Cassa di Compensazione e Garanzia S.p.A.

Financial Statements as of 31 December 2014

Report and Financial Statements As of 31 December 2014

1. Financial Highlights

Financial Highlights		
(amounts in thousands euro)		
Economic Indicators	Financial Year 01/04/14 - 31/12/14	Financial Year 01/04/13 - 31/03/14
Revenues	67,097	117,666
Ebitda	42,505	82,142
Ebitda margin	*63.3%*	*69.8%*
Ebit	49,871	85,670
Ebit margin	*74.3%*	*72.8%*
Net Profit	33,781	50,555
(in % of Revenues)	*50.3%*	*43.0%*
ROE	21.7%	32.8%
Dividends	32,093	48,028
Equity indicators	Financial year 01/04/14 - 31/12/14	Financial year 01/04/13 - 31/03/14
Shareholders' Equity	147,208	163,663
Net Fin. Position (- debt / + cash)	162,436	166,706
Efficiency Indicators	Financial year 01/04/14 - 31/12/14	Financial year 01/04/13 - 31/03/14
Average number of employees	50	47
Revenues/employees	1,342	2,504
Ebit/employees	997	1,823

2. Report on Operations

The annual Financial Statements of Cassa Compensazione e Garanzia S.p.A. closed as of 31 December 2014 shows a net profit in the amount of € 33,781,339 (€ 50,555,485 as of 31 March 2014).
Differently from the previous ones, these financial statements are of nine months, in consideration of the fact that the London Stock Exchange Group has decided to match the financial year with the calendar year. Therefore, the operating result covers a period that goes for 1 April 2014 to 31 December 2014. Where possible, the comparative data will show, therefore, a comparison with the same period in 2013.

On 21 May 2014 the Bank of Italy notified the Company both of the authorization to operate as central counterparty and the approval to the interoperability connection with LCH Clearnet SA pursuant to article 17 of EMIR rules. Such authorization, granted on the basis of the unanimous opinion of the supervisory Board, closed with success the intense adjustment effort of the entire structure to the EMIR principles, which witnessed the Company's engagement throughout 2013.

In the adjustment process to EMIR Community rules and regulations, the Company introduced new regulatory and organizational provisions regarding, inter alia, the management of segregated accounts and the portability of contractual positions and guarantees in favour of clients, the regulations of collateral, stress test and back test and the introduction of a default fund and the regulations of collateral for the New MIC guarantee system.

The migration to the settlement cycle of contracts negotiated on the regulated markets and on the Italian MFT at T + 2, which took place on 6 October 2014, was managed in an efficient manner, without significant impacts on the clearing and settlement processes.

At the same time, the support to the markets was substantial, extending, from the end of October and in the framework of the Derivatives Market, the service of central counterparty to weekly option contracts on shares and introducing new functionalities for the efficient management of guarantees.

Project activities continued, aimed at introducing in the next financial year additional services including that of Central Counterparty of the *collateral management* X-COM platform, managed by Monte Titoli, and for adjusting the procedures, in particular the settlement ones, to the start up of TS2.

Particular attention was also paid to the efficiency of the clearing services with targeted pricing assistance and support.

With regard to the investments of margins and payments to the Default Funds, the number of market counterparties was increased, further diversifying the number of issuers, as well as operating on the markets, both through trading platforms and OTC, in a context characterized, after the interventions of the ECB, by negative interest rates.

2.1 Events of the financial year closed as at 31 December 2014

Central Counterparty Services

The overall number of participants in the clearing and guarantee system was, as at 31 December 2014, 154 (148 as at 31 March 2014) represented for the largest part by banks (89) and SIMs [Security Investment Companies] (42).

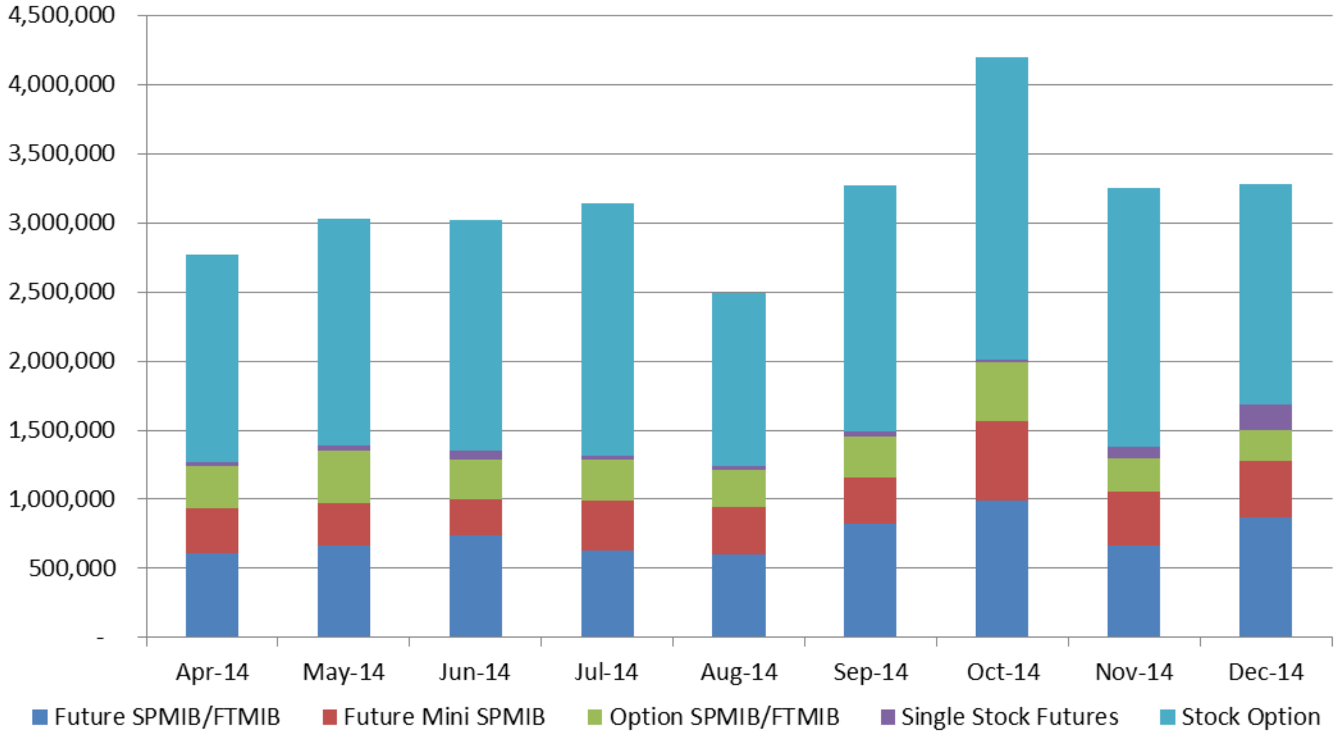
Of these, clearing members were 81 of which 66 were Banks, 14 SIMs and 1 Governmental Institution. The opening degree to the European market of clearing members is evidenced by the share of foreign Banks (10 EU), equal to 15% of the overall number of Banks, and European Communities SIMs (10) equal to 71%.

Derivative Markets (IDEM Equity, IDEX and AGREX)

Cleared contracts coming from IDEM Equity Market at 31 December 2014 were 28,460,970 compared to 24,236,299 of 31 December 2013 (+17,5%) and 34,807,201 at 31 March 2014; the daily average was equal to 149,037 contracts compared to 127,599 contracts at 31 December 2013 and 138,124 at 31 March 2014.

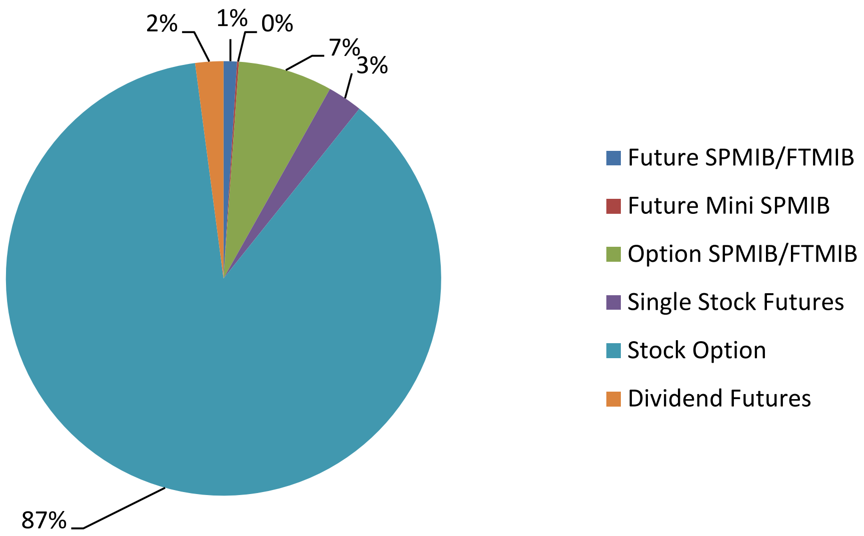
Increases are evidenced compared to the same period last year: in the options on single shares, the volumes of which increased from 14.1 million contracts in the period April-December 2013 to 15.3 million in the period April-December 2014 (+9.0%) and overall volumes at 31 March 2014 equal to 20.6 million; in the Stock Exchange index options that increased from 2.3 million to 2.7 million contracts from April 2013 to March 2014; in futures on Stock Exchange Indexes, increased from 5.0 million in the period April-December 2013 to 6.6 million contracts in the period April-December 2014 (+32.9%), with 7 million contracts in March 2014; in the mini-futures on Stock Exchanges indices, increased from 2.2 million to 3.3 million contracts (+52.8%) with 3.1 million contracts considering the period April 2013-March 2014. A decrease is conversely pointed out in futures on single shares, whose volumes decreased from 802,000 contracts in the period April-December 2013 to 535,000 contracts in the period April-December 2014 (-33.2%) and 872,000 contracts at March 2014.

