Cassa di Compensazione e Garanzia S.p.A.

Financial Statements as of 31 December 2015

Report and Financial Statements As of 31 December 2015

1. Financial Highlights

Financial Highlights		
(amounts in thousands euro)		
Economic Indicators	Financial Year 01/01/15 - 31/12/15	Financial Year 01/04/14 - 31/12/14
Revenues	94,342	67,097
Ebitda	73,104	42,505
Ebitda margin	*77.5%*	*63.3%*
Ebit	72,207	49,871
Ebit margin	*76.5%*	*74.3%*
Net Profit	48,796	33,781
(in % of Revenues)	*51.7%*	*50.3%*
ROE	30.9%	21.7%
Dividends	46,354	32,093
Equity indicators	Financial year 01/01/15 - 31/12/15	Financial year 01/04/14 - 31/12/14
Shareholders' Equity	168,774	147,208
Net Fin. Position (- debt / + cash)	188,625	162,436
Efficiency Indicators	Financial year 01/01/15 - 31/12/15	Financial year 01/04/14 - 31/12/14
Average number of employees	51	50
Revenues/employees	1,850	1,342
Ebit/employees	1,416	997

2. Report on Operations

The financial statements of Cassa Compensazione e Garanzia S.p.A. closed as of 31 December 2015 show a positive net result of EUR 48,795,592 (EUR 33,781,339 as of 31 December 2014).

The past year was characterized by an additional contribution that your Company provided to the extension of the financial services supplied by the market infrastructures as well as to the improvement of the management of the flows of information and instructions with the participants. Moreover, as regards the aspects of *risk management* and in particular the "validation model", the activities continued that are suitable to its realization.

With regard to the regulatory aspects, the *policy makers* focused their attention on the aspects of "*recovery*" and "*resolution*" of the CCPs, subjects on which a contribution was given within the European institutional entities. Just as much attention, for the impacts this will have on the CCPs in relation to the *Buy in* matter, was paid to the CSDR rules and regulations. Finally, the provisions of EU Regulation No. 575/2013 ("CRR") made it advisable to include in the regulation a clause of "*close-out netting*".

With regard to services, in May the new guarantee service with central counterparty was made operational, on Repurchase Agreements exchanged on Repo MTS and Repo e-MID markets, which provide for the use of the "*collateral management*" X-COM system of Monte Titoli.

At the end of October the new futures contracts on energy provided in the area of Germany/Austria were introduced in the IDEX Segment.

On 31 August 2015, CC&G started its operation in T2S in the capacity as "*Indirect Participant*" through Monte Titoli.

The particular conditions of the European financial markets, characterized by the maneuvers of the European Central Bank– *Quantitative Easing* - in order to counter deflationary phenomena and favour financial stability, have influenced the investment strategies of margins and payments to the Default Fund, which have operated in a context largely marked by negative interest rates.

2.1 Events of the financial year closed as at 31 December 2015

Central Counterparty Services

The overall number of participants in the clearing and guarantee system was, as at 31 December 2015, 159 (154 as at 31 December 2014) represented for the largest part by banks (92) and SIMs [Security Investment Companies] (45).

Of these, the clearing members were 81 of which 67 were Banks, 13 SIMs and 1 a Governmental Institution. The opening degree to the European market of clearing members is evidenced by the share of foreign Banks (13 EU), equal to 19.40% of the overall number of Banks, and European Communities SIMs (9) equal to 69.23%.

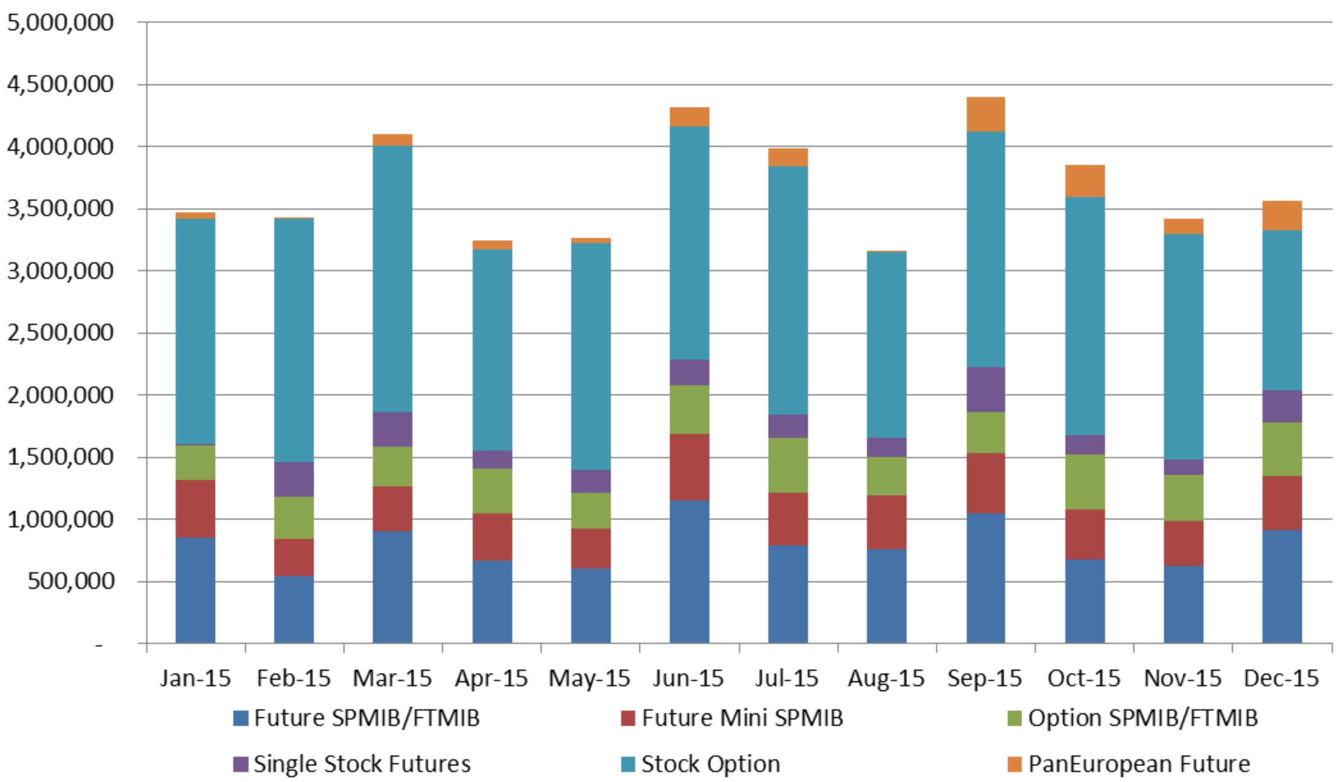
Derivative Markets (IDEM Equity, IDEX and AGREX)[1]

Cleared contracts coming from IDEM Equity Market at 31 December 2015 were 44,183,707 compared to 39,039,872 of 31 December 2014 (+13.2%); the daily average was equal to 173,269 contracts compared to 154,920 contracts at 31 December 2014.

[1] The statistics on derivative equity and bond markets reported have been compared with the 12 months of 2014.

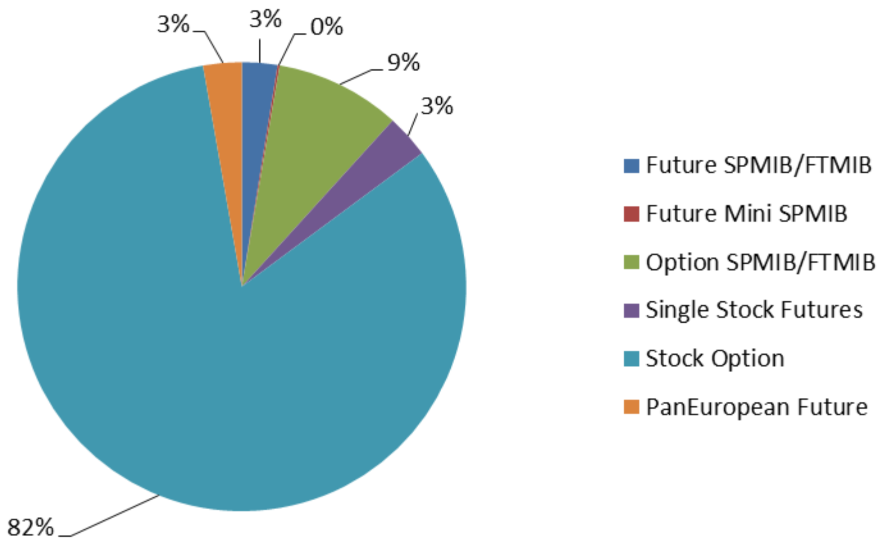
Increases are evidenced compared to the same period last year in the Stock Exchange index options that increased from 3.7 million in 2014 to 4.3 million contracts in 2015 (+ 15.6%); in the futures on Stock Exchanges indices that increased from 8.6 million in 2014 to 9.5 million contracts in 2015 (+10.7%); in the mini-futures on Stock Exchanges indices, increased from 4.2 million to 4.9 million contracts in 2015 (+16.4%); in the futures on individual shares which increased from 444,000 contracts in 2014 to 2.3 million contracts in 2015 (+ 427.6%) and in Pan-European future which increased from 162,000 contracts in 2014 to 1.4 million contracts in 2015 (+783.4%).
A decrease is conversely evidenced in the options on individual shares whose volumes decreased from 21.9 million contracts in 2014 to 21.7 million contracts in 2015 (-1.0%).

NUMBER OF CONTRACTS
(single counted)



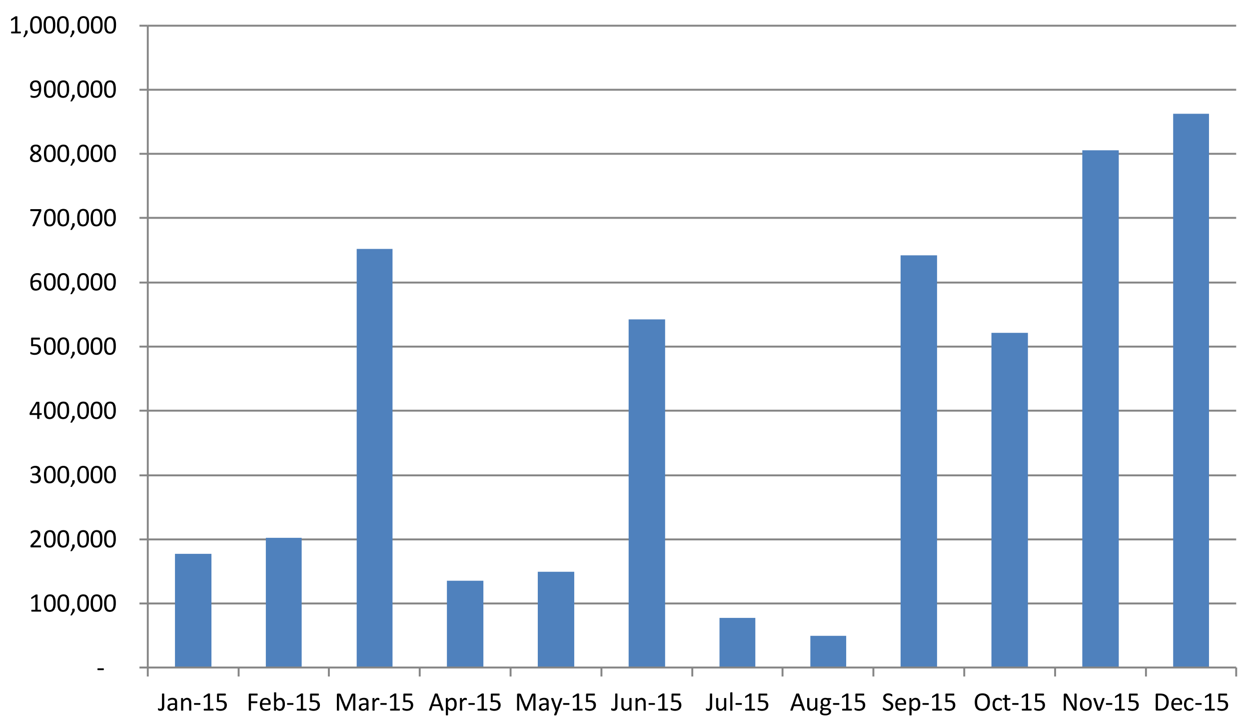
The open positions (so called "open interest") as of 31 December 2015 were equal to 5,337,240 higher compared to 31 December 2014 (5,181,246).

OPEN INTEREST POSITIONS (composition %)
(number of contracts)



The volumes of the derivative market IDEX at 31 December 2015 were equal to 4,817,911 MWh cleared, i.e. 36.6% lower compared to the same period last year equal to 7,602,923 MWh cleared.

MWh cleared
(single counted)

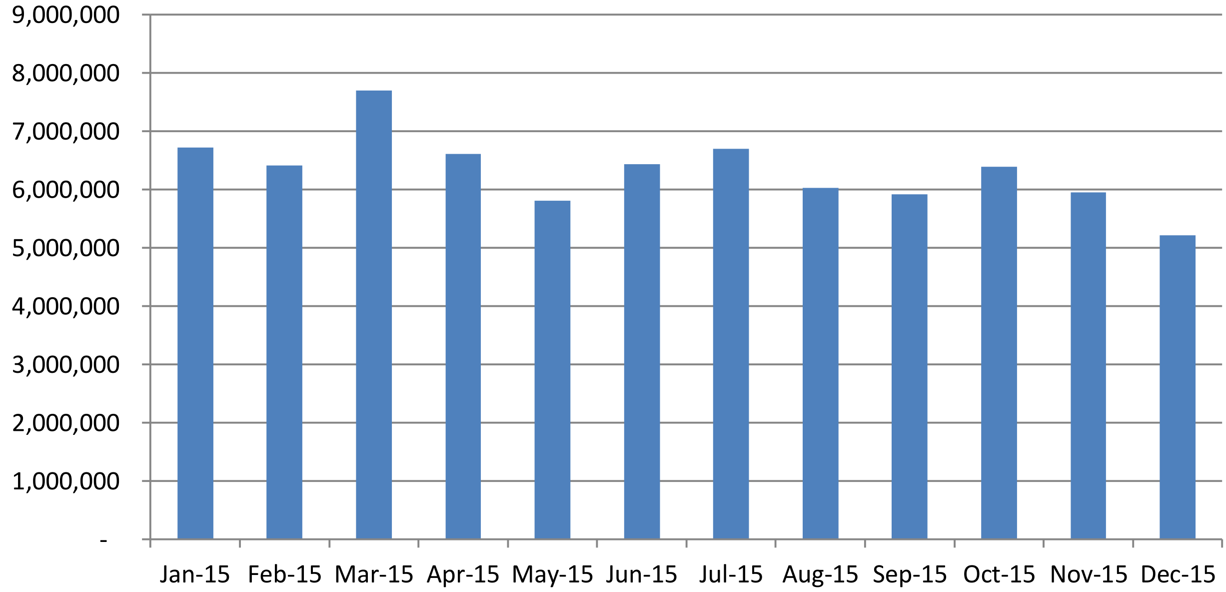


On 31 December 2015 the clearing members of the derivative equity market were 36 (37 as at 31 December 2014), of which 25 General and 11 Individual; those of the derivative energy market were 9, of which 8 general and 1 individual, whilst those of the Derivative agricultural commodities were 3, all of them General Clearing members.

Equity Market

On the equity markets of Borsa Italiana the contracts subject of guarantee were 75,919,855 with an increase of 9.0% compared to the same period of the previous year (69,657,901 contracts); the daily average was equal to 297,725 compared to the previous 276,420.

NUMBER OF CONTRACTS (1)
(single counted)



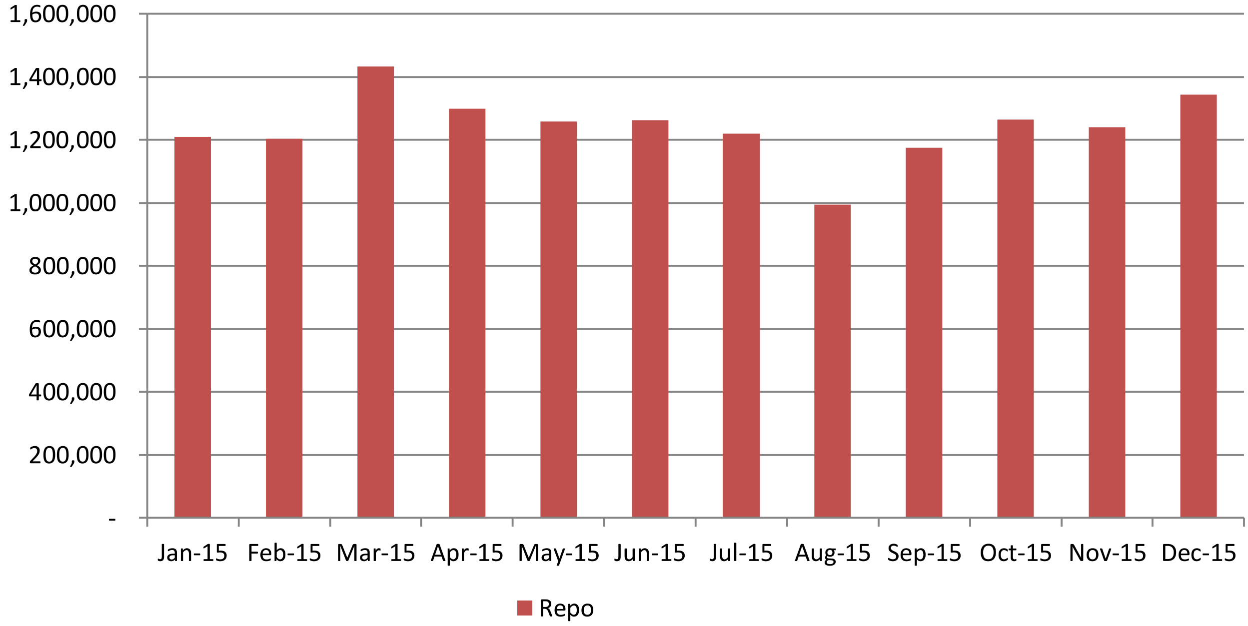
(1) The markets currently guaranteed by CC&G in the equity segment are: MTA, MIV, and ETFplus.

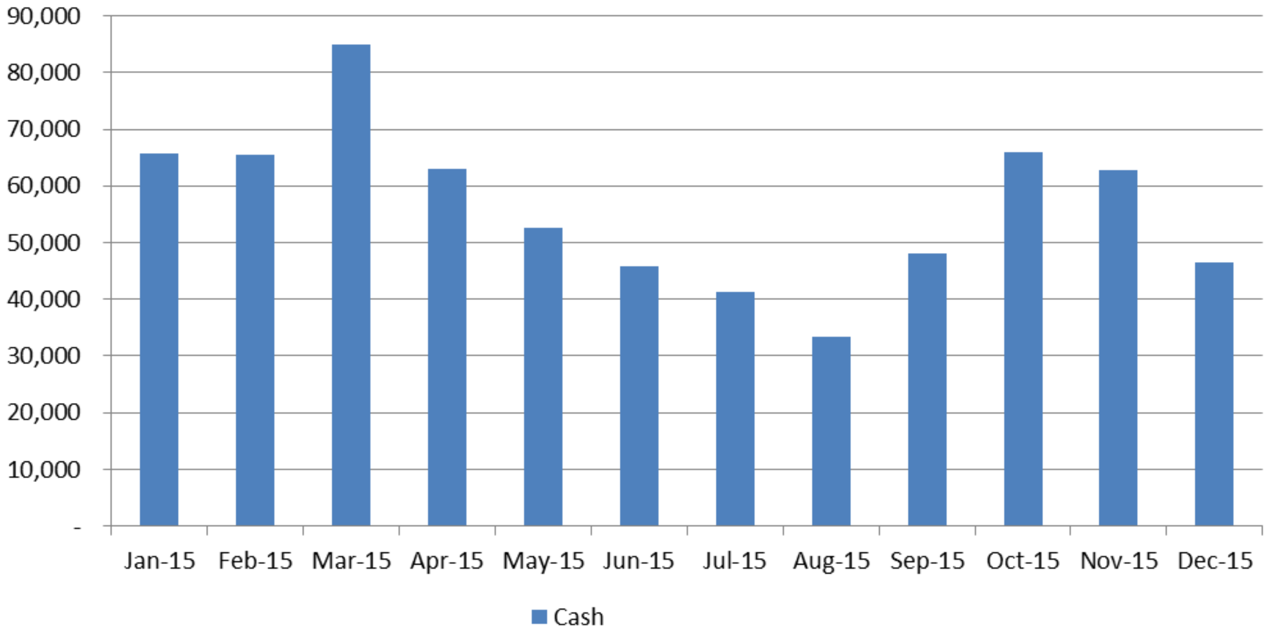
On 31 December 2015 the clearing members of the Equity Market were 30 (29 as of 31 December 2014), of which 16 General and 14 Individual.

Bond Market

The value of the guaranteed contracts, traded on the wholesale bond market was higher compared to the same period of the preceding year for the Repo (nominal 14,902 billion compared to 13,735 billion, with an increase of +8.5%), whilst for Cash transactions the result is lower compared to the preceding period (nominal 675.65 billion compared to 722.13 billion, -6.4%).

NOMINAL VALUE OF CONTRACTS wholesale markets (2)
(million euro)





(2) The wholesale markets currently guaranteed by CC&G are: MTS Italia/EuroMTS, ICAP Brokertec and Repo e-MID

On the retail bond market the contracts as of 31 December 2015 subject to guarantee were 4,371,956 compared to 4,708,662 of the same period in the preceding financial year (-7.2%).

(3) The retail markets currently guaranteed by CC&G are the segment Domestic MOT, MOT, Euro TLX and HI-MTF.

The clearing members participating in the Bond Market as of 31 December 2015 were 63 (63 as of 31 December 2014), 14 of which General and 49 Individual.

Bond Market ICSD

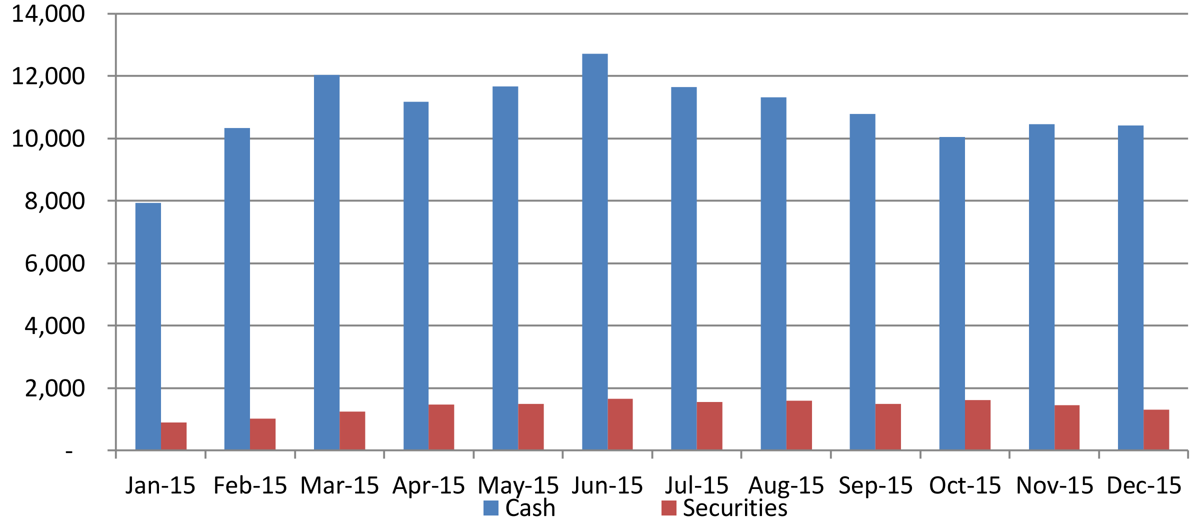
The Clearing Members participating in the ICSD Bond Market as of 31 December 2015 were 28 (29 as of 32 December 2014), of which 14 General and 14 Individual.

The bond markets currently guaranteed by CC&G are the EuroMOT and ExtraMOT segments of the MOT, EuroTLX and Hi-MTF (only for the securities settling through the Settlement services managed by foreign entities).

