

#### **hexito-demand-type**

##### *Elements*

| Name | Type | Cardinality | Description |
|------|------|-------------|-------------|
|------|------|-------------|-------------|

|                       |                            |               |  |
|-----------------------|----------------------------|---------------|--|
| Submission – Accepted | <a href="#">XS:boolean</a> | 1.. 1         | Auction Request Acceptance Indicator: returns true if the submission has been accepted, false if the application has been rejected |
| descr-err             | err-demand-type            | 0.. unbounded | Errors found in the request to participate in the auction. It is not present if the submission-accepted field is true              |

## mitten-type

### Elements

| Name | Type     | Cardinality | Description                  |
|------|----------|-------------|------------------------------|
| ABI  | abi-type | 1.. 1       | ABI Identifier of the sender |

## target audience

### Elements

| Name | Type     | Cardinality | Description                   |
|------|----------|-------------|-------------------------------|
| ABI  | abi-type | 1.. 1       | ABI recipient identifier code |

## abi-type

### Restriction

| Name        | Type                    |
|-------------|-------------------------|
| base        | <a href="#">XS: int</a> |
| totalDigits | 5                       |

## chro-value

### Restriction

| Name        | Type                        |
|-------------|-----------------------------|
| base        | <a href="#">XS: integer</a> |
| totalDigits | 11                          |

## cro-type

### Extension

| Name | Type       |
|------|------------|
| base | chro-value |

## data-type

### Date in yyyy-MM-dd format

### Extension

| Name | Type                      |
|------|---------------------------|
| base | <a href="#">XS: dates</a> |



## data-ora-type

Date time with UTC offset in YYYY-MM-DDTHH format: mm: ss + UTC

*Restriction*

| Name    | Type   |
|---------|--|
| base    | XS: dateTime                                       |
| pattern | \d{4}-\d{2}-\d{2}T\d{2}:\d{2}:\d{2}[+ \d{2}:\d{2}] |

## quota-type

*Restriction*

| Name | Type       |
|------|------------|
| base | XS: string |

*Enumeration*

| Value | Description                                    |
|-------|--|
| T     | Indicates whether the transaction is a tranche |
| Q     | Indicates whether the transaction is a quota   |

## verso-op-type

*Restriction*

| Name | Type       |
|------|------------|
| base | XS: string |

*Enumeration*

| Value | Description  |
|-------|--|
| A     | Indicates that the announcement refers to the purchase of a bond |
| E     | Indicates that the announcement refers to the issuance of a bond |

## Type-titolo-type

*Restriction*

| Name | Type       |
|------|------------|
| base | XS: string |

## timing-type

*Restriction*

| Name | Type       |
|------|------------|
| base | XS: string |

*Enumeration*

| Value | Description |
|-------|-------------|
| 1     | Monthly     |
| 2     | Bimonthly   |
| 3     | Quarterly   |

|     |               |
|-----|---------------|
| 4   | Four-monthly  |
| 6   | Biannual      |
| 12  | Yearly        |
| 999 | Single coupon |
| 000 | No coupon     |

### **dati-individuativi-prestito-type**

#### *Elements*

| Name                   | Type                      | Cardinality | Description  |
|------------------------|---------------------------|-------------|--|
| Title code             | <a href="#">XS:string</a> | 1.. 1       | Bond identification data according to ISIN coding standards (standard I.S.O. 6166) |
| number – tranche-quota | XS: integer               | 1.. 1       | Progressive issue of the tranche (or quota) within the bond and transaction sign   |
| share                  | quota-type                | 1.. 1       | Indicates whether it is a tranche (value = “T”) or a quota (value: = “Q”)          |
| towards                | verso-op-type             | 1.. 1       | Indicates whether the transaction is Purchase (‘A’) or Issue (‘E’)                 |

### **characteristic – prestito-type**

#### *Elements*

| Name                | Type                      | Cardinality | Description   |
|---------------------|---------------------------|-------------|---|
| description – bond  | XS: string                | 1.. 1       | Extended description of the bond offered  |
| type- title         | type- type                | 1.. 1       | Identifies the type of security to be placed and may contain the following values: <ul style="list-style-type: none"> <li>• BOT</li> <li>• CCT</li> <li>• BTP</li> <li>• CTZ3</li> <li>• BTPI</li> <li>• CCTEU</li> </ul>   |
| nominal-bond Rate   | XS: decimal               | 1.. 1       | Annual nominal interest rate (format: 3 full digits, 4 decimal places). It is not valued in the case of non-coupon securities   |
| short-coupon        | XS: boolean               | 1.. 1       | Indicates whether the first coupon of the bond has a shorter/higher maturity than the others: takes the true value in the first case, the false value in the second   |
| date- spring/coupon | <a href="#">XS: dates</a> | 0.. 1       | In the case of a short/long coupon bond, the maturity date of the first coupon  |
| timing-coupon       | cadastre – cedola-type    | 0.. 1       | Indicates the timing of the coupons, may contain the following values: <ul style="list-style-type: none"> <li>1 = monthly</li> <li>2 = bi-monthly</li> <li>3 = quarterly</li> <li>4 = four-monthly</li> <li>6 = semi-annual</li> <li>12 = annual</li> <li>999 = single coupon</li> <li>000 = no coupon</li> </ul> |

|                          |                             |       |  |
|--------------------------|-----------------------------|-------|--|
| coefficience-indexation  | <a href="#">XS: decimal</a> | 0.. 1 | Indicates the value of the indexing coefficient related to the tranche/quota (format: 3 full digits, 6 decimal places)                       |
| Settlement in-Securities | <a href="#">XS: boolean</a> | 1.. 1 | Indicates whether settlement takes place in securities: is equal to true in case of settlement in securities, otherwise it is equal to false |