NUMBER OF CONTRACTS
(single counted)



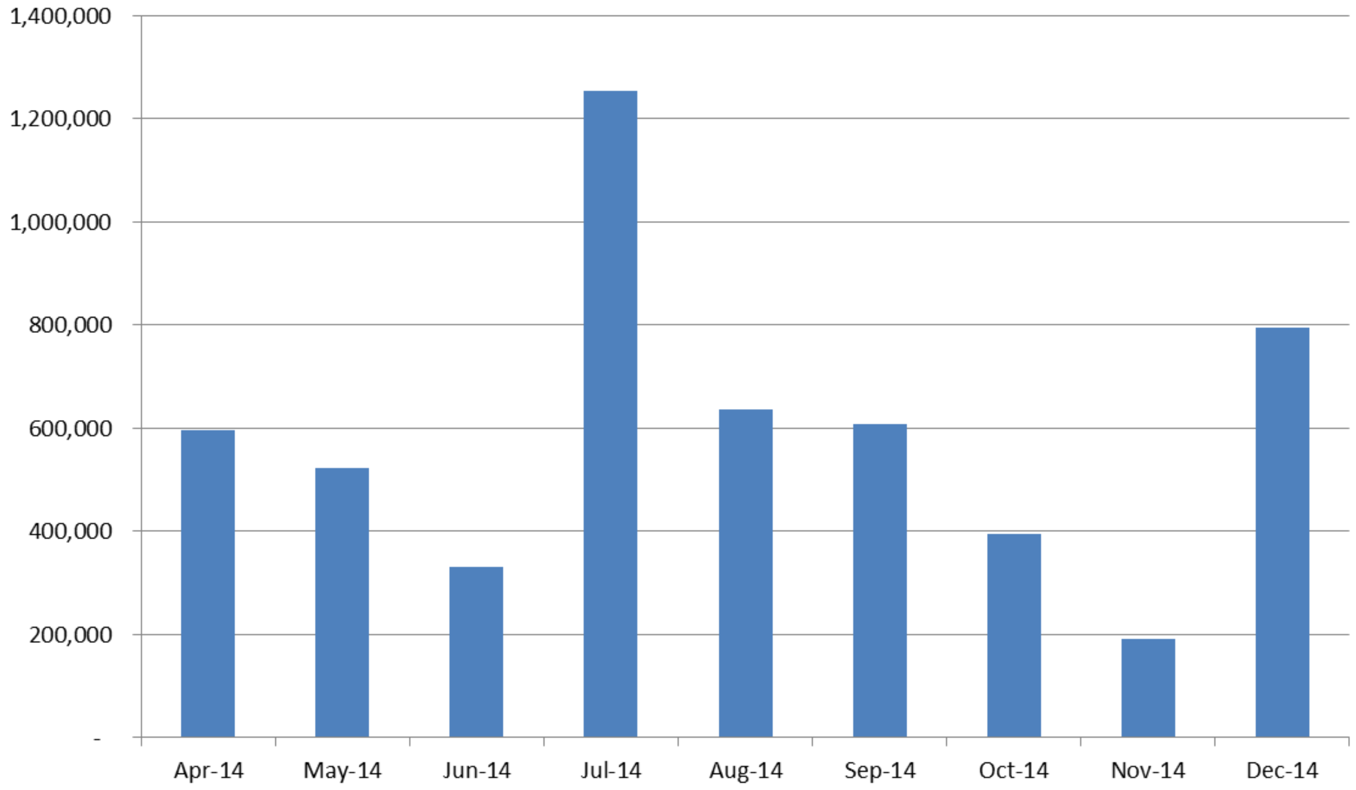
The open positions (so called "open interest") as of 31 December 2014 were equal to 5,181,246 lower compared to 31 December 2013 (5,636,745) and as of 31 March 2014 (5,272,616).

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



The derivative market IDEX at 31 December 2014 was equal to 5,329,739 MWh cleared, i.e. 59.2% lower compared to the same period last year equal to 13,085,805 MWh cleared (30,717,977 MWh cleared at 31 March 2014).

MWh cleared
(single counted)

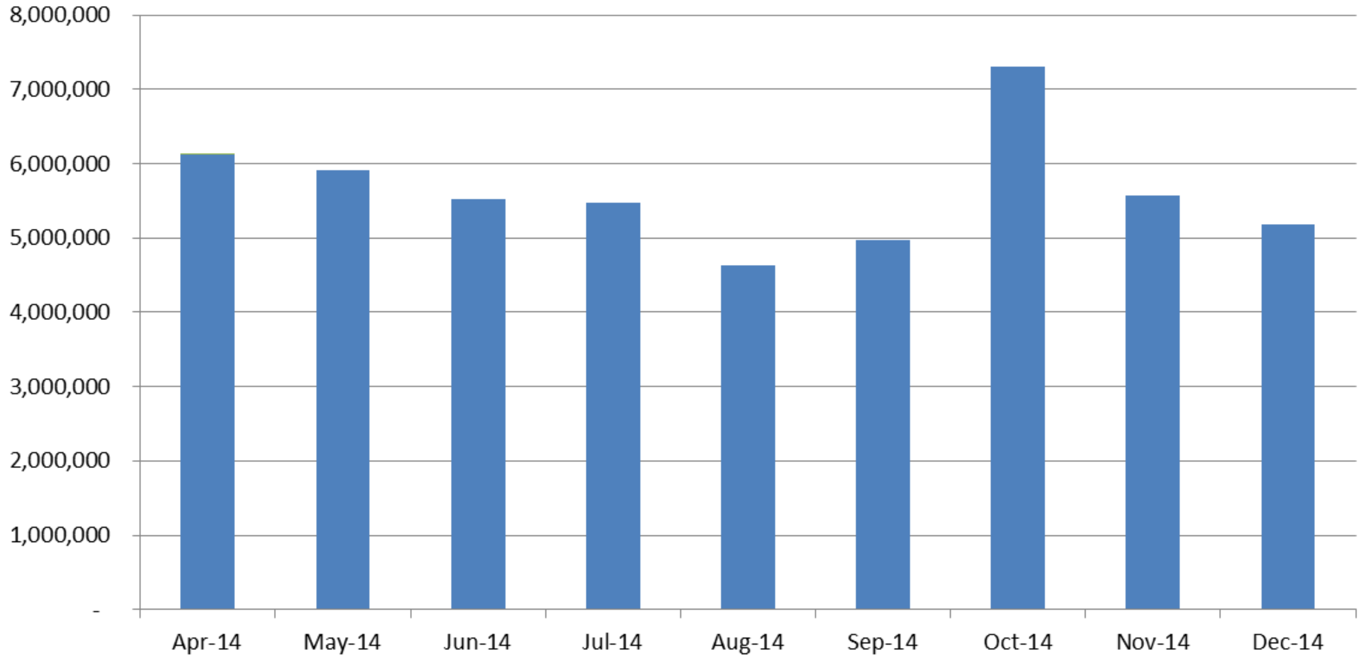


On 31 December 2014 the clearing members of the derivative equity market were 37 (like those at 31 March 2014), of which 25 General and 12 Individual; those of the derivative energy market were 9, of which 8 general and 1 individual, whilst those of the derivative agricultural commodities were 3, all of them General Clearing members.

Equity Market

On the equity markets of Borsa Italiana the contracts subject of guarantee were 50,704,514 with an increase of 16.6% compared to the same period of the previous year (43,499,914 contracts); the daily average was equal to 266,866 compared to the previous 228,947. At 31 March 2014, the secured contracts were 62,453,301 with a daily average of 247,831.

