SEPA Country-Specific Information
Italy
INTRODUCTION

All national SEPA initiatives are coordinated by the Italian Banking Association (ABI) under the supervision of the Bank of Italy. Currently all Italian banks are ready to support SEPA Direct Debit Core. ABI and the Bank of Italy agreed to establish an additional transition period for domestic credit transfers and direct debits, therefore banks are still able to accept national formats until 31 July 2014. For more related information please refer to the link below.*

END-DATE INFORMATION

All national SEPA initiatives are coordinated by the Italian Banking Association (ABI) under the supervision of the Bank of Italy. Currently more than 90% of Italian banks are ready to support SEPA Direct Debit B2B. We expect the full national reachability to be ensured within the SEPA migration end-date which was agreed upon for 31 January 2014.

Regulation (EU) no. 260/2012 sets the end-dates for national payment schemes and SEPA migration schemes, as follows:

<table>
<thead>
<tr>
<th>END-DATE INFORMATION</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>National formats</td>
<td>31 January 2014</td>
</tr>
<tr>
<td>Domestic formats can be accepted by banks until February 2016 (with some restrictions). These payments will be processed as SEPA, but customers can still use local formats. ABI and Banca d’Italia agreed to establish an additional transition period for domestic credit transfer and direct debit. Therefore, banks are still supposed to accept national formats until 31 July 2014</td>
<td></td>
</tr>
<tr>
<td>“Niche products”</td>
<td>31 January 2016</td>
</tr>
<tr>
<td>(Products with less than 10% market share/country Financial RID and fixed amount RID)</td>
<td></td>
</tr>
<tr>
<td>National products with a different migration date</td>
<td>Expected 31 January 2016</td>
</tr>
<tr>
<td>RIBA will continue to exist at least until February 2016</td>
<td></td>
</tr>
<tr>
<td>IBAN-only national transactions</td>
<td>31 January 2014</td>
</tr>
<tr>
<td>IBAN-only cross-border transactions</td>
<td>31 January 2016</td>
</tr>
</tbody>
</table>

IBAN CONVERSION SERVICE

Mandatory IBAN, as the sole account identifier in domestic transfers, has already been deployed in Italy since 2010. Therefore, IBAN conversion tools are, in general, not needed.

BIC codes, on the other hand, are generally not stored in the ERP counterpart details of domestic customers. However, the generic BIC code of the Headquarters of the beneficiary bank could be used to route the payment.

* http://www.ecb.europa.eu/paym/sepa/pdf/countries/it_sepa_migration_fact_sheet.pdf?f07da7f97ad5e0be1a2eb447cdbb8ea
IBAN structure
In Italy the IBAN is composed of 27 characters structured as follows:
- Positions 1 – 2: ISO country code (IT for Italy)
- Positions 3 – 4: Check digits
- Position 5: CIN code (“Control Internal Number”)
- Positions 6 – 10: Bank identifier (ABI code)
- Position 11 – 15: Branch identifier (CAB code)
- Characters 16 – 27: Account number*

* Please note that many Italian account numbers have less than 12 digits. In this case a leading “0” is added on the left side (other alphanumeric characters are, in any case, allowed)

SEPA PRODUCTS

The following payment/collection schemes are going to be affected by the SEPA migration and discontinued after 31 January 2014:
- Domestic credit transfers (“Bonifico”), including salary payments, will have to be migrated to SCT
- Cross-border credit transfers, when the beneficiary is located within the SEPA area and the currency is EUR, is going to be replaced by SEPA Credit Transfer
- The Domestic collection scheme “RID”, “RID Veloce” included, will have to be migrated to SDD Core or SDD B2B

While designing the SEPA migration approach, companies should get a complete and exact knowledge of the differences in the required data. Related main aspects are summarised below:

SEPA Credit Transfer

<table>
<thead>
<tr>
<th>COMPARISON – ITALIAN CREDIT TRANSFER VS. SEPA CREDIT TRANSFER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria</td>
</tr>
<tr>
<td>Coverage area</td>
</tr>
<tr>
<td>IBAN/BIC</td>
</tr>
<tr>
<td>Transactions</td>
</tr>
<tr>
<td>Processing time**</td>
</tr>
<tr>
<td>Execution date</td>
</tr>
<tr>
<td>Central Bank reporting</td>
</tr>
</tbody>
</table>

*BIC mandatory only for domestic payments until 31 January 2014. BIC mandatory only for cross-border payments until 31 January 2016

** Working days
Please note that:

- Tax payments cannot be processed via SCT in Italy, as they are performed via F24 forms.
- New standard SCT/ISO Purpose Codes (e.g. “SALA”, “PENS”, “INTC”, “SECU”) will replace the ABI Purpose Codes.
- The unique reference transaction code is the TRN – Transaction Reference Number (35 digits) and will replace the current CRO – Codice Riferimento Operazione (16 digits).