## long-lasting – prestito-type

### Elements

| Name         | Type                      | Cardinality | Description  |
|--------------|---------------------------|-------------|--|
| issue Date   | <a href="#">XS: dates</a> | 1.. 1       | Contains the date of issue of the bond, from which interest accrual starts |
| payback date | <a href="#">XS: dates</a> | 1.. 1       | Contains the date on which the bond will be repaid when it matures         |

## Type-asta-type

### Restriction

| Name | Type       |
|------|------------|
| base | XS: string |

### Enumeration

| Value | Description                           |
|-------|---------------------------------------|
| EMP   | Issuance with marginal price auction  |
| EMR   | Marginal Auction on Yield             |
| ECP   | Competitive auction on price          |
| ECR   | Competitive auction on yield          |
| ESP   | Spanish auction on price              |
| ESR   | Spanish Auction on yield              |
| ESUP  | Additional placement auction          |
| BMP   | Marginal buy-back auction on price    |
| BMR   | Marginal buy-back auction on yield    |
| BCP   | Competitive buy-back auction on price |
| BCR   | Competitive buy-back auction on yield |

## dati-asta-type

### Elements

| Name         | Type           | Cardinality | Description  |
|--------------|----------------|-------------|--|
| type-auction | Type-asta-type | 1.. 1       | Indicates the characteristics of the auction placement/purchase and may take the following values: <ul style="list-style-type: none"> <li>• EMP Marginal auction on price</li> <li>• EMR marginal auction on yield</li> <li>• ECP Competitive auction on price</li> <li>• ECR Competitive Auction on yield</li> <li>• ESP Spanish auction on price</li> <li>• ESR Spanish auction on yield</li> <li>• ESUP Additional placement auction</li> </ul> |

|  |               |       |  |
|--|---------------|-------|--|
|  |               |       | <ul style="list-style-type: none"> <li>• BMP Marginal Buy-back auction on price</li> <li>• BMR marginal buy-back auction on yield</li> <li>• BCP Competitive buy-back auction on price</li> <li>• BCR Competitive buy-back auction on yield</li> </ul>       |
| max-offers- available                  | XS: int       | 1.. 1 | Indicates the maximum number of bids that may be contained in the request to participate in the auction (bid submission message)   |
| time limit – submission – applications | data-ora-type | 1.. 1 | Indicates the date and time by which the bid submission messages containing the requests to participate in the auction must be sent to the application of the Banca d'Italia. After that, the messages will be returned to the sender with an error message. |
| settlement Date                        | XS: dates     | 1.. 1 | Indicates the settlement date of the transaction   |

### thitoli-in-conchange-type

#### Elements

| Name  | Type       | Cardinality | Description  |
|-------|------------|-------------|--|
| Title | XS: string | 0.. 10      | Indicates, with a maximum number of 10, the ISIN codes of the securities accepted in an exchange auction. The field takes value only when the settlement in securities indicator of the announcement message is true |

### dati-general-type

#### Elements

| Name                    | Type                        | Cardinality | Description  |
|-------------------------|-----------------------------|-------------|--|
| n-day-diethyms          | <a href="#">XS: int</a>     | 1.. 1       | Number of days to be used for the calculation of the relevant accruals. It is not filled in the case of non-coupon securities  |
| import-diethyms         | <a href="#">XS: decimal</a> | 1.. 1       | Amount of accruals payable for each base-calcolo-accruals, and minimum capital unit (format: 3 full digits, 6 decimal places). It is not filled in the case of non-coupon securities |
| base-calcolo-diethyms   | <a href="#">XS: integer</a> | 1.. 1       | Basis for calculation of accruals. Normally takes the values of 100 or 1000  |
| procurement – placement | <a href="#">XS: decimal</a> | 1.. 1       | Placement fee to be paid to dealers, if due. Expressed as a percentage (format: 3 full digits, 6 decimal places)   |
| spread                  | <a href="#">XS: decimal</a> | 1.. 1       | Mark-up to be applied to the indexation parameter for CCTs and CCTEU (format: 1 integer, 2 decimal places)   |

## characteristic base-offerta-1-type

### Elements

| Name                            | Type                        | Cardinality | Description  |
|---------------------------------|-----------------------------|-------------|--|
| price nominal-offered           | <a href="#">XS: decimal</a> | 1.. 1       | Nominal amount of tranche/quota (format: 16 full digits, 2 decimal places) |
| import-nominale-maximal-offered | <a href="#">XS: decimal</a> | 0.. 1       | Maximum amount to be issued (format: 16 full digits, 2 decimal places)     |
| price nominale-mini-offered     | <a href="#">XS: decimal</a> | 0.. 1       | Minimum amount to be issued (format: 16 full digits, 2 decimal places)     |