NUMBER OF CONTRACTS (1)
(single counted)



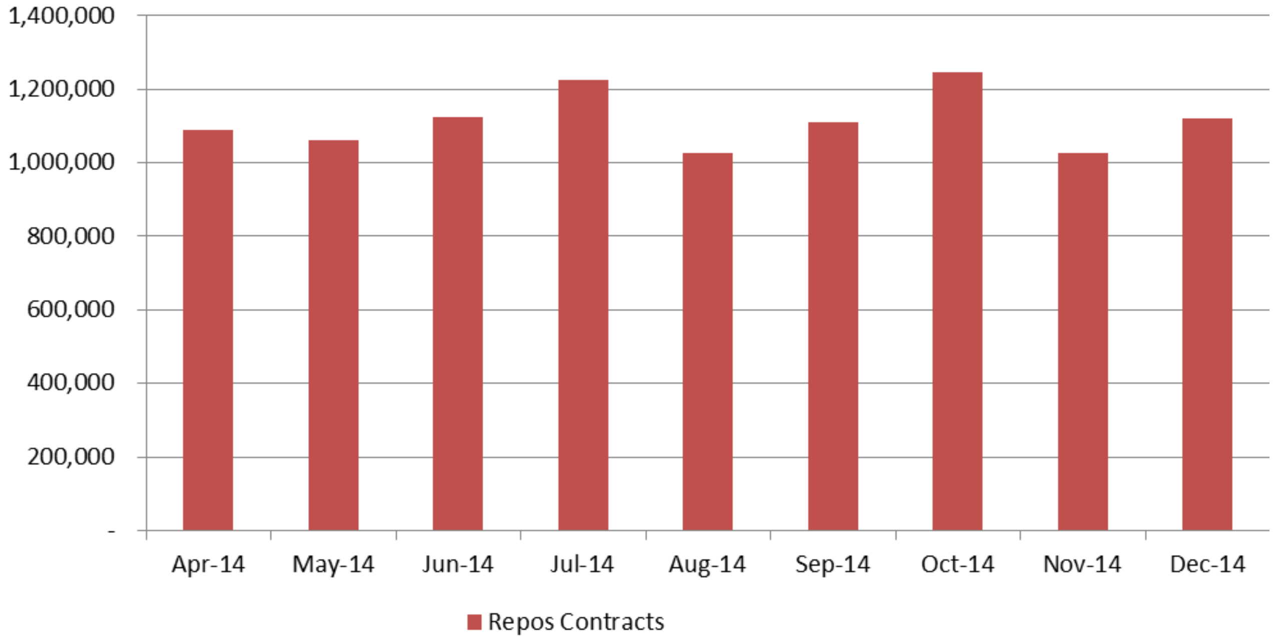
(1) The markets currently guaranteed by CC&G in the equity segment are: MTA, MIV, ETFplus and TAH.

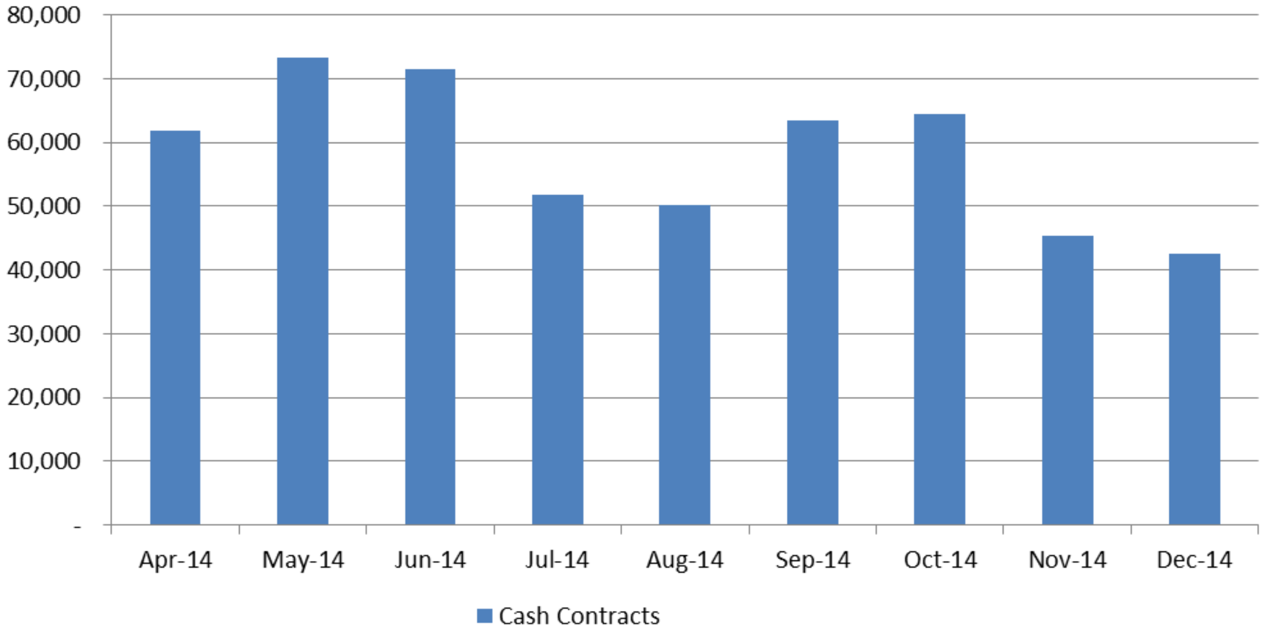
On 31 December 2014 the clearing members of the equity market were 29 (31 as of 31 March 2014), of which 15 General and 14 Individual.

Bond Market

The value of the guaranteed contracts, traded on the wholesale bond market was lower compared to the same period of the preceding year for the Repo (nominal 10,020 billion compared to 11,391 billion, with a decrease of -12.0%), whilst for Cash transactions the result is higher compared to the preceding period (nominal 524.29 billion compared to 303.63 billion, +72.7%). As of 31 March 2014 the Repos and Cash contracts amounted to 10,097 billion euro and 501.47 billion euro, respectively.

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

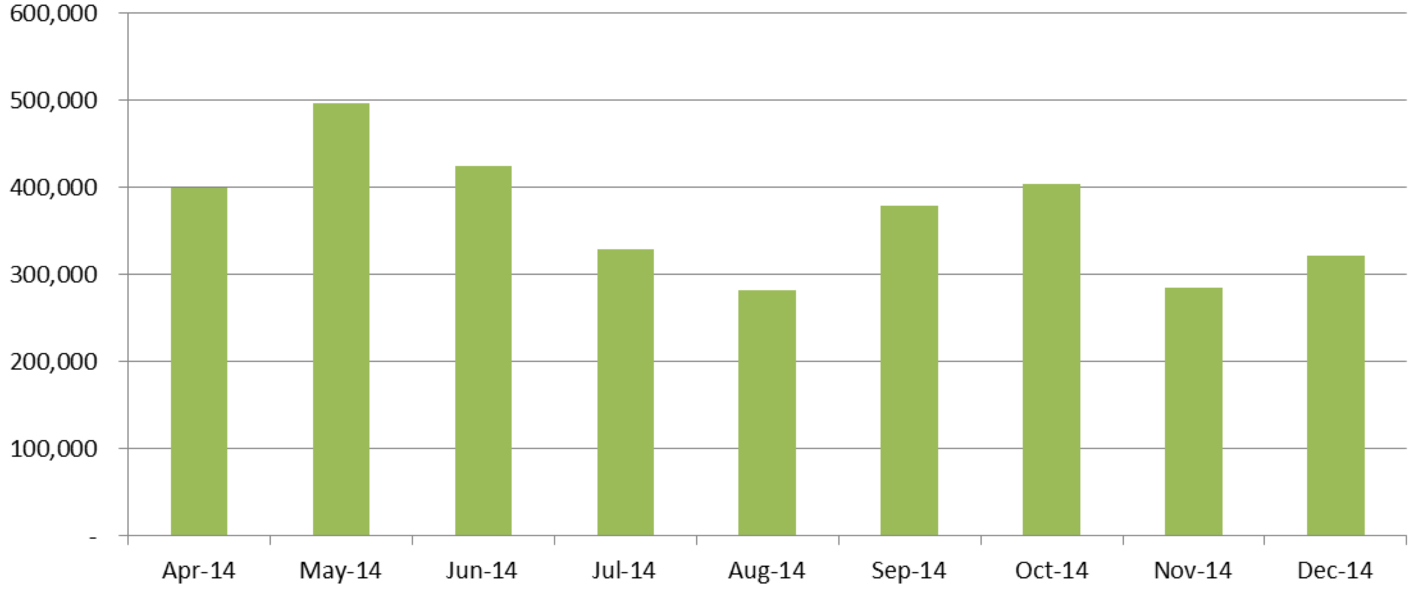




(2) The wholesale markets currently guaranteed by CC&G are: MTS Italia/EuroMTS, ICAP Brokertec and Repo e-MID

On the retail bond market the contracts as of 31 December 2014 subject to guarantee were 3,320,742 compared to 4,076,562 of the same period in the preceding financial year and 5,464,482 as of 31 March 2014.

NUMBER OF CONTRACTS retail markets (3)
(single counted)



(3) The retail markets currently guaranteed by CC&G are the segment DomesticMOT of MOT, Euro TLX and HI-MTF (only for securities settling in ExpressII)

The clearing members participating in the Bond Market as of 31 December 2014 were 63 (64 as of 31 March 2014), 15 of which General and 48 Individual.

