

Investment Fund Processing

Order and Settlement of Investment Funds in Italy

Retail Cross-border Funds

November 7th 2006

Final Draft

Table of Contents

- 1 Introduction.....3
- 2 The Agents4
- 3 Market participants and their relations.....5
- 4 Subscription.....6
- 5 Switch7
- 6 Redemption7

1 Introduction

This document was approved by the members of Investment Funds NMPG Italy and describe local market practice and model.

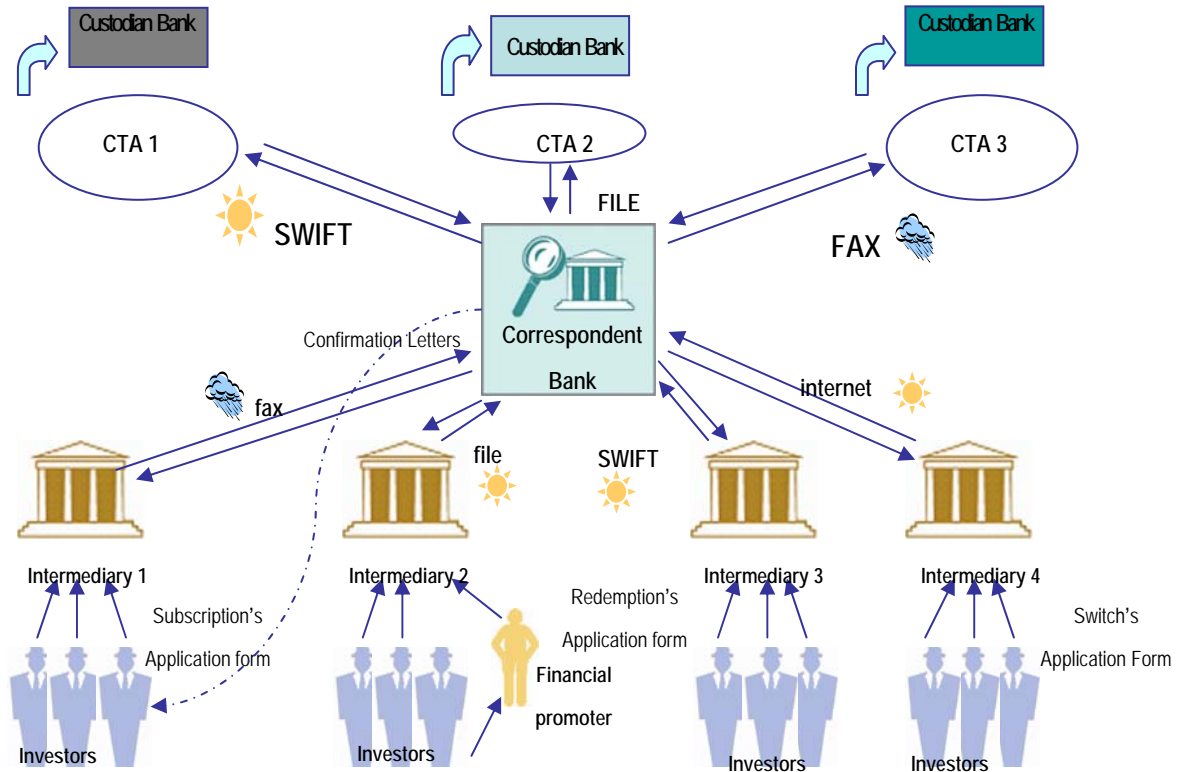
The following Market participants were involved in the preparation :

- Assogestioni
- BNP Paribas Securities Services
- Capitalia AM SgR
- Citco Bank Nederland
- Gruppo MPS