## characteristic base-offerta-2-type

### Elements

| Name                          | Type                        | Cardinality | Description   |
|-------------------------------|-----------------------------|-------------|---|
| price-tax                     | <a href="#">XS: decimal</a> | 1.. 1       | The auction price of the first tranche of a bond, when not higher than 100; in that case the field is equal to 100; not filled if it is a first tranche (format: 3 full digits, 3 decimal places)           |
| variation- mini-price         | <a href="#">XS: decimal</a> | 1.. 1       | Minimum amount by which price or yield is allowed to vary; bids must be made in multiples of price or yield minimum variations. Additional auctions are not indicated (format: 1 integer, 3 decimal places) |
| variation- mini-quantity      | <a href="#">XS: decimal</a> | 1.. 1       | Minimum amount by which quantity (amount requested) is allowed to vary; bids must be made in multiples of the minimum variation amount (format: 8 full digits, 2 decimal places)                            |
| minimum – Minima – Applicable | <a href="#">XS: decimal</a> | 1.. 1       | Minimum amount that may be bid by an operator; bids below this amount will be rejected (format: 16 full digits, 2 decimal places)   |

## offerta-type

### Elements

| Name        | Type                        | Cardinality | Description   |
|-------------|-----------------------------|-------------|---|
| price-yield | <a href="#">XS: decimal</a> | 1.. 1       | Price (in the case of an auction on the price) or yield (in the case of an auction on yield) at which the bid is submitted (format: 3 full digits, 4 decimal places).<br>If the auction is an ordinary one on the yield, it may be set to any numerical value, positive, negative or even zero.<br>If the auction is an ordinary one on price, it shall be set to a value greater than zero.<br>If the auction is an additional |

|                    |                             |       |   |
|--------------------|-----------------------------|-------|---|
|                    |                             |       | <p>placement, it can be set to any numerical value; in any case, the price or yield of the ordinary placement will be applied when awarding additional placement allotments.</p> <p>If the set value is different from zero, it shall be in multiple of the value present in the variation-mini-price field of the announcement message.</p> <p>If the set value is zero, and the value of the requested amount is zero, the offer will be treated as a cancellation of previous submissions (see Description of the offer element)</p> |
| import – requested | <a href="#">XS: decimal</a> | 1.. 1 | <p>Amount requested (format: 16 full digits, 2 decimal places) though this bid. It must also be set in case of additional placements.</p> <p>If the set value is zero, and the value of the price/ yield offered is zero, the offer will be treated as a cancellation of previous submissions (see Description of the offer element)</p>  |
| titol-in- change   | XS: string                  | 0.. 1 | <p>ISIN code of the security offered in exchange in the case of an exchange auction. Can only be set if the settlement-in-securities field of the announcement message is true</p>  |

## offer-type

### Elements

| Name  | Type         | Cardinality | Description   |
|-------|--------------|-------------|---|
| offer | offerta-type | 1.. 10      | <p>Receiving a message with one or more occurrences of this field at zero, be it price/yield or the amount claimed, results in the cancellation of the previously acquired messages, provided that the reference date and time of the cancellation message is subsequent to the date and time of the message to be cancelled.</p> |

## dati-exchange-type

### Elements

| Name                  | Type                        | Cardinality | Description  |
|-----------------------|-----------------------------|-------------|--|
| security-in-exchange  | XS: string                  | 1.. 1       | <p>ISIN code of the security offered in exchange in the case of an exchange auction. Can only be set if the settlement-in-securities indicator of the announcement message is true</p>   |
| rapport to in- change | <a href="#">XS: decimal</a> | 1.. 1       | <p>Relationship between the auction allotment price for the issued bonds and the purchase price set by the Ministry of Economy and Finance (format: 3 full digits, 6 decimal places)</p> |

|                                     |                             |       |  |
|-------------------------------------|-----------------------------|-------|--|
| Nominal amount-security-in-exchange | <a href="#">XS: decimal</a> | 1.. 1 | Nominal amount to be paid in settlement of the security given in exchange (format: 16 full digits, 2 decimal places) |
|-------------------------------------|-----------------------------|-------|--|

## information – general-auction

### Elements

| Name                                | Type                        | Cardinality | Description  |
|-------------------------------------|-----------------------------|-------------|--|
| Total amount requested – bids       | <a href="#">XS: decimal</a> | 1.. 1       | Total nominal amount of the bids submitted in the auction(format: 16 full digits, 2 decimal places)  |
| total Amount – Assigned – purchased | <a href="#">XS: decimal</a> | 1.. 1       | Total amount assigned or purchased in the auction (format: 16 full digits, 2 decimal places)   |
| price-rate-award                    | <a href="#">XS: decimal</a> | 1.. 1       | According to the auction typology, contains the following information:<br>— for marginal auctions, the price or the marginal award yield<br>— for competitive or Spanish auctions, weighted average price/yield<br>Size: 3 full digits, 4 decimal places |

## date – Assignment-reacquist-type

### Elements

| Name             | Type                        | Cardinality | Description  |
|------------------|-----------------------------|-------------|--|
| import – nominal | <a href="#">XS: decimal</a> | 1.. 1       | Total amount allotted/purchased to the dealer in the auction (format: 16 full digits, 2 decimal places)                                  |
| counter-value    | <a href="#">XS: decimal</a> | 1.. 1       | Countervalue of the amount allocated to the dealer, net of commissions and including accruals (format: 16 full digits, 2 decimal places) |
| diethyms         | <a href="#">XS: decimal</a> | 1.. 1       | Share of the countervalue relating to accruals (format: 16 full digits, 2 decimal places)  |