**SEPA Direct Debits**

SEPA Direct Debits does not allow per se any type of mandate management, but would require a bilateral exchange of documents between creditor and debtor, without involving banks. Mandates can't be activated on the initiative of the debtor's bank but only on the initiative of the creditor. Notifications of mandate modification or cancellation are sent to the beneficiary by the debtor.

The SDD scheme supports the following data set which includes the mandate-related information:

- IBAN and BIC of the payer’s payment account to be debited for the collection
- The Unique Creditor Identifier – which replaces the SIA code
- Date of signing the mandate

**COMPARISON – DOMESTIC DIRECT DEBITS VS. SEPA DIRECT DEBITS**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>RID Ordinario</th>
<th>RID Veloce</th>
<th>SDD Core</th>
<th>SDD B2B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance of SDD collection</td>
<td>No</td>
<td>Local format does not contain all necessary data to allow SDD</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Region</td>
<td>Only domestic</td>
<td>Only domestic</td>
<td>SEPA area</td>
<td>SEPA area</td>
</tr>
<tr>
<td>Format</td>
<td>CBI</td>
<td>CBI</td>
<td>XML SEPA CBI</td>
<td>XML SEPA CBI</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>XML ISO20022</td>
<td>XML ISO20022</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Other XML formats</td>
<td>Other XML formats</td>
</tr>
<tr>
<td>Sequence type</td>
<td>N/A</td>
<td>N/A</td>
<td>First/Recurrent/One-off</td>
<td>First/Recurrent/One-off</td>
</tr>
<tr>
<td>Eligible debtor</td>
<td>Consumer and non-consumer</td>
<td>Non-consumer only</td>
<td>Consumer and non-consumer</td>
<td>Non-consumer only</td>
</tr>
<tr>
<td>Submission and due date</td>
<td>D-4</td>
<td>D-1</td>
<td>D-6 (First/One-off)</td>
<td>D-2 (all)</td>
</tr>
<tr>
<td></td>
<td>D-3 (Recurrent)</td>
<td></td>
<td>D-3</td>
<td></td>
</tr>
<tr>
<td>Mandate management</td>
<td>RID is currently supported by an electronic mandate alignment service – Archives Electronic Alignment (AEA). This service can be initiated by either the creditor or the debtor.</td>
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<td>SDD is based on the Creditor Mandate Flow model: creditor is fully responsible for the mandate storage and management. The AOS SEDA will allow the debtor's bank to collect the required mandates.</td>
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</tr>
<tr>
<td>Refunds</td>
<td>Unconditional refund right within 8 weeks, following the date of debit 13 months for an unauthorised transaction</td>
<td>Unconditional refund right until the due date 13 months for an unauthorised transaction</td>
<td>Unconditional refund right within 8 weeks, following the date of debit 13 months for an unauthorised transaction</td>
<td>No refund for an authorised transaction 13 months for an unauthorised transaction</td>
</tr>
<tr>
<td>Time limits to communicate unpaid transactions*</td>
<td>D + 2</td>
<td>D + 1</td>
<td>D + 2</td>
<td>D + 1</td>
</tr>
<tr>
<td>IBAN and BIC</td>
<td>IBAN of the debtor’s account and BIC of the debtor’s bank are not required</td>
<td>IBAN of the debtor’s account and BIC of the debtor’s bank are not required</td>
<td>IBAN of the debtor’s account and BIC* of the debtor’s bank are required</td>
<td>IBAN of the debtor’s account and BIC* of the debtor’s bank are required</td>
</tr>
<tr>
<td>Mandate checking</td>
<td>RID mandates are maintained by the debtors’ bank and checked against collection order</td>
<td>RID mandates are maintained by the debtors’ bank and checked against collection order</td>
<td>No preliminary check of the mandate by the debtor bank</td>
<td>Mandate must be stored at debtor’s bank before the first collection and checked by the debtor bank</td>
</tr>
</tbody>
</table>