Risk Management

During the period under review 126 new instruments were listed on the Equity market, of which 8 shares, 3 warrants, 115 ETF. On the Equity Derivative Market, 3 new options were listed. On Energy Derivatives, Energy Future contracts have been introduced of the Austria-Germany area, with similar characteristics as those on energy of Italy area.
The daily average amounts of initial margins increased from 8.8 billion euro of the month of January 2015 to 11.7 billion of the month of December 2015, with a maximum daily average amount in the month of June equal to 14.4 million euro. Compared to the same period last year (9.9 billion euro), an increase of 24.3% was recorded with a final balance of 12.3 billion euro. The deposit of the guarantees covering the initial margins took place, in the average of the subject period, for 89% in cash and 11% in Government Bonds (in the same period of the previous financial year for 84% in cash and 16% in Government Bonds).

INITIAL MARGINS AVERAGE
(million euro)



The monitoring of the counterparty risk, implemented through a control of the expositions of the members on a continuing basis, has determined during the financial year 3,480 requests for additional intraday margin calls for an overall amount of 76.17 billion euro.

The amounts of the Default Funds as of 31 December 2015 are equal to € 1,900 million (€ 1,200 million at the close of the preceding financial year, +58% and € 1,600 at the close 31 March 2014), for Equity Markets (Cash and Derivatives), to € 3,000 million for the Bond market (€2,500 in the preceding financial year, +20% and € 2,000 million as of 31 March 2014), to € 15 million for the market of Energy Derivatives (€ 40 million in the preceding financial year, -62% and € 55 million as of 31 March 2014) and to € 1.1 million for the derivative market on Agricultural Commodities (€ 0.50 million in the preceding financial year and 0.25 million at the close of 31 March 2014). Said amounts have been adjusted several times in the course of the financial year on the basis of the stress test results.
The amount of the Default Fund for the New-MIC at 31 December 2015 appears to be equal to € 210 million (€ 150 million at the closing of the preceding financial year, +40%).

New Services and Functionalities introduced in the financial year

X-Com Market

On 11 May the new "X-COM Market" became operational, where Repurchase Agreements are secured that are negotiated on MTS and e-MID repo markets, which avail themselves of the collateral management system referred to as X-COM managed by Monte Titoli.
The X-COM system managed by Monte Titoli performs, in such framework, functions of evaluation of the securities at market prices, checks the eligibility requirements of the securities according to the criteria established by CC&G and the function of automatic replacement of the securities if withdrawn by the participant or if they do no longer match the eligibility requirements.
After the starting of the service in October, the eligibility requirements of the financial instruments have been supplemented. In November the X-COM platform started managing the Repo contracts concluded at negative rates and CC&G introduced new concentration limits. In December a new basket was finally put at disposal referred to as “Liquidity Coverage Ratio compliant” negotiable on Repo MTS market, enabling the participants to exchange high liquidity assets as collateral with a beneficial impact on the LCR indicator.

Derivative Market

Effective from the month of October your Company started securing on the Derivatives Energy Market future contracts in electric energy delivered in the Germany-Austria area.
Effective from the same month the participants in Derivative Markets were permitted to avail themselves of the new transfer functionality of positions and contracts from Own Account and between Third Parties Accounts and Own Account of Clearing Member.

New MIC

For the purpose of better supporting the management activity of the Participants' guarantees, effective from March and in collaboration with Monte Titoli, the possibility was made operational to deposit the security guarantees with Monte Titoli also through transfers from the Participants' accounts opened with Euroclear Bank, Euroclear France, Euroclear Belgium, Euroclear Nederland, Clearstream Banking Luxembourg and Clearstream Banking Frankfurt.

BCS Service

As of the end of January 2015 the new version of the BCS service was made available, characterized by a more significant performance and, on the services side, by the update of the data in real time (introduction of the "push" technology in lieu of the "pull" one), the new Risk Management functionalities with the possibility to set limits on positions and contracts as well as by a completely renovated new GUI (NoT: Graphical User Interface) adequate to receive the data in real time. The service was enriched with new functions for setting limits on the margins and scenarios "what-if" simulation. In such context the profiles of “BCS Standard” and “BCS Plus” already present were supplemented with the additional “BCS Premium” profile, the only one having at disposal the Risk Management services.

T2S

On 31 August 2015 the Settlement Service of Monte Titoli migrated on the Target 2 Securities (T2S) platform. Therefore, effective from that date, CC&G started its activity in T2S in the capacity as “Indirect Participant” through Monte Titoli, availing itself of the X-TRM system, always managed by Monte Titoli, for the acquisition of the contracts from the Markets, for the calculation of the settlement balances, for the dissemination of the pre-settlement information notice and the forwarding of the transactions to T2S.

The first two months of activity have been characterized by an intense exchange of information and proposals with LCH.CLearnet SA, the Supervisory Authorities and the European Central Bank for the purpose of bringing the daily liquidity commitments of the CCPs to a physiological level. Such common engagement made it possible to reduce the liquidity commitments within adequate amounts at the end of the above-mentioned period.

Close Out Netting

In the light of the provisions of EU Regulation no. 575/213 (“CRR”), which permit credit institutions and investment companies to recognize the effects of a reduction of the credit risk in the calculation of their negotiation expositions vis-à-vis a central counterparty, where the so called "close-out netting" clause was agreed upon, the Company has introduced such clause in favour of Clearing Members.

2.2. Economic Results

Below is a synthesis of economic data compared to that of the previous Financial Year[2]:

(Amounts in thousands euro)

	31 December 2015	31 December 2014*
Interest margin	**39,618**	**20,883**
Net commissions	50,399	33,643
Dividends and similar income	3,351	3,977
Net result of financial assets/liabilities	(2,862)	(3,889)
Intermediation margin	**90,506**	**54,614**
Administrative expenses	(19,004)	(13,092)
Net provisions to the risk and charges funds	-	(45)
Other operating income and charges	1,602	983
Gross operating margin (EBITDA)	**73,104**	**42,460**
Adjustments/net value recovery for deterioration	-	57
Amortizations and depreciations	(1,872)	(1,240)
Operating Income	**71,232**	**41,277**
Result of financial management	975	8,594
Net operating margin (EBIT)	**72,207**	**49,871**
Income taxes	(23,411)	(16,090)
Operating profit	**48,796**	**33,781**

(*) 9-month period

Cassa di Compensazione e Garanzia SpA closed the financial year as at 31 December 2015 with a net result of 48.8 million euro (33.8 million euro as at 31 December 2014, nine-month period). The intermediation margin was equal to 90.5 million euro, divided between interest margin for 39.6 million euro, net commissions for 50.4 million euro, dividends for 3.3 million euro, and a net result of financial liabilities for 2.9 million euro. As of 31 December 2014 the intermediation margin was equal to 54.6 million euro.
Administrative expenses amount in whole to 19.0 million euro. Amortizations and depreciations amount to 1.9 million euro whilst the other sundry operating revenues amount to approximately 1.6 million euro. As a consequence of what pointed out in the preceding paragraph, the net operating margin (Ebit) was equal to 72.2 million euro. The taxes for the financial year, inclusive of the provision for taxes paid in advance, were equal to 23.4 million euro.

The Balance Sheet shows a total amount of assets that increased from 165.7 billion euro as of 31 December 2014 to 204.1 billion euro as of 31 December 2015. The following items of the assets side are evidenced in particular, which find correspondence in the liabilities side: financial assets/liabilities held for the trading for CCP assets in the amount of 10.8 billion euro (6.5 billion euro as of 31 December 2014) and receivables/payables in the amount of 184.2/193.1 billion euro (150.8/159.1 billion in the preceding financial year).

The Item 40 of the Balance Sheet shows the securities available for sale evaluated at the fair value, and relate to investments in secured assets of margins and default fund and for the balance Company's equity for 9.1 billion euro.

In the receivables 3.9 billion euro are recorded for investments in repos, deposits with the central bank and bank deposits, 173.2 billion euro for clearing activity on secured repo transactions on the bond market and 7.1 billion euro for margins, premiums and claims secured by securities. In the payables 19.9 billion euro are recorded for margins, premiums, deposits on account of advance payments and default funds vis-à-vis clearing members and 173.2 billion euro for clearing activity on secured repo transactions on the bond market.

[2] It is specified again that the data as of 31 December 2015 relate to a 12-month period whilst the comparative data as of 31 December 2014 refer to a 9-month period.

The Company's assets, equal to 168.7 million euro are made up as to 33.0 million euro by the share capital, as to 6.6 million euro by the legal reserve, as to 80.4 million euro by other reserves (including, inter alia, the skin in the game provided by EMIR, the extraordinary reserve, reserves from the evaluation of financial assets available for sale, the FTA and the other distributable reserves) and for 48.8 million euro by the operating profit.

The cash flow records a net generated liquidity equal to 38.9 million euro (as of 31 December 2014, the absorbed liquidity was equal to 4.3 million euro).

2.3. Information relating to personnel and environment

As of 31 December 2015 the organizational structure is made up of a total of 51 (51 as of 31 December 2014) employees, 7 of which are senior manager, 18 Middle Managers and 26 employees as well as by 10 detached units coming from other companies of the Group. The average age is 42 years and 45% of the labour force is represented by women. The average seniority of service is 11.3 years.

In relation to the activity carried out by our Company, which does not entail any particular levels of risk for its employees, no accidents on the job are reported, nor the appearance of any pathology linked to professional illnesses. Moreover, no mobbing actions are reported in our Company.

2.4. Research and Development

Given the type of activity carried out, the Company performs no research and development activity.

2.5. Evaluation of Risks

The guidelines for the management of risks adopted by CC&G are dictated by the Board of Directors and monitored by the Chief Risk Officer.

The framework outlining the objectives of the Group in terms of risk management enables the management to have an acceptable risk level in pursuing its strategy and to identify the relevant responsibilities.

As far as the handling of specified risks is concerned, reference is made to the Integrative Notes.

In compliance with ESMA requirements (Article 50 and following), the Risk Management office is regularly conducting the requested tests for the validation of the models adopted for the management of risks. For the purpose of validating the adequacy and ruggedness of the models for margin lending transactions and the input parameters, it is conducting on a daily basis the stress tests and back tests and, on a monthly basis, the sensitivity tests.

The adequacy of the stress scenarios used for the determination of the Defaults Funds for each secured market is evaluated, inter alia, by executing reverse stress tests for the purpose of identifying, through an approach of the interactive type, hypothetical stress scenarios, which would render the available financial resources insufficient to cover a possible default.

CC&G has favourably upheld the introduction of global binding transparency rules issued by CMPI-IOSCO for the purpose of enabling the Participants and all the other persons interested in clearly evaluating the risks associated to the CCP and the adequacy of the risk avoidance aids adopted. The set of qualitative and quantitative information at disposal of the Participants has been further extended and standardised, with particular regard to the aspects relating to Risk Management, Governance and investment policies.

During 2015 financial year, the Risk Policy Office has developed a modular software (MoVE), having a web-based user interface, which enables to perform automatically the internal validation of the models used for the calculation of the margins on two principal markets (Bond and Equity/Derivatives). For the purpose of enabling a more efficient validation of the risk models and compare their performance with the best practice in use in different Central Counterparties, the Risk Policy Office has developed within the validation tool also a large range of alternative models, so called “benchmark”.

According to the provisions of the EMIR rules, the new control bodies/functions in the matter of evaluation and management of risk were made operational.

Internal control system

The segregation is ensured of the control functions from the operational functions.
The lines of responsibility for the Risk, Compliance and Internal Audit functions are clear and distinct from those for the other CC&G's activities.
Internal controls are arranged on the following levels:

First level:
The first level line controls are conducted by the dedicated corporate structures, which ensure their correct performance. The front, middle and back office structures ensure correct structure segregation and a correct performance of the first line controls. The functional separation and independence between the operational structure and the structure controlling it is also ensured.

Second level:
In compliance with the new EMIR rules, CC&G – as mentioned above - has established internally permanent second level control functions, which operate with character of independence from the operating structures.

In particular the second level functions provided in the framework of CC&G internal control systems are entrusted to the Chief Risk Officer and the Chief Compliance Officer.

The Risk Department is articulated in two offices:

a) the Risk Management Office with the following responsibilities:
    - Measuring and monitoring of financial risks

b) the Risk Policy Office with the following responsibilities:
    - Measuring and monitoring of operational risks
    - Validation of Internal Models adopted by the Risk Management
    - Second level controls on the limits provided by the policy on CC&H investments
    - Communication to the Supervisory Authorities of Clearing Members of the parameters for the calculation of the capital requirement due to the expositions deriving from the contributions to the default fund, pursuant to the Basel III rules for Central Counterparties.

Third Level:
Third level controls are performed by Italy Internal Audit Department. Such structure conducts periodical independent audits on the Company's operating and administrative processes, according to the provisions of the annual Audit Plan. Considering the importance of a correct management of the risk and the relevance taken up by the same from a regulatory and governance standpoint, the Audit Department performs periodical controls on the Risk Management Department for the purpose of ensuring a perfect application of the guidelines prepared.

External Risk Committee

In compliance with EMIR provisions, the external Risk Committee, made up of representatives of the Members, of independent members of the Board of Directors and of the clients meets periodically. The members of the Committee have been appointed by CC&G's Board of Directors on the basis of objective non discriminatory criteria and are subject to periodical rotation.

The External Risk Committee is a consultative body of the Board. Such Committee expresses non binding opinions on all the measures that may affect the Company's risk management in its capacity as central counterparty and draws on a yearly basis a report on the activities performed (see 2.6).

Competition

CC&G is constantly confronting itself with the major European competitors both from an organizational standpoint and as far as the services offered are concerned. With a view to a possible consolidation of post-trading in Europe, CC&G is well positioned for coping with competition, claiming a long experience in the sector and a solid risk management model.

Technology

The Company must have the necessary skills for ensuring a rapid and effective answer to the market solicitations and those coming from its members. In order to do this it has constantly paid high attention to maintaining technological skills within the company. The use of secure, stable, and performing technology, enabling high levels of availability and processing capacity of information, is the conclusive element that makes it possible to meet the increasing demand for operativeness from the market. This is aimed at avoiding interruptions or delays in the event of introduction of new services or products. The joining of the two above-mentioned key factors enables CC&G to effectively compete in a scenario characterized by rapid technological changes, improvements of the standards, introduction and evolution of new products and services.

As required by EMIR rules, the Chief Technology Officer (hereinafter CTO) is the figure in charge of the necessary technology activities for answering correct business and market stimuli. In the framework of security, the CTO area must take particular care of the following aspects:

- control of accesses to the system
- adequate protection against intrusions and wrongful use of data
- adoptions of solutions suitable to preserve the authenticity and integrity of the data
- use of highly reliable connection networks and procedures ensuring a punctual and precise data management, recording and tracking of each transaction performed.

2.6. Governance and legal information

(a) General information

Registered name and registered office
Cassa di Compensazione e Garanzia S.p.A. has its registered office in Rome, Via Tomacelli, 146 and a branch in Milan, Piazza degli Affari 6.

Date of incorporation and date of termination of the company
The Company was incorporated on 31st March 1992 and will end on 31st December 2100.

Companies' Register
The company is entered in the Companies' Register of the Chamber of Commerce of Rome under No. 04289511000.

Legal Form
The company is a joint stock company duly incorporated and existing under the laws of Italy, endowed with a management and control system based on the presence of a Board of Directors and a Board of Statutory Auditors. The Company is subject to the management and coordination activity of London Stock Exchange Group Holdings Italia S.p.A..

The following information is not exhaustive and is based on the By-Laws. The full text of the by-laws is available at the company's registered office.

(b) The corporate bodies

Board of Directors
The Board of Directors was appointed by the ordinary shareholders' meeting of 4 July 2014 and will remain in office for the Financial Years ending from 31 December 2014 to 31 December 2016. The Board is made up of the following directors:

Renato Tarantola[3]	Chairman
Raffaele Jerusalmi	Vice-Chairman
Paolo Cittadini	CEO/General Manager
Mauro Lorenzo Dognini[4]	Director
Andrea Maldi	Executive Director with delegation to Finance
Fabrizio Plateroti	Director
Mario Quarti	Independent Director
Claudio Salini [5]	Independent Director
Vincenzo Pontolillo	Independent Director

Risk Committee
The Risk Committee, established in compliance with EU Regulation no. 648/2012 (EMIR Rules) is made up of 6 members, of which:
(a) two independent Directors of CC&G
(b) two Representatives of the clearing members
(c) two representatives of the clients.

Composition of the Risk Committee:

Mario Quarti	Chairman (Independent Director)
Vincenzo Pontolillo	Vice Chairman (Independent Director)
Mauro Maccarinelli	Representative of the clearing member Banca Intesa
Dale Thomas Braithwait	Representative of the clearing member JP Morgan
Simone Freschi	Representative of the client MPS
Amaud Cabec	Representative of the client BNP Arbitrage

Remuneration Committee
The remunerations Committee, established in compliance with Article 7 of EU Delegated Rule no. 153/2013 and Article 20 of the company's By-Laws, is made up of 3 members, of which:
(a) the Vice Chairman of the Board of Directors
(b) two non-executive independent directors

Composition of the Remunerations Committee:
Raffaele Jerusalmi
Mario Quarti
Vincenzo Pontolillo

3 Appointed Chairman on 1 December 2015.
4 Co-opted on 1 December 2015 in replacement of Massimo Tonon who resigned.
5 Resigned effective 13 February 2016.

Disciplinary Board
The Disciplinary Board, established in compliance with Article 26 of the Code of Conduct, is made up of:

Prof. Gaetano Presti	Chairman
Prof. Marco Lamandini	
Prof. Giuseppe Lusignani	

Board of Umpires
The Board of Umpires, established in accordance with the provisions of the General Conditions Part I is made up of:

Alberto Mazzoni	Chairman
Emanuele Rimini	
Carlo A. Favero	

The mandate had three year duration and expires in December 2016.

Board of Statutory Auditors
The Board of Statutory Auditors was appointed by the ordinary shareholders' meeting of 15 April 2015 for three (consecutive) Financial Years, which will expire with the Shareholders' meeting convened for the approval of the financial statements as of 31 December 2017 and is made up as follows:

Roberto Ruozi	Chairman
Fabio Artoni	Statutory Auditor
Mauro Coazzoli	Statutory Auditor
Nicola Frangi	Substitute Auditor
Lorenzo Pozza	Substitute Auditor

General Management

Paolo Cittadini	General Manager
Antonio Gioffredi	Deputy General Manager

(c) Corporate Governance

The *corporate governance* structure of Cassa di Compensazione e Garanzia S.p.A. is based on the "traditional" system of management and control, characterized by the presence of the Board of Directors (management and strategic supervision body) and of the Board of Auditors (control body), both appointed by the Shareholders' meeting.
The legal audit of the accounts is demanded pursuant to the law from an auditing firm (Reconta Ernst & Young SpA).

The **Board of Directors** is responsible for the strategic lead and supervision of the company's overall activity, as well as for the management process of risks, in order for these to be consistent with the strategic addresses.

The Board is vested with all the powers for the ordinary and extraordinary management of the Company in the framework of the provisions of law, regulation and by-laws, and has the power and authority to perform all those acts that it deems necessary and appropriate for pursuing the corporate scope.

In particular, the Board of Directors, upon proposal of the CEO:

- defines the strategic guidelines and objectives to be pursued, reviews and approves the strategic, industrial and financial plans and the budget of the Company, as well as agreements and alliances of a strategic nature, monitoring periodically their implementation;

- defines, determines and documents the Company's risk objectives system (so called Risk Appetite Framework); it defines the Company's management policies of risks, providing to a periodical review of these;
- defines the leading guidelines of the Company's internal controls system; evaluates on an annual basis, the adequacy, effectiveness and actual functioning of the internal controls system;
- reviews and approves the Company's transactions having a significant strategic, economic, equity and financial relevance for the Company;
- grants and revokes powers to its members, defining the limits and procedures for exercising such powers; it also establishes the frequency, in any event never exceeding a quarter, according to which the delegated bodies must report to the Board about the activity carried out while exercising the delegated powers;
- establishes within its number one or more Committees, with proposing and consultative functions, including the Remuneration Committee, appointing the members and establishing duties and remuneration;
- establishes a Risk Committee and determines its operating rules;
- evaluates the general performance of the Company's management, on the basis of the information received from the directors with delegations, paying particular attention to the situations of conflict of interest and comparing the results obtained with those planned;
- formulates the proposals to be submitted to the Shareholders' meeting;
- approves the Rules;
- exercises the other powers and performs the duties required from it by the law and By-Laws.

Without prejudice to what is reserved to its exclusive competence, the Board of Directors has granted powers for the ordinary management and of representation to some of its members, in compliance with the provisions of the By-Laws. The directors vested with particular duties by the Board of Directors are the Chairman, the Vice Chairman, the CEO, and the Director with delegation to finance. The Board has also appointed a General Manager and a Deputy General Manager.

The Chairman has the legal representation of the Company vis-à-vis third parties and before the Court, jointly with the Vice Chairman.

The Vice Chairman has the duty to implement the strategic address resolved upon by the Board, oversee the international relations and decide with regard to the negotiation, perfecting or amendments in the matter of national and international alliances and agreements.

The CEO is granted all the management powers of the guarantee systems to central counterparty managed by the Company and the guarantee systems other than those assisted by the central counterparty managed by the Company, as well as the powers for the financial management conducive to the performance of the central counterparty activity provided by the Company's By-Laws.

The General Manager oversees the operations of the Company, has the Company's signature for acts of ordinary management, provides to the execution of the resolutions of the shareholders' meeting and of the board of directors and oversees the performance of the office. The Deputy General Manager replaces the General Manager in case of his absence or impediment.

The Director with delegation to finance is granted all the powers in the matter of administration and finance, with the exclusion of the management powers if financial resources deriving from the performance of the central counterparty activity provided by the By-Laws and granted to the CEO.

Persons in possession of the integrity and professionalism requirements established by the Italian Ministry of Economy and Finance for representatives of the management companies of regulated markets and centralized management of financial instruments, or in possession of the specific requirements provided by law for the management companies of clearing and guarantee systems of transactions on financial instruments may be vested with the office of director.

At least one third of the directors in office, but not less than two of them, are independent according to what defined by EU Regulation No. 648/2012. The Board of Directors resolves upon the existence of the above-mentioned requirements in the next useful meeting subsequent to the appointment or learning that the requirements no longer exist. The Independent Directors play a central role in the governance of the Company; they are directly engaged in the matters in which potential conflicts of interest may arise such as the risk management and the remuneration of the directors as well as of the key personnel of control functions, through the participation in the Remuneration Committee and Risk Committee.

The **Remuneration Committee** has proposing and consultative functions in the matter of remunerations of personnel, having particular regard to the more significant company representatives and personnel responsible for risk management, compliance control and internal audit functions; it works out and develops the remuneration policy, checks its implementation by the top management and periodically reviews its concrete functioning.

The **Risk Committee** is a consultative committee of the board. The Committee expresses its mandatory non binding opinion to the Board of directors, on the measures that can affect the management of the risks deriving from the Company's central counterparty activity.

In particular, the Committee expresses its opinion on:

a) the characteristics of the risk models adopted, including the models relating to the interoperability agreements with other central counterparties, as well as any substantial amendments to the above-mentioned models, the relevant methods and of the framework for the liquidity risk management;

b) the internal reference framework for defining the types of extreme but plausible market conditions and the revisions, implemented for the purpose of determining the minimum amount of the default funds, proceeding with the evaluations provided by Articles 29, paragraph 3, and 31 of the EU Delegated Regulation No. 153/2013;

c) the policy for the management of the default procedures;

d) the liquidity plan adopted by the Company, in compliance with the provision of Article 32 of EU Delegated Rule No. 153/2013;

e) the admission criteria of members;

f) the criteria adopted for admitting new classes of secured instruments;

g) the outsourcing of functions;

h) the policy in the matter of use of derivative contracts, for the purpose of article 47 of EU Regulation No. 648 of 2012.

The consultative and proposing activity of the Committee does not extend to the decisions relating to the current operations of the Company.
The Committee draws a report on a yearly basis, containing information on the activity performed and their evaluations on the management of the risk by the Company. Such report is attached to the yearly report on the organizational structure and the management of risk addressed to the supervisory Authorities.

