

NOTICE
(DECEMBER 30TH, 2010)

TO MEMBERS OF

THE CENTRAL COUNTERPARTY
GUARANTEE SYSTEM

THE SETTLEMENT SERVICES AND
RELATED ACTIVITIES

Subject: Introduction of the Central Counterparty system for the Italian equities traded on Equiduct section of Börse Berlin.

Dear Sirs,

We would like to inform you that CC&G has been appointed as Central Counterparty for Italian equities traded on Equiduct a segment of Börse Berlin. The service model, more detailed in the following paragraphs, foresees the clearing and guarantee of the Italian equities, in the existing Equity Section, currently operating for the same securities today traded on MTA. The live date of the service, subject to Bafin (Federal Financial Supervisory Authority) approval, will be announced with a separate notice.

SERVICE MODEL

Participation in the Equity Section

Entities admitted to the System and Asset Requirements

Banks and Investment Firms may join to the Equity Section as General Clearing Members or Individual Clearing Members if they have a Supervisory Capital of at least:

- General Clearing Members: € 25,000,000, increased by a variable amount depending on the total number of Non-Clearing Members: € 5,000,000 from the second to the fifth Non-Clearing Member included or, € 10,000,000 up to the tenth Non-Clearing Member included or, € 15,000,000 after the tenth Non-Clearing Member.
- Individual Clearing Members: € 3,000,000.

Legal Entities authorized for trading on Equiduct may join as Non-Clearing Members, in case their Supervisory Capital does not fit the above mentioned thresholds.

Operational Requirements

Direct Clearing Members' requirements:

- hold a PM account in Target2 System for the execution of obligations, denominated in euro, arising from membership of the System;
- join the Central Depository Service of Monte Titoli if they intend to handle Margins using Financial Instruments;
- join the Settlement Service Express II for the final settlement of contracts guaranteed by the System,

unless they use the services of a Settlement Agent, which must be the same Settlement Agent appointed for all Sections.

Technological and Organizational Requirements

Members of the System have to subscribe for the technological infrastructure ICWS, unless they already participate in other Sections; in this circumstance, they will be allowed to use the existing work stations.

Contractual positions and maintenance of membership requirements

The execution of contracts on Equiduct is reported on the D01B Report. Trades executed on different trading venues will be identified via the field “Market Source”. The execution of Contractual Positions on Equiduct will be registered with the positions of the Equity Section; therefore, securities with same ISIN will be cleared with the same securities traded on MTA.

Initial Margins

Initial Margins will be calculated on the basis of existing methodologies adopted for Italian Equity ERM (Equity Risk Management), integrated with equity derivatives methodology to allow risk offset and cross margining. As a consequence, intermediaries, trading the same asset classes on multiple trading venues cleared by CC&G, take advantage of impressive reduction in terms of collateral to be deposited for covering the securities portfolio.

Allowed assets for margin

Eligible assets for Initial Margins are cash (Euro) and Italian, French and German Government Bonds, denominated in Euro.

Default Fund

The Default Fund is the same for the existing Equity and Equity Derivatives sections, whose minimum contribution amount will be € 100.000. Contribution to the Default Fund may be in cash (Euros) or through a Bank’s Guarantee, not exceeding the 40% of the contribution itself.

Pre Settlement

The adopted Pre Settlement System will be X-TRM. Through X-TRM, trades will be routed from the market to the CCP and bilateral net balances of the CCP will be routed to the settlement system Express II. Particularly, we would like to outline that the Equity Section adopts the so called operating margin model “A” described in the manual “Instructions - X-TRM” edited by Monte Titoli.

Settlement

Settlement of net bilateral Balances will take place in Express II, with the possibility of partialling settlement instructions in both the overnight and daytime settlement cycles. As usual, unsettled net balances are shaped in settlement instructions of €2.000.000 at market value, before the routing to the Gross settlement cycle. Fails are automatically re-entered in the Gross settlement cycle until “end validity date”. CC&G proceeds with the buy-in procedure on SD+7.