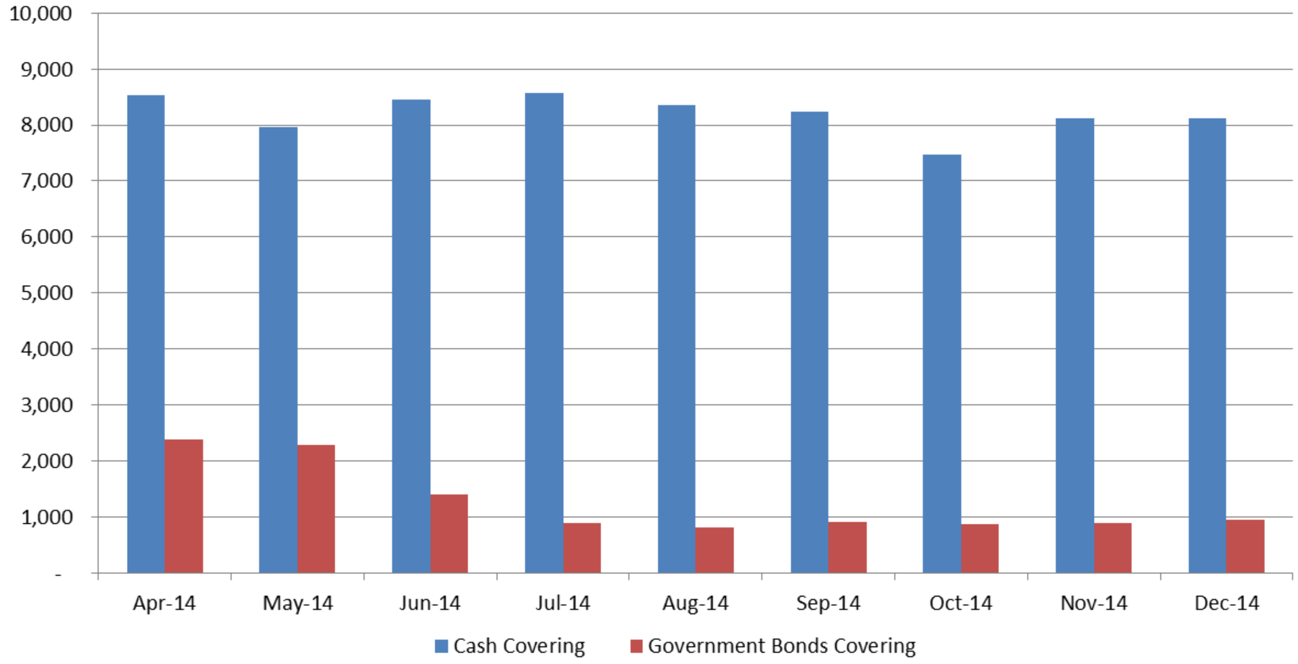
Bond Market ICSD

The Clearing Members participating in the ICSD Bond Market as of 31 December 2014 were 29, of which 14 General and 15 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 131 new instruments were listed on the Equity market, of which 6 shares, 1 warrant, 124 ETF. On the Equity Derivative Market 422 new instruments were listed, of which 19 options on single share and 3 futures on single share with final cash settlement based on the spread.
The daily average amounts of initial margins decreased from 10.9 billion euro of the month of April 2014 (maximum amount of the financial year at issue) to 9.08 billion euro of the month of December 2014. Compared to the same period last year (10.13 billion euro), a decrease of 20.5% was recorded. The deposit of the guarantees covering the initial margins took place, in the average of the subject period, for 87% in cash and 13% in Government Bonds (in the same period of the previous financial year for 75% in cash and 22% 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 2,524 requests for additional intraday margin calls for an overall amount of 53.4 billion euro.

The amounts of the Default Funds as of 31 December 2014 are equal to € 1,200 million (1,600 million at the close of the preceding financial year, -25% and € 1,200 as of 31 December 2013), for Equity Markets (Cash and Derivatives), to € 2,500 million for the Bond market (€2,000 in the preceding financial year, +25% and € 2,650 million as of 31 December 2013), to € 40 million for the market of Energy Derivatives (€55 million in the preceding financial year, -27% and € 35 million as of 31 December 2013) and to € 0.50 million for the derivative market on Agricultural Commodities (€ 0.25 million in the preceding financial year and as of 31 December 2013 +100%). Said amounts have been adjusted several times in the course of the financial year on the basis of the stress test results.

Moreover, in June a new Default Fund was introduced for the New-MIC, which was equal to € 150 million in December 2014.

New Services and Functionalities introduced in the financial year

Basel III and EMIR

The adjustment to Basel III and EMIR rules implied the introduction of new services. Starting from the month of April the Company made available to its clearing members, on a monthly basis, the parameters that are suitable to calculate the expositions vis-à-vis the CCPs.

Pursuant to the new EMIR rules, the Company introduced several novelties. In the matter of segregation of accounts, the Company made it possible the opening of additional third omnibus accounts starting from the month of May, a service used by several participants. In relation to the risk management, effective from June new concentration levels came into force for securities that may be deposited as guarantee in relation to the amount of initial margins deposited and to the issuer. Simultaneously the inclusion of admissible government bonds as guarantee was extended. In order to adjust to the above-mentioned rules, effective from the same month the Default Fund for the New-MIC came into force. Since the month of July and on a monthly basis a new informative set was put at disposal of the participants, intended for Clearing Members with evidence of the back test results aimed at verifying the adequacy of the initial margins requested under the market's ordinary conditions, and of the stress testing, aimed at evaluating the consistency of the amount of the Default Funds assuming the simultaneous default of several participants.

Bond Market

The preliminary activities for the starting of the central counterparty service on the wholesale markets have continued, with the management of collateral financial instruments through the service of Collateral Management X-COM, managed by Monte Titoli. In August the system's and integrity tests have ended and in the following month the external tests have been started with pilot participants.

In the framework of the second phase of the project Links ICSDs, and after the realization of the necessary amendments to the systems and procedures, in the month of December the environment was put at disposal of the prospective participants for the execution of the external tests with the objective of verifying the functionalities related to the life cycle of the securities with settlement at the ICSDs in currencies other than the euro.

Derivative Market

Effective from the month of June a new version was made available to the Client BCS, enabling a more effective management of the options exercise. With the same objective since the month of October the information was amended contained in the Public Data Service. From the same month the Company has also extended the central counterparty service to the weekly option contracts on shares in the framework of the Equity derivative Market. In support of tradings a "grace period" was granted for the clearing fees.

Settlement Cycle

On 6 October 2014 the passage took successfully place to the settlement cycle T+2 of the contracts traded on the regulated markets and on the Italian MTFs.

Collateral

For the purpose of enabling a better management of collaterals by the participants, from the month of November the time limit was deferred for sending the requests for restitutions and transfer of cash and securities in excess from 10.00 AM to 11.00 AM. Moreover, the restitution of the securities also after 11.00 AM was made possible, subject to the prior deposit of new securities and cash.

2.2. Economic Results

Below is a synthesis of economic data compared to that of the previous Financial Year[1]:
(Amounts in thousands euro)

	31 December 2014	31 March 2014
Interest margin	**20,883**	**51,996**
Net commissions	33,643	46,338
Dividends	3,977	14,099
Net result of financial assets/liabilities	(3,889)	(13,936)
Intermediation margin	**54,614**	**98,496**
Administrative expenses	(13,092)	(17,494)
Net provisions to the risk and charges funds	(45)	-
Other operating income	983	1,139
Profits (losses) from sale of investments	-	-
Gross operating margin (EBITDA)	**42,460**	**82,142**
Adjustments/net value recovery for deterioration	57	26
Amortizations and depreciations	(1,240)	(1,730)
Operating Income	**41,277**	**80,437**
Result of financial management	8,594	5,233
Net operating margin (EBIT)	**49,871**	**85,670**
Income taxes	(16,090)	(35,115)
Operating profit	**33,781**	**50,555**

Cassa di Compensazione e Garanzia SpA closed the financial year of nine months April-December 2014 with a net result of 33.8 million euro (50.6 million euro in March 2014, twelve-month period). The intermediation margin was equal to 54.6 million euro, divided between interest margin for 20.9 million euro, net commissions for 33.6 million euro, dividends for 4 million euro, and a net result of financial liabilities for 3.9 million euro. As of 31 March 2014 the intermediation margin was equal to 98.5 million euro and as of 31 December 2013 (9 months) it was equal to 77.5 million euro. The decrease in revenues compared to the preceding Financial year is ascribable exclusively to the Interest Margin since, following the new EMIR rules, the cash coming from margins and Default Funds was invested in assets of the secured type (securities and repos), which have a lower remuneration compared to investments in bank deposits.
Administrative expenses amount in whole to 13.1 million euro. Amortizations and depreciations amount to 2 million euro whilst the other sundry operating revenues amount to approximately 1 million euro. As an consequence of what pointed out in the preceding paragraph, the net operating margin (Ebit) was equal to 49.9 million euro. The taxes for the financial year, inclusive of the provision for taxes paid in advance, were equal to 16.1 million euro.

The Balance Sheet shows a total amount of assets that decreased from 170.6 billion euro as of 31 March 2014 to 165.7 billion euro as of 31 December 2014. 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 6.5 billion euro (10.2 billion euro as of 31 March 2014) and receivables/payables in the amount of 150.8/159.1 billion euro (153.1/160.2 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 for 8.4 billion euro.