## altre-information-type

### Elements

| Name                      | Type                        | Cardinality | Description  |
|---------------------------|-----------------------------|-------------|--|
| price pocket – exclusion  | <a href="#">XS: decimal</a> | 1.. 1       | According to the auction typology, it indicates the minimum price or the maximum yield acting as a threshold for the exclusion of bids (format: 3 full digits, 4 decimal places) |
| amount excluded           | <a href="#">XS: decimal</a> | 1.. 1       | Sum of the nominal amount of bids excluded on the basis of the relevant exclusion prices or yields (format: 16 full digits, 2 decimal places)                                    |
| number of offers-excluded | <a href="#">XS: integer</a> | 1.. 1       | Total number of bids excluded on the basis of the relevant exclusion price or yield  |

|   |                             |       |   |
|---|-----------------------------|-------|---|
| price Maximum –<br>Pow Minimo-<br>Acceptable          | <a href="#">XS: decimal</a> | 1.. 1 | According to the auction typology, it indicates the maximum price (or the minimum yield), if calculated, acting as the maximum (minimum) threshold for bids (format: 3 full digits, 4 decimal places)                       |
| price allotted – extra-<br>auction                    | <a href="#">XS: decimal</a> | 1.. 1 | Only for competitive auction, total amount excluded, and allocated extra-auction, due to its bid price being higher than the safeguard price (or lower than the safeguard yield) (format: 16 full digits, 2 decimal places) |
| number of offers –<br>allotted outside the<br>auction | <a href="#">XS: integer</a> | 1.. 1 | Only for competitive auction, total number of bids awarded extra-auction  |
| price-yield-<br>maximum                               | <a href="#">XS: decimal</a> | 1.. 1 | Only per competitive auction, indicates the highest of the prices/yields offered by the successful bidders (format: 3 full digits, 4 decimal places)  |
| price-yield-minimum                                   | <a href="#">XS: decimal</a> | 1.. 1 | Only per competitive auction, indicates the lowest of the prices/yield offered by the remaining successful bidders (format: 3 full digits, 4 decimal places)  |
| coefficient-of-<br>distribution                       | <a href="#">XS: decimal</a> | 1.. 1 | Percentage of distribution allotment (format: 3 full digits, 4 decimal places)  |
| Total-amount-in-<br>circulation                       | <a href="#">XS: decimal</a> | 1.. 1 | Total nominal amount of bond outstanding after placement or purchase of tranche/quota (format: 16 full digits, 2 decimal places)  |

## yield-awarded– type

### Elements

| Name                                  | Type                        | Cardinality | Description  |
|---------------------------------------|-----------------------------|-------------|--|
| Yield-award                           | <a href="#">XS: decimal</a> | 1.. 1       | Yield calculated on the award price (format: 3 full digits, 4 decimal places)                                      |
| Minimum-yield-<br>competitive-auction | <a href="#">XS: decimal</a> | 1.. 1       | Yield calculated on the minimum allotment price in a competitive auction (format: 3 full digits, 4 decimal places) |
| Maximum-yield-<br>competitive-auction | <a href="#">XS: decimal</a> | 1.. 1       | Yield calculated on the maximum allotment price in a competitive auction (format: 3 full digits, 4 decimal places) |

## specialist information-type

### Elements

| Name                                | Type                        | Cardinality | Description  |
|-------------------------------------|-----------------------------|-------------|--|
| import- Assignment<br>– Specialists | <a href="#">XS: decimal</a> | 1.. 1       | Amount allocated to specialist dealers in the last auctions, including the current one of securities of the same kind and with the same maturity, on |



|   |                             |       |   |
|---|-----------------------------|-------|---|
|   |                             |       | the basis of which the share of the additional placement to which each dealer is entitled is calculated under the decree (format: 16 full digits, 2 decimal places)   |
| Share-of-entitlement-additional-placement | <a href="#">XS: decimal</a> | 1.. 1 | <p>Percentage share of entitlement (format: 3 full digits and 3 decimal places): weighted average, based on the percentages reported by the MEF, of the following two components:</p> <ol style="list-style-type: none"> <li>1) percentage given by the ratio between the value of the securities awarded to the dealer in the last auctions of securities of the same type and with the same remaining maturity, and the total amount allocated to all specialists in the same auctions;</li> <li>2) percentage set by the MEF attributed to the dealer based on the quarterly assessment of its secondary market performance</li> </ol> |

## **Annex 3**

### **Methodological note**

#### **AUCTION PARAMETERS**

##### **Minimum bid amount**

Under the current regulations of the MEF, the individual minimum bid amount may not be lower than:

- €500,000 for medium and long-term auctions
- €1,500,000 for BOT auctions
- €1,000,000 for buy-back auctions
- €500,000 for exchange offers.

##### **Minimum bid price difference**

Under the current MEF regulations, bid prices for price-based auctions must be a multiple of the minimum difference below:

- 0.01 for medium and long-term auctions
- 0.001 for CTZs.

##### **Minimum bid yield difference**

Under the current MEF regulations, bid yields for BOT auctions must be a multiple of the minimum difference of 0.001.

##### **Number of bids**

Under the current MEF regulations, applications may contain a maximum of:

- 5 bids in the case of competitive placements and buybacks
- 1 bid in the case of non-competitive placements (re-openings).

For exchange offers the number of bids is established by the decree regulating each operation, up to a maximum of 10 bids.