The **Board of Auditors** is the body responsible for the oversight on the compliance with the provisions of law and By-Laws, on the compliance with the principles of correct management and, in particular on the adequacy of the internal control system and of the organizational, administrative and accounting structures and their concrete functioning. The Board of Auditors is also requested to express a motivated proposal to the shareholders' meeting at the time of appointment of a firm for accounting audit.

Pursuant to Legislative Decree no. 39/2010, Cassa di Compensazione e Garanzia is comprised in the number of entities of public interest. The Board of Auditors performs, therefore, the functions of Committee for the internal control and audit pursuant to Article 19, paragraph 2 of Decree No. 39/2010. In such role the Board has the duty of monitoring the financial information process, of controlling the effectiveness of the internal control systems, internal audit and risk

management systems, of monitoring the legal audit of annual accounts and ascertain the independence of the auditing firm.
The members of the Board of Auditors are appointed for a term of three financial years and may be re-elected.
Each of the members of the Board of Auditors must possess the requirements of integrity, professionalism and independence provided by the law and by the By-Laws.

The **Shareholders' meeting** is the body that represents all the shareholders and is responsible for resolving in the ordinary meeting with regard to the approval of the annual financial statements, the appointment and revocation of the members of the Board of Directors, the appointment of the members of the Board of Auditors and their Chairmen, the determination of the remunerations of the directors and auditors, the conferral of the accounting audit appointment, the responsibility of directors and auditors. The extraordinary shareholders' meeting is responsible to decide with regard to the amendments to the Company's By-Laws and transactions having an extraordinary character such as capital increases, mergers and spin offs, except the duties and authorities that are attributed to the competence of the Board of Directors by Article 19 of the By-Laws, as already pointed out herein above.

The **legal audit of the accounts** is exercised pursuant to the law by a company listed in the Special Book kept by Consob. The Shareholders' Meeting of 15 April 2015 conferred the relevant appointment, for the term of nine financial years on the basis of the applicable provisions of law, on Reconta Ernst & Young S.p.A. for the Financial Years closing from 31 December 2015 to 31 December 2023.

(d) The Company's purpose

The Company is authorized to perform the clearing services in the capacity as central counterparty pursuant to (EU) Regulation No. 648/2012.
In compliance with Article 4 of the By-Laws, the Company has the following corporate purpose:
a) the management of systems aimed at ensuring - also outside the service pursuant to Article 69, paragraph 1, of Legislative Decree no. 58 of 24th February 1998 - the conclusion of contracts having for their subject non derivative financial instruments - entered into both on regulated and non-regulated markets - also through the management of guarantee funds established to such purpose;
b) the management of systems aimed at ensuring the completion of clearing and settlement transactions - also on a gross settlement basis - of contracts having for their subject non derivative financial instruments - to be executed through the services pursuant to Article 69, paragraph 1, of Legislative Decree no. 58 of 24^{th} February 1998 - also through the management of guarantee funds established to such purpose;
c) the management of clearing and guarantee systems of transactions having for their subject derivative financial instruments pursuant to Article 1, paragraph 3, of Legislative Decree no. 58 of 24^{th} February 1998, exercised according to the procedures provided by Article 70 of the same Decree;
d) the management and monitoring, also on behalf of third parties, of guarantees of any kind, including bank guarantees, security interests, monetary and security guarantees, also through adjustment techniques of the guarantees to the secured obligations, as well as the execution, also on behalf of third parties, of cashing and payment instructions;
e) the performance of any promotional and marketing activities of own services and products;
f) the exercise of related, instrumental or functional activities to the realization of what provided in the foregoing paragraphs.

CC&G may also participate in other Italian and foreign clearing and guarantee systems, for the management of the contractual systems of its members.

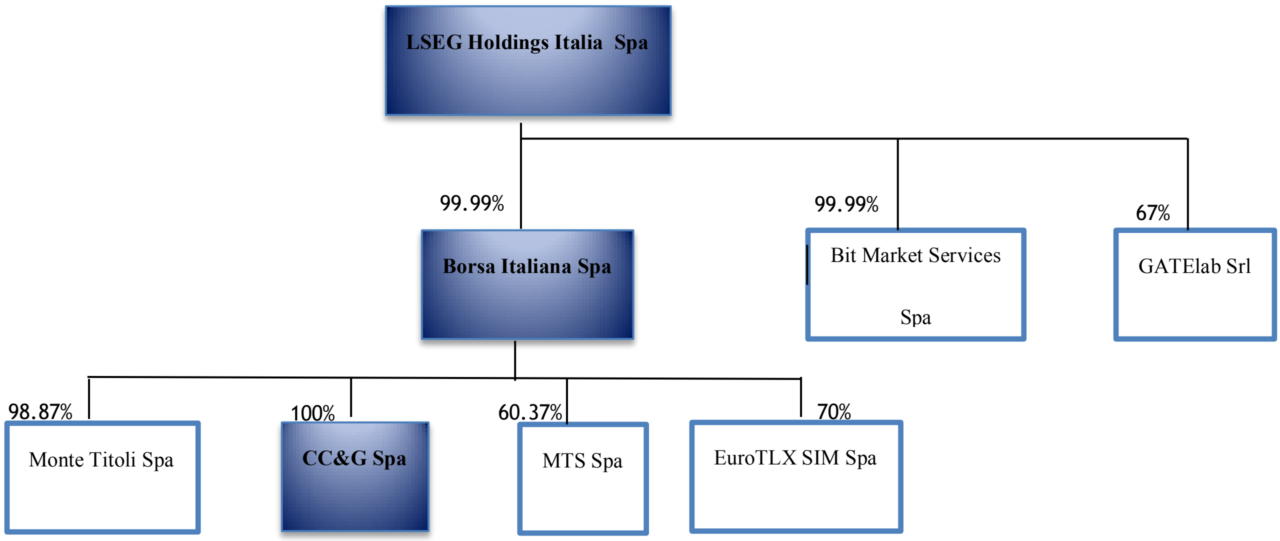
(e) *The share capital*

The share capital amounts to € 33,000,000.00 fully paid up. It is divided into 5,500 ordinary shares having the nominal value of € 6,000.00 each.

(f) *The structure of the Group*

Pursuant to Article 2497 and following of the Italian Civil Code, as at the date of 31 December 2015, Cassa di Compensazione e Garanzia S.p.A. is subject to the management and coordination activity of London Stock Exchange Group Holdings Italia S.p.A., in turn controlled by London Stock Exchange Group Plc.

Cassa di Compensazione e Garanzia S.p.A. holds no equity interests.



Shareholding Structure

As of 31 December 2015 Cassa di Compensazione e Garanzia S.p.A. is 100% controlled by Borsa Italiana S.p.A.

2.7. Relationships with related parties

For a review of the relationships with related parties, reference is made to the appropriate paragraph in the Explanatory Notes to the Financial Statements.

2.8. Significant events after the close of the financial year

On 23 February 2016 the Group confirmed that detailed negotiations are under way on a prospective merger with Deutsche Boerse.

The prospective merger would be structured as an *all-share merger* on an equal basis in a new holding. According to the terms of the prospective merger, LSEG shareholders would receive 0.4421 new shares in exchange for each LSEG share whilst the shareholders of Deutsche Boerse a new share for each Deutsche Boerse share. On the basis of this exchange ratio the parties foresee that the shareholders of Deutsche Boerse will hold 54.4% of the shares issued and to be issued of the new *combined group*, whilst LSEG shareholders will hold 45.6% of the new *combined group*.
The new combined group would have one single Board of Directors made up of the same number of Directors both for LSEG and for Deutsche Boerse.

The negotiation between the parties is still under way; each transaction would be subject to the approval by both the regulatory authorities and the shareholders of the Group, the shareholders of Deutsche Boerse, as well as to any other standard condition.

2.9. Approval of the proposed Financial Statements of the financial year, proposed allocation of profit, change of restricted reserve from Skin in the Game and establishment of the reserve from "Second Skin in the Game"

Shareholders,

We invite you to approve the proposed financial statements as of 31 December 2015 (Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in the Shareholders' Equity, Financial Statement and Explanatory Notes), in its entirety and its individual entries and propose to allocate the net operating profit equal to € 48,795,592 as follows:

- to the Shareholders, as a dividend equal to € 8,428 for the 5,500 ordinary shares of the nominal value of € 6,000 each representing the Share Capital, for an overall amount of € 46,354,000;
- to Reserves, the residual amount of profit equal to € 2,441,592, as permanent provision in the course of time of a share of the profit to be allocated to reserve.

We invite you, moreover, to propose to the Shareholders' Meeting the following resolutions:

- to change, on the basis of the calculation of the Regulatory Capital requirements - provided by Regulation (EU) No.648/2012 (EMIR) – shown in Section D – *Other Information*, the Restricted Reserve pursuant to Article 45, paragraph 4 of EU Regulation 648/2012 (Skin in the Game) – which, following the approval of the Shareholders' Meeting of 15 April 2015 appeared to be equal to 18,075,878 euro - reducing it to the new value calculated pursuant to EU Regulation UE 648/2012 of 17,263,220 euro;
- establish the Skin in the Game pursuant to Article B 6.2.3 – paragraph 1, letter e) of CC&G Rules (*Second Skin in the Game*) in the amount of € 1,500,000.00

The dividend will be paid effective 16 April 2016.

Rome, 16 March 2016

for the Board of Directors
The Chairman
Renato Tarantola

BALANCE SHEET
(Amounts in euro)

ASSETS

	Assets	31/12/2015	31/12/2014
10.	Cash and cash equivalents	48	185
20.	Financial assets held for trading for CCP activities	10,779,840,695	6,468,820,758
30.	Financial assets valued at fair value for CCP activities	2,347,119	23,703,850
40.	Available for sale financial assets	9,071,261,074	8,441,130,407
60.	Receivables	184,219,402,637	150,764,907,269
100.	Tangible assets	502,183	816,290
110.	Intangible assets	4,224,377	4,280,462
120.	Tax assets	-	539,558
	a) current	-	-
	b) anticipated	-	*539,558*
140.	Other assets	1,475,108	19,745,479
	TOTAL ASSETS	**204,079,053,241**	**165,723,944,258**

LIABILITIES AND SHAREHOLDERS' EQUITY

	Liabilities and Shareholders' Equity	31/12/2015	31/12/2014
10.	Payables	193,111,877,634	159,063,037,139
30.	Financial liabilities held for trading for CCP activities	10,779,840,695	6,468,820,758
40.	Financial liabilities valued at fair value for CCP activities	455,894	12,611,688
70.	Tax liabilities	2,869,607	584,040
	a) current	*1,223,605*	*584,040*
	b) deferred	*1,646,002*	-
90.	Other liabilities	14,211,582	30,584,450
100.	Employees severance indemnity	1,024,316	1,053,159
110.	Provisions for risks and charges:	-	45,000
	a) other funds	-	*45,000*
120.	Capital	33,000,000	33,000,000
160.	Reserves	82,762,600	*80,667,855*
170.	Valuation reserves	4,215,321	(241,170)
180.	Operating (loss) profit	48,795,592	33,781,339
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**204,079,053,241**	**165,723,944,258**

INCOME STATEMENT
(Amounts in euro)

	Items	31/12/2015	31/12/2014
10.	Interest income and similar income	249,099,720	114,936,431
20.	Interest expenses and similar charges	(209,482,142)	(94,053,270)
	INTEREST MARGIN	**39,617,578**	**20,883,161**
30.	Commission income	51,712,093	34,600,622
40.	Commission expenses	(1,312,789)	(957,250)
	NET COMMISSION	**50,399,304**	**33,643,372**
50.	Dividends and other income	3,350,809	3,976,757
60.	Net result of trading activity	-	-
80.	Net result of financial assets/liabilities valued at fair value	(2,861,663)	(3,889,165)
90.	Profit (loss) on sale or repurchase	974,769	8,593,983
	a) financial assets	*974,769*	*8,593,983*
	INTERMEDIATION MARGIN	**91,480,797**	**63,208,108**
100.	Net adjustments/write-backs due to impairment:	-	57,420
	a) financial assets	-	*57,420*
110.	Administrative expenses	(19,003,976)	(13,092,027)
	a) employee costs	*(7,518,669)*	*(5,070,703)*
	b) other administrative costs	*(11,485,307)*	*(8,021,324)*
120.	Net adjustments/write-backs due on tangible assets	(422,293)	(350,125)
130.	Net adjustment/write backs due on intangible assets	(1,449,560)	(889,721)
150.	Net provisions to the funds for risks and charges	-	(45,000)
160.	Other operating income and charges	1,601,869	982,578
	OPERATING PROFIT	**72,206,837**	**49,871,232**
	PROFIT (LOSS) OF CURRENT OPERATIONS BEFORE TAX	**72,206,837**	**49,871,232**
190.	Profit (loss) from disposal of investments	(23,411,244)	(16,089,893)
	PROFIT (LOSS) OF CURRENT OPERATIONS BEFORE TAX	**48,795,592**	**33,781,339**
	PROFIT (LOSS) FOR THE PERIOD	**48,795,592**	**33,781,339**

STATEMENT OF COMPREHENSIVE INCOME

(Amounts in euro)

	Items	31/12/2015	31/12/2014
10.	**Profit (Loss) for the year**	**48,795,592**	**33,781,339**
	Other comprehensive income, net of taxes without reversal to income statement		
40.	Defined benefit plans	32,772	(42,846)
	Other comprehensive income, net of taxes with reversal to income statement		
100.	Financial assets available for sale	4,423,719	(2,226,237)
130.	**Total other income components after taxes**	4,456,491	(2,269,083)
140.	**Total profitability (Item 10+130)**	**53,252,083**	**31,512,255**

STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2015

(Amounts in euro)

	Balances as of 31.12.2014	Modification of opening balances	Balances as of 01.01.2015	Allocation of the result of the preceding financial year		Changes occurred in the financial year						Overall profitability in 2015 financial year	Shareholders' Equity at 31.12.2015
							Transactions on the Shareholders' Equity						
				Reserves	Dividends and other allocations	Changes of Reserves	Issue of new shares	Purchase of own shares	Extraordinary distribution of dividends	Changes in capital instruments	Other changes		
Capital	33,000,000		33,000,000										33,000,000
Share premium	-		-										-
Reserves:	-		-										-
- legal	6,600,000		6,600,000										6,600,000
- other reserves	72,363,640		72,363,640	1,688,839									74,052,479
-profits/losses brought forward	-		-										-
- fund for the purchase of shares of parent company	1,633,675		1,633,675			405,906							2,039,581
- FTA reserve	70,540		70,540										70,540
Revaluation reserve	(241,170)		(241,170)									4,456,491	4,215,321
Capital instruments	-		-										-
Own shares	-		-										-
Operating profit (loss)	33,781,339		33,781,339	(1,688,839)	(32,092,500)							48,795,592	48,795,592
Shareholders' Equity	147,208,023		147,208,023	-	(32,092,500)	405,906	-	-	-	-	-	53,252,083	168,773,513

STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY AS OF 31 DECEMBER 2014

(Amounts in euro)

	Balances as of 31.03.2014	Modification of opening balances	Balances as of 01.04.2014	Allocation of the result of the preceding financial year		Changes of the financial year						Overall profitability for 2014 financial year	Shareholders' Equity at 31.12.2014
							Transactions on Shareholders' Equity						
				Reserves	Dividends and other allocations	Changes of Reserves	Issue of New Shares	Purchase of own shares	Extraordinary distribution of dividends	Changes of capital instruments	Other changes		
Capital	33,000,000		33,000,000										33,000,000
Share premium	-		-										-
Reserves:	-		-										-
- legal	6,600,000		6,600,000										6,600,000
- other reserves	69,835,859		69,835,859	2,527,780									72,363,640
-profits/losses brought forward	-		-										-
- fund for the purchase of shares of parent company	1,573,456		1,573,456			60,219							1,633,675
- FTA reserve	70,540		70,540										70,540
Revaluation reserve	2,027,913		2,027,913									(2,269,083)	(241,170)
Capital instruments	-		-										-
Own shares	-		-										-
Operating profit (loss)	50,555,485		50,555,485	(2,527,780)	(48,027,705)							33,781,339	33,781,339
Shareholders' Equity	163,663,254		163,663,254	-	(48,027,705)	60,219	-	-	-	-	-	31,512,255	147,208,023

CASH FLOW STATEMENT

(DIRECT METHOD)
Amounts in euro

A. OPERATING ACTIVITIES	***Amount***	
	31/12/2015	**31/12/2014**
1. Management	**58,137,083**	**45,895,694**
- interest income received (+)	(4,663,885)	16,657,976
- interest paid (-)	56,938,551	(149,870)
- dividends and similar income (+)	4,327,566	12,562,047
- net commission income (+/-)	53,687,417	32,440,102
- personnel expenses (-)	(9,153,660)	(4,717,307)
- other costs (-)	(21,189,531)	(11,295,792)
- other revenues (+)	1,601,869	982,578
- taxes (-)	(23,411,244)	(584,040)
2. Liquidity generated / absorbed by financial assets	**(62,003,559,056)**	**4,228,098,954**
- Financial assets held for trading assets of CCP	-	-
- Financial assets at fair value for assets of CCP	9,200,936	30,630,075
- Financial assets available for sale	(625,706,947)	(1,185,214,009)
- Receivables from banks	(1,616,938,987)	992,793,200
- Receivables from costumers	(59,788,921,997)	4,370,467,051
- other assets	18,807,939	19,422,638
3. Liquidity generated / absorbed by financial liabilities	**62,013,728,166**	**(4,226,154,313)**
- loans to costumers	62,022,365,095	(4,187,526,892)
- debts to banks	-	-
- Financial liabilities held for trading assets of CCP	-	-
- Financial liabilities measured at fair value for assets of CCP	-	(17,726,945)
- Other liabilities	(8,636,929)	(20,900,476)
Net liquidity generated/absorbed by operating activity	**68,306,193**	**47,840,335**
B. INVESTMENT ACTIVITY		
1. Cash generated from	**2,242,045**	**140,548**
- sales of tangible assets	2,185,960	140,548
- sales of intangible assets	56,085	-
2. Liquidity absorbed by	**-**	**(1,776,887)**
- purchases of tangible assets	-	(350,125)
- purchases of intangible assets	-	(1,426,762)
Net liquidity generated/absorbed by investment activity	**2,242,045**	**(1,917,434)**
C FUNDING ACTIVITY		
- distribution of dividends and other	(31,653,821)	(50,236,569)
Net liquidity generated/absorbed by the funding activity	(31.653.821)	(50,236,569)
CASH FLOW GENERATED / ABSORBED IN THE PERIOD	**38,894,417**	**(4,313,668)**

RECONCILIATION

	Amount	
	31/12/15	**31/12/14**
Cash and cash equivalents at beginning of year	40,070,590	44,384,258
Total net liquidity generated / absorbed during the year	38,894,417	(4,313,668)
Cash and cash equivalents at closing of financial year	78,965,007	40,070,590

Notes to the Financial Statements
As of 31 December 2015

Part A – Accounting Policies

A.1 - General part

Cassa di Compensazione e Garanzia S.p.A. manages clearing and settlement systems for transactions on derivatives and other financial instruments pursuant to EU Regulation 648/2012 (European Market Infrastructure Regulation), which dictates, at European level, common rules to all Central Counterparties defining new levels of transparency and security for the markets.

Section 1 – Statement of Compliance with International Accounting Standards

On 1st January 2005, Cassa di Compensazione e Garanzia S.p.A. adopted the international accounting standards.

The present financial statements of the Company are, therefore, prepared according to the accounting standards issued by the International Accounting Standards Board (IASB) and the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC and SIC) and validated by the European Commission, as provided by EC Regulation no. 1606 of 19 July 2002 as implemented in Italy by Legislative Decree no. 38 of 28 February 2005, until the date of these financial statements. In preparing these financial statements the same accounting principles have been used, where applicable, as those adopted for preparing the financial statements of the financial year ended on 31 December 2014. The annual financial statements have been prepared based on a going concern assumption with a view to business continuity.

Section 2 – General principles

The financial statements as of 31 December 2015, prepared in euro units, consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, and the Statement of Changes in the Shareholders' Equity, the Cash Flow Statement[6] and the relevant explanatory notes; it is also accompanied by the Report on Operations prepared by the Directors.

The accounting schedules are derived from the schedules featured in the "Instructions for Preparing Financial Statements and Reports of Financial Intermediaries pursuant to art. 107 of the TUB [Banking Consolidation Act], of the Payment Institutions, ELMIs, Asset-Management Companies and Real Estate Brokerages" issued by the Bank of Italy on 15 December 2015, duly adjusted to take into account the unique activities exercised by the Company. To ensure greater compliance with the Bank of Italy's instructions, some tables in the Descriptive Note were modified according to these schedules, and some values were

[6] The statement of the cash flows occurred in the reference financial year of the financial statements and in the preceding financial year was prepared following the direct method, by means of which the main categories of collections and gross settlements have been indicated. The direct method provides useful information in the estimate of future cash flows.

reclassified to take into account the different exposure[7]. Comparison with the previous year was maintained as called for by the regulations, with some items being reclassified as necessary with respect to the financial statements at 31st December 2014.
The financial statements relating to the financial year closes at 31 December 2014 refers to the period from 1 April 2014 to 31 December 2014. Therefore, the comparison values at 31 December 2014 of the income statement, cash flow statements and the relevant section of the explanatory notes refer to a nine-month and, therefore, are not comparable with those of the financial year closed at 31 December 2015, covering 12 months.
The financial statements were prepared clearly and are a true and accurate representation of the equity situation, the financial situation and the economic result. The explanatory notes to the financial statement provide exhaustive explanation aiming to outline a clear, truthful and accurate presentation of the tables of the financial statements.

The IAS/IFRS were applied with reference also to a "conceptual model for financial reporting" (so called "framework") particularly with regard to the basic principle involving substance over form, and the concept of relevance and significance of the information.
Financial-statement items were evaluated based on the continuity of the company's business and taking into account the economic function of the assets and liabilities considered.
In compliance with the provisions of IAS 1, the following general principles were observed in preparing the interim financial statements:

- Corporate continuity: the financial statements were prepared based on a going-concern assumption; therefore, assets, liabilities and off-balance-sheet transactions were valued according to operating criteria;
- Economic pertinence: costs and revenues were taken based on economic accrual and according to the criterion of correlation;
- Relevance and aggregation of items: each relevant class of items has been presented separately in the financial statements. Items of dissimilar nature or allocation have been aggregated only if irrelevant;
- Set-off: assets and liabilities, income and charges do not need to be set off unless expressly required or allowed by a standard or an interpretation;
- Comparative information: comparative information is provided for a previous period for all data presented in the balance sheet unless otherwise called for by a standard or an interpretation;
- Uniformity of presentation: the presentation and classification of the items have been kept constant over time in order to ensure that the information is comparable, unless otherwise specifically required by new accounting standards or by their interpretation.

The assessment criteria adopted are therefore consistent and comply with the principles of relevance, significance and meaningfulness of the accounting information and of prevalence of economic substance over legal form. These criteria have not been changed with respect to the previous year.

[7] In the Balance Sheet, the Income Statement, the Statement of Overall Profitability and the Explanatory Notes no items were shown that present no amounts for the financial year to which they relate not for the preceding financial year.

Main Risks and Uncertainties

In document no. 2 of 6 February 2009 and in document no. 4 of 3 March 2010, Bank of Italy, Consob and Isvap requested to provide in financial Report a series of information for a better understanding of the business performance and prospects.
Having regard to those recommendations and with reference to the precondition of business continuity, it is pointed out that the Financial Statements as at 31 December 2015 were prepared based on the perspective of business continuity, there being no reasons for not considering that the Company will continue operating in a foreseeable future. In fact, no symptoms were identified in the equity and financial structures and in the operational performance that may lead to uncertainties on this issue. The information on the risks and uncertainties to which the Company is exposed are described in the context of this report.

The information on the financial risks and operational risks, the methods for managing the same, are described in the dedicated section of the Report on the Operations and in the Explanatory Notes to the Financial Statements.