* BIC mandatory only for domestic payments until 31 January 2014. BIC mandatory only for cross-border payments until 31 January 2016.
SEPA CREDITOR IDENTIFIER (CI)

CI for Italy
CI for Italy consists of 23 characters, structured as follows:
- Positions 1 – 2: ISO country code (IT for Italy)
- Positions 3 – 4: Check digits
- Positions 5 – to 7: Creditor Business Code (to be assigned by creditor, by default “ZZZ”)
- Characters 8 – 23: Creditor National Identifier which is the Fiscal Code/Tax Number assigned to Creditor by the Italian Tax Agency. The code is right-aligned, with 5 leading “0” when the Tax Number is either a temporary Tax Number or a VAT Number (both are 11 digits long).

How to obtain a Creditor Identifier
In Italy, the CI will replace the SIA code. It must be determined independently by the customer and communicated to the bank, or alternatively assigned by the bank, in case the customer has not defined its own CI. Since November 2012, in order to facilitate the CI adoption, a suggestion of the correspondence between SIA and CI codes is available to all Archives Electronic Alignment (AEA) members.

MANDATE INFORMATION

RID is currently supported by an electronic mandate alignment service – Archives Electronic Alignment (AEA), which is capable of:
- Ensuring the existence of the debtor’s account, the proper empowerment of the signor of the mandate
- Tracking, over time, the existence of the debtor's account or its migration to another bank
- Ensuring that the mandate is securely kept at the debtor’s bank without the need for the creditor to manage paper mandates
- Allowing full electronic mandate management whose terms can be “embedded” into a bilateral contract
- Allowing the beneficiary to receive an electronic acknowledgment by the debtor’s bank of the mandate’s related information

The SDD management process is based on a Credit Mandate Flow approach in which the mandate collection process is activated by the creditor who is fully responsible for the mandate storage and management.

Upon the first direct debit transaction or in case of a one-off direct debit transaction, and upon each subsequent direct debit transaction, the payee shall send the mandate-related information, together with later modifications or cancellation, to his bank and the payee’s bank shall transmit that mandate-related information to the payer’s bank with each direct debit transaction. This is not totally applicable in the case of SDD B2B where the debtor bank needs to receive the specific authorisation to debit its customer’s account on the first direct debit, together with a copy of the original mandate.

SEPA-compliant Electronic Database Alignment (SEDA)
In order to maintain the RID Electronic Mandates Alignment functionalities, ABI has defined the mandate alignment service SEDA – an additional optional service (AOS) for the SDD schemes which aims at implementing into SEPA the standard features of the Archives Electronic Alignment (AEA).

SEDA basic service will never be mandatory for customers, but it will be for banks. Advanced SEDA service is not mandatory either for customers or for banks. Any customer can start processing SDD on the basis of existing RID mandates without using SEDA and, optionally, decide to utilise it later or not at all.

Basic SEDA functionalities will be the following:
- Creditor request notification to debtor’s bank about the consistency of a new mandate
- Creditor request to debtor’s bank to modify an existing mandate
- Creditor request to debtor’s bank to terminate an existing mandate
- Debtor communication to creditor about modifications to an existing mandate
- Debtor’s bank communication to creditor about termination of an existing mandate
- Additional controls regarding existing SDD mandates
- And all the related return messages

**Advanced SEDA functionality:**
Debtor’s bank notification to creditor’s bank about the establishment of a new mandate (and assessment of debtor’s bank responsibility in mandate management)

**Mandate migration**
In order to secure a smooth transition to SEPA, starting April 8 2013, it has been formally established that RID mandates will be still valid after the migration deadline, based on the “continuity of contracts” principle. However, RID and SEPA DD are not exactly equivalent in terms of debtor protection (e.g. in terms of time limits to reject a payment on the debtor side) so that a formal notification of the new scheme has to be sent to the debtor (This requirement arises from Law Decree 11 dated 27 November 2010 – Implementation of the PSD). For this reason the real applicability of existing RID mandates to SEPA Directs Debits will start beginning July 2013.