#### **GROSS ACCRUED INTEREST (IDC 6C 5 IN 6X0 MESSAGES)**

The amount of gross accrued interest is calculated according to the following formula:

$$DL = C * GG_A / GG_B \times 1,000$$

where:

DL = gross accrued interest due per €1,000 nominal principal amount

C = gross coupon

$GG_A$  = number of actual days between the interest accrual date and the settlement date, excluding one of the extremes (this number is indicated in the field 'number of days of accrued interest' in IDC 6C5)

$GG_B$  = number of actual days of the coupon period. The result is

rounded to sixth decimal place.

## GROSS YIELD FOR PRIVATE INVESTORS (IDC 6E5 and 6E6 OF MESSAGE 6X3)

The algorithm for calculating yield uses an iterative process to solve an equation in which the unknown is the yield itself, i.e. the discount rate that equalizes the current value of the bond's future payments and its price. The formulas used are the following:

### a) COUPON BONDS

$$P + DL = \frac{C_1 \times (gc_1 - gb) (gc_1 - gc_0)}{(1 + i_f)^{((gc_1 - re) \lfloor (gc_1 - gc_0) \rfloor + ((ge_1 - gc_1) \lfloor (gc_2 - gc_1) \rfloor))}} + \frac{C_2}{(1 + i_f)^{e_1 + ((gc_2 - ge_1) \lfloor (gc_2 - gc_1) \rfloor + ((ge_2 - gc_2) \lfloor (gc_3 - gc_2) \rfloor))}} + \dots + \frac{C_n + K}{(1 + i)^{e_n}}$$

where:

**P** = allotment price at auction

**C** = gross annual coupon

**f** = number of periods per year in which coupon C is divided

$C_i = C / f$ , with  $i = 1, 2, \dots, n$

**gc<sub>i</sub>** (for  $i = 1, 2, \dots, n$ ) = contractual payment date of coupons  $C_i$

**ge<sub>i</sub>** (for  $i = 1, 2, \dots, n$ ) = actual payment date of coupons  $C_i$

(the two payment dates,  $gc_i$  and  $ge_i$ , may not be the same if the contractual payment date falls on a non-business day according to the TARGET2 calendar; in this case, payment will take place on the next business day of the TARGET 2 calendar)

**gb** = initial interest accrual date of the security

**gc<sub>0</sub>** = interest accrual date of first coupon. This depends on the frequency of coupon payments and is always equal to  $\lceil gc_1 - (\text{year duration} / f) \rceil$

**i** = gross effective annual yield at maturity

$i_f = (1 + i)^{1/f} - 1$

**K** = nominal redemption value of the security

**re** = settlement date (according to the MEF's auction calendar)

**e<sub>i</sub>** = exponent of the discount factor  $(1 + i_f)$  of coupon  $C_i$ .

Analytically:

$$e_1 = ((gc_1 - re) / (gc_1 - gc_0)) + ((ge_1 - gc_1) / (gc_2 - gc_1))$$

$$e_2 = ((gc_2 - re) / (gc_2 - gc_1)) + ((ge_2 - gc_2) / (gc_3 - gc_2))$$

...

$$e_n = e_{n-1} + ((gc_n - ge_{n-1}) / (gc_n - gc_{n-1})) + ((ge_n - gc_n) / (gc_{n+1} - gc_n))$$

b) CTZ

$$P = \frac{K}{(1+i)^{(gg/365)}}$$

where:

**i** = effective gross yield at maturity

**K** = nominal redemption value of the security

**gg**= difference in actual days between the maturity date and the settlement date

**P** = allotment price at auction

c) BOTs

Simple capitalization

$$P = \frac{K}{1 + (gg/360 \times i)}$$

Compounding

$$P = \frac{K}{(1+i)^{(gg/360)}}$$

where:

**i** = effective gross yield at maturity

**K** = nominal redemption value of the security

**gg**= difference in actual days between the maturity date and the settlement date

**P** = weighted average price at auction.

### **ALLOTMENT CYCLE AND PERCENTAGE (IDC 6D1 OF MESSAGE 6X3)**

If the amount of the bids submitted at the marginal price is greater than the residual amount for allotment, such bids will be accommodated on a pro-rata basis, according to the following procedure:

- 1) the allotment percentage is calculated as the ratio between the residual quantity for allotment and the cumulative quantity requested at the marginal price;
- 2) the allotment percentage is applied to each of the bids submitted at the marginal price;
- 3) each of the bids is allotted the amount at point 2) after rounding down to the nearest multiple of the minimum denomination and keeping track of any balances;
- 4) if, after the operation at point 3), the cumulative quantity allotted is lower than the quantity issued, each bid accommodated is allotted, in decreasing order of balance, a further amount of €1,000.

This cycle is repeated until the whole quantity issued has been allotted. Where there are several balances of equal amount that cannot all be accommodated, a further €1,000 will be allotted at random.

## AMOUNT AND QUOTA ALLOTTABLE TO SPECIALISTS (IDC 6D 3 OF MESSAGES 6X4)

Specialists may participate in non-competitive placements provided they have submitted at least one application at a valid price in the related competitive auction. The quota to which each Specialist is entitled is calculated using the following formula:

$$Q_{i,t} = \frac{O_{i,t} \times R1\% + S_i \times R2\%}{R1\% + R2\%}$$

where:

$Q_{i,t}$  quota allotted to the i-th Specialist for the t-th Security

percentage allotted to the i-th Specialist in the last three competitive auctions of the same security or of securities of the same type and equal residual maturity, given by the ratio of the total allotted to the Specialist and the total allotted to all Specialists in the same three auctions, which include the auction just before the non-competitive placement to which the quota calculated refers. The ratio is calculated excluding any off-auction allotments due to the safeguard price/yield being exceeded:

$S_i$  = second percentage set for each i-th Specialist by the MEF on a quarterly basis.