New Accounting Principles

The financial statements for the financial year of the Company have been prepared according to the accounting principles issued by the International Accounting Standards Board (IASB) and the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC and SIC) and validated by the European Commission, as established by the European Communities regulation no. 1606 of 19 July 2002 implemented in Italy by Legislative Decree no. 38 of 28 February 2005 until 21 December 2015.
In the preparation of these financial statements, where applicable, the same accounting principles have been adopted as those adopted in the preparation of the financial statements for the financial year closed as at 31 December 2014. The financial statements were prepared with a view to the continuation of the Company's business activity.

New principles applicable effective from the financial year closed as at 31 December 2015

It is pointed out that, effective 1 January 2015, the following accounting principles, amendments and interpretations are not relevant and have generated no relevant effects for the company:

Title of documents	Date of Issue	Effective Date	Validation date	EU Regulation and date of publication
IFRIC 21 - Tributi	May 2013	17 June 2014	13 June 2014	UE 634/2014 14 June 2014
Improvements to the International Financial Reporting Standards (cycle 2011-2013)	December 2013	1 January 2015 (for IASB: 1 July 2014)	18 December 2014	UE 1361/2014 19 December 2014
Defined plans and benefits: employees' contributions (amendments to IAS 19)	November 2013	1 February 2015 (for IASB: 1 July 2014)	17 December 2014	(UE) 29/2015 9 January 2015
Improvements to the Financial Reporting Standards (cycle 2010-2012)	December 2013	1 February 2015 (for IASB: 1 July 2014)	17 December 2014	(UE) 28/2015 9 January 2015

New Principles and interpretations already issued but not yet effective
The new principles and interpretations, already issued but and validated by the Europen Union, are listed and briefly described below. They are not yet applicable for the preparation of the financial statements for the financial year closed as of 31 December 2015.

IAS/IFRS and relevant IFRIC interpretations validated by EU as at 31 January 2016 and applicable to the financial statements relating to the financial years starting after 1 January 2016

Standard/amendment/ interpretation	Date of issue
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	May 2014
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Join Operations	May 2014
Amendments to IAS 16 and IAS 41: Bearer Plants	June 2014
Amendments to IAS 27 (2011): equity Method in Separate Financial Statements	August 2014
Annual improvements to IFRSs 2012-2014 Cycle	September 2014
Amendments to IAS 1: Disclosure Initiative	December 2014

IFRS not yet validated with date of coming into force as of the financial years starting on 1 January 2016 (IASB effective date)

Standard/amendment/ interpretation	Date of issue
IFRS 14 Regulatory deferral Accounts	January 2014
Amendments to IFRS 10, IFRS12 and IAS 28: Investment Entities: Applying the Consolidation Exception	December 2014
Amendments to IFRS 10 and IAS 28 (2011): Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	September 2014

IFRS with date of coming into force starting from the administrative financial years started on 1 January 2018 (IASB effective date)

Standard/amendment/ interpretation	Date of issue
IFRS 15, 'Revenue from Contracts with Customers'	Not yet validated
IFRS 9, 'Financial Instruments"'	July 2014

For the time being no significant impacts are expected from the adoption of these principles.

Section 3 – Events subsequent to the reference date of these financial statements

In the period between the date of the financial statements and their approval by the Board of Directors no events have occurred that require an adjustment of the data approved at that meeting. The proposed financial statements were approved by the Board of Directors on 16 March 2016 and were authorized for publication on that date (IAS 10).

Section 4 – Other Aspects

In consideration of the unique nature of the service rendered by the Company and the fact that it is geographically concentrated within the country, the *Segment reporting* provided by IFRS 8 is represented by the financial statements themselves.
Cassa di Compensazione e Garanzia S.p.A.'s financial statements as at 31 December 2015 are subject to accounting audit by Reconta Ernst & Young S.p.A.

A.2 – Part relating to the main items of the financial statements

Evaluation criteria and accounting principles

Cash and cash equivalents

Cash and cash equivalents include items that meet the requirements of on-demand or short-term (3 months) availability, successful outcome and lack of collection costs.

Financial trading assets/liabilities for the Central Counterparty activity

These items include the fair value measurement of open interest positions not regulated at the date of close of the financial statements on the derivatives market (IDEM Equity and IDEX) in which Cassa di Compensazione e Garanzia operates as central counterparty.
In particular, these items include:

- Derivative financial instruments contracts on the FTSE MIB stock market index (index futures, index mini-futures, index options);
- Derivative financial instruments contracts on single stocks (stock futures, stock options).
- Commodity futures contracts (energy and durum wheat futures).

The fair value valuation of such positions is determined on the market price of each individual financial instrument at the closing of the financial year; since the Company has a perfect balance of assets and liabilities, this amount is equally entered in both assets and liabilities, therefore the fair value of both items does not lead to any net profit or loss in the income statement of the Company (item "Net profit/loss from trading activities").

Financial assets/liabilities valued at fair value for Central Counterparty activities

The company, operating as central counterparty in the trades on regulated markets of standardised financial instruments, decided to adopt the *settlement date* as reference date for the recognition of financial assets and therefore these items include:

- listed share and bond financial instruments, valued at fair value, which CC&G has in its portfolio, having already collected them in the T2S settlement system, and has not yet delivered to the purchasing intermediaries;
- the valuation at fair value of financial assets/liabilities traded and not yet settled on stock and bond markets (both for transactions carried out around the turn of the year and for which the trade date has already passed but not the settlement date and for transactions performed on the settlement date but l not yet settled) represented in the item 'Guarantees and commitments' in the section 'Other information'.

The "*fair value"* of the financial instruments in the portfolio has been determined on the basis of the market price of each individual financial instrument at the moment of "withdrawal" in the T2S settlement system (date of first accounting recording); subsequently the changes in fair value of the securities in the portfolio are recorded in the income statement (item "Net income from financial assets and liabilities valued at fair value") on the basis of the market price at the date of the financial statement, perfectly balanced by the offsetting of the equivalent differences with respect of commitments for transactions to be settled. Contra accounts show the nominal value of the open interest positions at the reference date of the financial statements: the difference between the nominal value of the securities to be received and the securities to be delivered is given by the nominal value of the securities in the portfolio in question.

For securities traded as part of the central counterparty activities on stock and bond markets and still not concluded at the settlement date, the difference between the settlement price of each individual financial instrument at the trade date and the market price of each individual financial instrument at the date of close of the financial year is recorded, represented by the prices recorded on the last day of the year. The effects of this valuation are recorded in the income statement (item “Net income from financial assets and liabilities valued at fair value”), to offset the recording of the same amount in respect of the commitment to market counterparties.

Given the company's fully balanced position as regards assets and liabilities, as market central counterparty, no net income or loss is generated.

Financial assets held for sale

This item includes those assets other than receivables, held to maturity or assets valued at fair value.
The CCP has decided to include in this item all the financial assets that do not belong to other categories of financial instruments typical of its business and which are held for an undefined period of time.
Those assets are initially evaluated at fair value, which corresponds to the purchase or subscription cost of the transaction.
This category includes the investment in secured assets of Margins and payments to the Default Funds deposited by participants with the central guarantee system, in compliance with the new EMIR rules.
This concerns the purchase of EU Government Bonds (Austria, Belgium, France, Ireland, Italy, Spain), Securities issued by the European Union and Supranational securities issued by the European Investment Bank, by the European Stability Mechanism, and European Stability Facility which are recorded at fair value under the item relating to financial assets available for sale - in the Assets Side of the Balance Sheet, item 40.
After the initial recording, accrued interest is shown in the Income Statement according to the actual interest rate of the transaction. Assets that are available for sale are valued at fair value on the basis of the closing prices published on the active market. Capital gains and losses resulting from changes in the fair value are shown directly in the shareholders' equity, in an appropriate evaluation reserve fund, except for losses deriving from a reduction in value.
In case of sale before maturity, the profits and losses from valuation pending in the shareholders' equity reserve fund are shown in the income statement in item 90 “Profit/loss deriving from disposal or repurchase of financial assets”.

Receivables/Payables

This item includes sight deposits held in checking accounts with credit institutions, originated from own funds, cash payments made by members of the CCP service to cover initial margins and cash payments made by participants in the default funds.

Payables, whose maturity falls within the normal commercial terms, are not discounted back and are recorded at cost, identified by their nominal value.

Receivables/Payables due to/from Clearing members

These are trade receivables/payables whose maturity does not exceed thirty days and, therefore, are not discounted back, and are recorded at their nominal value net of any ancillary collection costs.

Receivables/Payables due to/from Clearing members for CCP activities

This item includes receivables/payables originated from clearing member's activities in the derivative, share and bond segments. These include sums to be received/delivered for initial margins, variation margins and option premiums. These receivables/payables are settled the day after determination of the receivable and therefore are not discounted back, and represent the fair value, calculated by Cassa di Compensazione e Garanzia, on the basis of procedures that reflect operational risks.

Operational risks mean risks attributable to the correct functioning of the margining system, also taking into account:

- Equity/technical and organisational risks adopted by CC&G for the selection of participants;
- The organisational structure and the internal audit system.

This item also includes the value of repurchase agreements (repo) entered into by participants in the bond market that make use of the company's clearing and guarantee system. They represent the value of the transactions already cash settled and not yet forward settled. This item, evaluated at amortised cost, was already valued by allocating the return of such repurchase agreement on a pro-rata temporis basis (coupon accrued during the year and spread between the spot price and forward price).
Since the company is perfectly balanced as regards asset and liability positions, this evaluation does not impact on the operating result. This item includes receivables for securities posted in guarantee.

Other trade receivables/payables
This item includes receivables for services offered to counterparties with maturity exceeding thirty days. In case such claims are not collected on or before the due date or the delay in their payment exceeds one hundred and eighty days after the invoice has been issued, we proceed with a prudent receivable devaluation. For accounting purposes, the provision for losses on receivables should be recorded in a devaluation fund that is not shown in the financial statements but directly deducted from the value of the receivables.
Since all the receivables are of the same nature, the determination of the devaluation impairment is made according to a synthetic principle, by adopting a unified percentage reducing the value of the receivable.
Any increases/decreases in the devaluation fund occur in function of the contingent impossibility to collect or possible collection after the closing date of the financial statements.
Any decreases or increases in the provision are shown in the Income Statement as contingent losses or profits under item "100 - Adjustments/recoveries of value due to deterioration".

Tangible assets

Tangible assets are entered at purchase cost inclusive of directly attributable ancillary charges and the amounts are shown net of depreciation and any losses of value[8].

Maintenance costs relating to improvements are attributed to the asset to which they relate and are depreciated over the remaining useful life of the asset.

Intangible assets

Intangible assets are recorded in the assets when it is likely that the use of the asset will generate future economic benefits and when the cost of the asset can be reliably measured. These assets are recorded at purchase cost, net of impairments and amortised on a straight-line basis over the asset's estimated useful life[9].

Impairment of assets

The Company reviews the book value of its tangible and intangible assets to determine whether there are signs that these assets have suffered any impairment. It is not possible to individually estimate the recoverable amount of an asset; the company estimates the recoverable value of the unit generating the financial flow to which the asset belongs[10].

Impairment is recorded if the recoverable amount is below the book value. This impairment is restored in the event that the reasons that led to impairment no longer exist up to the maximum amount of the original value.

Other assets/liabilities

These are valued at cost, representative of the recoverable value of the assets; since they are short-term items, they are not subject to any discounting back.

The item includes receivables relating to bankruptcy proceedings following market insolvencies that have a matching item in the liabilities in the form of amounts owed to participants in the Guarantee Funds. The latter refer to long-term receivables and payables that cannot be offset and which should be valued following impairment tests and therefore discounted back. Considering the importance that these items have for the participants in the Guarantee Funds and considering also that the company will not incur any losses from such insolvency proceedings, it has been deemed appropriate not to proceed with devaluation. Moreover it also includes the receivables/payables to the Parent company

[9] The depreciation periods for each category of tangible assets are as follows:

- Automatic data processing systems 3 years
- Plant and equipment 5 years
- Furniture and fittings 3 years

[10] They refer to:

- Software licences, amortised over three years;
- Costs for the development of software applications, amortised over three years;
- Intangible assets in the course of construction and advances relating to costs incurred for the development of specific software applications and the purchase of software licences for projects yet to be finished; no amortisation is calculated on said item.

[11] The recoverable value of an asset is the higher between the current value net of sale costs and its value in use. Where the current value is the amount obtainable from the sale of an asset or a cash-generating unit in a financial transaction between knowledgeable, willing parties and the value in use of an asset is calculated by discounting back estimated future cash flows, before taxes, at a pre-tax discount rate which reflects the current market valuations of the time value of money and the specific risks of the asset.

(consolidating entity for the time being) as a result of the application of the national tax consolidation system.

Employee severance indemnity

The employee severance indemnity (TFR) pursuant to article 2120 of the Italian Civil Code is subject to an actuarial valuation, based on assumptions regarding the employees' seniority of service and the remuneration received during a certain period of service. The entry in the financial statements of defined benefit plans requires an estimate - by means of actuarial techniques – of the amount of employees' contributions for the work carried out during the current and previous years and the discounted value of such contributions, in order to determine the present value of the company's commitments. The calculation of the current value of the company's commitments is performed by an external expert according to the Projected Unit Credit Method considering only accrued seniority at valuation date, the years of service at the valuation reference date and the total average seniority at the time the benefit liquidation is expected. Moreover, the above mentioned method entails the consideration of the future salary increases, regardless of the reason (inflation, career progress, contracts renewals, etc.) until the termination of the employment.

Regulation no. 475/2012 validated the amendments to IAS 19, as approved by the IASB on 16 June 2011, with the objective of promoting the understandability and comparability of financial statements, above all having regard to plans with defined benefits. The more important novelty introduced concerns the elimination of different admissible accounting treatments for recording plans with defined benefits and the consequent introduction of a single method that provides for the immediate recognition in the statement of comprehensive income of the discounted profits/losses deriving from the evaluation of the obligation. In relation to the previous accounting layout adopted, the principal effects consist of the elimination of the recording in the income statement, with immediate recognition in the statement of comprehensive income and, therefore, in the shareholders' equity, of the changes in value of the obligations and of the assets servicing the plan.

Provision for risks and charges

The provision for risks and charges includes provisions recorded in the financial statements to cover probable liabilities that at the time of closing of the financial statements have a pending outcome and will be resolved in the future.
The evaluation for the entry was made according to the financial statements general accounting principles, that is, according to the principle of prudence and on an accrual basis.

Share-based payments

The payments to employees based on shares of the parent company London Stock Exchange Group plc are recognized by recording at cost in the Income Statement the portion of the share allocation plan, determined at fair value, recording an increase in the corresponding equity reserve in accordance with IFRS 2 and IFRIC11.

In addition to the cost of the share allocation plan, the costs of pensions and insurance paid by the company and the portions of Employee Severance Indemnity which the Company must settle or recognise at the end of their accrual period, are recorded in the income statement, recognizing a corresponding increase in the relevant liabilities.

The plan value is determined at fair value on the grant date considering the market conditions as well as the terms and conditions at which such instruments were awarded.

Revenues

Revenues are calculated on an accrual basis and are recognized if it is possible to reliably determine their fair value and it is likely that the relevant economic benefits will be achieved, pursuant to the provision of the IAS 18.

Costs

Costs are recorded on an economic accrual basis.

Interest payable/receivable and similar income and expenses

Financial income and expenses are recorded, using the actual interest rate, on an accrual e basis of interest accrued on the relevant financial assets and liabilities.

Taxes

Taxes for the period were calculated on the basis of tax regulations currently in force.
Deferred taxes are calculated in accordance with the method of line-by-line allocation of liabilities; they are calculated on all temporary differences that emerge between the taxable base of an asset or liability and the book value in the financial statements. Deferred tax assets (taxes paid in advance) are recognised if it is likely that future taxable income will be earned against which deferred tax assets can be recovered.
Current and deferred tax assets and liabilities are offset when the income taxes are applied by the same tax authorities and when there is a legal right for offsetting.
Anticipated and deferred tax assets are recorded in matching entries to the shareholders' equity related to capital gains and losses arising from changes in fair value of portfolio securities classified as available for sale.

Guarantees and Commitments

Regarding the items recorded as guarantees and commitments referred to in the section "Other information" it is noted that:

- the third party securities deposited as collateral and securities to be received/ delivered for transactions to be settled are recorded at their nominal value;
- Sureties deposited as guarantee are recorded at their nominal value;
- Securities to be received/delivered for transactions to be settled are recorded at the nominal value of open interest positions at the balance sheet reference date.

No guarantees were issued by the company in favour of third parties.

Use of estimates

The preparation of the financial statements and of the relevant notes pursuant to the International Accounting Standards requires the use of estimates and assumptions which impact the value of assets and liabilities in the financial statements and in the information related to potential assets and liabilities at the financial statements date. Final results could differ from the estimates made.

Estimates and assumptions are periodically reviewed and the effects of the changes are recorded in the income statement.

In particular, see the "risk management" section, part D "Other information" of the notes, for an illustration of the methods adopted for the calculation of margins and default funds, as elements of the risk management system of CC&G as Central Counterparty.

A.3 Information on transfers between portfolios of financial assets

It should be noted that during the year there were no reclassifications of financial assets.

A.4 – *Fair value disclosure*

Information of a qualitative nature

A.4.1 Levels of fair value 2 and 3: valuation techniques and inputs used

There are no present assets and / or liabilities valued at fair value related to the level 2 and level 3, on a recurring basis[11].

The fair value evaluations are classified according to a hierarchy that reflects the significance of the inputs used in the assessments. Because CC & G operates exclusively on regulated markets, assets and financial liabilities at fair value are only "Level 1" and that is - as defined by IAS 39 - referring to quoted prices (unadjusted) in an active market for the assets or liabilities to be measured.

A.4.2 Processes and sensitivity of evaluations

Cassa di Compensazione e Garanzia uses no fair value levels other than level 1 in the hierarchies provided by IFRS 13. However, conventionally, as provided by Circular no. 262 of 22 December 2005 of the banks, to which in absence of other regulations the Central Counterparty as financial intermediary makes reference, for assets secured by repos, as well as receivables/payables in the financial statements and available cash, uses level 3 fair value for indicating the amortized cost or real value of what deposited.

A.4.3 The fair value hierarchy

Financial instruments are measured at fair value in accordance with the classes required by IFRS 13, as per the following legend:

Level 1	prices (without adjustments) on the active market as defined by IAS 39 for assets or liabilities to be measured.
Level 2	Inputs other than quoted prices included in the preceding paragraph, that are observable either directly (as prices) or indirectly (derived from prices) on the market.
Level 3	Inputs that are not based on observable market data.

A.4.4 Other Information

Reference is made to paragraphs A.4.1 and A.4.2 above.

[11] With reference to receivables and payables, evaluated in the financial statements at amortized cost according to IAS 39, it is considered that said evaluation reasonably approximates the fair value of such items, therefore, a hierarchy of third category fair values is shown in the tables of the explanatory notes.

Disclosure of quantitative information

A.4.5 The fair value hierarchy

A.4.5.1 Financial assets and liabilities measured at fair value on a recurring basis: division by fair value levels

The following table shows the breakdown of financial portfolios based on the above-mentioned levels of fair value. There are no assets / liabilities classified as level 2 and level 3.

(Amounts in thousands of euro)

Financial assets/liabilities valued at fair value	**Level1**	**Level 2**	**Level 3**	**Total**
1. Financial assets held for trading CCP activities	10,779,841	-	-	10,779,841
2. Financial assets valued at fair value for CCP activities	2,347	-	-	2,347
3. Financial assets held for sale	9,071,261	-	-	9,071,261
4. Hedging derivatives	-	-	-	-
5. Tangible assets	-	-	-	-
6. Intangible assets	-	-	-	-
Total	**19,853,449**	-	-	**19,853,449**
1. Financial liabilities held for trading CCP activities	10,779,841	-	-	10,779,841
2. Financial liabilities valued at fair value for CCP activities	456	-	-	456
3. Hedging derivatives	-	-	-	-
Total	**10,780,297**	-	-	**10,780,297**

A.4.5.4 Assets and liabilities not evaluated at fair value or evaluated at fair value on a non recurring basis: division by fair value levels

Assets and liabilities not evaluated at fair value or evaluated at fair value on a non recurring basis: division by fair value levels	31/12/2015				31/12/2014			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Financial assets held until maturity								
2. Receivables	184,219,402,637			184,219,402,637	150,764,907,269			150,764,907,269
3. Tangible assets held for investment purpose								
4. Non current assets and groups of assets held for sale								
Total	184,219,402,637			184,219,402,637	150,764,907,269			150,764,907,269
1. Debts	193,111,877,634			193,111,877,634	159,063,037,139			159,063,037,139
2. Securities issued								
3. Liabilities associated to assets held for sale								
Total	193,111,877,634			193,111,877,634	159,063,037,139			159,063,037,139

Legenda:
VB= Book value
L1= Level 1
L2= Level 2
L3= Level 3

A.5 Disclosure of so-called "Day one profit / loss"

The section has not been completed as at the date of the financial statements, there were no balances to the items in question.

ANALYSIS OF THE MAIN ITEMS IN THE FINANCIAL STATEMENTS

Part B – Principal information on the Balance Sheet

BALANCE SHEET – MAIN ASSET ITEMS

Section 1 – Cash and cash equivalents – Item 10

This item amounts to 48 euro (185 euro at 31 December 2014) and is composed by cash in hand.

1.1 Breakdown of item 10 "Cash and cash equivalents"

Items/Values	**Total 31/12/2015**	**Total 31/12/2014**
Cash and cash equivalents	48	185
Total	**48**	**185**

Section 2 - Financial assets held for trading CCP activities – Item 20

This item, relating to the derivative instruments activities, amounts to 10,779,840,695 euro (6,468,820,758 euro at 31 December 2014) and relates to the matching entry of open interest of financial assets held for trading CCP activities. This item represents the measurement at fair value of open interest positions on the derivatives markets (IDEM Equity, IDEX and Agrex), in which the company operates as Central Counterparty.

2.1 Financial assets held for trading: breakdown by product

Items/Values	**Total 31/12/2015**			**Total 31/12/2014**		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
B. Derivative financial instrument						
1. Financial Derivatives	10,779,840,695			6,468,820,758		
FTSE stock market index derivatives:	*9,065,635,278*			*5,480,962,623*		
- Futures	*7,835,095,180*			*4,558,502,835*		
- Mini Futures	*111,011,218*			*35,115,655*		
- Options	*1,119,528,880*			*887,344,133*		
Single stock derivatives:	*1,656,141,409*			*810,207,351*		
- Futures	*936,986,579*			*177,101,595*		
- Options	*719,154,830*			*633,105,756*		
Commodities derivatives	*58,064,008*			*177,650,785*		
Total B	**10,779,840,695**	**-**	**-**	**6,468,820,758**	**-**	**-**

2.2 Derivative Financial Instruments

Type/underlying	Equity instruments	Other	Total 31/12/2015	Total 31/12/204
2. Others				
Financial Derivatives	10,721,776,687	58,064,008	**10,779,840,695**	**6,468,820,758**
- Fair value	*10,721,776,687*	*58,064,008*	***10,779,840,695***	***6,468,820,758***
Total	**10,721,776,687**	**58,064,008**	**10,779,840,695**	**6,468,820,758**

Section 3 –Financial assets valued at fair value for CCP activities – Item 30

This item refers to non derivative financial instruments activities and amounts to 2,347,119 euro (23,703,850 euro in the previous year).

3.1 Breakdown of item 30 "Financial assets valued at fair value"

Items/Values	Total 31/12/2015			Total 31/12/2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt instruments	**1,763,052**			**10,495,212**		
Financial instruments traded but still not settled (1):	294,870			2,071,242		
- *Bond segment Government bonds*	*294,870*			*2,071,242*		
Financial instruments in the portfolio (2):	1,468,182			8,423,970		
- *Bond segment Government bonds*	*1,468,182*			*8,423,970*		
2. Equities	**584,067**			**13,208,637**		
Financial instruments traded but still not settled (1):	163,545			5,756,888		
- Equities and units in UCITS	*163,545*			*5,756,888*		
Financial instruments in the portfolio (2):	420,522			7,451,749		
- *Equities*	*420,522*			*7,451,749*		
Total	**2,347,119**	**-**	**-**	**23,703,850**	**-**	**-**

(1) This item represents the difference between the trading value and the market value, as at the date of the financial statements, for instruments already traded but not yet settled.

