

Borsa Italiana: 2020 Markets Review

- *The total capitalisation of listed companies stands at 607 billion euros, equal to 37% of GDP*
- *The FTSE MIB index registers a performance of -5.2% (as at December 28, 2020)*
- *Leadership in Europe confirmed for contracts traded on MOT*
- *Development and innovation continue in Borsa Italiana's Post Trade services*

Raffaele Jerusalemi, Chief Executive Officer of Borsa Italiana, said: “In a year as complex as the one that is coming to an end, the role of Borsa Italiana has been fundamental to support the economy of our country through efficient, liquid and transparent markets. In 2020, 24 companies listed, which were able to continue to grow and develop in this way, raising resources through the capital market. Over the last decade, we have witnessed significant growth in the companies listed on our markets. We have gone from 296 at the end of 2009, to 377 in December 2020. Particularly AIM Italia, the market for small and medium-sized firms, has seen the number of companies grow, from 5 at the end of 2009 to 138 in 2020. During the decade we have also seen significant developments in other Borsa markets. In 2012 for example we launched the direct distribution of BTP Italia on the MOT market, which raised more than 170 billion euros in 16 issues. The same distribution method was made available for the new government bond, the BTP Futura, dedicated entirely to financing the measures to tackle the Covid-19 crisis, distributed in 2020 with two issues that raised about 12 billion euros. A real strategic infrastructure, that of Borsa Italiana, supporting the development and growth of our country.”



Stock Market: trading of shares increases and new listings on Borsa Italiana markets

IPOs and admissions (updated to 30 December 2020):

At the end of December 2020, there are 377 **listed companies** on the markets of Borsa Italiana.

In detail:

- 238 companies on the MTA market (of which 76 on the STAR segment), 1 FIA instrument on the MIV market and 138 on AIM Italia
- 87 companies on GEM (Global Equity Market), the MTF market that hosts international shares, and 12 closed-end funds on the MIV market.

In 2020, there were **24 admissions**, of which **22 were IPOs**: 1 on MTA and 21 on AIM Italia

In detail, the 2020 IPOs are:

- **MTA**: GVS
- **AIM Italia**: Unidata, Sebino, CY4gate, Fabilia, Sourcesense, Fenix Entertainment, Reti, Labomar, ESI, Trendevice, Osai Automation System, Euro Cosmetic, Tecma Solutions, Promotica, Comal, Tenax International, IgeaMed, MIT SIM, Planetel, Convergenze, eVISO

In addition to the 22 IPOs, there were 2 admissions on AIM Italia deriving from mergers and business combinations:

- The merger of ICF Group into Industrie Chimiche Forestali
- The business combination of The Spac with Franco Umberto Marmi and the subsequent admission to listing of Franco Umberto Marmi

Over the course of the year, there were the following market transitions:

- Neodecortech, Somec and Salcef Group from AIM Italia to MTA
- Sicit Group and Pharmanutra from AIM Italia to MTA (STAR segment)

There were 35 IPOs in 2019 and 31 in 2018



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2020 MARKET DATA (updated to 28 December 2020)

As of 28 December 2020, the **FTSE Italia All Share** index registered a decrease of 5.3% (annual high 27,675 on 19 February 2020; annual low 16,286 on 12 March 2020). The **FTSE MIB** index recorded a decline of 5.2% (annual high 25,478 on 19 February 2020; annual low 14,894 on 12 March 2020)

Within the stock market, the SME section, in particular the STAR segment, stood out for having outperformed the main indices: the **FTSE Italia STAR** index recorded double digit growth on an annual basis of 13.7%. During the year, it exceeded the 40,000 level several times, reaching the annual high and historical record (44,457 on 28 December). The **FTSE Italia MID Cap** index fell 5.9% and the **FTSE Italia Small Cap** index declined 4.3%.

The total **capitalisation** of listed companies stands at 607 billion euros, equal to 37% of GDP.

Trading of shares saw growth, with a daily average of 2.4 billion euros (+9.6% compared to 2019), exceeding 346,000 daily contracts (+35.8%). Overall, more than 87 million contracts and turnover of more than 602 billion euros were traded. The highest daily trading figure for contracts was reached on 12 March 2020, with the historical record of 935,909 contracts traded and turnover that exceeded 6.0 billion euros. A positive performance was seen in the Bit Equity GEM market, which surpassed 3,000 contracts a day (+212.4% compared to 2019) and 22 million euros in value (+252.7%)

Intesa Sanpaolo was the most traded share by turnover, with a total of 65.9 billion euros, and the most traded in terms of contracts with just under 6 million contracts.

