

CUSTOMER MANAGEMENT
Customer Relations Department

03920.27.10.10.MT

To the Clients participating in Securities
Administration Service and related
activities, Settlement Service and
accessories activities
Their seats

To the Associations
Their seats

Objet: New initiatives for Centralized Securities and Settlement Services.

Dear Client,

Monte Titoli during the meeting of the last 20 October regarding the New services offered by **London Stock Exchange Post-Trade**, held in Palazzo Mezzanotte, has announced some initiatives of our Company, that will be launched during the next year 2011.

These initiatives are part of a strategy that Monte Titoli plans to implement in order to neutralize to its customers the migration from existing platforms in the Regulation of Target 2-Securities (T2S), that is currently scheduled to begin in 2014.

This strategy includes the progressive upgrading and enrichment of the services that Monte Titoli offers to its customers in view of the advent of the T2S settlement platform. This process will cover both contractual and operational aspects of the services provided and their pricing.

With regard to contractual matters, we sent a letter – the last 26th October - to inform about the conclusion of the process of updating and revision of the contractual services for centralized management, settlement and related activities. This upgrade will significantly simplify the management of the contractual relationship with customers.

From an operative point of view, the relevant topics are represented by the renewal of the centralized and settlement service on non domestic Securities or **Cross-border Custody and Settlement Service (X-CSS)**, by the introduction of **Hold & Release** and **Bilateral Cancellation** functionalities in the domestic settlement processes, as well as the progressive substitution of 3270 and LU 6.2 connectivity links.

About **X-CSS** the aim is to support the expansion of the operation on non domestic securities of customers of Monte Titoli and in this context we have reviewed the pricing agreement with our

customers in order to share the savings resulting from the use of a single point of access to other systems of custody and settlement.

In particular, the new structure for X-CSS service is:

- a middle reduction of more than the **40%** of rights as applied to the centralization of Eurobonds - or International Fixed Income - held through the two International Central Securities Depositories (ICSD), Clearstream Banking Luxembourg and Euroclear Bank (see Table 1);
- a reduction of **over 75%** of the settlement fees on transactions made using Monte Titoli to Eurobonds as settlement agent (settlement agent) systems managed by the two ICSD in return for a direct participant in such systems (so called internal transactions) (see Table 2);
- a rebalancing of pricing relative to other securities held in the ICSD account the real cost of ownership and choice of operators to hold these securities on ICSD rather than on their home systems, central securities depository (see Tables 1 and 2)

In relation to the new functions of Hold & Release and Cancellation Bilateral, after the debate with Working Group participants on the implementation of standards-ECSDA ESSF, we have decided that:

- from the effective introduction of Hold & Release functionality, the X-TRM fee will be changed to € 0.20 for each instruction; this amendment, however, will not apply until 1st January 2012 in relation to the real needs of the participants of Monte Titoli
- As regards Bilateral Cancellation, we introduce a fee of € 0.30 for each instruction with effect at the moment of the introduction of the new functionality

Following the need to progressively replace the 3270 and LU 6.2 links, linked to technological platforms and adaptation to standards and international best practices, we will proceed as follows

- Starting from 01/01 / 2011, the services of physical connectivity LU6.2 3270 and will no longer be considered a technology standard supported by Monte Titoli; however, to meet needs of its participants, Monte Titoli will continue to support this links in the form of customization:
 - **3270** connection till the next 31/03/2011. After that date, this link will be permanently abandoned in favour of the web based X-TRM Online, via digital certificate, HTTPS
 - **LU 6.2** connection after the 01/01/2011 and till 31/12/ 2011. Monte Titoli will contact its participants that are using this connection to agree arrangements for the maintenance of such type of connection and verify whether the conditions and the need to extend beyond the date of this support on a personalized 31/12/2011
 - For the participants who should decide for the replacement of the final arrangements for LU 6.2 connection, we underline that one of the following modality of connections can still be used:
 1. Rete Nazionale Interbancaria (RNI)
 2. S.W.I.F.T.
 3. SIA-NET NG with RNI protocols
 4. X-TRM On-Line

All the news mentioned above will be effective by the 1st January 2011; the list of fees for services for intermediaries will be updated accordingly and it will be available on our website www.montetitoli.it by the middle of December 2010.

