



10 November 2008

## **BORSA ITALIANA: MTA AND EXPANDI SUCCESSFULLY MIGRATED ONTO TRADELECT**

Today, Monday 10 November, Borsa Italiana's MTA and Expandi markets successfully migrated onto Tradelect, the London Stock Exchange's trading system. The migration represents a significant milestone in the integration process between Borsa Italiana and the London Stock Exchange and a single, world-class trading system now joins the two markets, creating Europe's deepest pool of liquidity, generating new trading opportunities and greater efficiencies for the market as a whole.

Tradelect came into live service for the London market in June 2007 and contributed to the strong growth in trading volumes in London last year.

Today also sees the introduction of some changes to automatic price monitoring and reference price definition.

The most significant changes are:

### **Automatic price monitoring**

Provision is made for the automatic control of market prices using two mechanisms:

- the maximum price variation limit for contracts with respect to the static price (during the auction and continuous trading phases);
- the maximum price variation limit for contracts with respect to the dynamic price (only during the continuous trading phase).

The static price is either:

- in the case of the opening-auction phase; the previous day's reference price, or;
- the price at which contracts were concluded in the auction phase, at the end of each auction phase. If no auction price is determined, the static price is equal to the price of the first contract concluded in the continuous trading phase.

The maximum variation of the price of contracts with respect to the static price is +o- 5% for constituents of the S&P/MIB index, +o- 7.5% for other shares and shares in closed-end funds, +o- 30% for warrants and rights, +o- 5% for convertible bonds.

The dynamic price is given by:

- the price of the last contract executed during the current session;
- the previous day's reference price if no trades have been executed in the current session.

The maximum variation of the price of contracts with respect to the dynamic price is +o- 2.5% for constituents of the S&P/MIB index, +o- 3.5% for other shares and shares in closed-end funds, +o- 5% for warrants, +o- 15% for rights and +o- 2.5% for convertible bonds.

If, during continuous trading, the price of the contract that is being concluded exceeds one of the two price variation limits defined above (the static and dynamic price limits), provision is no longer made for the book

to be frozen for 5 minutes, but a so-called “volatility auction” phase is automatically activated. The duration of the volatility auction phase shall be equal to 10 minutes plus a variable interval of up to one minute, determined automatically on a random basis by the trading system.

### **Reference price**

The reference price, which is currently the weighted average price of the final 10 per cent of the quantity traded in the session, will from Monday 10 November be equal to the closing-auction price. If it is not possible to determine the closing-auction price, the reference price shall be the weighted average price of contracts concluded in the last ten minutes of the continuous trading phase.

### **FOR FURTHER INFORMATION, PLEASE CONTACT:**

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### **NOTES TO EDITORS**

#### **? About the London Stock Exchange Group:**

London Stock Exchange Group is Europe's leading diversified exchange business. It operates Europe's largest and most liquid equity market, holds the number one position in trading ETFs and securitised derivatives, and through its interest in MTS, is the leading platform for the trading of fixed income products.

The London Stock Exchange itself is the world's most international exchange with over 700 overseas companies from over 70 countries on its markets. It has consolidated this position in the last two calendar years, having attracted 202 international companies which raised nearly £30 billion between them. These figures include international companies on AIM, the London Stock Exchange's growth market, which has grown to become the world's most successful market for small and medium sized enterprises with close to 1700 companies at the end of 2007.

Following its merger with Borsa Italiana in 2007, London Stock Exchange Group also now offers post-trade services such as netting, clearing and settlement on an efficient and competitive basis, and a comprehensive range of European bond trading services through MTS.