In 2020, total **capital raised** was 706 million euros on the part of the 22 IPOS on the markets of Borsa Italiana. In addition, there were 13 capital increase operations with a value exceeding 1 billion euros.

There were 12 **takeover bids** in 2020, with a value of 1 billion euros, net of the operations on IMA, Nova RE and Techedge, which will be concluded in January 2021.

The **domestic turnover velocity**, comparing turnover and capitalisation, showing the rate of annual share turnover, is equal to 97%.



Bond Market: European leadership of Borsa Italiana's fixed income markets consolidated

Growth continues for **ETFplus**, the market where ETFs, ETCs/ETNs are traded. As of 28 December, listed instruments have risen to 1,334 (1,116 ETFs and 218 ETCs/ETNs). Assets Under Management (AUM) reached the level of 101.4 billion euros (+14.9% compared to 2019 with CAGR since December 2009 equal to 19.3%). The ETF segment alone registered a record of AUM with 93.8 billion euros (+15%) while for ETCs/ETNs, the value reached is equal to 7.6 billion euros (+13.8%). The inflow for the year 2020 on the ETFplus market was equal to 10.7 billion euros. The 349 bond ETFs listed at 28 December with AUM of 41.8 billion euros (44.6% of the total ETF instruments) registered an inflow in the year equal to 4.3 billion euros.

The market of ETFs, ETCs/ETNs reached historical records in terms of daily average both for value equal to 520 million euros (+23.9% compared to 2019) as well as for contracts concluded, about 35,000 (+70.1%). Overall, about 132 billion euros and 8.8 million contracts were traded in these segments. There was particular growth in the ETC/ETN segment, (+72.1% in daily average contracts). The historical record for contracts was reached on 21 April 2020, with 85,626 contracts traded in a single session. There was also a record for the RFQ functionality for ETPs, which in 2020 (figures as at 28 December) saw transactions for a total of 7.6 billion euros. Over a medium-term horizon, it is possible to observe that in the 10 years since the end of 2010, the ETFplus market has shown growth of 159% for contracts traded and 69.5% in terms of value.

As of 28 December, there are 188 ESG instruments listed on the ETFplus market, of which 71 were admitted during the year. They have AUM equal to 12 billion euros (+256.9% compared to 2019) with an inflow equal to 6.7 billion euros.

The **ATFund** market, dedicated to open-end funds, has 94 listed instruments as of 28 December. Assets Under Management for open-end funds traded on ATFund exceed 400 million euros. The market traded about 9 contracts and around 500 thousand euros of value daily. Overall about 2,200 contracts and a total of 116.7 million euros were traded.

European leadership for contracts traded on **MOT** was confirmed. The MOT, with 1,317 listed instruments in total (152 Government Bonds, 79 Bonds and 1,086 Eurobonds and ABS), recorded a daily average of 15,443 contracts (-0.5% compared to 2019), 801.3 million euros (+7%). During 2020,



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the 16th issue of BTP Italia was distributed on the MOT market, which registered the record amount raised of 22.3 billion euros and 384,712 contracts concluded in the distribution phases. In the second half, the first two issues of the new Italian government bond BTP Futura were distributed, for a total amount raised of more than 11.84 billion euros and 298,035 contracts concluded in the distribution phases.

On **ExtraMOT**, with 818 instruments a total of more than 75,000 contracts were traded (+17.1% compared to 2019) for a value of almost 2.5 billion euros (+7.3%). The professional segment of the market ExtraMOT PRO3 has 151 instruments, listed by 108 issuers, belonging to 10 different sectors and from 15 Italian regions, with a total amount raised at 28 December of more than 4.4 billion euros. From January 2020 Borsa Italiana has also integrated the MTF EuroTLX market among its bond markets, a secondary market of reference for domestic retail investors for the negotiation of international corporate bonds. The segment dedicated to **Green and Social Bonds** of Borsa Italiana, started in 2017, has reached 135 instruments for a total outstanding of more than 162 billion euros.

On **Bond-X**, there are 2,359 listed instruments as of 28 December. The daily average number of contracts was 3,543, with a daily average value of 99.5 million euros.

On **SeDeX**, with 9,541 listed instruments as of 28 December, the daily average of trades exceeds 75.1 million euros with more than 11,000 contracts (+34.7% compared to 2019).

Cert-X, with 3,662 listed instruments, reached a daily average of about 2,200 contracts and 24.7 million euros.