How to fill in relevant data in order to collect SDD using an existing RID mandate:

<table>
<thead>
<tr>
<th>AT-21 Transaction type</th>
<th>AT-20 Identification of SEPA DD Scheme</th>
<th>AT-02 Creditor Identifier (CI)</th>
<th>AT-01 Mandate Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>First/Recurrent/Last</td>
<td>Core</td>
<td>Creditor Identifier (CI)</td>
<td>SIA code + Code type + Debtor ID (as present in the existing RID mandate)</td>
</tr>
<tr>
<td>First (on the first collection after migration only)</td>
<td>B2B</td>
<td>Creditor Identifier (CI)</td>
<td>SIA code + Code type + Debtor ID (as present in the existing RID mandate)</td>
</tr>
</tbody>
</table>

The AT-01 should contain the exact same data as already present in the existing RID mandate. Since these data are composed by SIA code (5 digits) + Code type (1 digit) + Debtor ID (16 digits) = 22 digits, data should be left aligned (The ISO data field has a variable length, with a maximum of 35 digits).

Starting 12 November 2012 the new Archives Electronic Alignment (AEA) functionalities have been available in order to allow customers to assess the full data set regarding existing RID mandates and the classification of the debtors account (business/consumer).

**Possible discontinuation of RIBA vs. SDD**
As of today RIBAs are used in B2B transactions and widely accepted in Italy. They will remain unchanged at least until February 2014, but are subject to discontinuation risk.

The main advantages of RIBA can be summarised as follows:
- The debtor can decide on the due date whether to pay or not. Payments cannot be processed without a direct instruction by the debtor to his bank.
- The debtor’s IBAN number is not required.
- RIBAs are used by creditors as “collaterals” to overdraft positions, resulting in lower interest rates.

Due to these reasons, there is no equivalent product in the SEPA environment. A possible switch to SEPA DD “one-off” should be evaluated on the basis of the following elements:
- Acceptance of direct debit schemes is quite low in the B2B relationship
- Access to debtor’s IBAN codes could be impossible
- Finality of payment could be delayed up to 8 weeks, from 2/3 days in the RIBA scheme
- A formal exchange of a mandate is absolutely necessary
SEPA FORMATS

With reference to standard messages, ABI has agreed to adopt the SEPA XML CBI standard (in compliance to SDD and SCT implementation guidelines), which is a subset of the more general SEPA XML ISO 20022 standard.

CBI (Italian Corporate Banking Network) is the customer-to-bank electronic banking network, providing ideal support for standardised payment messages and multi-bank electronic banking solutions. For more details please refer to www.cbiord.eu/Engine/RAServePG.php/P/256710010410/L/1.

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
<th>End date</th>
<th>Target product and specifics/formats</th>
</tr>
</thead>
</table>
| RID Ordinario             | RID (Rapporto Interbancario Diretto) is the domestic type of direct debit    | 31 January 2014 | • Target product SDD CORE: Existing mandates remain valid, after the debtor has been informed about the switch to SDD  
                                                                                    |                 | • Format: XML SEPA CBI, XML ISO20022 (pain.008), other XML formats                                      |
| RID Veloce                | RID Veloce is a form of direct debit used for “non-consumer” clients        | 31 January 2014 | • Target product SDD B2B: Existing mandates remain valid, after the debtor has been informed about the switch to SDD  
                                                                                    |                 | • Format: XML SEPA CBI, XML ISO20022 (pain.008), other XML formats                                      |
| Financial RID and fixed amount RID | Financial RID is a form of direct debit used for specific financial deals | 31 January 2016 | • Target product SDD B2B. At the moment they are considered a niche product           
                                                                                    |                 |                                                                                                     |
| Bonifico                  | Used for domestic credit transfers                                          | No end-date has been defined so far | • Target product SCT  
                                                                                    |                 | • Format: XML SEPA CBI – XML ISO20022 (pain.001)                                                    |
| BIR                       | Used for urgent payments                                                    | No end-date has been defined so far | • No specific target product as Domestic urgent payments – BIR will continue to exist. In any case SCT urgent will be available as well  
                                                                                    |                 | • Format: XML with high priority flag                                                               |

Italian corporates can still use local formats to instruct domestic and cross-border credit transfers (BON/BONSEST CBI) until 31 January 2016. Existing domestic scheme RID (enhanced with a new dataset, the so called record “17”) can be used as well, to instruct direct debit collection until 31 January 2016 according to Regulation (EU) no. 260/2012. Please note that some limitations to the applicability of the local formats should be taken into consideration.

