

MTS ITALY PROVISIONS Repo Segment – RFQ functionality

The changes described below will enter into force on **30th July 2019**.

MTS Italy Instructions have been updated in order to envisage the possibility of concluding trades through the RFQ functionality, with respect to the Repo Segment of the MTS Italy Market only.

In particular, it is specified that contracts can also be concluded following the acceptance by a Dealer of a Quote sent - by one of the Dealers it has selected - in response to its request for competitive quotes (RFQs).

Such acceptance may take place within the maximum time provided for by the System and, once concluded, the contracts will be settled on the basis of the instructions sent by MTS to the relevant settlement service or, where appropriate, to the central counterparty.

The entering of the requests for competitive quotes may be allowed to Dealers who have requested prior authorisation for such functionality and have identified at least two Dealers to whom such requests may be addressed. Also the receiving of RFQs will be possible only for the participants duly authorised.

(Instructions Article 16, paragraph 4)

Below is the excerpt of the Instructions with evidence of the changes made.

Art. 16. Repo Segment – Conclusion and registration of Trades (Art. 41 and Art 43 Rules)

1. Trades not guaranteed by the Central Counterparty are on a name give-up basis.
2. Trades guaranteed by Central Counterparty are anonymous when executed between two Dealers using any of the available trading functionalities **provided**.
3. In case of a Trade originated from an Order sent by a Dealer not using the Central Counterparty against a Quote inserted by a Dealer using the Central Counterparty, which is a Quote also eligible to be traded bilaterally, the identity of the counterparty will be disclosed to both Dealers promptly after the sending of the Order and therefore before the conclusion of the Trade.
4. **Trades may also be concluded following the acceptance by a Dealer of a Quote sent by one of the Dealers it has selected in response to its request for competitive quotes (RFQs). The System provides in the Regulatory Specifications for a maximum time for such acceptance.**

The entering of requests for competitive quotes is allowed to Dealers who have requested in advance to be enabled to this function and who have identified at least two Dealer, enabled for this purpose, to whom such requests can be addressed.

5. In case of a Trade Registration (**Trade Registration function**) or of acceptance of a competitive Quote (**RFQ**), each party will know the identity of the counterparty since the beginning. In case of the trade is guaranteed by the Central Counterparty, it will be anonymous.
6. Orders shall be submitted by indicating the volume a Dealer wishes to trade at the price indicated in a Quote, or in the case of the “sweep book” functionality indicated in a series of Quotes.
7. Orders submitted with respect to active bilateral Quotes shall be valid for a maximum period of time established by MTS and equal to 120 seconds. An Order which is neither accepted nor refused prior to the expiry of the maximum time limit will be automatically accepted by the system after the time limit.
8. The repo duration can vary from a minimum of one day to a maximum of no longer than permitted by the relevant CCP/CCPs. For Trades originated from Trade Registration, or from matching of Quotes and Orders on broken dates the maximum period between trade date and the spot leg date shall be equal to the limit imposed by the relevant CCP/CCPs or by the system For repo on the inflation linked securities this period will depend on the availability of the relevant inflation index.