2 The Agents

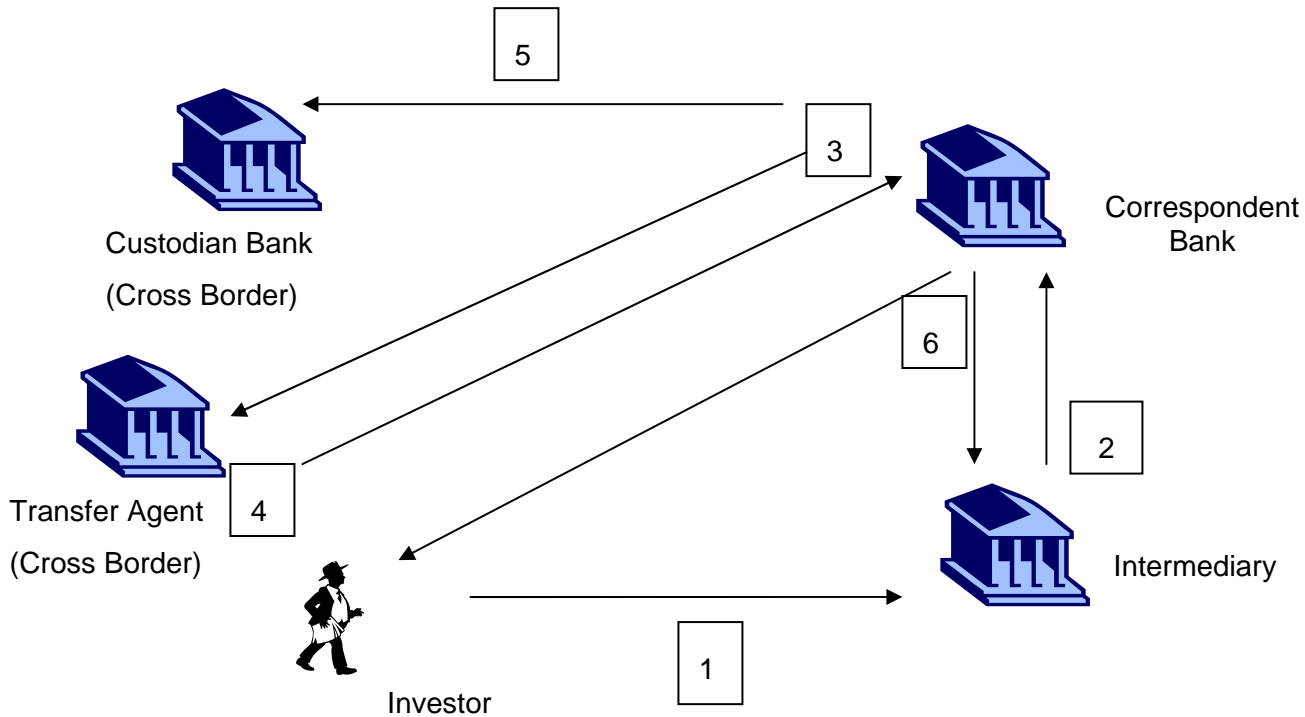
Agent	Description	Function within Local Transfer Agent Italy Market Practice
Regulator	The regulator is normally a state authority which lays down the rules for the market participants.	Ministry of Finance. Bank of Italy, Consob,
Investor	The party whose money is invested and who benefits from the performance of such investment. It can either be an individual or an institutional investor.	Investor
Fund company	The company that launches the fund, determines the investment strategy, appoints the service providers, and makes all major decisions for and on behalf of the fund. It is responsible for distribution and marketing of the fund.	Foreign fund provider
Asset manager	It executes the investment strategy, selects the securities of the portfolio in accordance with the fund objectives, as reflected in the fund prospectus. It places buy and sell orders for securities in accordance with the fund's net inflows and outflows	Foreign fund provider
Fund accountant	It records the fund's assets and liabilities, calculates the trading prices and the fund's net asset value (NAV);	Foreign fund provider
Paying agent	It can disburse dividends, accept money if an investor wants to deal directly with the fund or for investors holding registered shares. It also pays proceeds from unit redemptions.	Correspondent Bank
Custodian	Safekeeps securities and manages cash for the fund. Custodian verifies NAV calculation, but it could be appointed by Fund Company also to calculate it. In this case it is legally responsible of this task. Custodian is in charge to verify that all transactions done by Fund Company are compliant with regulation and fund rules.	Foreign Custodian bank
Transfer agent	It is appointed by the fund company. Its task is to update the Investor's accounts to reflect the daily subscriptions, redemptions, switches and transfers transactions. It ensures prompt settlement of orders and is able to provide tax information to the investor and its intermediaries. It can calculate, receive and set off commissions. It prepares and sends order confirmations and the resulting cash account statements to the investor or its intermediary. Correspondent bank is in charge of tax calculation	Correspondent Bank (at local level), Central Transfer Agent (Cross Border)
Registrar	It is appointed by the fund company and keeps the investor registers. It keeps the records of investor securities accounts. These records represent the fund's liabilities. It prepares the account statements (securities holdings and cash) for the investor and/or its intermediary and makes them available on a periodic or ad hoc basis. It can provide tax information to the investor or its intermediary. It can be appointed "corporate secretary" for exercising voting rights. It reports to the regulator and the unit holder and can appoint a sub-registrar.	Correspondent Bank (nominee structure) Central Transfer Agent or Foreign fund provider (nominative structure)
Intermediary	It is an agent between the Investors (its clients) and the Local Transfer Agent. It provides all the information about Investors' orders and the related amounts. It can provide fund information to potential investors, accept orders on behalf of a fund and implement order transfer as well as flow of information between the fund and the Investors. It is remunerated in the form of commissions paid by the fund or the Investors.	Intermediary (directly or through Financial Planner)
Cash correspondent	A fin. institution that makes or receives payments on behalf of a fund.	Foreign Custodian bank