Starting 1 February 2016, local formats will no longer be supported by the standard CBI and they will be replaced by XML SEPA CBI or XML ISO20022. All electronic banking platforms will offer conversion services to/from domestic CBI standards to SEPA XML CBI format. For customised information and details, please contact your GTB specialist.
XML-related payment initiation, booking information and account statements
UniCredit SpA fully supports the local format SEPA XML CBI for both SCT and SDD schemes. The global SEPA format XML ISO20022 for SCT (pain.001) V.2 is already available, while XML ISO20022 format for SDD (pain.008) and for Payment Status Report (pain.002), as well as pain.001. V.3 based on EPC and CGI standards, will be released soon.

UniCredit SpA will provide camt. 052, camt.053, camt.054 and camt. 086 messages to its customers. Please note that camt messages will be rolled out in Italy in 2013/2014.

CHANNELS AND CUT-OFF TIMES

<table>
<thead>
<tr>
<th>CHANNELS FOR SEPA PAYMENT INITIATION</th>
<th>SWIFT</th>
<th>Local eBanking solution</th>
<th>Others</th>
<th>Host-to-host</th>
<th>Paper-based</th>
<th>Single payment</th>
<th>Bulk payments (electronic files)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>SCT</td>
<td>B2B Core</td>
<td>SCT</td>
</tr>
<tr>
<td>Availability</td>
<td>FileAct for both SCORE and MA-CUG</td>
<td>UniWeb – web-based eBanking platform</td>
<td>TLQ-client/server application</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

UniCredit SpA supports all SEPA schemes through both SWIFT FileAct and our local electronic banking channels. Customers can send combined payment files in XML format. We are able to split the file and, if necessary, convert payments to the relevant national payment format, for instances where XML is not yet supported.

<table>
<thead>
<tr>
<th>CUT-OFF TIMES</th>
<th>SCT</th>
<th>SDD Core</th>
<th>SDD B2B</th>
</tr>
</thead>
<tbody>
<tr>
<td>COT</td>
<td>4.00 p.m. CET</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
| Presentation day | Same day | D-6/D-3 | D-2  
|                |       | First or One-off/Recurrent | |

MISCELLANEOUS

Interchange fees for direct debits
Please be aware that Multilateral Interchange fees are applied on Domestic Direct Debits (RID) collections only – in the amount of EUR 0.07 per item – and charged to the creditor bank (in favour of the debtor bank). The level of the interchange fee is set by ABI at the interbank level. These fees are not applied in the SEPA environment, i.e. to SDD collections.
VALUE-ADDED SERVICES

UniCredit SpA is able to provide you with additional value-added services, such as:

**Creditor Mandate Management System**
UniCredit’s solution dedicated to customers whose payment system is not able to manage mandates/generate SDDs, customers who want to manage SDD mandates centrally, as well as customers currently generating SDD collections manually.

Customers will be able to:
- Migrate existing mandates (upload possibility) and create new SEPA mandates
- Manage mandates: change and delete mandates
- Send pre-notifications and create statistics
- Add missing data from mandate database to payments collections and generate rule
- Produce compliant pain.008 transactions

**Urgent payments**
- UniCredit will offer the possibility to instruct SCT Urgent. These payments will be processed with same-day value at the bank of the beneficiary if submitted within the COT (4.00 p.m. CET). They are regulated via EBA – STEP2 intra-day cycles. SCT urgent can be used for domestic payments within Italy and cross-border to all countries located within the SEPA area. The execution of these payments to the beneficiary bank will occur with compensated value. UniCredit SpA offers both SCT urgent high value (> EUR 500,000) and low value (< EUR 500,000).
- In addition, UniCredit will offer the possibility to execute Priority Credit Transfers. They can be used for real-time payments to all countries located in the SEPA area. They will be processed in real time if submitted within the COT (4.00 p.m. CET), without amount limits and regulated via Target2.

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