
FACTS 2001
FIGURES
on the Italian Exchange



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Print: Tipografia Milanese

© September 2002 Borsa Italiana Spa

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Introduction

After years of continuous growth, 2001 was a difficult year for the world economy. The slowdown, which during the first half of 2001 appeared to follow a gradual trend, drastically worsened after the terrorist attacks on September 11th, with heavy repercussions on the prospects of a rapid upturn in consumption and the labour market. In Europe, which without an expansion in internal demand was unable to compensate for the falloff in demand at international level, the Gross Domestic Product growth rate was 1.5%. Italy, with its GDP growth rate of 1.8% achieved a better result, despite the decrease from 2000.

The financial markets, and the stock markets in particular, followed the downward trend of the real economy. In Italy, for the first time since 1996, the MIB index recorded a negative performance and the number of newly-listed companies did not go beyond 18. However, Borsa Italiana has confirmed its ranking as the fourth European Stock Exchange for capitalisation and, since it was set up in 1998, has brought 125 new companies to the market. This is in comparison to 101 companies in the previous ten years. In 2001 the market showed a greater interest in more innovative and sophisticated instruments such as covered warrants and derivatives. This was evident in the record number of instruments admitted to listing on the Covered Warrants Market and in the new all-time high in terms of number of standard contracts traded on the equity derivatives market.

Within this scenario, Borsa Italiana continued the process of innovating and developing the Italian exchange industry, basing its operations on a successful entrepreneurial formula directed towards excellence in satisfying the needs of market participants and in continuous improvement of rules concerning transparency and the regular functioning of markets.

During the course of 2001, important changes were introduced to the organisational structure of the stock markets. In order to accommodate and enhance the specific nature of the Italian economy, characterised by a high number of small and medium-sized companies, within the Stock Exchange it was designed the STAR segment for companies of this size who comply with higher requirements in corporate governance, transparency and liquidity. The new segmentation of the market makes a significant contribution to further improving the quality of the Stock Exchange official list and its ability to represent the real economy. From a trading procedures standpoint, the elements of quality introduced completed the process to optimise the microstructure

of the stock markets. In particular, the introduction of the closing auction and the adoption of a system to update the parameter guiding the automatic control of trades considerably boosted the efficiency of the price formation process.

The year 2001 was an important year for the Borsa Italiana Group, which continued to rationalise the corporate structure. Borsa Italiana had begun moving within the framework of the national market system in 2000 by acquiring a majority shareholding in the share capital of Cassa di Compensazione e Garanzia, the company which manages the service of guaranteeing trades on the stock and derivatives markets. In January 2001, the operational context of Borsa Italiana was improved with the acquisition of a 4.1% shareholding in Monte Titoli, the national central securities depository.

To efficiently managing technological resources to support its business areas, in July 2001 Borsa Italiana, in joint venture with SIA (the main IT provider for the Italian markets), set up BIt Systems (65% Borsa Italiana and 35% SIA). The objective is to ensure the best technological skills for developing the various market contexts with regards to trading, clearing, settlement, diffusion of data and information.

Since its incorporation, Borsa Italiana has extended its area of activities, diversifying its core business to include the supply of services instrumental to the management of the markets and/or complementary to the spreading of the financial culture in Italy. Within this framework, the project to create a congresses and training centre inside the Palazzo Mezzanotte, the building which houses Borsa Italiana, was launched by Piazza Affari Gestione e Servizi, the company wholly-owned by Borsa Italiana, set up during the course of 2000 with the object of guaranteeing an adequate and efficient management of the building, at the same time identifying new potential ways of utilising this space for the financial community and its representatives.

Based on the results achieved during its first four years, Borsa Italiana now commands the operational leverage to undertake the leadership of the Italian market system, with a view to exalting, also at international level, the strategic importance of the size and peculiarities of the Italian financial market.



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