In the receivables 2.2 billion euro are recorded for deposits with banks and investments in repos, 145.2 billion euro for clearing activity on secured repo transactions on the bond market and3.4 billion euro for margins, premiums and claims secured by securities. In the payables

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

13.9 billion euro are recorded for margins, premiums, deposits on account of advance payments and default funds vis-à-vis clearing members and 145.2 billion euro for clearing activity on secured repo transactions on the bond market.

The Company's assets, equal to 147.2 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 73.8 million euro by other reserves (including, inter alia, the skin in the game expected by EMIR, the extraordinary reserve, reserves from the evaluation of financial assets available for sale, the FTA and the other distributable reserves) and for 33.8 million euro by the operating profit.

The cash flow records an absorbed liquidity equal to 4.3 million euro (as of 31 March 2014, the absorbed liquidity was equal to 130.7 million euro).

2.3. Information relating to personnel and environment

As of 31 December 2014 the organizational structure is made up of a total of 51 (49 as of 31 March 2014) employees, 5 of which are senior manager, 19 Middle Managers and 27 employees as well as by 9 detached units coming from other companies of the Group. The average age is 41.2 years and 43% of the labour force is represented by women. The average seniority of service is 10.6 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 pathologies 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.

The principal novelties in the matter of evaluation and management of risk have concerned the aspects evidenced below.

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 back tests and, on a monthly basis, the sensitivity tests.

For the purpose of validating the adequacy of the stress scenarios used for the determination of the Defaults Funds for each secured market, reverse stress tests are performed for the purpose of identifying, through an approach of the iterative type, hypothetical stress scenarios, which would render the available financial resources insufficient to cover a possible default.

CC&G has extended in parallel its flow of information to the Participants, in performance of the disclosure obligations provided by the European Union rules and regulations, which require the Central Counterparties to put at disposal of the Participants the results of the back tests and of the stress tests performed.

The Risk Policy Office has started the development of a modular software system, which makes it possible to perform automatically the internal validation of the models used by the Risk Management Office. For the purpose of enabling a more efficient validation of the risk models and to compare their performance with the best practice used in several different Central Counterparties, the Risk Policy Office has also started the development of several alternative models, so called "benchmarks", inside the validation tool.

The Risk Policy Office has also developed a tool for the calculation of the parameters requested by Basel III rules for the Central Counterparties, for the purpose of making the calculation of the capital requirements due to the expositions deriving from the contributions to the default fund of the Clearing Member. Such parameters are notified by the Risk Policy Office, on a monthly basis, both to the Clearing Members and their respective Supervisory Authorities.

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 Management, 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 a 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
    - Calculation and Communication to the 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, an 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.
Below is a description of additional risk profiles to which the Company is exposed.

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 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 14 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:

Massimo Tononi	Chairman
Raffaele Jerusalmi	Vice-Chairman
Paolo Cittadini	Managing Director/General Manager
Renato Tarantola	Director
Andrea Maldi	Executive Director with delegation to Finance
Fabrizio Plateroti	Director
Mario Quarti	Independent Director
Claudio Salini	Independent Director
Vincenzo Pontolillo	Independeent 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:

Claudio Salini	Chairman (Independent Director)
Mario Quarti	Vice Chairman (Independent Director)
Mauro Maccarinelli	Representative of the clearing member Banca Intesa
Dale Thomas Braithwait	Representative of the clearing member JP Morgan
Ugo Borgheresi	Representative of the client Banca Etruria e Lazio
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

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 26 June 2012 for three (consecutive) Financial Years, which will expire with the Shareholders' meeting convened for the approval of the financial statements as of 31 December 2015 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 (PricewaterhouseCoopers 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 Managing Director:

- 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 Managing Director, 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 Managing Director 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 Managing Director.

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. Therefore the Board of Auditors performs 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 24 January 2008 conferred the relevant appointment, for the term of nine financial years on the basis of the applicable provisions of law, on PricewaterhouseCoopers S.p.A. for the Financial Years from 2008 to 31 December 2015.

(d) The Company's purpose

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 24th 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 24th 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.

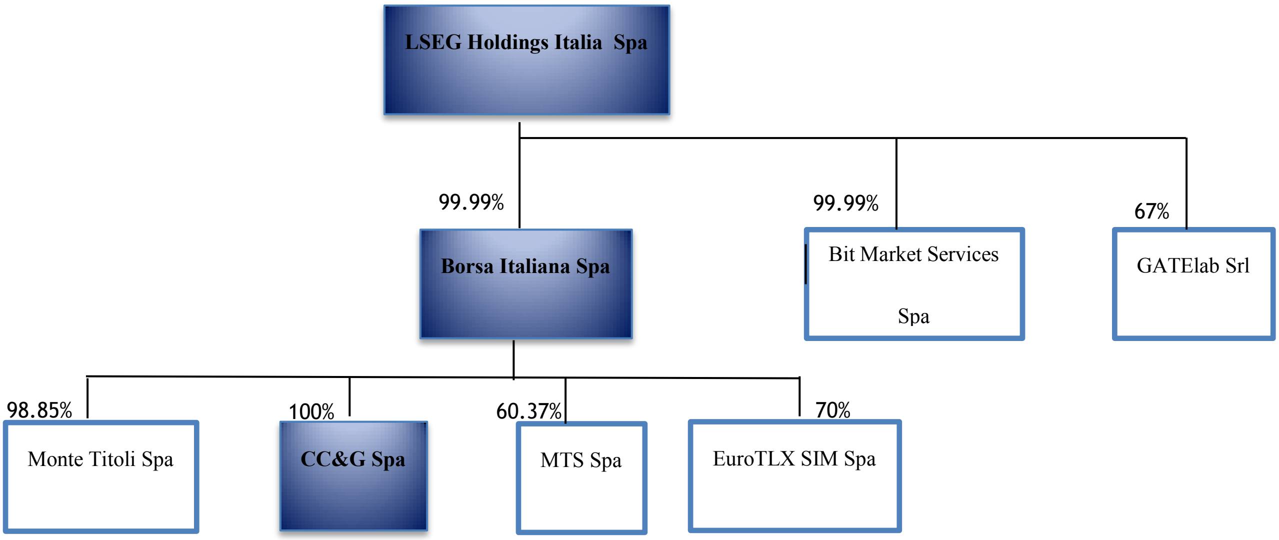
(e) The share capital

The share capital amounts to € 33,000,000.00 (thirty-three million) fully paid up. It is divided into 5,500 (five thousand five hundred) ordinary shares having the nominal value of € 6,000.00 (six thousand) 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 2014, 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 2014 Cassa di Compensazione e Garanzia S.p.A. is 100% controlled by Borsa Italiana S.p.A.

2.7. New functions provided under EMIR

Below the new functions are reported as provided by the new EMIR rules:

Chief Technology Officer
Such role is vested with the task, within the Information Technology Department, to ensure the "governance" of technological information systems of the central counterparty, ensuring the ability to adequately handle the information that is necessary to CCP for effectively and securely perform its duties. It must also ensure the connectivity of the CCP to its Clearing Members, Clients and Service Providers using the technical standards and common practices adopted in the reference sector.

Chief Risk Officer
The Chief Risk Officer, in the framework of its risk management activities (Risk Management), is responsible for monitoring and reviewing the parameters of the margins and of the Default Funds, defining and reviewing on a periodical basis stress test models, managing the credit risk, liquidity risk and investment risk models, supporting the Risk Committee and managing the relations with the Authorities; in the framework of the II level controls (Risk Policy) it ensures a correct and constant monitoring of the risks defined by the Board of Directors, so as to maintain adequate levels of attention in compliance with the business rules and policies.

Chief Compliance Officer
The Chief Compliance Officer, in the framework of the second level controls, monitors and controls the adequacy and effectiveness of the measures implemented by the Company in order to mitigate the legal and business risks in the framework of the Company's ordinary activity. He

manages the compliance policies and procedures established by the Board of Directors and assists the other company's functions in the performance of their activities in compliance with the company's house rules. He reports to the Board of Directors with regard to the activities performed and informs the Board with regard to the controls and inspections implemented.

2.8. 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.

2.9. Significant Events occurred after the close of the financial year

No significant events are reported that occurred after the close of the financial year, such as:
- announcement or starting of restructuring plans;
- capital increases;
- undertaking of significant contractual obligations;
- significant litigations started after the close of the financial year.

2.10 Skin in the Game and reserve intended to cover in part the losses deriving from the default of the special member

Cassa di Compensazione e Garanzia closed the financial year as of 31 December 2014 with a net profit in the amount of € 33,781,339.

Article 45, paragraph 4 of EU Regulation No. 648/2012 requires that a CCP must 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 arises to comply with such provision of law and the need to allocate a share of the profits to the restricted reserve. Such reserve shall be adjusted in function of the levels of Regulatory Capital every year, at the time of approval of the financial statements, in relation to the Company's risk levels.

Moreover, for the purpose of having an additional supervision in support of the Regulatory Capital, Cassa di Compensazione e Garanzia considers it necessary to create an additional reserve, equal to € 1,000,000, intended to cover possible losses (*Internal Buffer*).