Reporting

The information related to the clearing activities will be included in the reports and data files of the Equity Section, more in general of the CCP system, described in the Technical Manual available on CC&G website, www.ccg.it, at the page Technical Area/Manuals.

In the same page of the web site, paragraph Reporting, the full list of reports and data files is available.

The information related to the pre-settlement and settlement activities will be available accordingly to the operational and technical instructions, as detailed in the relevant manuals.

TEST

We would like to confirm you that from January the 10th to January the 21st the integrated test environment CDS is available, to perform the tests for the new CCP and Settlement services for Italian equities traded on the Equiduct. The test system is opened also for the MTA markets, in order to verify the offsetting of margins and settlement functionality, of the securities traded on both the trading platforms.

Following, the trading, clearing and settlement systems available for the tests:

Company	System	Description	Contact	Phone #	Service Hours
Borsa Italiana	MTA	Equity Market	clients-services@borsaitaliana.it	02 72426 999	9,00-17,30
Börse Berlin	Equiduct	Equity Market	onboarding@equiduct.com	00 44 207 618 0909	9,00-18,30
CC&G	CCP-Equity service	CCP service for Equities	clearing.settlement@ccg.it	06 32 395 221/223	9,00-18,30
Monte Titoli	X-TRM	Pre Settlement System	itps@montetitoli.it	800 188 810	10,00-19,00
Monte Titoli	Express II	Settlement System	itps@montetitoli.it	800 188 810	10,00-14,30

Following, the instruments available for the tests:

ISIN	Symbol	Description
IT0001976403	F	FIAT
IT0001137345	AGL	AUTOGRILL
IT0003106777	BEN	BENETTON GROUP
IT0001334587	BMPS	BANCA MONTE DEI PASCHI
IT0001119087	BUL	BULGARI
IT0003132476	ENI	ENI
IT0003856405	FNC	FINMECCANICA
IT0000062072	G	GENERALI
IT0003697080	GEOX	GEOX
IT0000072618	ISP	INTESA SANPAOLO

In order to participate, completion of the form attached is required. Such form must be addressed to both client.services@ccg.it and customersrelations@montetitoli.it mentioning in the subject "Test CCP Equiduct".

MEMBERSHIP

CC&G

Banks and Investment Firms already members of the Equity Section of CC&G are not required to provide any documentation for the extension of the service. Banks and other Investment Firms which are already member of other Sections of CC&G (Bond Section and Derivatives Section) are required to complete the Request for Services Simplified Version and all the additional documentation for the Equity Section through Bit Club; those who do not participate in any other CC&G service shall follow the normal admission process.

Monte Titoli

Banks and Investment Firm, which are already member of X-TRM service, are required to complete the relevant section of membership to the CCP through Bit Club.

For further clarification, please contact:

Membership CC&G:

Client Services & Business Development

e-mail: client.services@ccg.it

Telephone: +39 02 72 426 501

Membership MT:

Customer Relation

e-mail: customersrelations@montetitoli.it

Telephone: +39 02 336 35 640

Yours faithfully,

Encl.

MONTE TITOLI

CASSA DI COMPENSAZIONE
E GARANZIA

TEST PARTICIPATION FORM

Participant

Corporate Name		
Registered Office Address		
City	Post Code	Country

CCP

Membership type (GCM ICM NCM)	ABI Code & CED Code
General Clearing Member	ABI Code & CED Code

Referents for Clearing

Referent N 1: Name and Surname	Email	Telephone
Referent N 2: Name and Surname	Email	Telephone

Settlement

Direct
 or
 through the Participant

Corporate Name	ABI Code & CED Code

House Settlement Account.....Client Settlement Account.....

Referents for Settlement

Referent N 1: Name and Surname	Email	Telephone
Referent N 2: Name and Surname	Email	Telephone