(2) This item represents the value of the securities withdrawn from the T2S and ICSD liquidation system which have been delivered to the respective buyers after the close of the financial year; these values incorporate the valuation at market prices at the date of the financial statements. The strong difference between 31 December 2014 and the current year derives from the smaller quantity of securities in fail, an effect this that is linked to the passage to T2S. Moreover, it is pointed out that, in the framework of the Central Counterparty activity in the ICDS Links Bond Market for instruments settled in US Dollars, at the closing of the financial year 7,000 bonds appeared to have been withdrawn from the settlement system for the equivalent value in US Dollars of 6,981 US Dollars inclusive of arm's length price evaluation at on the date of the financial statements.

Section 4 –Financial assets available for sale – Item 40

4.1 Composition of item 40 "Financial assets available for sale"

Items/Values	Total 31/12/2015			Total 31/12/2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt Instruments	**9,071,261,074**			**8,441,130,407**		
- other debt instruments:	*9,071,261,074*			*8,441,130,407*		
including securities purchased through equity financing	*107,771,625*			*106,490,345*		
including securities purchased with contributions of the participants	*8,963,489,449*			*8,334,640,062*		
Total	**9,071,261,074**	**-**	**-**	**8,441,130,407**	**-**	**-**

This item includes all investments in cash secured assets paid by participants in the Central Counterparty system. Investments were also included linked to Equity of the Company to meet the requirements provided by EMIR rules pursuant to Art. 47 paragraphs 1 and 2 in terms of Regulatory Capital invested in secured assets.
The overall investment amounts to 9,071,261,074 euro, corresponding to a nominal value of 8,940,000,000 euro of securities in portfolio, adjusted by 6,312,278 euro resulting from the valuation of the securities at fair value at 31.12.2015.
The share of securities representing the Company's equity, included in the aforementioned total, amounts to € 107,771,625 corresponding to a nominal value of € 106,500,000 adjusted for € 41,892 as the effect deriving from valuation of the securities at fair value at 31.12.2015. These funds are invested in securities, in compliance with EMIR rules on Regulatory Capital requirements of central counterparties.
Currently the investment in secured assets consists of Government Bonds issued by the Governments of Austria, Belgium, France, Ireland, Italy, Spain, European Union and Supranational Securities issued by the European Investment Bank, the European Stability Mechanism and European Financial Stability Facility. These securities were recorded at their fair value and valued on the basis of the public market prices on the date of these financial statements. The amount of the valuation is recorded in the equity in the Balance Sheet, item 170, net of anticipated and deferred taxes that do not have any economic impacts, as they reflect only the theoretical taxation of Equity items. These anticipated and deferred taxes are present in item 120 A of the assets side of the Balance Sheet and in item 70 of the liabilities side of the Balance Sheet.

4.2 Financial assets available for sale: breakdown by debtor/issuers

Items/Values	Total 31/12/2015	Total 31/12/2014
Financial Assets	**9,071,261,074**	**8,441,130,407**
A)Governments and Central Banks	8,021,267,934	8,228,156,917
D)Other issuers	1,049,993,140	212,973,490
Total	**9,071,261,074**	**8,441,130,407**

Section 6 – Receivables – Item 60

This item amounts to 184,219,402,637 euro (150,764,907,269 euro in the previous year). Below the breakdown for deposits and bank accounts as well as commissions and other receivables:

6.1 Receivables from banks

Breakdown	**Total 31/12/2015**				**Total 31/12/2014**			
	Book Value	**Fair Value**			**Book Value**	**Fair Value**		
		L1	**L2**	**L3**		**L1**	**L2**	**L3**
1. Bank deposits and accounts (1)	**2,442,597,128**			**2,442,597,128**	**1,326,823,805**			**1,326,823,805**
Cash in bank accounts originated from own funds	*78,964,957*			*78,964,957*	*40,070,402*			*40,070,402*
Cash in bank accounts originated by payments of the participants	*80,588,279*			*80,588,279*	*140,943,249*			*140,943,249*
Cash in Banca Centrale Nazionale accounts originated by payments of the participants (2)	*2,283,043,892*			*2,283,043,892*	*1,145,810,154*			*1,145,810,154*
2. Funding	**1,420,000,000**			**1,420,000,000**	**880,000,000**			**880,000,000**
2.1 Repurchase agreements (4)	*1,420,000,000*			1,420,000,000	*880,000,000*			*880,000,000*
Total	**3,862,597,128**	**-**	**-**	**3,862,597,128**	**2,206,823,805**	**-**	**-**	**2,206,823,805**

L1=level1
L2=level2
L3=level3

(1) This item includes interest income accrued on bank accounts and still not paid, entered in bank accounts availabilities on an accrual basis.

(2) This item comprises also 20,013,448 euro deposited with the International Central Securities *Depository* (ICSD) Euroclear for the Central Counterparty's activity that CC&G performs on the Bond Market ICSD Links (in particular, it is pointed out that, in the framework of its Central Counterparty activity in the ICSD Links Bond Market for instruments settled in US Dollars, the settlement account with Euroclear shows a negative balance in the amount of 12,171 US Dollars).

(3) The rules provided by Article 47.4 of EU Regulation No. 648/2012 govern the investment policy of CCPs, whereby the cash deposits on a CCP must be constituted through highly secure mechanisms with authorized financial entities or, in alternative, through the use of deposits with the National Central Banks/*Banche Centrali Nazionali*.

(4) The rule provided by Article 45 of the Delegated Rule no. 153/2013 provides that if the cash does not take place in deposits with the Central Bank, but is kept overnight, not less than 95% of that cash will be deposited into collateralized deposits also in the form of repurchase agreements. CC&G intended to use triparty agents (the principal international CSDs) in order to comply with such rules.

6.3 Receivables from Clients

Breakdown	**Total 31/12/2015**				**Total 31/12/2014**			
	Book Value	**Fair Value**			**Book Value**	**Fair Value**		
		L1	**L2**	**L3**		**L1**	**L2**	**L3**
3. Other assets:	**180,356,805,509**				**148,558,083,464**			
Clearing commissions on contracts entered into in relevant month (1)	3,803,263				3,464,922			
Commissions on securities deposited as collateral (2)	275,220				213,070			
Receivables for interest on cash deposited by participants (3)								
Receivables from participants for margins and premiums:	14,093,213				4,302,509			
- *initial margins*	583,692,142				33,057,454			
Receivables guaranteed by securities (4)	*583,692,142*				*33,057,454*			
	1,061,741,926				915,409,190			
Receivables from MIC members (5)	2,258,000,000				733,000,000			
Receivables from repo transactions for CCP activities (7)	173,157,332,533				145,185,304,277			
Receivables from other clearing and guarantee systems (7)	3,277,779,412				1,683,263,443			
Other receivables for services (8)	87,800				68,600			
Total	**180,356,805,509**	**-**	**-**	**-**	**148,558,083,464**	**-**	**-**	**-**

L1=level1
L2=level2
L3=level
There are no impaired loans and all values are considered to rank in a hierarchy of Level 3 fair value.

(1) These amounts have been collected on the first day of market trading of the month following the reference month.
(2) These amounts have been collected on the first day of market trading of the month following the reference month.
(3) These represent interest owed to the participants on the cash deposited to cover initial margins and default funds. The rate applied to the deposits is equal to Eonia daily rate less 25 *basis point*.
(4) These represent the amounts of initial margins due to participants, for open interest positions at the close of the financial year and not yet paid in cash since e guaranteed by the prior deposit of securities.
(5) These are contracts to be traded on NewMic as of the closing of the financial year.
(6) This represents, like the corresponding item in the liabilities side, the value of repo transactions carried out by participants that use the CCP service.
(7) These correspond to the margins paid to LCH Clearnet SA for the interoperability link existing with the central French counterparty on MTS market; in particular the balance can be broken down into 2,600 million euro for initial margins and 678 million euro for the Additional Initial Margin.
(8)These trade receivables, claimed by CC&G vis-à-vis participants in the LSE Derivative Market through BCS technological system, relate as to 70,000 euro to invoices pertaining to the financial year but not yet issued and as to 17,800 euro to invoices issued in the last quarters of the Financial Year not yet settled.

Section 10 – Tangible Assets – Item 100

10.1 Tangible assets used in operations: breakdown of assets valued at cost

Assets/values	Total 31/12/2015	Total 31/12/2014
1. Own assets:	502,183	816,290
c) furniture	*21,302*	*25,595*
d) electronic systems	*456,631*	*761,427*
e) others	*24,250*	*29,267*
Total	**502,183**	**816,290**

10.5 Tangible assets used in operations: annual changes

	Furniture	Electronic Systems	Other	**Total**
A. Gross opening inventory	**25,595**	**761,427**	**29,267**	**816,290**
A.1 Total net reductions in value	-	-	-	-
A.2 Opening inventory	**25,595**	**761,427**	**29,267**	**816,290**
B. Increase	**7,269**	**(160,452)**	**-**	**(153,183)**
B.1 Purchase				
B.7 Other changes	7,269	100,918	-	108,187
C. Decreases	-	(261,370)	-	(261,370)
C.1 Sales	**(11,562)**	**(144,344)**	**(5,017)**	**(160,923)**
C.2 Depreciations	-	-	-	-
C.7 Other changes	(11,562)	(405,714)	(5,017)	(422,293)
D. Net final inventory	-	261,370	-	261,370
D.1 Overall net value reductions	**21,302**	**456,631**	**24,250**	**502,183**
D.2 Gross final inventory	-	-	-	-
A. Gross opening inventory	**21,302**	**456,631**	**25,250**	**502,183**

During the present financial year electronic systems were purchased for 101,000 euro and miscellaneous components were purchased for equipping and modernizing the Company's registered office for € 7,000. The decreases are due to the depreciations of the year as well as to the sale and/or disposal of obsolete electronic data processing equipment.

Section 11 – Intangible assets – Item 110

11.1 Composition of the item 110 "Intangible Assets"

Items/evaluation	Total 31/12/2015		Total 31/12/2014	
	Assets valued at cost	Assets valued at fair value	Assets valued at cost	Assets valued at fair value
2. Other intangible assets:	**4,224,377**		**4,280,462**	
2,1 owned	4,224,377		4,280,462	
- others	*4,224,377*		*4,280,462*	
Total 2	**4,224,377**	**-**	**4,280,462**	**-**

11.2 Intangible assets: annual changes

	Total
A. Opening balance	**4,280,462**
B. Increases	**1,393,475**
B.1 Purchases	1,393,475
C. Decreases	**(1,449,560)**
C.2 Depreciations	(1,449,560)
D. Final balance	**4,224,377**

The increases for software purchases are mainly linked to the new developments of the clearing system for the ICSD part, as well as to investments for improving the new treasury system. Moreover, effective 2014, the Company has been working for obtaining ISAE 3402 certification on the system of IT general controls. The decreases are due to the depreciations of the financial year.

Section 12 – Tax assets and tax liabilities

As of 31 December 2015 the balance of tax liabilities is equal to € 2,869,607 made up of current tax liabilities in the amount of € 1,223,605 and deferred taxes in the amount of € 1,646,002 broken down as follows:

12.1 Breakdown of item 120 "Tax assets: current and anticipated"

Items/detail	Total 31/12/2015	Total 31/12/2014
Tax assets :		
a) current	-	-
b) anticipated	-	539,558
Total	**-**	**539,558**

12.2 Breakdown of item 70 "Tax liabilities: current and deferred"

Items/breakdown	Total 31/12/2015	Total 31/12/2014
Tax liabilities:		
a) current	(1,223,605)	(584,040)
b) deferred	(1,646,002)	-
Total	**(2,869,607)**	**(584,040)**

Breakdown of item 120 b)

12.3 Change in anticipated tax (balancing entry of income statement)

Items/details	Total 31/12/2015	Total 31/12/2014
1. Opening balance	**428,465**	**474,937**
2. Increases	**166,639**	**127,588**
2.1 Anticipated tax recorded in the year	166,639	127,588
d) other	*166,639*	*127,588*
3. Decreases	**(154,016)**	**(174,060)**
3.1 Taxes anticipated cancelled in the year	(154,016)	(174,060)
a) reversal	*(154,016)*	*(174,060)*
d) other	-	-
4. Final amount	**441,088**	**428,465**

The final amount of table 12.3 is netted in item 70 b) of the Balance Sheet.

Increases in anticipated taxes as of 31 December 2015

Items/technical forms	Amounts	IRES	IRAP	TOTAL
Provision to receivables risk fund	72,900	20,047	4,061	24,108
Fees due to auditing firm	38,540	10,598	-	10,598
Differences in IAS and tax amortizations	479,755	131,933	-	131,933
Total	**591,195**	**162,578**	**4,061**	**166,639**

Assets for past taxes paid in advance cancelled during the financial year

Items/technical forms	Amounts	IRES	IRAP	TOTAL
Fees due to auditing firm	(65,250)	(17,944)		(17,944)
Write off share to receivables risk fund	(11,484)	(3,158)	(640)	(3,798)
Write off share to legal risk fund	(39,925)	(10,979)		(10,979)
IAS and tax amortizations differences	(441,074)	(121,295)		(121,295)
Total	**(557,733)**	**(153,376)**	**(640)**	**(154,016)**

12.5 Change in deferred tax (balancing item in the shareholders'' equity)

Items/Breakdown	Total 31/12/2015	Total 31/12/2014
1. Initial balances	**111,093**	**10,413**
2. Increases		**111,093**
2.1 Taxes paid in advance recorded in the financial year		84,428
c) others		*84,428*
2.3 Other increases		26,664
3. Decreases	**(111,093)**	**(10,413)**
3.1 Taxes paid in advance cancelled in the financial year	(111,093)	(10,413)
a) reversals	*(111,093)*	*(10,413)*
4. Final amount	**-**	**111,093**

Breakdown of item 70 b)

12.6 Changes in deferred tax (balancing item in the shareholders'' equity)

Items/breakdown	31/12/2015	31/12/2014
1. Opening balance	**-**	**(1,015,552)**
2. Increases	**(2,087,091)**	**-**
2.1 Deferred tax recorded in the year	(2,087,091)	-
d) others	*(2,087,091)*	-
3. Decreases	**-**	**1,015,552**
3.1 Taxes deferred cancelled in the year	-	1,015,552
d) others	-	*1,015,552*
4. Final amount	**(2,087,091)**	**-**

The values shown in table 12.6 above refer to deferred taxes on securities in portfolio valued at fair value with balancing item in the shareholders' equity.

Section 14 – Other assets – Item 140

14.1 Breakdown of item 140 "Other assets"

Breakdown	Total 31/12/2015	Total 31/12/2014
Receivables relating to bankruptcy proceedings (1)	951,239	19,430,862
Receivables from Group companies (2)	373,262	59,129
Other receivables (3)	150,607	255,488
Total	**1,475,108**	**19,745,479**

(1) These amounts refer exclusively to certain "traders/negotiators" participating in guarantee funds, which were adjudged in bankruptcy in previous years and in relation to which CC&G, as fund manager, took actions, pursuant to the applicable provision of law and regulations, in order to recover the disbursement vis-à-vis the insolvent parties in the interest of the participants which sustained the disbursement. Any minor collections of these claims will not lead to losses for the Company, because should that be the case, minor debts will arise vis-à-vis the

participants in the Funds. The difference with regard to 31 December 2014 refers to the elimination of the asset items relating to concluded bankruptcy proceedings, for which CC&G is unable to collect what claimed in the phase of admission to the bankruptcy proceedings. The difference between assets and liabilities is shown in Item 160 Other Revenues and operating charges of the Statement of Income. The receivable and payable items for bankruptcy proceedings still under way remain outstanding.

(2)"Receivables from Group companies" are recorded towards:

- Borsa Italiana SpA for approximately € 52,000 euro related to the registration of the receivable for the consolidated IRES (at the time Borsa Italiana S.p.A. was the group fiscal consolidating party) paid as result of the non-deduction of the IRAP incurred for staff costs and assimilated net of deductions, pursuant to art.11, paragraph 1 letter a) bis-1, 4-bis-bis 1 and 4, of Legislative Decree no.446/97 for FY 2008-2009. This claim originates from the provisions contained in art. 2 of the so-called Decree "Save Italy" Decree Law no.201/11; its refund will be applied for according to the modalities approved in a specific provision of the Italian Internal Revenue Office /Agenzia delle Entrate issued on 17 December 2012, based on the transmission schedule of the applications related to the same provision;
- Lse Post Trade Services for approximately 126,000 euro relating to invoices to be issued for services rendered in relation to IT developments;
- LSE plc for approximately 190,000 euro relating to invoices to be issued for services rendered in the framework of an internal project realized with the Parent Company;
- BIt Market System SpA for approximately one thousand euro relating to prepayments for invoices for services already paid;
- Montetitoli SpA for approximately 4,000 euro relating to invoices issued for the detachment of CC&G personnel.

(3) Other receivables amounting to 151 thousand euro refer mainly to other prepaid expenses for costs incurred and not fallen due.

BALANCE SHEET - LIABILITIES

Section 1 – Payables – Item 10

This item amounts to € 193,111,877,634 euro (€ 159,063,037,139 of 31 December 2014).

1.1 Indebtedness

Items	Total 31/12/2015			Total 31/12/2014		
	To banks	To financial institutions	To costumers	To banks	To financial institutions	To costumers
2. Other payables	3,679,741,890		189,432,135,744	1,744,586,832		157,318,450,307
Interest payable (1)	269,921		-	47,339		-
Payables to participants for margins and premiums:			8,257,255,609			6,918,105,629
-initial margins			8,257,255,609			6,918,105,629
- financial year and allocation			624,396,708			584,315,507
Payables to participants for advance account deposits			5,134,927,000			3,897,501,000
Amounts due to members of default funds			223,894			223,894
Amounts due to discount scheme participants			173,157,332,533			145,185,304,277
Payables for Repo operations for CCP activities (2)	3,679,471,969			1,744,539,493		
Payables to other clearing and guarantee systems (3)			2,258,000,000			733,000,000
Payables to MIC members	**3,679,741,890**		**189,432,135,744**	**1,744,586,832**		**157,318,450,307**
Total						
Fair value – level 1						
Fair value – level 2	**3,679,741,890**		**189,432,135,744**	**1,744,586,832**		**157,318,450,307**
Fair value – level 3	**3,679,741,890**		**189,432,135,744**	**1,744,586,832**		**157,318,450,307**

(1) Amount relating to interest accrued on deposits with the National Central Bank, which will be debited at the end of the maintenance period. Effective 10 June 2014, the ECB adopted for deposits with Central Banks by FMIs, a negative interest paid on a monthly basis. Such rate, as of 31 December 2015 was equal to 30 bps.

(2) This amount includes, as for the corresponding item in the assets side, the value of repurchase agreements (Repo) entered into by members that use the company's CCP guarantee service.

(3) These correspond to the margins paid by LCH Clearnet SA for the interoperability *link* existing with the French central counterparty on MTS market. The item is made up of 2,954 million euro for initial margins and 724 million euro for the additional initial margin, as well as of 1.2 million euro for interest due by CC&G on the cash deposited as initial margins and additional initial margin.

Section 3 – Financial liabilities held for trading for CCP activities – Item 30

This item amounts to 10,779,840,695 euro (6,468,820,758 euro in the previous year) and is broken down as follows:

3.1 - Breakdown of item 30 "Financial liabilities held for trading"

Liabilities	Total 31/12/2015					Total 31/12/2014				
	Fair value			FV*	NV	*Fair value*			FV*	NV
	L1	L2	L3			L1	L2	L3		
B. Derivative instruments	**10,779,840,695**					**6,468,820,758**				
1. Financial Derivatives	10,779,840,695					6,468,820,758				
FTSE stock market index derivatives:	*9,065,635,278*					*5,480,962,623*				
- Futures	*7,835,095,180*					*4,558,502,835*				
- Mini Futures	*111,011,218*					*35,115,655*				
- Options	*1,119,528,880*					*887,344,133*				
Single stock derivatives:	*1,656,141,409*					*810,207,351*				
- Futures	*936,986,579*					*177,101,595*				
- Options	*719,154,830*					*633,105,756*				
Commodities derivatives	*58,064,008*					*177,650,785*				
Total	**10,779,840,695**	**-**	**-**			**6,468,820,758**	**-**	**-**		

L1= level1
L2= level2
L3= level3
NV= nominal/notional value
FV= fair value calculated excluding changes in value due to changes in the creditworthiness of the customer from the date of issue*

This item includes the fair value of the open interest positions on the derivative market in which the company operate as central counterparty.

3.3 - "Financial liabilities held for trading": derivative financial instruments

Types/underlying	Equities	Other	Total 31/12/2015	Total 31/12/2014
2. Others				
Financial Derivatives	10,721,776,687	58,064,008	**10,779,840,695**	***6,468,820,758***
- Fair value	*10,721,776,687*	*58,064,008*	***10,779,840,695***	***6,468,820,758***
Total	10,721,776,687	58,064,008	**10,779,840,695**	**6,468,820,758**

Section 4 - Financial liabilities valued at fair value for CCP activities – Item 40

This item amounts to 455,894 euro (12,611,688 euro in the preceding financial year) and includes:

4.1 Breakdown of item 40 "Financial liabilities valued at fair value"

Liabilities	Total 31/12/2015					Total 31/12/2014				
	Fair value			FV*	NV	*Fair value*			FV*	NV
	L1	L2	L3			L1	L2	L3		
2. Debt instruments	**455,894**					**12,611,688**				
Bonds	*291,977*					5,107,003				
Financial instruments traded but not yet settled:	*294,870*					2,071,242				
- Government bonds	*294,870*					*2,071,242*				
Financial instruments in portfolio:	*(2,893)*					3,035,761				
- Valuation on Government bonds	*(2,893)*					*3,035,761*				
Others	*163,917*					7,504,685				
Financial instruments traded but not yet settled:	*163,545*					5,756,888				
- Instruments of the equity segment	*163,545*					*5,756,888*				
Financial instruments in portfolio:	*372*					1,747,797				
- Valuation of instruments in the equity segment	*372*					*1,747,797*				
Total	**455,894**	-	-	-	-	**12,611,688**	-	-	-	-

L1= Level 1
L2= Level 2
L3= Level 3
NV= nominal/notional value
FV= fair value calculated excluding changes in value due to changes in the creditworthiness of the customer from the date of issue*

(1) This represents the equivalent value in euro of the evaluation at market prices on the date of the financial statements (equal to 3,142 US Dollars) of the securities withdrawn from the ICSD Links settlement system for instruments settling in US Dollars that have been delivered to the respective purchasers after the date of closing of the financial year.

Section 7 – Tax liabilities – Item 70

Reference is made to section 12 of the Assets side “Tax assets and tax liabilities”.

Section 9 – Other liabilities – Item 90

The amount of 14,211,582 euro (30,584,450 euro in the previous financial year), is broken down as follows:

9.1 Breakdown of item 90 "Other liabilities"

Items	Total 31/12/2015	Total 31/12/2014
Intercompany debts for taxes	6,002,735	4,726,221
Intercompany debts to suppliers	1,859,329	415,283
Payables relating to recoveries from bankruptcy proceedings (1)	1,582,002	20,157,956
Sundry debts (2)	1,940,715	1,488,582
Debts to suppliers (3)	1,239,525	1,556,012
Debts to clients (4)	722,919	0
Debts to social securities and insurance institutions	607,761	544,189
Tax debts	256,297	73,442
Prepaid expenses	299	1,622,765
Total	**14,211,582**	**30,584,450**

(1) These amounts refer exclusively to certain "traders/negotiators" participating in guarantee funds, which were adjudged in bankruptcy in previous years; the corresponding item in the assets side is recorded under "Other assets", amounting to € 951,000. The difference between the amount recorded in liabilities and the amount charged to assets is due to amounts collected but not yet paid to participants while awaiting developments in on-going proceedings. The difference compared to 31 December 2014 refers to the elimination of asset items relating to concluded bankruptcy proceedings, for which CC&G is unable to recover what claimed at the time of admission to the bankruptcy proceeding. The credit and debts positions for bankruptcy proceedings still under way remain outstanding.

(2) This item refers to amounts due to employees for deferred salaries, debts for withholding taxes levied on employment salaries and debts arising from fees payable to the members of the Board of Directors and of the Board of Statutory Auditors.