3 Market participants and their relations



Player 1	Player 2	Relationship
Investor	Fund Company	Subscription form based on Fund Prospectus
Investor	Intermediary	Custody account for funds shares (optional-not mandatory)
Fund Company	Custodian Bank	Custodian Bank agreement and accounts for order settlement
Fund Company	Correspondent Bank	Correspondent agreement
Fund Company	Intermediary	Distribution agreement
Correspondent Bank	Intermediary	SLA for correspondent S.

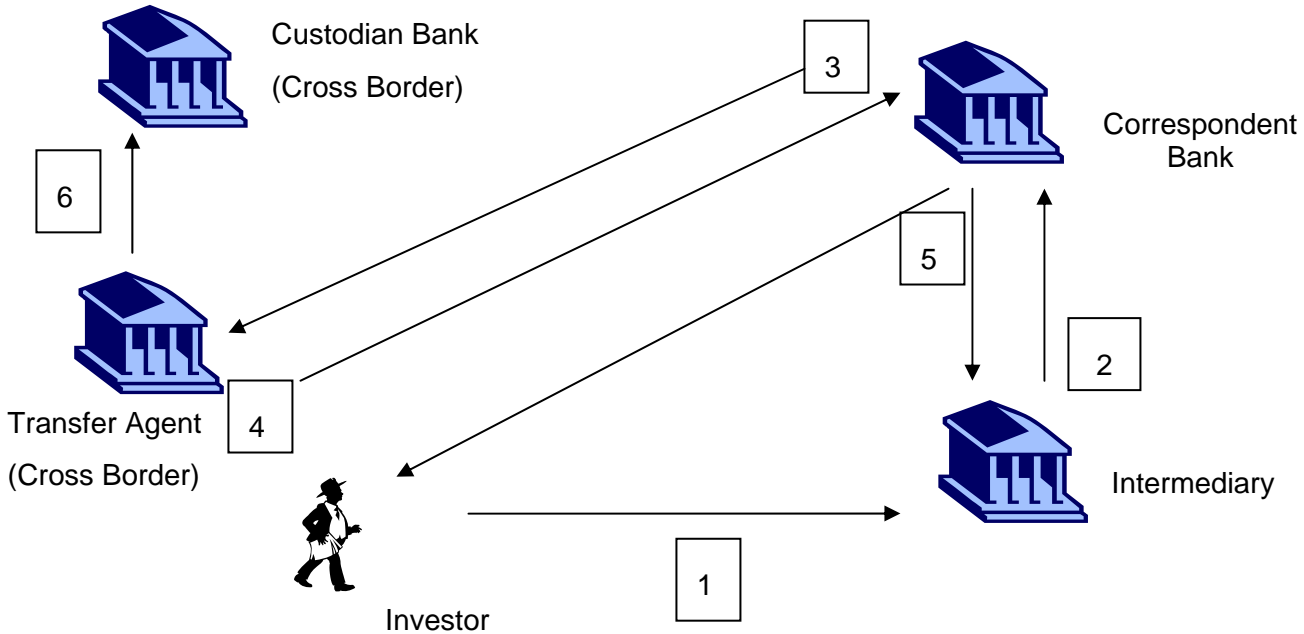
4 Subscription



1. Investor subscribes the application form (subscription order) receipt by the Intermediary.
2. Intermediary send the subscription orders and the related amounts to Correspondent Bank. (Investor could also send mean of payment directly to Correspondent bank)
3. Correspondent Bank collects the subscription orders and sends them to Transfer Agent (nominee or nominative structure depends on Correspondent agreement rules)
4. Transfer Agent confirms to Correspondent Bank all the details of the orders (eg : amount, price, number of shares.)
5. Correspondent Bank sends the related amounts to Custodian Bank.
6. Correspondent Bank sends the Subscription Confirmation Letter to Intermediary and Investor.
7. Custodian Bank updates the liquidity of fund account based on subscription instructions