In this financial year, since it covers a period of nine months (in consideration of the fact that the London Stock Exchange Group decided to match the financial year with the calendar year), the company calculated the Regulatory Capital adding to the nine months the budget data approved by the BoD for the period January-March 2015. In this way it was possible to make the calculation of the business, operating and winding down risks with data covering 12 months, ensuring the comparability with the data of the preceding financial year.

From a management standpoint, the calculation of the Regulatory Capital of Cassa di Compensazione e Garanzia – which takes into account the business, the market, and counterparty and operational risks - shows as at 31 December March 2014, a Skin in The Game equal to € 18,075,878 (25% if the overall amount of the Regulatory Capital equal to € 72,303.514), lower compared to the same reserve of 31 March 2014, equal to € 18,804,466.

Below the calculation is reported of the Regulatory Capital at 31 December 2014, from which the value is inferred of the *Skin in the Game* and of the *Internal Buffer*:

Total Shareholders' Equity *(Amounts in euro)*	**31/12/2014**
Capital	33,000,000
Reserves (*)	80,426,685
Total Shareholder's Equity as of 31/12/2014	**113,426,685**
Tangible & Intangible assets	(5,096,752)
FTA reserves	(70,540)
Share awards	(1,633,675)
Total "NET" Shareholder's Equity	**106,625,718**

Capital Requirement as per art. 16 EMIR Regulation *(Amounts in euro)*	**31/12/2014**
Winding down/restructuring requirement *(**)*	8,284,405
Credit, Market and Counterparty risk	41,134,232
Operational risk *(**)*	18,742,675
Business Risk *(**)*	4,142,202
Total Capital Requirement (TCR)	**72,303,514**
Capital Buffer	7,230,351
Notification threshold	**79,533,865**
Skin in the game (SIG)	18,075,878
Notification threshold + SIG	**97,609,744**

Capital Surplus (deficit) *(amounts in euro)*	**31/12/2014**
Capital Surplus (Deficit) vs notification threshold	27,091,853
Capital Surplus (Deficit) vs TCR	34,322,204
Capital Surplus (Deficit) vs TCR and SIG	16,246,326
Capital Surplus (Deficit) vs notification threshold and SIG	**9,015,973**
Internal Buffer (IB)	1,000,000
Capital Surplus (Deficit) vs notification threshold, SIG and IB	**8,015,973**

(*)this item includes restricted reserves equal to € 19,804,466 tied to the Skin in the game and internal buffer a of 31 March 2014
(**) these risks have been calculated considering the nine months of activity April-December 2014 and adding three months of budget January-March 2015 approved in the BoD meeting of 2 December 2014.

The available Shareholders' Equity pursuant to the applicable provisions of law and regulations amounts, as at 31 December 2014, to € 106,625,718 (over a total Shareholders' Equity on that same date equal to € 113,426,685), having the company sterilized the impact of *First Time Adoption, Available for Sale, Ias 19 reserves and Share Awards* as well as the overall amount of tangible and intangible assets present in the assets side of the Balance Sheet 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 19th December 2012, the following risks:

- *winding down and restructuring risks*,

- *Credit, Counterparty and Market risks*
- the *operational risks*
- the *business risks*

Such risks, evaluated in function of the corporate structure and solidity with respect to the market, have been calculated in € 72,303,514. To such risks, pursuant to Article 1 of EU Regulation, a 10% *notification threshold* was then applied.

On the value of the Regulatory Capital in the amount of € 72,303,514, excluding the notification threshold, a 25% of guarantee threshold was applied (Skin in the Game) that will be allocated to restricted reserve and is equal to € 18,075,878. The reserve from internal buffer, equal to € 1,000,000 was allocated to restricted reserve by the shareholders' meeting of 6th November 2013.

2.11. Approval of the Financial Statements of the financial year, proposal of allocation of profit and change of restricted reserve from Skin in the Game

Shareholders,

We invite you to approve the financial statements as of 31 December 2014 (Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in the Shareholders' Equity, Financial Statement and Explanatory Notes), as submitted to the Board of Directors, in its entirety and its individual entries and to allocate the net operating profit equal to € 33,781,339 as follows:

- to the Shareholders, as a dividend equal to € 5,835 for the 5,500 ordinary shares of the nominal value of € 6,000 each representing the Share Capital, for an overall amount of € 32,092,500;

- to Reserves, the residual amount of profit equal to € 1,688,839, as permanent provision in the course of time of a share of the profit to be allocated to reserve.

We also invite you, on the basis of the Regulatory Capital pursuant to Paragraph 2.10, to modify the Restricted Reserve pursuant to Article 4, paragraph 4 of EU Regulation no. 348/2012 (Skin in the Game) - which as of 31 March 2014 appeared to be equal to € 18,804.366, bringing it to the new value of € 18,075,878.

The dividend will be payable as of April 16, 2015.

Rome, 10 March 2015

for the Board of Directors
The Chairman
Massimo Tononi

BALANCE SHEET

(Amounts in euro)

ASSETS

	Assets	31/12/2014	31/03/2014
10.	Cash and cash equivalents	185	415
20.	Financial assets held for trading for CCP activities	6,468,820,758	10,225,470,581
30.	Financial assets valued at fair value for CCP activities	23,703,850	54,333,925
40.	Available for sale financial assets	8,441,130,407	7,255,916,399
60.	Receivables	150,764,907,269	153,061,749,970
100.	Tangible assets	816,290	675,742
110.	Intangible assets	4,280,462	3,743,422
120.	Tax assets	539,558	3,541,814
	a) current	-	*3,056,464*
	b) anticipated	*539,558*	*485,350*
140.	Other assets	19,745,479	33,950,363
	TOTAL ASSETS	**165,723,944,258**	**170,639,382,631**

LIABILITIES AND SHAREHOLDERS' EQUITY

	Liabilities and Shareholders' Equity	31/12/2014	31/03/2014
10.	Payables	159,063,037,139	160,183,846,023
30.	Financial liabilities held for trading for CCP activities	6,468,820,758	10,225,470,581
40.	Financial liabilities valued at fair value for CCP activities	12,611,688	30,338,633
70.	Tax liabilities	584,040	8,187,646
	a) current	*584,040*	*7,172,094*
	b) deferred	-	*1,015,552*
90.	Other liabilities	30,584,450	26,919,392
100.	Employees severance indemnity	1,053,159	957,100
110.	Provisions for risks and charges:	45,000	-
	a) other funds	*45,000*	-
120.	Capital	33,000,000	33,000,000
160.	Reserves	*80,667,855*	78,079,856
170.	Valuation reserves	(241,170)	2,027,913
180.	Operating profit	33,781,339	50,555,485
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**165,723,944,258**	**170,639,382,631**

INCOME STATEMENT

(Amounts in euro)

	Items	31/12/2014	31/03/2014
10.	Interest income and similar income	114,936,431	356,957,514
20.	Interest expenses and similar charges	(94,053,270)	(304,961,041)
	INTEREST MARGIN	**20,883,161**	**51,996,473**
30.	Commission income	34,600,622	47,204,343
40.	Commission expenses	(957,250)	(866,675)
	NET COMMISSION	**33,643,372**	**46,337,668**
50.	Dividends and other income	3,976,757	14,098,593
80.	Net result of financial assets/liabilities valued at fair value	(3,889,165)	(13,936,397)
90.	Profit (loss) on sale or repurchase	8,593,983	5,233,262
	a) financial assets	*8,593,983*	*5,233,262*
	NET INTEREST AND OTHER BANKING INCOME	**63,208,108**	**103,729,599**
100.	Net adjustments/write-backs due to impairment:	57,420	25,500
	a) financial assets	*57,420*	*25,500*
110.	Administrative expenses	(13,092,027)	(17,493,774)
	a) employee costs	*(5,070,703)*	*(6,645,698)*
	b) other administrative costs	*(8,021,324)*	*(10,848,076)*
120.	Net adjustments/write-backs due on tangible assets	(350,125)	(818,609)
130.	Net adjustment/write backs due on intangible assets	(889,721)	(911,322)
150.	Net provisions to the funds for risks and charges	(45,000)	
160.	Other operating income and charges	982,578	1,139,021
	OPERATING PROFIT	**49,871,232**	**85,670,415**
	PROFIT (LOSS) OF CURRENT OPERATIONS BEFORE TAX	**49,871,232**	**85,670,415**
190.	Profit (loss) from disposal of investments	(16,089,893)	(35,114,930)
	PROFIT (LOSS) OF CURRENT OPERATIONS AFTER TAX	**33,781,339**	**50,555,485**
	PROFIT (LOSS) FOR THE PERIOD	**33,781,339**	**50,555,485**

STATEMENT OF COMPREHENSIVE INCOME

(Amounts in euro)

	Items	31/12/2014	31/03/2014
10.	**Profit (Loss) for the year**	**33,781,339**	**50,555,485**
	Other comprehensive income, net of taxes without reversal to income statement		
20.	Tangible assets		
30.	Intangible assets		
40.	Defined benefit plans	(42,846)	(27,451)
50.	Non-current assets held for sale		
60.	Share of valuation reserves of equity investments valued at shareholders' equity		
	Other comprehensive income, net of taxes with reversal to income statement		
70.	Hedging for foreign investments		
80.	Currency differences		
90.	Hedging cash flow		
100.	Financial assets available for sale	(2,226,237)	1,141,727
110.	Non-current assets held for sale		
120.	Share of valuation reserves of equity investments valued according to the equity method		
130.	**Total other income components after taxes**	(2,269,083)	1,114,276
140.	**Total profitability (Item 10+130)**	**31,512,255**	**51,669,761**