(3) The debt is related to generic suppliers of services rendered and goods purchased for the operational management of the Company.

(4) This item comprises the amount applied as rebate to the participants in the Equity and Bond markets that have realized an increase of volumes compared to the previous tax period. The impacted clients received the relevant credit (for a total amount of 723,000 euro) in the month of January 2016.

Section 10- Employee severance indemnity provision – Item 100

This item incorporates the liabilities relating to the Staff Severance Indemnity for employees, adequately discounted back, according to the appraisal of the independent actuary, on the basis of the rates shown below.

10.1 "Staff severance indemnity provision": annual changes

	Total 31/12/2015	**Total 31/12/2014**
A. Opening balance	**1,053,159**	**957,100**
B. Increases	**195,018**	**191,506**
B1. Allocations in the year	63,055	67,748
B2. Other increases	127,356	123,759
B3. Other increases (Share awards/Bonus)	4,607	-
C. Decreases	**(223,861)**	**(95,447)**
C1. Settlement made	(178,658)	(4,610)
C.2 Other decreases	(45,203)	-
C3. Other decreases (Share Awards/Bonus)		(90,837)
D. Final balances	**1,024,316**	**1,053,159**

This table represents the annual changes in the company's employee severance indemnity (TFR). The discounted back value pursuant to IAS 19 is equal to 939,063 euro at 31 December 2015, the other increases and decreases are linked to the employee severance indemnity from Share Awards and Bonus.

10.2 Other information

The table below shows the assumptions of the independent actuary for the purpose of the valuation of staff severance indemnity.

Rates used for the actuarial valuation

Assumptions for actuarial valuation	**Value at 31/12/2015**	**Value at 31/12/2014**
Annual technical discount rate	2.03%	1.50%
Annual inflation rate	1.75%	1.75%
Annual rate of salary increase for managers and middle managers	3.75%	3.75%
Annual rate of salary increase for administrative staff	2.75%	2.75%
Annual rate of increase in staff severance indemnity	2.81%	2.81%

With regard to the discount rate, the iBoxx Eurozone Corporates AA 10+ index was taken as reference for the valorisation of said parameter on the date of evaluation.

Below the sensitivity analysis is reported performed on the main variables adopted in the actuarial calculation of the Severance Indemnity Fund.

Yearly discount rate		**Yearly inflation rate**		**Yearly turnover rate**	
0.50%	-0.50%	0.25%	-0.25%	2.00%	-2.0%
884,725	998,520	951,038	927,310	907,524	976,439

Section 11 – Provisions for Risks and Charges – Item 110

11.1 Breakdown of item 110 "Provisions for risks and charges"

Items	**Total 31/12/2015**	**Total 31/12/2014**
Provisions for risks and charges:	-	45,000
a) other provisions:	-	*45,000*
Provision for legal fees and expenses	-	*45,000*
Total	**-**	**45,000**

11.1 Changes in the financial year of item 110 "Provision for risks and charges"

	Total 31/12/2015	**Total 31/12/2014**
A. Initial balance	**45,000**	**-**
B. Increases	**0**	**45,000**
B1. Provision of the financial year	0	45,000
C. Decreases	**(45,000)**	**-**
C1. Other decreases	(45,000)	-
D. Final balance	**0**	**45,000**

The provision for risk and charges at 31 December 2015 appears to be closed since the existing lawsuit as of 31 December 2014 that had led to a prudential provision pursuant to IAS 37 was concluded positively for the Company. On a book keeping basis, the Fund was duly released according to the principles laid down in part A - Accounting policies.

Section 12 – Equity - Items 120 – 160 – 170 – 180

The shareholders 'equity at the date of the financial statements amounts to 168,773,513 (147,208,023 euro in the preceding financial year). For an analytical breakdown of movements in shareholders' equity reference must be made to the relevant statement.

The share capital of Cassa di Compensazione e Garanzia S.p.A. is composed of 5,500 shares, with nominal value of 6,000 euro each, for a total value of 33,000,000 euro.

12.1 Breakdown of item 120 "Share Capital"

Type	**Amount**
1. Share Capital	**33,000,000**
1.1 Ordinary shares	33,000,000

12.5 Other information – Item 160 "Reserves" " and item 170 "Valuation Reserves"

	Legal reserve	Extraordinary reserve	Regulatory Reserves	Share Awards	Reserve for FTA	Reserve for IAS19	Valuation reserves	Other	Total
A. Opening balance	**6,600,000**	**2,518,414**	**19,804,466**	**1,633,675**	**70,540**	**(70,297)**	**(170,873)**	**50,040,760**	**80,426,685**
B. Increases	**-**	**-**	**1,500,000**	**405,906**	**-**	**32,772**	**4,423,719**	**2,417,427**	**8,779,824**
B1. Allocation of income	-	-	-	-	-		-	*2,417,427*	*2,417,427*
B2. Other increases	-	-	*1,500,000*	*405,906*		32,772	*4,423,719*	-	*6,362,397*
C. Decreases	**-**	**-**	**(728,588)**	**-**	**-**		**-**	**(1,500,000)**	**(2,228,588)**
C1. Settlements made	-	-	-	-	-		-	-	-
C2. Other decreases	-	-	(728,588)	-	-		-	(1,500,000)	*(2,228,588)*
D. Final balance	**6,600,000**	**2,518,414**	**20,575,878**	**2,039,581**	**70,540**	**(37,525)**	**4,252,846**	**50,958,187**	**86,977,921**

The reserves are made up of the Legal Reserve fully paid up according to art. 2430 of the Italian Civil Code, an extraordinary reserve allocated by the company over the years, reserves from *First Time Adoption* and therefore not distributable, valuation reserves on financial assets available for sale in the portfolio as at 31 December 2015 shown in the item 40 BS Assets- and other reserves.

In the Regulatory Reserves € 18,075,878 were allocated following the approval by the Shareholders' Meeting of 16 April 2015 (in the Shareholders' Meeting of 16 April 2016 the modification is requested of such reserve decreasing it to the value of € 17,263,220) corresponding to the Skin in the game (equivalent to 25% of the Regulatory Capital which, according to the European rules and regulations must be allocated to the Skin in the Game, as well as an additional reserve, equal to € 1,000,000, allocated to the coverage of losses (*Internal Buffer*), if any. On 18 November last year the establishment was decided of a reserve, in the amount of € 1,500,000 in compliance with Article B.6.2.3. of CC&G Rules, intended to cover the expenses for the default procedure of a Clearing Member (*Second Skin in the Game*), resolved upon later by the Board of Directors of 2 December 2015 while waiting to be validated by the Shareholders' Meeting in these financial statements.

The share awards have increased due to the provisions for the year.

The reserve pursuant to IAS 19 corresponds to the portion of actuarial gains and losses taken to reserves in this financial year.

<u>*Part C – Information on the Income Statement*</u>[12]

Section 1 – Interest - Items 10 and 20

Interest receivable and similar revenues - Item 1
This item amounts to 249,099,720 euro (€114,364,388 in the preceding financial year) and is broken down as follows:

1.1 Breakdown of the item 10 "Interest receivable and similar revenues"

Items/ technical forms	Debt Instruments	Loans	Other transactions	**Total 31/12/2015**	**Total 31/12/2014**
3. Financial assets held for sale (1)	5,731,659			**5,731,659**	**18,521,375**
5. Receivables:	-	(5,131,529)	248,499,590	**243,368,061**	**95,843,013**
5. 1 receivables from banks	-	(5,131,529)	-	**(5,131,529)**	**374,714**
On deposits with commercial banks (2)	-	*375,619*	-	***375,619***	***388,335***
On deposits with the National Central Bank (3)		*(2,103,493)*		***(2,103,493)***	***(149,870)***
On Repos assets (4)		*(3,403,655)*		***(3,403,655)***	***136,250***
5.3 Receivables from customers	-	-	248,499,590	**248,499,590**	**95,468,299**
On deposits with other clearing a guarantee systems (5)	-		*(3,827,890)*	***(3,827,890)***	***1,564,899***
On Repos for CCP activity (6)	-	-	*252,327,480*	***252,327,480***	***93,903,399***
Total	**5,731,659**	**(5,131,529)**	**248,499,590**	**249,099,720**	**114,364,388**

(1) This item includes interest accrued in the portfolio equal to euro 5,731,659 at 31 December 2015 (euro 18,521,375 al 31 December 2014).
(2) This item includes interest accrued on on-demand bank deposits equal to euro 375,619 at 31 December 2015 (euro 388,335 al 31 December 2014).
(3) The item comprises interest payable accrued on deposits with the National Central Bank, equal to € -2,103,493 as at 31 December 2015, which was debited at the end of the various maintenance periods (the time schedule of which for the Eurosystem is published by the BCE yearly). Starting from 10 June 2014, the BCE has adopted for deposits with the central banks by the FMI a negative interest rate. Such rate, as of 31 December 2015, is equal to -30 *basis points*. At 31 December 2014 the interest payable accrued was equal to € -149,870 since the QE started in June 2014 applying -10 bps and only in September 2014 -20bps have been applied.
(4) The item comprises interest payable accrued on investments in Repos that CC&G performs in fulfilment of Article 45 of the Delegated Rule no.153/2013. At 31 December 2014 the Repo interest was positive in the amount of € 136,250.
(5) The item comprises interest payable accrued on amounts deposited with LCH Clearnet SA for initial margins and the Additional Initial Margin.
(6) The item comprises the valorisation of the Repos as at 31 December 2015 for Central Counterparty activity.

[12] It is pointed out that the data as of 31 December 2015 relate to a period of 12 months whilst the comparative data as of 31 December 2014 refer to a 9-month period.

Interest payable and similar charges – Item 20
This item amounts to € 209,482,142 (€ 93,481,225 in the preceding financial year) and is composed by:

1.3 Breakdown of item 20 "Interest payable and similar charges"

Items/Technical forms	Loans	Other	**Total 31/12/2015**	**Total 31/12/2014**
3. Debts to customers:	(42,845,338)	252,327,480	**209,482,142**	**93,481,225**
On deposits by clearing members (1)	*(42,845,338)*	*-*	***(42,845,338)***	***(422,174)***
On repos for CCP activity (2)	*-*	*252,327,480*	***252,327,480***	***93,903,399***
Total	**(42,845,338)**	**252,327,480**	**209,482,142**	**93,481,225**

(1) This item comprises interest due by clearing members on the cash deposited as initial margins and default funds. The Company has adopted a *pricing list* whereby the cash deposited by the members is remunerated with Eonia daily rate less 25 *basis points*.
(2) This item comprises the valorisation of the repos at 31 December 2015 for Central Counterparty activity.

Section 2 – Commissions - Items 30 and 40

Commissions receivable – Item 30
This entry includes commissions received for services performed, amounting to € 51,712,093 (€ 34,600,622 in the preceding financial year), as shown in the following table:

2.1 Breakdown of item 30 "Commissions receivable"

Breakdown	**Total 31/12/2015**	**Total 31/123/2014**
6. services:	37,129,692	23,421,751
Revenues from clearing activities	*37,129,692*	*23,421,751*
9. other commissions:	14,582,401	11,178,871
Other clearing commissions	*8,271,981*	*5,981,346*
Shareholdings	*2,931,944*	*2,085,553*
Commissions on guarantees deposited	*3,378,476*	*3,111,972*
Total	**51,712,093**	**34,600,622**

Commissions payable – Item 40

2.2 Breakdown 40 "Commissions payable"

Breakdown/Sectors	**Total 31/12/2015**	**Total 31/12/2014**
4. other commissions	*1,312,789*	957,250
Bank commissions	*1,312,789*	*957,250*
Total	**1,312,789**	**957,250**

This item amounts to € 1,312,789 (€ 957,250 in the preceding financial year) and includes commissions payable for lines of credit (totaling to 483 thousand euro), and costs incurred for bank services.

Section 3 – Dividends and similar income – Item 50

This item amounts to € 3,350,809 (€ 3,976,757 in the preceding financial year) and represents the amount of dividends collected on withdrawn securities cum-dividend, delivered in subsequent gross settlement cycles, without dividend due to the effect of CC&G's direct intervention in the settlement system. This item must be offset with the item capital loss from dividends in item 80 of the Income Statement.

3.1 Breakdown of item 50 "Dividends and similar income"

Items/Income	Total 31/12/2015		Total 31/12/2014	
	Dividends	Income from units in U.C.I.T.S.	Dividends	Income from units in U.C.I.T.S.
3. Financial assets valued at fair value	3,350,809	-	3,976,757	-
Total	**3,350,809**	**-**	**3,976,757**	**-**

Section 4 – Net income from trading activities – Item 60

4.1 Breakdown of item 60 "Net income from trading activities"

Items / Income	Gains	Profit from trading	Losses	Losses from trading	Net income
Variation margins for CCP activities	-	17,156,722,467	-	(17,156,722,467)	-
Option premiums for CCP activities:	-	5,748,857,617	-	(5,748,857,617)	-
Total	**-**	**22,905,580,084**	**-**	**(22,905,580,084)**	**-**

This item represents loss and profits which, as at 31 December 2015, the Company has obtained as results from the trading activity. Obviously, the Company operating in the capacity of Central Counterparty presents an equal exposition of gains and losses with a net result equal to zero (as shown below, in the summary table of the income statement).

Section 6 - Net income from financial assets and liabilities valued at fair value – Item 80

The balance of the item amounts to € 2,861,663 (€ 3,889,165 in the preceding financial year).

6.1 Breakdown of item 80 "Net income from financial assets and liabilities valued at fair value"

Items/Income	Values at 31/12/2015	Values at 31/12/2014
1. Financial assets / liabilities:	(2,861,663)	(3,889,165)
1.2 Capital stocks and units in U.C.I.T.S.*:*	*(2,861,663)*	*(3,889,165)*
- Gains/losses on valuation (1)	-	-
- Gains/losses (2)	(3,356,415)	(3,976,826)
- Revenues from trading services from third parties	494,752	87,661
Total	**(2,861,663)**	**(3,889,165)**

(1) The item refers to the variation deriving from the *fair value* measurement of securities traded and not yet settled on equity and bond markets and of financial instruments in

the portfolio, withdrawn from T2S and ICSD settlement systems. In consideration of the perfect balance of contractual positions assumed by the Company, the overall economic impact is null.

(2)This item reflects the capital loss derived from the price adjustment of purchased securities in the settlement system cum-dividend and delivered ex-dividend.

Section 7 – Profit (Loss) from sale or repurchase – item 90

The balance of the item amounts to € 974,769 (€ 8,593,983 in the preceding financial year).

7.1 Breakdown of item 90 " Profit (Loss) from sale or repurchase "

Items/income components	Total 31/12/2015			Total 31/12/2014		
	Gain	Loss	Net income	Gain	Loss	Net income
1. Financial assets	**974,769**	**-**	**974,769**	**8,593,983**	**-**	**8,593,983**
1.2 Assets available for sale	974,769	-	974,769	*8,593,983*	-	*8,593,983*
Total	**974,769**	**-**	**974,769**	**8,593,983**	**-**	**8,593,983**

The item refers to gains and losses from the sale of securities made in the financial year. The securities, included under item 40 of the Assets side of the Balance Sheet, are normally held by CC & G until maturity in order to invest in secured assets the margins of the participants. Sales are conducted solely in order to satisfy the cash requirements of the company or to diversify country risk. Currently the investment of the securities in portfolio is diversified across 6 Countries of the Eurozone such as Austria, Belgium, Spain, France, Ireland and Italy, as well as on securities issued by the European Union and by Supranational Issuers such as the European Investment Bank (EIB), European Stability Mechanism (ESM) and European Stability Facility (EFSF).

Section 8 – Net adjustments/write-backs due to impairment - Item 100

The balance of the item amounts to zero (€ 57,420 in the preceding financial year).

8.1 "Net adjustments/write-backs due to impairment of receivables"

Items/Adjustments	Value adjustments		**Total**	**Total**
	specific	Of portfolio	**31/12/2015**	**31/12/014**
3. Receivables from costumers:	-	-	**-**	57,420
- Other receivables				57,420
Total	**-**	**-**	**-**	**57,420**

This item included in the previous financial year the provision for devaluation of receivables recorded in item 60 - Receivables in the assets side of the Balance Sheet. No receivables subject to devaluation are present as at 31 December 2015.

Section 9 – Administrative costs – Item 110

The balance of the item amounts to € 19,003,976 (€ 13,092,027 in the preceding financial year).

9.1 Breakdown of item 110.a "Employee costs "

Items/Sectors	**Total 31/12/2015**	**Total 31/12/2014**
1. Employee:	**6,834,696**	**4,481,210**
a) Wages and salaries	4,561,182	2,968,363
b) Social security charges	1,159,112	818,929
d) Welfare costs	167,082	131,972
e) Provisions for employee severance indemnities	465,436	283,297
h) Other expenses (1)	481,884	278,649
2. Other employees in service (2)	**475,316**	**416,402**
3. Directors and Auditors (3)	**208,657**	**173,091**
Total	**7,518,669**	**5,070,703**

(1) The item "Other expenses" comprises mainly incentives to personnel other than a bonus, training expenses, and the substitutive indemnity in lieu of the canteen, insurance policies and the expenses for personnel detached to other locations.

(2) The item "Other Personnel" in service comprises the costs relating to detachments at CC&G by Borsa Italiana SpA and Monte Titoli S.p.A. after deducting the costs for CC&G personnel detached at the holding company Borsa Italiana S.p.A. and Monte Titoli S.p.A.

(3) In the item Directors and Auditors the remunerations have been included of the directors and of the board of auditors, as per circular No. 0101799/10 of 8th February 2010 of the Bank of Italy having for its subject "*Normativa in materia di bilanci bancari e finanziari* / Rules in the matter of financial statements of banks and financial institutions".

9.2 Average number of employees by category

Changes in personnel during the financial year were as follows:

Category	**31/12/14**	**Hires**	**Resignations**	**Transfers**	**31/12/15**	**Average**
Executives	5	-	-	2	7	6.0
Middle management employees	19	2	(1)	(2)	18	18.5
Administrative staff	27	4	(5)	-	26	26.5
Total employees	***51***	***6***	***(6)***	***-***	***51***	***51.0***
Seconded in	9	1	-	-	10	9.5
Seconded out	-	-	-	-	-	-
Tot. Employees and seconded employees	**60**	**7**	**(6)**	**-**	**61**	**60.5**

The average number is calculated as weighted average of employees where the weight is given by the number of months worked over a year. In the event of employees working part-time 50% is conventionally considered.

9.3 Breakdown of item 110.b "Other administrative costs"

Items/sectors	Total 31/12/2015	Total 31/12/2014
IT Services (1)	6,686,149	4,545,334
Professional services (2)	1,065,447	899,814
Expenses for Company offices (3)	1,122,196	641,039
Electronic services	1,038,577	888,700
Contribution for Consob supervision	446,795	322,680
Expenses for data transmission	303,297	175,973
EMIR Compliance and Trade Repository (4)	274,942	179,411
Insurance expenses	111,364	93,119
Corporate bodies operating costs	9,752	8,977
Other expenses (5)	426,788	266,276
Total other administrative costs	**11,485,307**	**8,021,324**

(1) This item includes assistance fees, rent and maintenance of hardware and software of information systems with relative third party suppliers.
(2) The item includes the costs of legal, tax, notary and auditing consultancy services provided by external professionals and expenses re-charged by Group companies for support services supplied during the year.
(3) Company office expenses refer to the costs of leasing the company headquarters in Rome and Milan and ancillary costs. These costs have increased due to the new equipped spaces provided to the Company.
(4) Includes all expenses incurred for the adjustment to the EMIR rules.
(5) Includes, inter alia, the contribution to the Authority for Communications Guarantees for € 93,000.

Section 10 – Net adjustments/write-backs on tangible assets- Item 120

This item amounts to € 422,293 as of 31 December 2015 (€ 350,125 in the preceding financial year).

10.1 Breakdown of item 120 "Net adjustments/write-backs on tangible assets"

Items/adjustments and write-backs	Depreciation (a)	Write-backs due to impairment (b)	Adjustments (c)	Net result (a+b-c)
1. Tangible assets:	422,293			422,293
1.1. owned	422,293	-	-	422,293
c) furniture	*11,562*			*11,562*
d) capital goods and equipment	*405,714*			*405,714*
e) others	*5,017*	-	-	*5,017*
Total	**422,293**	**-**	**-**	**422,293**

Section 11 – Net adjustments/write-backs on intangible assets - Item 130

This item amounts to € 1,449,560 (€ 889,721 in the preceding financial year).

11.1 Breakdown of item 130 "Net adjustments/write-backs on intangible assets"

Items/adjustments and write-backs	Depreciation (a)	Write backs due to impairment (b)	Adjustments (c)	Net result (a+b-c)
2. Other intangible assets	1,449,560			1,449,560
21. owned	1,449,560			1,449,560
Total	1,449,560	**-**	**-**	1,449,560

Section 13 – Net provisions to the funds for risks and charges - Item 150

The balance of this item is equal to zero (€ 45,000 in the preceding financial year).

13.1 Breakdown of the item 150 "Net provisions to the funds for risks and charges"

Items	**Values at 31/12/2015**	**Values at 31/12/2014**
Provisions for legal disputes	-	45,000
Total	**-**	**45,000**

This item represented in the preceding financial year the impact on the Income Statement of the costs linked to CC&G's legal disputes. For the detail relating to this item reference is made to Item 110 - Provisions for risk and charges of liabilities side of the Balance Sheet.

Section 14 – Other operating expenses and income – Item 160

This item, which amounts to € 1,601,869 (€ 982,578 in the preceding financial year), includes revenues for services rendered to companies members of LSE Group as to € 1,411,350 or the invoicing for services rendered to LSE Derivative Market. Moreover, contingent assets are recorded in the amount og € 96,000 relating to the elimination of the equity assets relating to closed bankruptcy proceedings as well as revenues in the amount of € 64,000 concerning the management of the delisting of a share of the MTS market in the Express II settlement system. The residual items concern profits/losses on exchange rates and other income and charges for costs/revenues that are not attributable to specific activities of CC&G and not deductible.

14.1 Breakdown of item 160 "Other operating income"

Items/sectors	**Total 31/12/2015**	**Total 31/12/2014**
Other income (A)		
Other income (intercompany re-charging)	1,411,350	973,140
Profits on currency exchanges	2,247	-
Other income	208,766	28,952
Total (A)	***1,622,363***	***1,002,092***
Other charges (B)		
Negative rounding up	10,063	1,790
Exchange loss	-	8,442
Other non deductible costs	10,431	9,282
Total (B)	***20,494***	***19,514***
Total other operating charges and income (A-B)	**1,601,869**	**982,578**

Section 17 - Income taxes for the financial year on current operations – Item 190

This item amounts to € 23,411,244 (€ 16,089,893 in the preceding financial year).

17.1 Breakdown of item 190 "Income taxes for the financial year on current operations "

items	**Total 31/12/2015**	**Total 31/12/2014**
1. Current taxes	23,435,263	16,204,254
2. Change in current taxes of previous years	(11,396)	(160,832)
4. Changes in anticipated taxes	(12,623)	46,472
Total taxes for the year	**23,411,244**	**16,089,893**

Item 190 reports the total current taxes and the relevant decreases linked to the change in prepaid taxes in the income statement.

Below is the reconciliation between theoretical and actual charges for IRES and IRAP purposes:

17.2 Reconciliation between theoretical tax charges and actual tax charges in the financial statements

	Total 31/12/2015	**%**
Profit before taxes	**72,206,837**	
Theoretical IRES	19,856,880	27.50%
Effect of permanent increases	234,497	0.32%
Effect of permanent decreases	(821,724)	-1.14%
Actual IRES	**19,269,653**	**26.69%**
Irap	4,165,610	5.77%
Adjustments of previous years	(11,396)	-0.02%
Prepaid taxes	(12,623)	-0.02%
Actual IRAP	**4,141,591**	**5.74%**
Total taxes	**23,411,244**	**32.42%**

Part D – Other Information

Guarantees and Commitments

These are represented by the following items:

"Third parties' securities deposited as collateral" (8,181.4 million euro) shows the nominal value of Government bonds (1,673 million euro), shares deposited in order to guarantee short call positions in options (10.4 million euro) and guarantees for the New MIC market (6,498 million euro) deposited by CCP members.