MTS

In 2020 MTS maintained and consolidated its crucial role in ensuring stability in the secondary market of Italian public debt. During the year, the liquidity of repurchase agreements, instruments that make it possible in any situation to locate hard-to-find securities and to finance market operations, steadily exceeded 215 billion euros a day of “term adjusted” volumes executed, with peaks of over 400 billion euros.

Also in 2020 the BondVision market made it possible for institutional investors to negotiate bond orders in an extremely efficient way and to make use of data for monitoring their positions in real time. From this year, institutional investors can furthermore trade repurchase agreements and meet the obligations introduced by the SFTR.



In addition to the secondary market for Italian public debt, the MTS platform manages the secondary markets of another 20 public debts directly or through partnerships. The MTS infrastructure furthermore provides instruments for primary market operations, including exchange and taps, introduced in Italy this year, along with the interbank deposit market. These latest innovations are of particular importance, as they were launched in the period of the pandemic, to further support the activities of debt managers and intermediaries.

Derivatives: trade growing and launch of the new MicroFib

There was a good performance in the **IDEM** market, where more than 25 million standard contracts were traded, with a daily average of almost 100,000 standard contracts and 3.4 billion euros of notional value. Particularly significant was the growth in **stock dividend futures**, which recorded a strong increase in trades compared to last year (+223.2% in terms of daily average standard contracts and +46.4% in terms of notional value), and of the FTSE MIB Dividend Index futures (+101.2% in terms of daily average standard contracts and 50.2% in terms of notional value); the latter in particular reached the historical record for open interest on 1 December with a value equal to 17,371 contracts. Also growing are the **MiniFutures on the FTSE MIB index** (+12.7% in terms of daily average standard contracts and +6.5% in notional value compared to 2019).

On 19 October, the **MicroFutures on the FTSE MIB index** (microFIB) started trading, Borsa Italiana's new derivative based on the FTSE MIB and designed for small investors. The future registered trade with a daily average of 737 standard contracts, with more than 3 million euros of notional value.

In terms of notional value, Enel was the most traded underlying for stock options, followed by Intesa Sanpaolo, while for stock futures the most traded underlyings were BNP Paribas and Intesa Sanpaolo.

On 13 March, the **absolute record in trades** was recorded on IDEM, with 125,754 total trades made during the day (including 44,403 on the *Minifutures* on the FTSE MIB index, another historical record).

Post Trade: development and innovation continue



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Monte Titoli

In the last 10 years, Monte Titoli has launched a transformation which has seen it go from an Italian market infrastructure to a pan-European player and finally become a digital organisation. It has also confirmed itself as the third CSD in T2S with 3,4 trillion euros of securities in custody. On a daily basis in 2020 Monte Titoli settled around 175,000 operations for a value of 200 billion euros. In 2020, SWIFT messaging on corporate actions was completed and bilateral netting on unsecured instruments such as Certificates and Covered Warrants was introduced.

Since entering T2S, Monte Titoli has expanded the range of services offered, aside from Centralised Management, Asset Servicing and Settlement, adding Fiscal Services to facilitate the request from international financial institutions to open a direct relationship with the CSD. Services for both domestic and international issuers have been widened, with the introduction of new bonds and instruments.

In 2018, Monte Titoli launched a three-year project called “Agility & Growth” to improve operational efficiency and Client Experience, leveraging new technologies and transforming into a digital company. The Lean6Sigma methodology was adopted to review all processes and identify where the RPA could help to gain efficiency.

CC&G

In 2020, CC&G expanded its international presence to include the supply of innovative services to other central counterparties, leveraging its consolidated experience in *clearing* and the reliability of its technological systems. CC&G confirms the expansion and the progressive internationalisation of the customer base, which to date includes 149 participants from 7 European countries. Operator interest for the opening of direct membership to CC&G continues, with an increase of 11 new memberships during the year.

Since June 2020, CC&G has launched its Clearing and Risk Management services for CCP Austria (CCP.A). In July 2020, CC&G and CCP.RO BUCHAREST S.A., part of the Bucharest Stock Exchange Group, signed a collaboration agreement, based on which CC&G will provide consulting and technological support for the services of *clearing* and risk management, which will be supplied by CCP.RO BUCHAREST S.A.

In 2020, the ISO 22301:2012 certification on Business Continuity, issued by Bureau Veritas was renewed, and the ISO/IEC 27001:2013 issued by the British Standards Institution was confirmed.

CC&G has undertaken a broad multi-year project called NextGen, with the aim of developing its platforms and IT services using cutting edge *cloud computing* and *parallel elaboration* technologies.



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