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

(Amounts in euro)

	Balances as of 31.03.2014	Changes in opening balance	Balances as of 01.04.2014	Allocation of previous financial year result		Changes of the financial year						Total profitability for the financial year	Shareholders' Equity as of 31.12.2014
							Transactions on Shareholders' Equity						
				Reserves	Dividends and other allocations	Changes in 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	69,835,859		69,835,859	2,527,780									72,363,640
-retained gains/losses	-		-										-
- provision for purchase of parent	1,573,456		1,573,456			60,219							1,633,675
- FTA reserves	70,540		70,540										70,540
Valuation reserves	2,027,913		2,027,913									(2,269,083)	(241,170)
Capital Instruments	-		-										-
Own shares	-		-										-
Profit (losses) for the year	50,555,485		50,555,485	(2,527,780)	(48,027,705)							33,781,338	33,781,338
Shareholders' equity	163,663,254		163,663,254	-	(48,027,705)	60,219	-	-	-	-	-	31,512,255	147,208,023

STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY AS OF 31st MARCH 2014

(Amounts in euro)

	Balances at 31.03.2013	Changes in opening balance	Balances at 01.04.2013	Income allocation for the previous year		Changes of the year						Total profitability for the year	Shareholder's equity at 31.03.2014
							Transactions on Shareholder's equity						
				Reserves	Dividends and other allocations	Changes in reserves	New share issued	Purchase of new 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	59,830,447		59,830,447	10,005,413									69,835,859
-retained gains/losses	-		-										-
- provision for purchase of parent	1,164,174		1,164,0174			409,282							1,573,456
- FTA reserves	70,540		70,540										70,540
Valuation reserves	913,637		913,637									1,114,276	2,027,913
Capital Instruments	-		-										-
Own shares	-		-										-
Profit (losses) for the year	75,638,413		75,638,413	(10,005,413)	(65,633,000)							50,555,485	50,555,485
Shareholders' equity	177,217,211		177,217,211	-	(65,633,000)	409,282	-	-	-	-	-	51,669,761	163,663,254

CASH FLOW STATEMENT

(DIRECT METHOD)

Amounts in euro

A. OPERATING ACTIVITIES	*Amount*	
	31/12/14	**31/03/14**
1. Management	**45,895,694**	**92,999,374**
- interest income received (+)	16,657,976	62,158,795
- interest paid (-)	(149,870)	(6,188,500)
- dividends and similar income (+)	12,562,047	19,329,866
- net commission income (+/-)	32,440,102	45,579,274
- personnel expenses (-)	(4,717,307)	(6,705,317)
- other costs (-)	(11,295,792)	(25,323,824)
- other revenues (+)	982,578	1,092,615
- taxes (-)	(584,040)	3,056,464
2. Liquidity generated / absorbed by financial assets	**4,228,098,954**	**253,152,157**
- Financial assets held for trading assets of CCP	-	-
- Financial assets at fair value for assets of CCP	30,630,075	(32,224,478)
- Financial assets available for sale	(1,185,214,009)	(402,623,648)
- Receivables from banks	992,793,200	11,115,753
- Receivables from costumers	4,370,467,051	695,256,820
- other assets	19,422,638	(18,372,290)
3. Liquidity generated / absorbed by financial liabilities	**(4,226,154,313)**	**(410,581,686)**
- loans to costumers	(4,187,526,892)	(379,231,881)
- Financial liabilities held for trading assets of CCP	-	-
- Financial liabilities measured at fair value for assets of CCP	(17,726,945)	12,784,745
- Other liabilities	(20,900,476)	(44,134,550)
Net liquidity generated/absorbed by operating activity	**47,840,335**	**(64,430,155)**
B. INVESTMENT ACTIVITY		
1. Cash generated from	**140,548**	**(673,187)**
- sales of tangible assets	140,548	(673,187)
- sales of intangible assets	-	-
2. Liquidit absorbed by	**(1,776,887)**	**(2,839,950)**
- purchases of tangible assets	(350,125)	(818,609)
- purchases of intangible assets	(1,426,762)	(2,021,341)
Net liquidity generated/absorbed by investment activity	**(1,917,434)**	**(2,166,763)**
C FUNDING ACTIVITY		
- distribution of dividends and other	(50,236,569)	(64,109,442)
Net liquidity generated/absorbed by the funding activity	(50,236,569)	**(64,109,442)**
CASH FLOW GENERATED / ABSORBED IN THE PERIOD	**(4,313,668)**	**(130,706,361)**

RECONCILIATION

	Amount	
	31/12/14	**31/03/14**
Cash and cash equivalents at beginning of year	44,384,258	175,090,617
Total net liquidity generated / absorbed during the year	(4,313,668)	(130,706,361)
Cash and cash equivalents at end of year	40,070,590	44,384,255

Notes to the Financial Statements
As of 31 December 2014

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 approval 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 March 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 2014, covering nine months in order to take into account the decision of the London Stock Exchange Group to change the financial year causing it to match the calendar year, consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in the Shareholders' Equity, the Cash Flow Statement 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 22nd december 2014, 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 reclassified to take into account the different exposure. 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 March 2014.

The financial statements for the year ended 31 December 2014 refers to the period from 1 April 2014 to 31 December 2014. The comparative figures as at 31 March 2014 income statement , cash flow statement and the relevant sections of the notes refer to a exercise in

12 months and are not , therefore , comparable with the year ended December 31, 2014, consists of nine 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 the "systematic framework for preparation and presentation of the financial statements" (the "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.

New principles appicable effective from the financial year closed as at 31 December 2014

It is pointed out that, effective 1 January 2014, 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
IFRS 10 Consolidated Financial Statements	May 2011	1 January 2014 (for IASB:1 January 2013)	11 December 2012	(EU) 1254/2012 29 December 2012
IFRS 11 Joint control agreements	May 2011	1 January 2014 (for IASB:1 January 2013)	11 December 2012	(EU) 1254/2012 29 December 2012
IFRS 12 Communication on stakes in other entities	May 2011	1 January 2014 (for IASB:1 January 2013)	11 December 2012	(EU) 1254/2012 29 December 2012
Guide on provisional rules (Amendments to IFRS 10, IFRS 11 and IFRS 12)	June 2012	1 January 2014 (for IASB:1 January 2013)	4 April 2013	EU 313/2013 5 April 2013
Investments entities (Amendments to IFRS 10, IFRS 11 and IFRS 12)	October 2012	1 January 2014	20 November 2013	EU 1174/2013 21 November 2013
Amendments to IAS 32 Financial instruments: display in financial statements - Offset of financial assets and liabilities	December 2011	1 January 2014	13 December 2012	(EU) 1256/2012 29 December 2012
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	May 2013	1 January 2014	19 December 2013	(EU) 313/2013 20 December 2013
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	June 2013	1 January 2014	19 December 2013	(EU) 301/2013 20 December 2013

New Principles and interpretations already issued but not yet effective

The new principles and interpretations, already issued but not yet effective or not yet valkidated by the Europen Union, are listed and briefly described below. They are not yet applicable for the preparation of the financial statements closed as of 31 December 2014.

IFRS with date of coming into force starting from the administrative financial years started on 1 July 2014 (IASB effective date)

Standard/amendment/ interpretation	Validated
Amendments to IAS 19, Employee contributions on defined benefit plans	Not yet validated
Annual improvements 2010-2012: *IFRS 2, 'Share-based payment* *IFRS 3, 'Business combinations'* *IFRS 8, 'Operating segments'* *IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets'* *IAS 24, Related parties disclosures*	17 December 2014 (Date of coming into force EU: 1 February 2015)
Annual improvements 2011-2013: *IFRS 3, 'Business combinations'* *IFRS 13, 'Fair value measurement'* *IAS 40, 'Investment property'*	18 December 2014 (Date of coming into force EU: 1 February 2015)

IFRS with date of coming into force starting from the administrative financial years started on 1 January 2015 (IASB effective date)

Standard/amendment/ interpretation	Validated
IFRIC Interpretation 21 Levies	13 June 2014 (Date of coming into force EU: 1 January 2015)

IFRS with date of coming into force starting from the administrative financial years started on 1 January 2016 (IASB effective date)

Standard/amendment/ interpretation	Validated
IFRS 14 'regulatory deferral accounts'	Not yet validated
Amendment to IAS 1 Disclosure initiative	Not yet validated
Amendments to IAS 27 Equity Method in Separate Financial Statements	Not yet validated (validation expected within Q3 2015)
Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation	Not yet validated (validation expected within Q1 2015)
Amendments to IAS 16, 'Property,plant and equipment', and IAS 41, 'Agriculture', regarding bearer plants	Not yet validated (validation expected within Q1 2015)
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation	Not yet validated (validation expected within Q1 2015)
Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.	Not yet validated (validation expected within Q4 2015)
Annual improvements 2012-2014: *IFRS 5, 'Non-current assets held for sale and discontinued operations'* *IFRS 7, 'Financial instruments: Disclosures',* *IAS 19, 'Employee benefits' IAS 34, 'Interim financial reporting'*	Not yet validated (validation expected within Q3 2015)

IFRS with date of coming into force starting from the administrative financial years started on 1 January 2017 (IASB effective date)

Standard/amendment/ interpretation	Validated
IFRS 15, 'Revenue from Contracts with Customers'	Not yet validated (validation expected within Q2 2015)

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

Standard/amendment/ interpretation	Validated
IFRS 9, 'Financial instruments'	Not yet validated (validation expected within Q2 2015)

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.