"Securities to be received/delivered for transactions to be settled", for 477 and 479 million euro, respectively; these represent the nominal value of open positions on the markets in which CC&G provides central counterparty activity, including the securities withdrawn in the framework of the settlement systems T2S and ICSD; the difference between the amount of securities to be received and those to be delivered represents what already withdrawn in the settlement process T2S and ICSD Links and shown in the assets side of the balance sheet under the item "Financial assets/liabilities valued at fair value for CCP activity" (inclusive of the cash difference at settlement).

As of the date of closing of these financial statements the Company has in existence the following obligation for the lease agreement of equipped spaces renewed on a yearly basis:

- offices at Via Tomacelli (Rome) and Palazzo Mezzanotte (Milan) with the holding company London Stock Exchange Group Holdings Italia S.p.A. for € 565,285 (excluding the revaluations of the rent provided under the agreement in relation to the increases of ISTAT Cost of Living Index).

Long Term Incentive Share Plan

Below the information is reported as requested by IFRS 2 on the subject of payments based on shares or options on shares.

The plans awarded to the employees of the group are the following:

The ***Performance Shares*** plan has been implemented for a group of executives and senior managers, and consists of the possibility to receive, free of charge, shares of London Stock Exchange Group, provided, however, that certain Performance Conditions are satisfied; this must be checked at the end of a three-year period (Performance Period) after the date of award.

The Performance Conditions are measured as follows:

- for 50% of the shares awarded: the number of shares of individual plans will be determined on the basis of the Total Shareholder Return positioning or the rate of yield of LSEG shares in the period of maturity calculated assuming a reinvestment of the dividends on the same shares; in terms of Total Shareholder Return (TSR) or rate of return of LSEG shares, in the accrual period, calculated by assuming the reinvestment of dividends on the same shares.
- for the remaining 50% of the shares awarded: the number of shares to award upon expiration of individual plans will be determined on the basis of the Earning per share (EPS) growth or the basic adjusted profit per LSEG share.

- The ***Matching Shares*** plan has been implemented for a restricted number of executives and senior managers and enables them to invest personal resources, within the maximum limit of 50% of the value of the basic salary before taxes, in shares of the London Stock Exchange Group (so called "investment shares") and receive a bonus (*Matching Award*) upon satisfaction of certain performance conditions (TSR-EPS) to be verified at the end of a three-year period from the date of award. The shares involved in the Matching Award will be finally awarded and transferred to the employee upon expiration of the third year after the date of assignment, provided, however, that the employee has held the "investment shares" and the employment relationship is still in existence.
- ***Performance Related Equity Plan*** *is designed in order to reward a selected group of highly performing employees with a high potential.* As a participant in the plan an employee is admitted to receive the bonus in the form of two different components:
  - **Restricted Share Award** that provides for the award of ordinary shares of LSEG Group to the participants if the performance conditions are met;
  - **Share Option Award** in the form of an option with a fixed price of exercise (this is the price that the participant must pay for entering into possession of an individual share), also subject to the same performance conditions as the *Restricted Share Award*.

  Both plans have three-year duration from the date of award.

  The performance conditions are measured as follows:

  1. as to 50% of the shares awarded: the number of shares to be awarded upon expiration of individual plans will be determined on the basis of the positioning of the TSR or the rate of return of LSEG shares in the period of accrual calculated assuming the reinvestment of the dividends on the same shares;
  2. for the balance of 50% of the shares awarded: the number of shares to be awarded upon expiration of the individual plans will be determined on the basis of the positioning of the Group's costs in relation to specific targets of the budget.

The **SAYE plan** (Save As You Earn) provides for the award of options on shares in favour of employees. At the time of award of the options the employee has the right to agree to participate in a saving plan, managed by the Yorkshire Building Society in the United Kingdom, which provides for monthly withdrawals from the net salary for a period of three years starting from the implementation of the saving plan. The amounts paid in the three-year timeframe will bear interest. Upon expiration of the three-year term ("Maturity Date"), the Plan permits to purchase ordinary shares of the London Stock Exchange Group Plc at a pre-fixed price. If conversely, upon expiration of the period, the value of the shares did not increase, the employee shall not be bound to purchase them and may simply withdraw the whole amount set aside for him/her, increased of accrued interest, if any.

The parent company London Stock Exchange Group plc (LSE) awarded, on 2 and on 10 April 2015, to certain employees of the Company, elements of the long term incentive plan based on shares (LTIP).

The shares forming the subject of the LTIP are purchased by LSEG on the market.

The overall price as at 31 December 2015 for the award of the shares and options on shares appears to be equal to € 474,443.90 euro inclusive of the TFR (Severance Pay).

Below is a table with the movements of LSEG shares in the framework of the LTIP and the weighted average exercise price:

No. of shares	Share Options	SAYE	LTIP	**Total**
Initial balance 01/01/15	6,010	9,692	152,048	**167,750**
Shares granted	-	1,848	28,105	**29,953**
Shares exercised	(1,671)	(7,843)	(32,966)	**(42,480)**
Shares forfeited	-	-	-	**-**
Shares lapsed	-	-	(30,442)	**(30,442)**
Final balance 31/12/15	**4,339**	**3,697**	**116,745**	**124,781**

The fair value of the shares awarded in the framework of the LTIP during the financial year was determined using a model for probability evaluation. The main evaluation assumptions used in the model are the following:

	SAYE Sharesave Plan	**LSEG LTIP Performance Shares**	**LSEG LTIP Matching Shares**
Date of assignment	05-May-15	02-Apr-15	10-Apr-15
Grant date share price	£24.77	£24.84	£25.85
Expected life	3.15 years	3 years	3 years
Exercise price	£20.42	n.a.	n.a.
Dividend yield	0.90%	1.40%	1.40%
Risk-free interest rate	1.00%	0.70%	0.70%
Volatility	23%	23%	23%
Fair value	£6.09	n.a.	n.a.
Fair value TSR	n.a.	£7.00	£7.23
Fair value EPS	n.a.	£23.81	£24.78

Volatility was calculated through a weekly analysis of the LSEG share price since its listing in July 2001. The fair value of the shares awarded in the financial year takes into account the accrual conditions linked to the TSR. Employees who were awarded shares linked to the LTIP are not entitled to receiving dividends declared by LSEG during the accrual period.

Relationships with related parties

Intercompany relations

Below is a breakdown relating to "non atypical" transactions that took place in the financial year with related parties, with the equity balances as at 31st December 2015 existing with these.

(Amounts in euro)

London Stock Exchange plc	Revenues	Claims
Fees for services	1,173,725	189,600
	Costs	**Debts**
Fees for services	156,758	40,003

London Stock Exchange Group Holdings Italia S.p.A.	Revenues	Claims
Fees for services	-	97,661
	Costs	**Debts**
Fees for services/tax indebtedness	986,843	6,100,396

Borsa Italiana S.p.A.	Revenues	Claims
Fees for services	549	51,891
	Costs	**Debts**
Fees for services	2,372,424	1,179,168

Monte Titoli S.p.A.	Revenues	Claims
Fees for services	111,250	4,311
	Costs	**Debts**
Fees for services	2,611,643	244,611

EURO MTS Ltd.	Costs	Debts
Fees for services	25,000	-

BIt Market Services S.p.A.	Revenues	Claims
Fees for services	-	1,085
	Costs	**Debts**
Fees for services	16,308	-

London Stock Exchange Group Plc	Costs	Debts
Fees for services	324,323	395,547

LSE-Post Trade	Revenues	Claims
Fees for services	126,375	126,375

MTS S.p.A.	Costs	Debts
Fees for services	1,200	-

The relationships with companies of the Group are governed on the basis of specific agreements, and on the basis of fees in line with those of the market (so called at arm's length).

Remunerations of the members of the Corporate Bodies

As required by IAS 24, the indication is shown below of the amount of the fees payable for the financial year just closed to the members of the Board of Directors, Board of Statutory Auditors and to the *Key managers* of the Company:

Directors and Key Managers	1,338,006
Auditors	80,752

With regard to executives with strategic responsibilities, below is a breakdown of the remuneration categories:

a. Benefits to short-term employees	905,084
b. Post-employment benefits	70,079
c. Other long-term benefits	-
d. Severance benefits	95,028
e. Payments based on shares	139,909
Total	**1,210,100**

Plan	Number of shares	Date of Award
London Stock Exchange Matching Share Award	12,329	12/06/2013
London Stock Exchange Matching Share Award	9,265	30/09/2014
London Stock Exchange Matching Share Award - Italian Participants	6,554	10/04/2015
London Stock Exchange Performance share award	16,217	12/06/2013
London Stock Exchange Performance share award	13,905	27/08/2014
London Stock Exchange Performance share award – Italian Participants	9,721	02/04/2015
London Stock Exchange SAYE (Italy)	622	11/07/2014
London Stock Exchange SAYE (Italy)	765	05/05/2015

The Directors of Companies of the Group receive no remuneration. The amount relating to the *key managers* represents the overall cost borne by the Company, inclusive of any and all supplemental elements. The *key managers* category comprises managers with strategic responsibilities, i.e. with powers and responsibilities relating to planning, management and control of the business activities (CEO and General Manager).
No loans have been granted and no guarantees were issued in favour of Directors and Statutory Auditors.

Management and Coordination

It is pointed out that as of the reference date of the financial statements for the financial year ended on 31st December 2015 the company is subject to the management and coordination of London Stock Exchange Group Holdings Italia S.p.A.

Summary table of the essential data of the last approved financial statements of the parent Company

The essential data of the parent company London Stock Exchange Group Holdings Italia S.p.A shown in the summary statement required by Section 2497-bis of the Italian Civil Code was extracted from the relevant financial statements for the financial year closed on 31 December 2014.
For an adequate and complete understanding of the equity and financial situation of London Stock Exchange Group Holdings Italia S.p.A at 31 December 2014, as well as of the economic results obtained by the Company in the financial year closed on that date, reference is made to the reading of the financial statements which, complete of the report prepared by the auditing firm, is available in the forms and manner provided by the law.

FINANCIAL AND EQUITY SITUATION AT 31 DECEMBER 2014
(amounts in Euro/mil)

	31-Dec-14
Assets	
Non current assets	1,438
Current assets	10
TOTAL ASSETS	**1,448**
Liabilities	
Current liabilities	77
Non current liabilities	330
TOTAL LIABILITIES	**406**
NET	**1,042**
Shareholders' Equity	
Capital and reserves of the Group	
Share Capital	350
Reserves	609
Profits/(Losses) of the financial year	83
TOTAL SHAREHOLDERS EQUITY	**1,042**

OVERALL STATEMENT OF INCOME AT 31 DECEMBER 2014
(amounts in Euro/mil)

	31-Dec-14
Revenues	99,304
Other revenues and income	-
TOTAL REVENUES	**99,304**
Costs for personnel	979
Costs for services	5,867
Ammortisations and depreciations	1,214
Operating costs	9
TOTAL OPERATING COSTS	**8,069**
OPERATING RESULT	**91,235**
Financial revenuesi	1
Financial costs	(10,369)
Result before taxes	**80,868**
Taxes	2,165
Net result	**83,033**
Other components impacting the shareholders' equity	(6)
Overall net result	**83,027**

Disclosure of the auditing fees and for services other than the audit

Pursuant to Article 2427, paragraph 1, sub-paragraph 16 *bis*, of the Italian Civil Code, implementing the provisions of Article 37, paragraph 16 of Legislative Decree No. 39 of 27th January 2010, the following table is shown below:

Description of the services	Entity that provided the service	Fees (euro)
Audit of financial statements and reporting package as of 31 December 2015 and audit of the regular corporate book-keeping *	Reconta Ernst & Young S.p.A.	148,596
Other Assurance services (ISAE 3402) **	Reconta Ernst & Young S.p.A.	91,500
Audit Services **	Pricewaterhouse Coopers S.p.A.	48,800
Mapping services of Compliance processes **	KPMG S.p.A.	17,800

** Amounts inclusive of expenses and VAT and of Consob contribution*

*** Amounts inclusive of expenses and VAT*

Document Relating to Plans on Security

Considering that the so called "simplifications" decree, published on the Official Bulletin of the Republic of Italy no. 33 of 9 February 2012 has eliminated, as a matter of fact, the obligation to prepare an updated document relating to plans on security (D.P.S.) on or before 31 March every year, but did not relieve the Data Controller (*Titolare del Trattamento)* of Sensitive Data from performing all the prescriptions contained in Article 34 of Legislative Decree no. 196/2003 and of the relevant Annex B, in CC&G a specific internal procedure has been implemented in which also the fulfilments are listed such as information notices, appointments of nominees and internal and external responsible officers, privacy rules on electronic mail and internet, as well as all the security information activity carried out by the Information Technology (IT) department, which is responsible for electronic data processing security plans; in other words, we attest and document on a specific check list, at least on an annual basis, that we have adopted all the security procedures that are suitable to prevent the risk involving the processed data. In particular, the following minimum security measures are implemented:
a) electronic authentication;
b) adoption of management procedures of authentication credentials;
c) utilization of an authorization system;
d) periodical update of the scope of processing permitted to individual responsible officers and personnel in charge of the management or maintenance of electronic instruments;
e) protection of electronic instruments and data against wrongful processing, unauthorized accesses and certain electronic data processing programs;
f) adoption of procedures for the custody of security copies, restoration of data and systems availability;
h) adoption of encryption techniques or identification codes for certain data processings carried out by medical bodies suitable to disclose the health conditions or the sexual life of people involved.

Moreover, in CC&G a 231 organisational model was adopted for preventing not only the perpetration of crimes arising in case of wrongful processing of personal data but also for preventing the performance of all electronic data processing crimes, just through an accurate and documented policy of electronic data processing and, in particular, through the adoption of a Security Manual (in replacement of the DPS) at disposal of the Data Processor (*Responsabile del Trattamento*) or IT.

By drafting such document it is considered that a system has been adequately implemented that will be able, together with other policies on security, on one hand to relieve CC&G from any liabilities in the event of occurrence of a damaging event and, on the other, it may be helpful to the organisation for better handling the internal security processes and preserve data and information against loss, destruction, unauthorised accesses, etc. and a valid support also in the event of controls by the Privacy Authority or the Finance Police on the adjustment to the remaining security measures to which the Data Controller is still bound; in fact, the Data Controller is, however, subject to the obligation to document the choices made within his organisation, and during inspections the absence of a document that is suitable to certify them would render longer and more complex the finding of the necessary information.

Capital Requirements

The European Banking Authority approved in December 2012 Delegated Regulation No. 152 supplementing Regulation No. 648/2012 (EMIR) concerning technical rules governing the equity requirements of central counterparties. Pursuant to Article 2, a central counterparty must have a capital (inclusive of undistributed profits and reserves) that must be, at any time, sufficient to hedge the total exposition to the following risks:

- risks relating to the liquidation or rescheduling of assets,
- credit, counterparty's and market risks (not covered by specific financial resources pursuant to Articles from 41 to 44 or EMIR Regulation),
- operational and legal risks,
- business risks.

The capital so identified must be invested in secured assets for the purpose of complying with the provision of Article 47 of EMIR Regulation. On the date of approval of these financial statements, CC&G has invested its Regulatory Capital in Government Bonds.

If the capital held by the central counterparty decreases below 110% equity requirements ("notification threshold"), the CCP must notify the competent Authority immediately, keeping it up to date until the amount of said capital increases and exceeds the above-mentioned notification threshold.

Moreover, pursuant to Article 35 of Delegated Regulation no. 153 (ESMA), the central counterparty must hold and show separately in its balance sheet, an amount of equity resources ("Skin in the Game") to be used as defence line in the event of default by the members ("Default Waterfall"). Such an amount is calculated as 25% of the minimum capital (TCR). The CCP shall notify the competent Authority immediately if the amount of the Skin in the Game to be held for Default Waterfall decreases below the mandatory minimum amount.

Article 45, paragraph 4 of EU Regulation No. 648/2012 requires a CCP to have a share equal at least to 25% of the Regulatory Capital allocated to a restricted reserve (*Skin in the Game*).

From this the need derives to comply with such provisions of law and to allocate a share of the reserves represented by profits to the Skin in the Game. Such reserve shall be changed every year depending on the levels of Regulatory Capital, at the time of approval of the Financial Statements, in relation to the levels of risk of the Company.

Moreover, for the purpose of having an additional aid in support of the Regulatory Capital, Cassa di Compensazione e Garanzia S.p.A. has created an additional reserve, equal to € 1,000,000, intended to cover any losses (*Internal Buffer*), pursuant to the resolution of the Shareholders' Meeting of 6 November 2013.

The establishment of a reserve in the amount of € 1,500,000 pursuant to Article B.6.2.3. of CC&G Rules, was defined by the CEO on 18 November 2015, in agreement with the Deputy Chairman; such reserve is intended to cover the expenses for the default procedure of a clearing member (*Second Skin in the Game*), resolved upon later by the Board of Directors' Meeting of 2 December 2015 awaiting to be validated by the Shareholders' meeting in these financial statements.

From a management standpoint, the calculation of the *Regulatory Capital* of Cassa di Compensazione e Garanzia S.p.A. – which takes into account the business risk, the market risk, the counterparty risk and operational risks - evidences at 31 December 2015, a *Skin in The Game* equal to € 17,263,220 (25% of the total regulatory capital equal to € 69,052,881), an amount that is lower compared to the same data of 31 December 2014, equal to € 18,075,878.

Below the calculation of the Regulatory Capital at 31 December 2015 is reported, from which the value of the *Skin in the Game*, the *Internal Buffer* and of the *Second Skin in the Game* is inferred:

Total Shareholders Equity *(Amounts in euro)*	**31/12/2015**
Capital	33,000,000
Reserves (*)	86,977,921
Total Shareholder's Equity	**119,977,921**
Tangible & Intangible assets	(4,726,560)
AFS and FTA reserves	(4,285,861)
Share awards	(2,039,581)
Total "NET" Shareholder's Equity	**108,925,919**

Capital Requirement as per art. 16 EMIR Regulation *(Importi in euro)*	**31/12/2015**
Winding down/restructuring requirement	8,701,054
Credit, Market and Counterparty risk	42,175,762
Operational risk	13,825,538
Business Risk	4,350,527
Total Capital Requirement (TCR)	**69,052,881**
Notification threshold (10%)	6,905,288
TCR + Notification threshold	**75,958,169**
Skin in the game (SIG)	17,263,220
TCR + Notification threshold + SIG	**93,221,389**

	31/12/2015
Internal Buffer (IB)	1,000,000
Second Skin in the Game (SIG2)	1,500,000
TCR+SIG+SIG2+IB	**95,721,389**

(*) This item comprises restricted reserves equal to € 20,575,878 linked to the Skin in the game, the Internal Buffer and to the Second Skin in the Game.

The Shareholders' Equity available pursuant to the applicable Provisions of Law, at 31 December 2015, amounts to € 108,925,919 (on an overall amount of Shareholders' Equity on the same date equal to € 119,977,921), having the Company sterilised the impact of the reserves from *First Time Adoption, Available for Sale, Ias 19 reserves and Share Awards,* as well as the entire amount of tangible and intangible assets present in the assets side of the Balance Sheeet on the date of these financial statements.

Following the requirements of Regulatory Capital, the Company has calculated, according to the parameters provided by EU Regulation No. 152/2013 of the Commission of 19 December 2012:

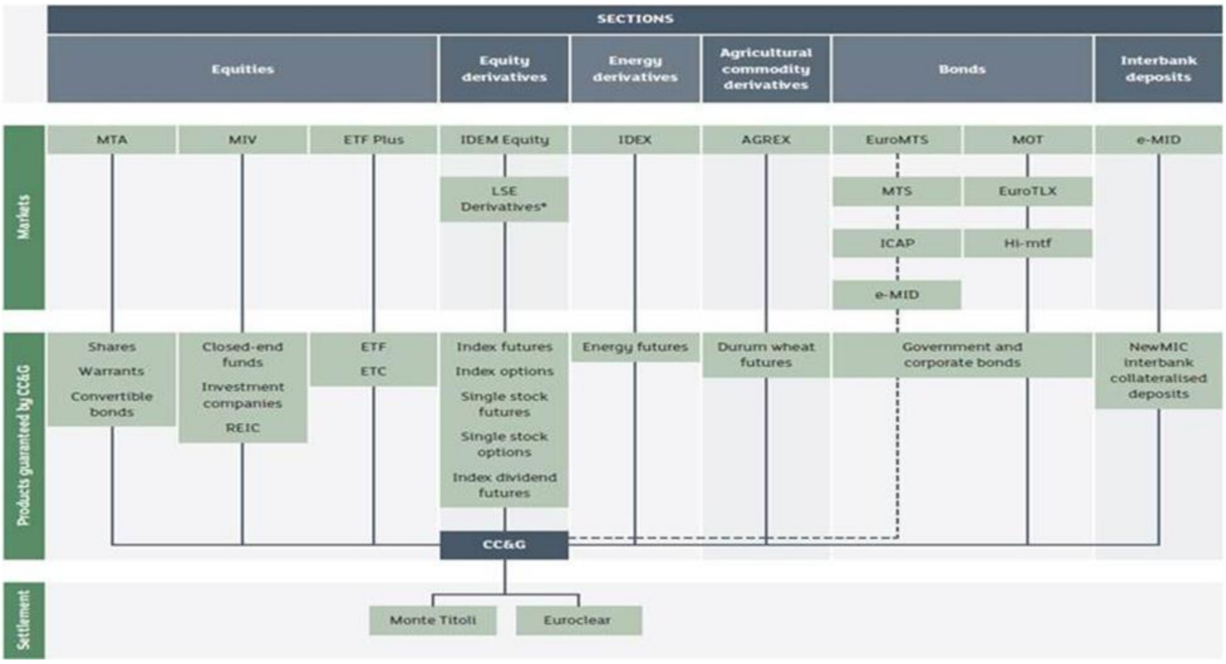
- the risks of *winding down and restructuring*;
- the *Credit, Couterparty and Market risks*;
- the *operational risk;*
- the *business risk.*

Such risks, evaluated in function of the corporate structure and solidity with respect to the market, have been calculated in € 69,052,881. A 10% notification threshold was then applied to such risks, pursuant to Article 1 of the above-mentioned EU Regulation.
On the only value of the Regulatory Capital in the amount of € 69,052,881, *excluding the notification threshold*, 25% of guarantee threshold was applied (*Skin in the Game*) that will be allocated (after the approval of the shareholders' meeting of 16 April 2016), to restricted reserve and is equal to € 17,263,220. The reserve from Internal Buffer, equal to € 1,000,000 has been allocated to restricted reserve by the shareholders' meeting of 6 November 2013. The reserve from *Second Skin in the Game,* as per resolution of the Board of Directors' meeting of 2 December 2015, was defined in € 1,500,000, subject to the validation by the shareholders' meeting approving these financial statements.

Management of Risks

Preamble

Cassa di Compensazione e Garanzia S.p.A. manages the guarantee system to the Central Counterparty (CCP) on a broad range of markets: shares, warrants and convertible bonds listed on MTA, ETF and ETC listed on ETF Plus, futures and options on shares and index listed on IDEM Equity, futures on electricity listed on IDEX, futures on durum wheat AGREX, closed end funds, investment companies and real estate investment companies listed on MIV, Italian Government Bonds listed on MTS, EuroMTS, BrokerTec and Repo e-MID, Italian Government Bonds and bonds listed on MOT, EuroTLX and Hi-MTF. Moreover, CC&G S.p.a. offers its services on the collateralized interbank market NewMIC. The presence of CC&G avoids the counterparty risk becoming itself contractual counterparty to the participants in organized markets and single guarantor of the good outcome of the contracts acting as buyer vis-à-vis the *sellers* and, vice-versa, operating in the capacity as seller vis-à-vis the buyers.



The activity of CC&G is subjected to the supervision of the Bank of Italy and Consob, which approve its Rules.

CC&G's financial protection system is based on 4 levels of protection:

1. membership requirements
2. margin system
3. default funds
4. equity and financial resources

1. <u>Membership Requirements</u>

Membership is the CC&G first line of defence, and establishes which members may be admitted to the system. It is possible to become members of CC&G as Clearing Members, General or Individual Clearing Member (becoming counterparty to CC&G), or as Non-Clearing Member (becoming counterparty to a General Member). The Clearing Members must have a minimum regulatory capital. Each Member must also have an organizational structure, as well as technological and electronic systems, ensuring an orderly, continuing and efficient management of the activities and relationships provided for under CC&G Rules.