Our Customer Relations Department is available for any information you may need, specially with reference to connection through 3270 and LU 6.2, besides the use of X-TRM on line service at the phone number 02.33635640 or at the email address customersrelations@montetitoli.it.

Our Sales Team is pleased to give up-dates on initiatives dedicated to Issuing Companies. Please contact them at the phone number 02.72426504 or at the mail address pt.sales@londonstockexchange.com).

Best regards,.

MONTE TITOLI S.P.A.
Head of Business Management
(Claudio Anfossi)

Enclosed: Table 1
 Table 2

Table 1 –X-CSS Service for centralized administration service: pricing in bps per year

| Asset Class | tiered storage media (in billions of euro) | | Paesi / Aree Geografiche | | | | | |
|--------------------|--|-------|--------------------------|---------------------------|--|------|---|---------------|
| | From | To | International | Core Eurozone Markets (1) | Other Markets Eurozone, Australia, Canada and US (2) | UK | Japan, Singapore, Hong Kong and other Markets del Middle East | Other Markets |
| | | | | | | | | |
| Shares and Warrant | 0 | 1 | 2.00 | 1.30 | 1.50 | 1.30 | 5.00 | 15.00 |
| | 1 | 5 | 1.80 | 1.10 | 1.30 | 1.10 | 4.80 | 14.80 |
| | 5 | 10 | 1.65 | 0.95 | 1.15 | 0.95 | 4.65 | 14.65 |
| | 10 | oltre | 1.55 | 0.85 | 1.05 | 0.85 | 4.55 | 14.55 |
| Investment Funds | 0 | 1 | 2.00 | 2.00 | 2.00 | 2.00 | 5.00 | 15.00 |
| | 1 | 5 | 1.80 | 1.80 | 1.80 | 1.80 | 4.80 | 14.80 |
| | 5 | 10 | 1.65 | 1.65 | 1.65 | 1.65 | 4.65 | 14.65 |
| | 10 | oltre | 1.55 | 1.55 | 1.55 | 1.55 | 4.55 | 14.55 |
| Fixed Income | 0 | 1 | 0.75 | 0.90 | 1.10 | 0.80 | 3.00 | 15.00 |
| | 1 | 5 | 0.55 | 0.70 | 0.90 | 0.60 | 2.80 | 14.80 |
| | 5 | 10 | 0.40 | 0.55 | 0.75 | 0.45 | 2.65 | 14.65 |
| | 10 | oltre | 0.30 | 0.45 | 0.65 | 0.35 | 2.55 | 14.55 |

(1) Belgium, France, Germany

(2) Each Country of Eurozone

Table 2 – X-CSS Service for settlement service: pricing in euro for each instruction

| Compartments | Bands of settlement instructions | | Paesi / Aree Geografiche | | | | | |
|---|----------------------------------|----|--------------------------|---------------------------|--|-------|---|--------------------------|
| | | | International | Core Eurozone Markets (1) | Altri mercati Eurozone, Australia, Canada and US (2) | UK | Japan, Singapore, Hong Kong e altri mercati del Middle East | Other Markets and Greece |
| | From | To | | | | | | |
| All instruments - OTC in EXPRESS II | All | | 0.475 | | | | | |
| All instruments - CBL & EB Internal | All | | 0.775 | | 1.500 | | | |
| All instruments - CBL & EB Bridge | All | | 1.275 | 2.500 | 3.250 | | | |
| Equities and Warrants - CBL & EB External | All | | 34.000 | 5.775 | 8.000 | 6.000 | 22.000 | 64.000 |
| Funds - CBL & EB External | All | | 40.000 | 5.775 | 8.000 | 6.000 | 22.000 | 64.000 |
| Fixed Income - External | All | | 40.000 | 5.775 | 8.000 | 6.000 | 22.000 | 64.000 |
| All instruments - Cancellation | Internal | | 0.300 | | | | | |
| | Bridge | | 7.000 | | | | | |
| | Ext Equity & W | | 50.000 | | | | | |
| | Ext Funds | | 50.000 | | | | | |
| | Ext Fixed Income | | 50.000 | | | | | |



(1) Belgio, Francia, Germania

(2) Ogni altro paese dell'Eurozone