Gross amount/unit is used in step : 1,2,6,
Net amount/unit is used is step : 3,4,5,6,7

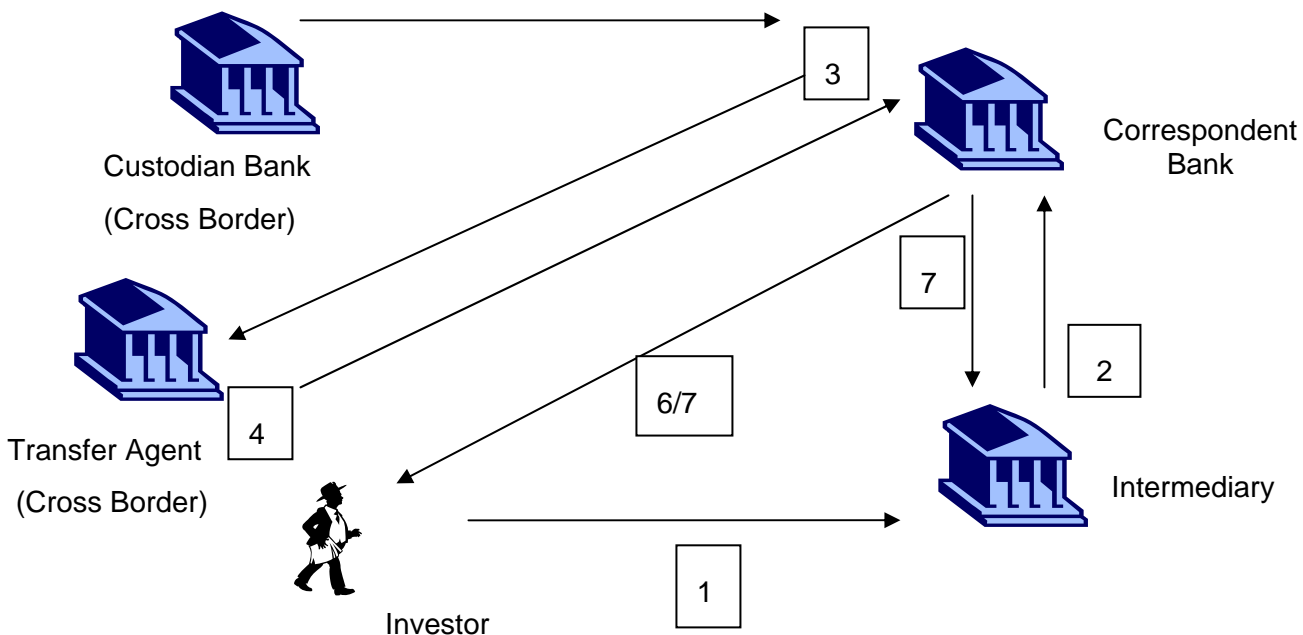
5 Switch



1. Investor subscribes the application form (switch) receipt by the Intermediary.
2. Intermediary sends the switch orders to Correspondent Bank.
3. Correspondent Bank collects the switch orders and send them to Transfer Agent. (nominee or nominative structure depends on Correspondent agreement rules)
4. Transfer Agent confirms to Correspondent Bank all the details of the orders (eg : amount, price, number of shares, fees.)
5. Correspondent Bank sends the Switch Confirmation Letter to Intermediary and Investor.
6. Custodian Bank updates the liquidity of fund account based on switch instructions

Gross amount/unit is used in step : 1,2,3,5,6 out
Net amount/unit is used is step : 4,5,6 in

6 Redemption



1. Investor subscribes the application form (redemption) receipt by the Intermediary.
2. Intermediary send the redemption orders to Correspondent Bank.
3. Correspondent Bank collects the orders and send them to Transfer Agent.
(nominee or nominative structure depends on Correspondent agreement rules)
4. Transfer Agent confirms to Correspondent Bank all the details of the orders (eg : amount, price, number of shares, fees.)
5. Custodian Bank sends the related amounts to. Correspondent Bank.
6. Correspondent Bank calculates withholding tax and send the net amounts to Investor by fund transfer or checks.
7. Correspondent Bank sends the Redemption Confirmation Letter to Intermediary and Investor.
8. Custodian Bank updates the liquidity of fund account based on redemption instructions

Gross amount/unit is used in step : 1,2,3,4,5,7,8

Net amount/unit is used is step : 6,7