2. <u>Margin System</u>

The margin system represents a fundamental system of risk management adopted by CC&G.
The Members must post sufficient guarantees to cover the theoretical liquidation risks that CC&G would incur in case of insolvency, in order to close the Member's position in the most unfavourable, reasonably possible, market scenario. All the Clearing Members are, therefore, requested to pay margins on all the open positions, except for specific relationships entered into with the Market Manager (GME) as direct counterparty of the Company on the market of energy derivatives, in consideration of the peculiarity of the GME and of the guarantee system to which this is subject.

The margins applied to each category of financial instruments are determined on the basis of statistical analyses so as to provide a prefixed hedging level compared to the changes in prices actually recorded.

The margins are calculated using MARS - Margining System as far as IDEM and BIT markets are concerned - and the MVP method (Method for Portfolio Valuation) as far as the bond markets are concerned. Finally, a MMeL method is applied to the derivative segment of energy and MMeG method for the market of Agricultural [Durum Wheat] Commodities Derivatives.

The above-mentioned systems are efficient, reliable and accurate margin calculation systems able to recognize the overall portfolio risk and enable the set-off of risks between strictly related products. MARS - Margining System method permits the cross–margining between equity products and derivatives composing the portfolio.

Fundamental Principles applying to Equity Derivative Markets and Equity Market: MarS

All the financial instruments that are considered by CC&G as significantly related with one another in terms of price performance are comprised in one single Integrated Portfolio evaluated per units and, therefore, subjected to Initial Margins also calculated per unit.

CC&G's Margining System method enables to determine, at an overall aggregate level, the exposition to risk of each Member by:

- Group of Products: integrated portfolio relating to underlying assets with price performance with significant statistical relation;
- Group of Classes: cash-derivatives integrated portfolio relating to the same equity instrument.

In order for a Member to be allowed to benefit from *cross-margining* on cash-derivatives integrated portfolios it is necessary that it is General Clearing Member or Individual Clearing Member in both markets, or, if it is a Non-Clearing Member, that it uses the same General Clearing Member in both markets.

Fundamental principles governing the Bond Market: MVP

The MVP method allows to comprise in Classes financial instruments that are significantly related with one another, on the basis of their specific sensitivity to interest rate changes, measured through "*Duration*" or Life at Maturity, allowing to offset the risk between positions of opposed sign of instruments pertaining to the same class Duration or Life at Maturity, as well as between Classes of contiguous and well related Durations.

Fundamental principles governing the Energy Derivative Market: MMeL

Derivative contracts traded on IDEX are comprised in one single Integrated Portfolio evaluated per units and, therefore, subjected to Initial Margins also calculated per units. The margination method MMeL provides for a structure of Classes each of which comprises all the contracts of the same kind (futures) having the same underlying asset (PUN Index) and the same characteristics (Period of delivery and type of supply: Baseload).

Effective from the month of November 2009, in addition to the final settlement in cash of the spread, also the option for the delivery/withdrawal of the energy securities underlying the subscribed futures contract is available to the Members. Such settlement takes place outside CC&G's system on the platform of the Energy markets manager according to the rules in force therein.

Fundamental Principles governing the derivative Market on Agricultural Commodities: MMeG

Derivative contracts of Durum Wheat traded on AGREX are comprised in one single Integrated Portfolio valued on unit basis and, therefore, subjected to Initial Margins also calculated on the basis of units.

MMeG margining method provides for a structure of Classes comprising: delivery positions, and overdraft positions in Delivery and matched Delivery positions of the Subject in Withdrawal and the one in Delivery.

Collateral

The Initial Margins may be paid both in cash (Euro) and/or in Government bonds and in Government Bonds denominated in euro, negotiable on MTS and issued by Countries of the Eurozone characterised by a low level of credit risk and market risk. The value of the warranties paid in securities usable to hedge the Initial Margins is determined on the basis of the concentration limits.

The valorization method also provides that each government bond deposited with CC&G to cover initial margins is evaluated daily, also intraday, applying a precautionary *haircut* on the basis of the duration of the security.

Intraday Margins must be covered exclusively in cash (euro).

3. Default Funds

CC&G has an additional protection that is joined to the margins system, represented by the Default Funds. The function of the Default Funds is to hedge that risk position, generated by extreme changes in the market conditions, and not guaranteed by the margin system. The objective is to ensure the integrity of the markets also in the event of multiple defaults in extreme market conditions, in line with the provisions of EMIR.

The amounts of the Default Funds are determined by CC&G on the basis of the results of the "*stress tests"* repeated daily. Such results are reviewed by the Risk Committee of CC&G which provides to change the amount of the Default Funds if it considers it necessary.

As of 31th December 2015 the Default Funds were made up as follows:

- Equity and Equity Derivatives Market: € 1,900 million;
- Bond Market: € 3,000 million;
- Energy Derivatives Market: € 15 million;
- Agricultural Commodities Derivatives Market: € 1.1 million;
- Default Funds segment for the New-MIC: € 210 million.

The adjustment of the share of contribution by the participants in the Default Funds was usually made on a monthly basis, on the basis of the initial margins paid in the preceding month. For a General Clearing Member, the share of contribution owed comprises also those relating to its Non-Clearing Members, if any.

The payment of the share of contribution to the Default Fund must be made in cash (euro).

4. Equity and Financial Resources

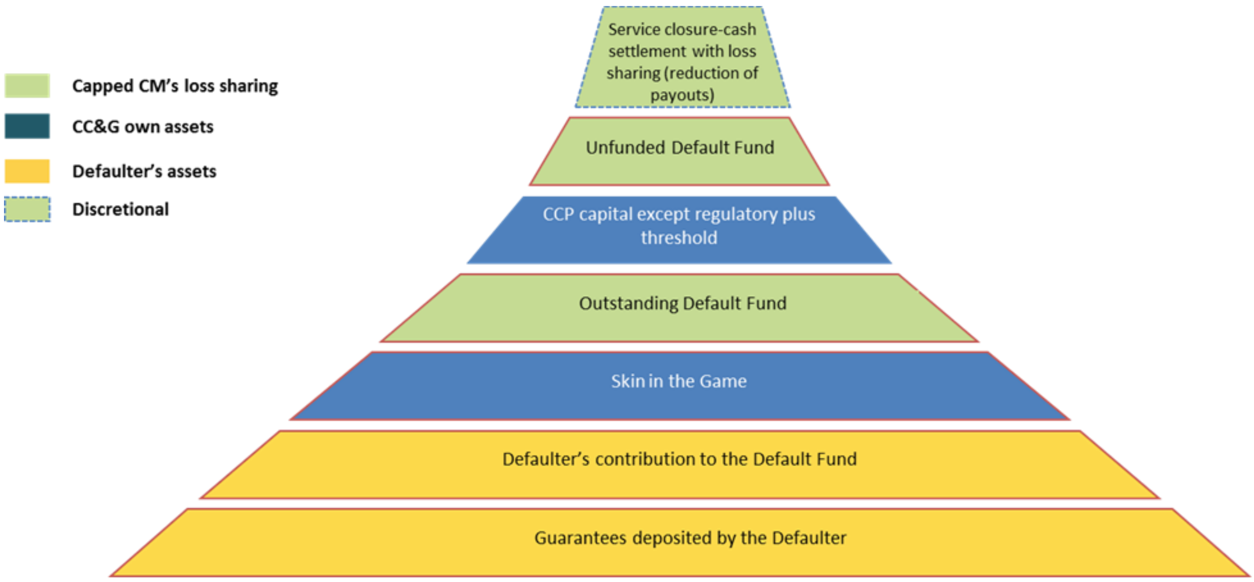
As at 31st December 2015 the shareholders' equity of CC&G is equal to 168.8 million euro. Moreover, CC&G has provided itself of adequate credit lines negotiated with the principal Italian banks, in order to cope with the needs linked to the management of the settlement phase (T2S and ICSD).

Insolvency Procedures against a Member

In case of Insolvency of a Clearing Member, for covering the losses CC&G uses the following resources:

a) the *Margins* created by the Defaulting Member;
b) the contribution to the Default Fund by the Defaulting Member;
c) CC&G's own resources (*Skin in the game*), determined in compliance with the limits provided by Article 45 of EMIR Rules;
d) the contribution to the *Default Fund* of the other Clearing Members to the Market concerned, in proportion to the amounts paid and limited to the losses relating to the Market concerned;
e) CC&G's equity in the amount of 1.5 mln (*Second Skin in the Game*);
f) the contribution to the Default Fund not financed in advance by the other members, in proportion to the payment of the contributions to the Default Fund of the market concerned.

In conclusion of the above-mentioned activities, CC&G, for the purpose of ensuring the operational continuity of the other Markets and of the interoperating CCP, subject to the prior notification to the competent Authorities, may arrange for the closing of the Market by means of a cash settlement and proceed with an additional proportional allocation of the losses among the Members, which have a positive balance following the settlement in cash, through a reduction in a proportional extent of the amounts due to them.



- The amount of the Skin-in-the-game, corresponding to 25% of the Minimum Regulatory Capital, is equal to € 17,263,220 as of 31 December 2015[13]

Insolvency procedures against a Special Member (interoperable CCP)

In case of insolvency of a Special Member, CC&G charges the losses and expenses suffered in the following order:

a) to the *Margins* created by the Special Defaulting Member;
b) to CC&G equity, referred to as Second Skin in the Game in the amount of 1.5 million euro, within the limits established in an appropriate *Release/Notification;*
c) to the Members which have a positive balance following a cash settlement, through a reduction in proportion to the amounts due to them.

If the Special Member ceases the central counterparty service vis-à-vis its members and proceeds with the settlement in cash also vis-à-vis CC&G, CC&G reserves to proceed with the settlement in cash vis-à-vis the Members participating in the Market concerned.

NewMIC Guarantee System

CC&G S.p.A. defines the rules of the *NewMIC Guarantee System* and in particular:

a) the membership modalities*;*
b) the suspension, exclusion and withdrawal from the System;
c) the offset and guarantee of the contracts concluded on the market and the settlement modalities of the contracts;
d) the rules governing collateral and loan Guarantees;
e) the management of the default procedures of the Member.

The participants in the NewMIC market are banks, which comply with the rules set out in the "Regulation of the NewMIC Guarantee System in force since 11th October 2010" available on the Company's internet site.

Condition precedent for enabling the participants in the market to operate on the NewMIC market is the prior constitution of a collateral, the value of which must be and must remain higher than the exposition that the members assume in the interbank contracts.

Cassa di Compensazione e Garanzia S.p.A. receives securities in the form of *collateral*, which are submitted daily to suitability and evaluation controls as dictated by the annexes to the above-mentioned Regulation.

For additional information and details reference is made to the documentation available on the Company's internet site.

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[13] Such amount, resulting from the calculation of the Regulatory Capital at 31 December 2015, as shown in the current proposed Financial Statements, will replace, after the approval by the Board of Directors' Meeting and the Shareholders' Meeting, the preceding value of € 18,075,878.

Definition of risks

The main risks identified, monitored and actively managed by CC&G are the following:

(i) Country risk
(ii) market risk
(iii) credit risk
(iv) issuer risk
(v) liquidity risk
(vi) interest rate risk
(vii) exchange risk [FX Risk]
(viii) operational risk

The management modalities of such risks are governed according to the "*Investment Policy*".

The definition of risks having an operational nature, as well as the consequent control method, are conversely governed by the policy referred to as "Mapping of operational risks".

Country Risk

The risk that the Company may suffer losses from a worsening of the creditworthiness or default of a sovereign Country on whose issues of financial instruments investments are made or vis-à-vis whose institutions or companies receivables are claimed, is referred to as Country Risk.

For the purpose of mitigating such risk, CC&G limits its investments to securities issued by sovereign Countries of the European Union in possession of a qualified rating on the basis of the "SRF" (Sovereign Risk Framework) method adopted for monitoring and managing the Country risk.

Also deposits, or receivables of any kind that CC&G may claim vis-à-vis institutions located in the Country at issue participate in engaging such limits.

Market Risk

The risk that CC&G may suffer losses as a result of changes in value of the financial instruments traded on the markets for which the Company exercises its Central Counterparty function or changes in value of the financial instruments in which the Company invested the guarantee margins acquired from the Members or its equity resources [assets less liabilities] are referred to as Market Risk.

a) Financial instruments traded on markets for which the Company exercises its Central Counterparty function.
In conducting its Central Counterparty's typical activity, CC&G does not incur any market risks since the positions assumed as buyer and seller vis-à-vis all the other counterparties, which operate on guaranteed markets are balances as to amounts, maturities and prices. In case of default of a member to the guarantee system, the risk is mitigated by the collection of the guarantees represented by Initial Margins and Default Funds.
b) Investments in financial instruments of margins, deposits of default funds or equity.
The Company's activity is governed by EU Regulation No. 648/2012[14] on derivative instruments OTC, central counterparties and data registers on trades, subsequently

[14] *REGULATION (EU) No. 648/2012 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 4 July 2012 on OTC*

supplemented by EU Delegated Regulation No. 153/2013[15] issued in the matter of technical regulatory rules relating to the requirements of the central counterparties.
In compliance with the above-mentioned rules and regulations, CC&G invests its financial resources exclusively in cash or highly liquid financial instruments with minimum market and credit risks.

Credit Risk

The risk is referred to as Credit Risk that may derive to the Company from a worsening of the creditworthiness or default of a counterparty:

a) of which (Member to the Guarantee Systems) the risks are guaranteed in performing the business function of Central Counterparty. The risk is mitigated by the application of the admission criteria to the Guarantee Systems provided by the Company's Rules, approved by the Bank of Italy together with Consob, and by the right to request increased guarantee margins, also intraday, from Members having a temporarily worsened creditworthiness.

b) on which amounts of money have been deposited coming from guarantee margins, deposits to Default Funds or equity resources.

Investments in securities
For the purpose of mitigating the Credit Risk, CC&G may invest in financial instruments of the monetary or financial market issued by a sovereign State of the European Union having a sufficient creditworthiness. As of 31st December 2015 approximately 70.74% of invested cash appears to be invested in Government Bonds.

Deposits with banks
For the purpose of mitigating the Credit Risk, CC&G may make deposits with the Central Bank or make deposits or "repo" transactions with credit institutions having a sufficient credit worthiness, selected according to criteria and within the amount limits set out in the "*Investment Policy*". CC&G adopts an internal rating method able to provide an evaluation of the counterparties on the basis of financial statements and market data, as well as on the basis of the ratings provided by the three Rating Agencies.

c) on which securities were deposited for custody and administration.

In order to mitigate such risk, CC&G deposits securities with the national central custodian Monte Titoli SpA (member of LSE Group) or with the International Central Securities Depositories or with the Central Bank, to cover intraday financing.

Issuer Risk

The risk that the Company may suffer losses deriving from the worsening of the creditworthiness or default of an issuer of financial instruments in which the Company has invested, is referred to as Issuer Risk. Reference is made to the section "Credit Risk".

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derivatives, central counterparties and trade repositories.

[15] *COMMISSION DELEGATED REGULATION (EU) No. 153/2013 of 19 December 2012 supplementing Regulation (EU) No 648/2012 of the European Parliament and of the Council with regard to regulatory technical standards on requirements for central counterparties.*

Liquidity Risk

The Liquidity Risk is the risk that the Company is unable to satisfy its payment obligations on the dates these fall due.
With regard to liquidity the Company, in addition to the obligations deriving from its CCP core business, must take into account those deriving from the Company's participation in the securities settlement process "Target II" managed by Monte Titoli and the securities settlement process managed by the "ICSDs" through Euroclear.

The operating practices in the subject of monitoring of the liquidity risk were consolidated in the framework of a Liquidity Plan approved by the Board of Directors, in line with EMIR/ESMA regulatory requirements.

The monitoring of the liquidity risk, both in ordinary conditions and under stress, is performed according to the provisions of Liquidity Plan approved by the Board of Directors in line with the EMIR/ESMA regulatory requirements.

The mitigation factors of such risks provided by the Liquidity Plan comprise the following:

- the right to access intraday re-financing of the Central Bank;
- the availability of collateralized and non collateralized credit lines, granted by leading commercial banks.
- the possibility to enter into financing repurchase agreements with qualified counterparties in the triparty platforms of Euroclear and Clearstream.

Interest Rate Risk

The risk that the Company may suffer losses deriving from fluctuations in the interest rate levels at which items of the assets and liabilities of the financial statements are treated, which are not ranged according to due dates or reference rate parameter, is referred to as Interest rate Risk.

At 31 December 2015 the Company compensates, with the reference parameter of the short-term rate "EONIA" –25 bps the initial guarantee margins and the Participants' deposits for the Default Funds.
Any derivatives, such as interest rate swaps, may be used exclusively for hedging the risk. As at 31st December 2015 no derivative transactions appear to be in existence.
From the standpoint of loans and/or investments, the Company has no loans in existence either as borrower or lender.

FX Risk

The risk that the Company may suffer losses from the fluctuation of the euro exchange rates, in which its capital is denominated and its accounting books are expressed, or of other currencies in which items of the financial statements not balanced in equal currency are expressed, is referred to as Exchange Rate or FX Risk. The Company has not operated under conditions that entailed an FX Risk.

Operational Risk

The risk that the Company may suffer losses caused by the operational activity of its employees, processes, electronic systems, external suppliers and unexpected events is referred to as Operational Risk. To supervise the Operational Risk, CC&G has arranged a mapping of all the processes relating to its *business* and of the risks connected thereto. For each process, "delicate" procedures and detailed policies have been realized, which are updated on a periodical basis.

The electronic system (Technology Risk) complies with the Guidelines of the Bank of Italy on the *Business Continuity*:

i) operations are guaranteed by an architectural configuration that provides for the availability of four different operational sites connected through high speed lines (two sites availing themselves of central systems of analogous configuration, permanently managed and maintained at > 500 km distance and data alignment in real time);

ii) re-start possibility in *Disaster Recovery* situation within two hours;

iii) *Disaster Recovery* and Business Continuity tests are conducted at least once a year;

iv) the external supplies are selected according to the above-mentioned Guidelines.

The whole plan is regularly tested, constantly updated and disseminated within the structure.

The Non-Compliance Risk with the applicable rules and regulations is comprised in the definition of the operational risk and is managed by the Compliance Function. The Compliance Function is an integral part of CC&G's internal controls system, operating a second level control on the compliance of internal organizational structures (policies and procedures) with CC&G Rules and other relevant rules and regulations.

Rome, 16th March 2016

for the Board of Directors
the Chairman
Renato Tarantola

CASSA DI COMPENSAZIONE E GARANZIA S.p.A.

Head Office: Roma – Via Tomacelli n.146

Share Capital: € 33,000,000

Registered in the commercial register of Roma

VAT and tax code n. 04289511000

Subject to the direction and coordination activity of London Stock Exchange Group Holdings Italia S.p.A.

INTERNAL STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS GENERAL MEETING FOR THE FINANCIAL STATEMENTS APPROVAL AT 31 DECEMBER 2015 ACCORDING TO ART.2429 PARAGHAPHE 2°CIVIL CODE

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Dear Shareholders,
This report was drawn up, according to the law to provide an opinion to the Shareholders Meeting to support the analysis to the Financial Statements and the Directors' Report for the year ended 31 December 2015. The previous year - as you are aware - lasted only nine months, and we would therefore point out that the comparative figures as at 31 December 2014 income statement and cash flow statement are not comparable with the year 2015.

In the course of its mandate the Internal Statutory auditors (whose work has been performed according to the principles of conduct recommended by the National Council of Certified Accountants and Chartered Accountants) has regularly attended the Board of Directors meeting, ensuring that they were carried out in compliance with the rules governing its operation and that the actions were deliberate comply with the law and to the By-laws and comply with principles of sound and prudent management.

The Internal Statutory auditors has supervised, as of its competence, on the respect of the principles of sound administration, and in particular over the adequacy of the organization, administrative and accounting adopted by your company and its concrete functioning, and reliability to represent correctly the facts of management, by obtaining information from the managers of business functions and all the documentation available and in this respect not have particular comments to report.

Ordinary business activities of control and surveillance took place regularly and it was not found problems and irregularities. The meetings were attended by the managers of the different business functions. Our report is positive both on the activities carried out by individual departments and on the reliability of the systems of control and organizational enabled by the Board of Directors of your Company. This activity is widely reported in the Internal Statutory auditors' book.

The department delegated had reported on the activities held in the context of the delegation entrusted to them and on the operations of more important economic, financial and asset issues. Their activities and the operations carried out were complying with the law and By-law.

The Internal Statutory auditors has established and maintained on a continuous relationship with the functions performing control activities and an analysis of the reports issued did not detected irregularities or special criticality.

In its capacity as “Audit Committee and Internal Audit” the Internal Statutory Auditors has served as a supervisor under Article 19 of Decree-Law number 39/2010.

The Board of Directors has provided the draft Financial Statements as of 31 December 2015 which shows a net profit of € 48,795,592. The said Financial Statements, drawn up pursuant to law, is accompanied by the Directors report, which is provided wide analysis on the trends of the Company, on the facts of relief that took place after the year end closure and on the future developments expected by the Management, from the cash flow and the statement of changes in shareholders’ equity.

The financial statements as to 31 December 2015 were audited by Reconta Ernst&Young S.p.A. that is also playing the audit function referred to in Articles 2409 bis and following of the civil code who confirmed their independence in accordance with paragraph 9 of Decree-Law number 39/2010.

The Internal Statutory auditors during the year, has exchanged information through appropriate meetings with the abovementioned auditors which did not mention censurable facts and the report on the Financial Statements year ending 31 December 2014 shall ensure its compliance with the accounting standards.

The Internal Statutory auditors did not receive complaints ex art. 2408 Civil Code.

Final assessments

The Internal Statutory auditors, on the basis of the reported above and based on its competence, expresses a positive opinion on the approval of the CASSA DI COMPENSAZIONE E GARANZIA S.p.A. Financial Statements as of 31 December 2015 and of the Directors’ report, as drawn up by the Board of Directors as well as on the net profit destination proposal.

Milan, 24 March 2016

Chairman
(Roberto Ruozi)

Effective Statutory Auditor
(Fabio Artoni)

Effective Statutory Auditor
(Mauro Coazzoli)

Building a better
working world

Cassa di Compensazione e Garanzia S.p.A.
Financial statements as at 31 December 2015

Independent auditor's report in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010

Building a better
working world

Reconta Ernst & Young S.p.A.
Via Po, 32
00198 Roma

Tel: +39 06 324751
Fax: +39 06 32475504
ey.com

Independent auditor's report
in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of Cassa di Compensazione e Garanzia S.p.A

Report on the financial statements

We have audited the accompanying financial statements of Cassa di Compensazione e Garanzia S.p.A., which comprise the balance sheet as at 31 December 2015, and the income statement, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements
The Directors of Cassa di Compensazione e Garanzia S.p.A. are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of Cassa di Compensazione e Garanzia S.p.A as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Emphasis of matter
As described in the management report and in the explanatory information, the prior year figures presented for comparative purposes refer to a nine-month financial year and therefore are not comparable with those prepared for the year ended as at 31 December 2015. Our opinion does not contain any basis for qualification with reference to this matter.

Other matters
The prior year financial statements, which are presented for comparative purposes as required by law, have been audited by another auditor who issued an unmodified opinion on 25 March 2015.

Report on other legal and regulatory requirements

Opinion on the consistency of the Report on Operations as of 31 December 2015 with the financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by the law, on the consistency of the Report on Operations as of 31 December 2015 with the financial statements. The Directors of Cassa di Compensazione e Garanzia S.p.A. are responsible for the preparation of the Report on Operations as of 31 December 2015 in accordance with the applicable laws and regulations. In our opinion the Report on Operations as of 31 December 2015 is consistent with the financial statements of Cassa di Compensazione e Garanzia S.p.A as at 31 December 2015.

Rome, 24 March 2016

Reconta Ernst & Young S.p.A.
Signed by: Mauro Iacobucci, partner

This report has been translated into the English language solely for the convenience of international readers.