R1 and R2 correspond to the percentages announced by the MEF for each non-competitive placement.

Specialists are notified of the  $Q_i$  quota to which they are entitled via SWIFT messages.

The MEF communicates to Banca d'Italia the values of  $S_i$  for all Specialists on a quarterly basis.

The  $Q_i$  quotas are rounded to the second decimal place.

If the sum of all the values of  $Q_i$  does not equal 100, the difference is allotted to the highest  $Q_i$ .

Bids submitted in non-competitive placements will be accommodated first by allotting to each Specialist the lesser between the amount requested and the amount to which the Specialist is entitled.

If one or more Specialists submit bids for less than the amount to which they are entitled or submit no bids at all, the difference is allotted to those who have bid for amounts greater than their entitlement. The additional allotment is proportionate to the entitlement quota.

## **CASH PAYMENT (IDC 6CH MESSAGE 6X3 - IDC 6CD MESSAGE 6X3)**

The cash amount that the Dealer shall pay on the settlement date for securities allocated at the auction is calculated using the following formula:

### **a) NOMINAL SECURITIES**

$$CV = \frac{IN \times (P - PROV) + IN \times DL}{100}$$

where:

**CV** = cash amount

**IN** = nominal amount of securities allotted

**P** = allotment price

**PROV** = fee, if any, due to Dealer

**DL** = gross accrued interest due per €1,000 nominal principal amount.

### **b) SECURITIES LINKED TO EURO-AREA INFLATION, EXCLUDING TOBACCO**

$$CV = \frac{IN \times P \times IC}{100} + \frac{IN \times DL \times IC}{1,000} - \frac{PROV \times IN}{100}$$

where:

**CV** = cash amount

**IN** = nominal amount of securities allotted

**P** = allotment price

**PROV** = fee, if any, due to Dealer

**DL** = gross accrued interest due per €1,000 nominal principal amount

**IC** = indexation coefficient on the settlement day.

## **PRICE TO NET TAXPAYERS**

$$PNETT = P - AF \times RSL$$

where:

**PNETT** = price to net taxpayers

**P** = allotment price

**AF** = tax rate, currently 12.50%

**RSL** = gross interest accrued from issue date to settlement date, calculated using the following formula:

## 1) COUPON BONDS

$$\frac{(100 - PF) \times GG_A}{GG_D} RSL =$$

where:

**PF** = taxable price

**GG<sub>A</sub>** = number of actual days between settlement date and issue date

**GG<sub>D</sub>** = number of actual days to maturity of the security.

## 2) CTZ

$$RSL = PF * ((100/PF) \times GG_A / GG_D - 1)$$

where:

**PF** = taxable price

**GG<sub>A</sub>** = number of actual days between settlement date and issue date

**GG<sub>D</sub>** = number of actual days to maturity of the security.

## CONVERSION RATIO

The conversion ratio is used to measure the quantity of securities in circulation of a given issue that must be delivered in order to settle the securities issued as part of an exchange offer by auction. It is calculated using the following formula:

$$RC = PA/PR$$

where:

**RC** = conversion ratio

**PA** = flat auction allotment price of the newly issued securities

**PR** = flat buyback price of the securities in circulation set by the MEF. The result is

rounded to fifth decimal place.

| AMOUNT<br>TO<br>EXCHANGE OFFERS | OF<br>TO<br>BE | SECURITIES<br>BE<br>DELIVERED | IN<br>CIRCULATION<br>IN PAYMENT IN |
|---------------------------------|----------------|-------------------------------|------------------------------------|
|---------------------------------|----------------|-------------------------------|------------------------------------|

In exchange offers the nominal amount of the securities that the Dealer shall deliver to the MEF in payment for securities allocated at auction is calculated using the following formula:

$$IN = AGG * RC$$

where:

**IN** = nominal value of securities in circulation for delivery to the MEF as payment

**AGG** = nominal amount of the new securities allocated to the Dealer at the auction

**RC** = conversion ratio.

If IN is not a multiple of the minimum tranche of the issue (currently €1,000), it is rounded down to the nearest €1,000.



## Annex 4

### Method of communication between Banca d'Italia and the Dealer

BANCA D'ITALIA  
SERVIZIO OPERAZIONI SUI MERCATI  
DIVISIONE DEBITO PUBBLICO  
VIA NAZIONALE 91  
00184 Rome – Italy

The undersigned Dealer .....  
ABI identification code ..... BIC code .....  
hereby chooses the following method of communication for any and all communications  
regarding the amendments referred to in Article 21.1 of this Agreement (tick either A or B):

**A) Regular mail to be delivered to:**

Name of the Dealer (Intermediary/Bank) .....

Address: .....

If regular mail is chosen, all communications to Banca d'Italia shall be addressed to: Banca d'Italia, Servizio Operazioni sui Mercati - Divisione Debito pubblico, Via Nazionale 91, 00184 Rome.

**B) Certified email (PEC) to be sent to the following address:**

PEC address.....

.

If certified email (PEC) is chosen, all communications to Banca d'Italia shall be sent to  
isyde@pec.bancaditalia.it

Date,.....

.....

