



## PRESS RELEASE

### **Statements by Angelo Tantazzi, Chairman of Borsa Italiana and Massimo Capuano, President and CEO of Borsa Italiana**

"During 2006, the Italian and European economy both benefitted from a positive economic cycle" stated **Angelo Tantazzi, Borsa Italiana's Chairman** "and positive expectations are confirmed for the next few months. In 2006, a growing number of Italian companies managed to realise the first effective benefits of the new strategies for competitive repositioning they have implemented over the last few years, as well as the benefits of their greater ability to take advantage of the opportunities offered by the new global context. The small and medium-sized companies above all have succeeded in facing the market and the competition with greater confidence and energy, boosted by the strengthening of Italy's economic structure as a whole. These companies have increasingly turned to venture capital and listing as useful instruments to support new projects for growth.

2006 was also a positive year for financial markets, which reaped the benefits of abundant liquidity, the absence of strong macroeconomic pressures, and monetary policies which were stricter on the whole, but more attentive to timing and the size of interventions. During the year, stock markets disclosed positive price and volume trends, driven in part by the improved fundamentals of the listed companies. Overall, Europe showed better trends than those in the United States as a result of a more favourable economic context and greater internationalisation of European listed companies, which enabled them to take better advantage of the positive conditions of the global economy.

These results derive from the favourable context, but are also the fruit of the continued sensitising efforts of the Borsa Italiana Group in its role as the market and post-trading manager in terms of regulations, services, infrastructures and specific attention to the process of regulatory reform of the financial markets, defined by European directives, which is beginning to produce its initial effects".

"The four consecutive years of growth in the Italian stock market, from 2002 to date (+82.5% on the Mib)", emphasises **Massimo Capuano, Borsa Italiana's CEO**, "have partly been the fruit of the work carried out over these years in order to make our markets more efficient.



The organisational, regulatory and technology structure of the Italian market once again in 2006 proves itself to be one of the best in the world. This year, the Italian stock market confirmed its European record in terms of turnover velocity, evidence of its elevated liquidity and efficiency. Trading of shares, share derivatives, securitised derivatives and ETF were up further as compared to 2005, a year which produced highly positive results. The new trading records are proof of the renewed confidence in our market of institutional investors and the retail public.

In 2006, Borsa Italiana was involved in an intense international activities aimed at defining the new structure of the exchange industry, with specific attention to its European version. Borsa Italiana will continue to oversee all the options available.”

“In October”, continued Massimo Capuano, “the appointment to the Chairmanship of the World Federation of Exchanges (WFE), the Federation which brings together the leading stock markets in the world, was an important recognition of the role that Borsa Italiana plays in the international arena, and the results achieved by the company through its privatisation.

A study by the European Commission regarding trading, clearing and settlement costs in European cash equity markets demonstrates that, compared with other European stock markets, the Borsa Italiana Group is the most efficient operator, with the lowest trading and post trading fees in relation to the contract value and by user category. Furthermore, even when considered individually, the trading, clearing and settlement costs of the Borsa Italiana Group are lower than those of its European competitors, irrespective of the business model adopted.

Recently, in its assessment of post-trading procedures, the International Monetary Fund assigned Monte Titoli the highest ranking among European systems, while the European Commission recognised that the facilities of the X-TRM system are an important example of support for interoperability between CCPs.

Also in relation to the international activity of Borsa Italiana, Cassa di Compensazione e Garanzia and Monte Titoli signed and presented the Code of Conduct for clearing and guarantee services and the settlement of securities to the European Commission. The shared objective of the Code, which was drawn up and subscribed as a result of the efforts of the FESE under the chairmanship of Borsa Italiana, is to allow investors to trade European stocks within an efficient framework, also in terms of costs.

In participating in this initiative, the Borsa Italiana Group, together with the other stock markets and European clearing and settlement houses, shares the goal of improved efficiency and increased integration of the European capital market, within a competitive context.



The Corporate Governance Committee for listed companies, promoted by Borsa Italiana and representative of the entrepreneurial class and the market participants, approved the new Code of Conduct in March. The new code replaces and improves on the code drawn up in 1999, providing listed companies with a modern and flexible instrument for adapting their corporate governance to the highest market standards.

As regards the configuration of the stock markets, trading started of twenty-one securities on the MTA International, a new Borsa Italiana segment dedicated to shares of foreign issuers that are already traded on other EU organised markets. MTA International thus expands the pool of companies in which Italian market participants can invest. This is also an example of the Italian market's ability to seize the new opportunities made available by the evolution of the legislative framework.

In December, the MAC – Alternative Capital Market – was presented, to be promoted together with the banking system. It will be run by Borsa Italiana with the aim of facilitating the access of small businesses to venture capital. The MAC flanks the Borsa Italiana range of markets available to smaller companies.

The promotion of listed companies continued with roadshows reaching the main international financial markets such as Frankfurt, London, New York, Paris and Tokyo while in Italy origination activities intensified by means of participation in more than 40 meetings throughout the country

Idem, the Italian derivatives market, experienced a record year in 2006, in relation to contracts and notional turnover traded. Specifically, product innovation continued; long options were launched as well as a new microstructure for the options intended to increase market liquidity.

The global appreciation of our market was confirmed by the elevated number of foreign brokers who directly access our markets: out of 120 total brokers, 45 are linked up from abroad while the professional terminals which display the Borsa Italiana figures in real time amount to approximately 145,000.

Monte Titoli has further confirmed the efficiency of its services and its international standing. Express II, the clearing and settlement system, operates with levels of efficiency, steadfastly settling more than 99% of the contracts during the night cycle. X-TRM, the service for the daily checking and adjustment and forwarding of the transactions to the domestic and foreign settlement services, handled over 280 million instructions during 2006 (+ 17% when compared with 2005), enabling Monte Titoli to gain the place of second leading operator at European level. Furthermore, as from this year a foreign market – BrokerTec – also avails itself of Monte Titoli's services.



CC&G (the clearing house) continued with its policy of extending and diversifying the business areas and the proposal of its guarantee systems to new customers, both on a national and international level.

Blt Systems, the Information and Communication Technology company of the Borsa Italiana Group, further enhanced its non-captive activities. The ASP Application Service Provider – a service which makes it possible to outsource access to the markets run by Borsa Italiana – doubled the number of its customers.

The development of the activities of the subsidiary Piazza Affari Gestioni e Servizi continued, a company which runs the Congress and Training Center at Palazzo Mezzanotte, with more than 280 events hosted.

MBE Holding, the company held by Borsa Italiana and Euronext, completed the acquisition and control of MTS, reaching 60.37% of the share capital.

2006 was a year of both the consolidation and re-proposal of the targets achieved with regards to the relationship between the stock market and businesses. The markets managed by Borsa Italiana had 26 new listings, 21 of which were IPOs. The number and the equivalent value of the IPOs was the highest since 2000. The strong interest of the investors in Italian companies, who found an outlet on Borsa Italiana's markets, is witnessed by the requests received during placement. Oversubscription, equal to the ratio between the number of securities demanded and that effectively allocated, rose to its highest levels in the last few years".

Milan, 29<sup>th</sup> December 2006