*(signature of the legal representative)*

## Annex 5

### Appointment of the Settlement Agent

BANCA D'ITALIA  
SERVIZIO OPERAZIONI SUI MERCATI  
DIVISIONE DEBITO PUBBLICO  
VIA NAZIONALE 91  
00184 Rome – Italy

The undersigned Dealer (Intermediary/Bank).....

ABI identification code ..... BIC code .....

hereby communicates that, until further notice, it intends to rely on the Settlement Agent specified here below for the settlement of placements/buybacks/exchange offers of government securities conducted by Banca d'Italia on behalf of the Ministry of Economy and Finance:

.....,

ABI identification code ..... BIC code .....

The undersigned Dealer states that settlements in cash will be carried out in accordance with the agreement reached between the undersigned Dealer and the Settlement Agents and communicated to Monte Titoli S.p.A.

The settlement agent's appointment will take effect once the agent provides Banca d'Italia with a copy of the form *Accettazione dell'incarico di intermediario regolante* ('Acceptance on the part of the settlement agent' – Annex 6), duly filled in and signed.

Should the agent fail to carry out the necessary steps for settlement, the undersigned Dealer remains nonetheless responsible for the correct fulfilment of all obligations vis-à-vis the Ministry of Economy and Finance.

Date,.....

.....

*(signature of the legal representative)*

## Annex 6

### Acceptance on the part of the Settlement Agent

BANCA D'ITALIA  
SERVIZIO OPERAZIONI SUI MERCATI  
DIVISIONE DEBITO PUBBLICO  
VIA NAZIONALE 91  
00184 Rome – Italy

The undersigned Dealer .....

(ABI identification code ..... BIC code .....)

with registered office in..... (country).....(city)

.....

(address)

in the person of its legal  
representative.....

hereby accepts the appointment to settle the transactions of the Dealer in government securities placements/buybacks/exchange offers carried out by Banca d'Italia on behalf of the Ministry of Economy and Finance

ABI code..... BIC.....

This acceptance covers settlement in securities. Settlements in cash will be carried out in accordance with the agreement reached between the Dealer and the undersigned settlement agent and communicated to Monte Titoli S.p.A.

In this respect, the undersigned agent declares:

- a) that it holds a Securities Account (SAC) with Monte Titoli S.p.A. and is a member of the settlement system for transactions in financial instruments in which the amounts to be settled and the securities to be assigned are entered and automatically settled;
- b) that it undertakes to settle the items allotted to the Dealer in the transactions concerned regardless of the amount. Any limits provided for in the agreement with the Dealer are not enforceable in respect of Banca d'Italia or the Ministry of Economy and Finance;
- c) that it accepts that the obligation to settle the transactions in question arises from the moment the contract is signed between the Ministry of Economy and Finance and the successful bidder (auction validation). Such obligation lapses when the Dealer is declared insolvent, exclusively in respect of the transactions for which the transfer order has not yet been entered into the settlement system in accordance with the system's own rules pursuant to Article 2 of Legislative Decree 210/2001;
- d) that it accepts that the date on which revocation takes effect cannot fall between an auction date and its settlement date; revocation shall, therefore, take effect on the first calendar day after the settlement date.

Date,.....

.....

*(signature of the legal representative)*

## Annex 7

### Communication of the email address enabled to submit applications using the recovery procedure (Articles 14 and 15)

BANCA D'ITALIA  
SERVIZIO OPERAZIONI SUI MERCATI  
DIVISIONE DEBITO PUBBLICO  
VIA NAZIONALE, 91 – 00184 ROMA

Date,.....

I the undersigned, .....  
in my capacity as ..... of the Dealer  
(Bank/Intermediary).....,  
ABI code (... ..) and BIC (.....), in accordance with the powers  
entrusted to me by the Articles of Association and by internal regulations, hereby declare that any  
and all applications to participate in placements, buybacks and exchange offers of government  
securities conducted by Banca d'Italia on behalf of the Ministry of Economy and Finance pursuant  
to this Agreement and submitted by the Dealer using the recovery procedure envisaged in Articles  
14 and 15 of this Agreement shall be sent exclusively from the following email addresses<sup>1</sup>:

.....  
.....  
.....

I further declare that I fully acknowledge all actions taken by any person that uses the email  
addresses listed in this form to send the applications, including in cases of unlawful exercise of  
the power to authorize transactions.

Such authorization will be effective on ..... until revocation, which may take place  
through the replacement of this form by another equivalent form.

.....  
(stamp and full signature)

---

<sup>1</sup> No more than three email addresses.

## **Glossary**

### **Buyback**

Transaction reserved for specialists whereby the Ministry of Economy and Finance purchases outstanding government securities, thereby extinguishing its debt earlier than planned.

### **Candidate Specialist**

A dealer who has applied for registration in the List of Specialists in Government Securities, as per Articles 5 and 6 of Executive Decree No. 993039 of 11 November 2011 as amended. Candidate Specialists undergo a trial period, at the end of which the Ministry of Economy and Finance communicates to them whether they became Specialists or their relationship with the Ministry of Economy and Finance, and hence with Banca d'Italia, is terminated.

### **Ordinary Treasury bills (Buoni ordinari del Tesoro – BOT)**

discount short-term securities with maturities up to 12 months, with zero coupons.

### **Treasury bonds (Buoni del Tesoro poliennali – BTP)**

Securities with a fixed coupon. For some types of BTPs the predetermined coupons increase over time based on a step-up mechanism (e.g. BTP Valore and BTP Futura). Their maturity at issue ranges from 3 to 50 years and interest is paid semi-annually.

### **Inflation-indexed Treasury bonds (Buoni del Tesoro poliennali – BTPI)**

Starting in September 2003 and March 2012, respectively, the Italian State has been issuing BTP€i and BTP Italia bonds. The principal of these securities is indexed to consumer prices in the euro area (for the BTP€i bond) and in Italy (for the BTP Italia bond), and their coupons are a fixed share of the indexed principal. For BTP€i bonds, the revaluation of the principal is paid out in full at maturity, while for BTP Italia bonds it is paid out semi-annually together with the coupon payments.

### **Treasury certificates indexed to 6-month Euribor (Certificati di credito del Tesoro indicizzati all'Euribor – CCTEU coupons)**

Floating rate government securities with a maturity at issue usually ranging from five to seven years. The semi-annual coupons are indexed to the six-month Euribor recorded on the second business day preceding the coupon period, plus a premium.

### **Competitive placements**

Placements of government securities through an auction open to all authorized dealers.

### **Non-competitive placements**

Placements of government securities reserved for specialists whereby government securities are allocated at the allotment price recorded for the same security in the last ordinary auction to take place.

### **Exchange offers of government securities**

Transactions reserved for specialists whereby the Ministry of Economy and Finance offers to redeem outstanding government securities in exchange for new issues, to be placed through an auction, on the basis of a conversion ratio defined as the ratio of the allotment price of new securities as determined by the auction to the price of the security to be redeemed, which is set by the Ministry of Economy and Finance on the morning of the day of the transaction.

**Application**

The set of bids to buy and sell listed in the SWIFT message or in the email containing the application to participate in the auctions for the placement, buyback and exchange of government securities. The number of bids that may be listed in an application is set by the Decrees of the Ministry of Economy and Finance governing the transactions.

**Long-coupon**

A long-coupon security is characterized by the fact the first coupon has a longer coupon period than the following ones.

**Monte Titoli S.p.A**

A central securities depository to which, pursuant to the decree of 23 August 2000, the Ministry of Economy and Finance entrusted the centralized management of government securities.

**Bid**

Combination of quantity and price (or yield, in a yield- based auction) at which the dealer is willing to buy or sell a government security in a competitive placement, buyback or exchange offer.

The maximum number of bids that may be submitted in an auction is set by the Decrees governing the transactions.

**Specialists in Government Securities**

A category of dealers constituting the main players in the MTS screen-based market for government securities as provided for by Article 23 of Ministerial Decree No. 216 of 22 December 2009.

These dealers are entered into a register maintained by the Ministry of Economy and Finance and fulfil special organizational and operational requirements that allow them to participate in the primary and secondary markets for Italian government securities.

Among other things, they have exclusive access to non-competitive placements, buybacks and exchange offers of government securities.

**Cut-off price/yield**

The minimum price (or maximum yield, in a yield-based auction) set as the threshold for excluding bids (if applicable pursuant to the decrees).

Bids containing a lower price (or a higher yield) than the cut-off price/yield are excluded.

**Safeguard price/yield**

The maximum price (or minimum yield, in a yield-based auction) set as the threshold for participating in a competitive placement.

The amount requested at a price exceeding the safeguard price (or falling short of the safeguard yield) is allotted off-auction at a penalizing price (or yield).

**Conversion ratio**

In an exchange offer, the ratio between the allotment price at auction of the securities being issued and the price of the outstanding security (securities delivered in exchange) that the dealer will have to deliver in settlement. Setting the conversion ratio is necessary to determine the amount of securities that each dealer must deliver in settlement to the Ministry of Economy and Finance to pay for the amount of securities allotted to it in the auction.

**Settlement**

The stage in which, following the execution of placements, buybacks and exchange offers of government securities and the outcome of these transactions, securities are bought and sold and the corresponding amounts are paid.

**Short-coupon**

A short-coupon security is characterized by the fact the first coupon has a shorter coupon period than the following ones.

**Entity not subject to the direct payment of the substitute tax**

An entity which is not subject to the direct payment of the substitute tax on the proceeds deriving from government securities, pursuant to Article 2 of Legislative Decree 239/96.

**Entity subject to the direct payment of the substitute tax**

An entity which is subject to the substitute tax on the proceeds deriving from government securities, pursuant to Article 2 of Legislative Decree 239/96.

**SWIFT**

The Society for Worldwide Interbank Financial Telecommunication (SWIFT) is a limited liability cooperative company with registered office in Brussels, Belgium. It acts as a financial intermediary that carries out digital financial transactions, in cash or other types of assets (e.g. securities) using the network 'SWIFT' which is managed by the company itself and is used by almost all the banks in the world. The messages between the dealer and Banca d'Italia will be exchanged via the SWIFT network.

**Deadline for application (cut-off time)**

Deadline set by the decrees issued by the Ministry of Economy and Finance for the submission of applications to participate in auctions for the placement, buyback or exchange of government securities.

**Medium- and long-term securities**

Government securities with a maturity at issue of more than 18 months. They currently comprise BTP, BTP€i, BTP Italia and CCTEU.

**Securities delivered in exchange**

Outstanding securities that, in exchange offers, dealers deliver to the Ministry of Economy and Finance in exchange for the newly issued securities allotted to them in an auction.

**Tranche**

Portion of a loan whose issuance is distributed over time.

See also Banca d'Italia's glossary at: [www.bancaditalia.it/footer/glossario/index.html](http://www.bancaditalia.it/footer/glossario/index.html)