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 are subject to accounting audit by PricewaterhouseCoopers 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 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 Express II 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 Express II 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 (French, Austrian, Dutch, German, Spanish and Italian bonds), as well as Supranational (whose issuers are: European Stability Mechanism, European Investment Bank 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 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[2].

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[3].

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[4].

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 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

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[2] The depreciation periods for each category of tangible assets, reviewed as of 1 January 2008, are as follows:

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

[3] 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.

[4] 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.

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 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 to employees

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.

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.4.3 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.

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

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 thousans of euro)

Financial assets/liabilities valued at fair value	Level1	Level 2	Level 3	Total
1. Financial assets held for trading CCP activities	6,468,821	-	-	6,468,821
2. Financial assets valued at fair value for CCP activities	23,704	-	-	23,704
3. Financial assets held for sale	8,441,130	-	-	8,441,130
4. Hedging derivatives	-	-	-	-
5. Tangible assets	-	-	-	-
6. Intangible assets	-	-	-	-
Total	**14,933,655**	-	-	**14,933,655**
1. Financial liabilities held for trading CCP activities	6,468,821	-	-	6,468,821
2. Financial liabilities valued at fair value for CCP activities	12,612	-	-	12,612
3. Hedging derivatives	-	-	-	-
Total	**6,481,432**	-	-	**6,481,432**

A.4.5.4 Assets and liabilities not measured at fair value or at fair value on a non-recurring: breakdown by fair value levels

Assets and liabilities not measured at fair value or at fair value on a non-recurring: breakdown by fair value levels	31/12/2014				31/03/2014			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Financial assets held to maturity								
2. Receivable	150,764,907,269			150,764,907,269	153,061,749,970			153,061,749,970
3. Tangible assets held for investment purposes								
4. Non-current assets and groups of assets held for sale								
Total	150,764,907,269			150,764,907,269	153,061,749,970			153,061,749,970
1. Debts	159,063,037,139			159,063,037,139	160,183,846,023			160,183,846,023
2. Securities issued								
3. Liabilities associated with assets held for sale								
Total	159,063,037,139			159,063,037,139	160,183,846,023			160,183,846,023

Legend:
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 185 euro (415 euro at 31 arch 2014) and is composed by cash in hand and liquid assets.

1.1 Breakdown of item 10 "Cash and cash equivalents"

Items/Values	**Total 31/12/2014**	**Total 31/03/2014**
Cash and cash equivalents	185	415
Total	**185**	**415**

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

This item, relating to the derivative instruments activities, amounts to 6,468,820,758 euro (10,225,470,581 euro at 31 March 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, IDEX and Agrex), in which the company operates as Central Counterparty.

2.1 Financial assets held for trading: breakdown by product

Voci/Valori	**Total 31/12/2014**			**Total 31/03/2014**		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
B. Derivative financial instrument						
1. Financial Derivatives	6,468,820,758			10,225,470,581		
FTSE stock market index derivatives:	*5,480,962,623*			*8,598,883,462*		
- Futures	*4,558,502,835*			*7,188,963,775*		
- Mini Futures	*35,115,655*			*50,939,587*		
- Options	*887,344,133*			*1,358,980,100*		
Single stock derivatives:	*810,207,351*			*1,057,337,157*		
- Futures	*177,101,595*			*186,258,948*		
- Options	*633,105,756*			*871,078,209*		
Commodities derivatives	*177,650,785*			*569,249,962*		
Total B	**6,468,820,758**	**-**	**-**	**10,225,470,581**	**-**	**-**

2.2 Derivative Financial Instruments

Type/underlying	Equity instruments	Other	**Total 31/12/2014**	**Total 31/03/204**
2. Others				
Financial Derivatives	6,291,169,973	177,650,785	**6,468,820,758**	**10,225,470,581**
- Fair value	*6,291,169,973*	*177,650,785*	***6,468,820,758***	***10,225,470,581***
Total	**6,291,169,973**	**177,650,785**	**6,468,820,758**	**10,225,470,581**

2.4 - Financial assets held for trading: annual changes

Changes/Types	Equities and units in UCITS	**Total**
A. Opening Balance	10,225,470,581	10,225,470,581
B. Increases	6,468,820,758	6,468,820,758
B3. Other changes	*6,468,820,758*	*6,468,820,758*
C. Decreases	(10,225,470,581)	(10,225,470,581)
C5. Other changes	*(10,225,470,581)*	*(10,225,470,581)*
D. Final balance	**6,468,820,758**	**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 23,703,850 euro (54,333,925 euro in the previous year).

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

Items/Values	**Total 31/12/2014**			**Total 31/03/2014**		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt instruments	**10,495,212**			**11,756,026**		
Financial instruments traded but still not settled (1):	2,071,242			2,136,425		
- *Bond segment Government bonds*	*2,071,242*			*2,136,425*		
Financial instruments in the portfolio (2):	8,423,970			9,619,602		
- *Bond segment Government bonds*	*8,423,970*			*9,619,602*		
2. Equities	**13,208,637**			**42,577,898**		
Financial instruments traded but still not settled (1):	5,756,888			29,628,052		
- Equities and units in UCITS	*5,756,888*			*29,628,052*		
Financial instruments in the portfolio (2):	7,451,749			12,949,846		
- *Equities*	*7,451,749*			*12,949,846*		
Total	**23,703,850**	**-**	**-**	**54,333,925**	**-**	**-**

(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 Express II 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.

3.3 Financial assets valued at fair value: annual changes

Changes/Types	Debt Instruments	Equities and units in UCITS	Loans	**Total**
A. Opening balance	11,756,026	42,577,898	-	54,333,925
B. Increases	**10,495,212**	**13,208,637**		**23,703,850**
B3. Other changes	*10,495,212*	*13,208,637*		*23,703,850*
B. Decreases	**(11,756,026)**	**(42,577,898)**		**(54,333,925)**
C5. Other changes	*(11,756,026)*	*(42,577,898)*		*(54,333,925)*
D. Final balance	**10,495,212**	**13,208,637**	**-**	**23,703,850**

Section 4 –Financial assets available for sale – Item 40

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

Items/Values	**Total 31/12/2014**			**Total 31/03/2014**		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt Instruments	**8,441,130,407**			**7,255,916,398**		
- other debt instruments:	*8,441,130,407*			*7,255,916,398*		
including securities purchased through equity financing	*106,490,345*			*99,753,200*		
including securities purchased with contributions of the participants	*8,334,640,062*			*7,156,163,198*		
Total	**8,441,130,407**	**-**	**-**	**7,255,916,398**	**-**	**-**

This item includes all investments in margin secured assets paid by participants in the Central Counterparty system. Investments were also included linked to Equity of the company to meet the needs required 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 8,841,130,407 euro, corresponding to a nominal value of 8,310,500,00 euro of securities in portfolio, inclusive of a decrease of 255,000 euro resulting from the valuation of the securities at fair value at 31.12.2014.
The share of securities representing the Company's equity, included in the aforementioned total, amounts to € 106,49.3450 corresponding to a nominal value of € 106,500,000 adjusted for € 19,339 in interest not yet accrued and increased by €9,684 as the effect deriving from valuation of the securities at fair value at 31.12.2014. 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 Austrian, Belgian, German, Spanish, French, Dutch, Irish, Italian and supranational government bonds. 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 BS, 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 31/12/2014	Total 31/03/2014
Financial Assets	**8,441,130,407**	**7,255,916,398**
A)Governments and Central Banks	8,228,156,917	7,255,916,398
D)Other issuers	212,973,490	-
Total	**8,441,130,407**	**7,255,916,398**

4.3 Financial assets available for sale- breakdown: annual changes

Changes/Types	Debt Instruments	Equities and units in UCITS	Loans	**Total**
A. Opening Balance	7,255,916,398	-	-	7,255,916,398
B. Increases	**24,182,533,823**			**24,182,533,823**
B1. Purchases	*24,182,533,823*			*24,182,533,823*
B2. Positive changes in fair value	-			-
C. Decreases	**(22,997,319,814)**			**(22,997,319,814)**
C1. Sales	*(6,469,541,531)*			*(6,469,541,531)*
C2. Refund	*(16,524,452,065)*			*(16,524,452,065)*
C3. Negative changes in fair value	*(3,326,218)*			*(3,326,218)*
D. Final balance	**8,441,130,407**	**-**	**-**	**8,441,130,407**

Section 6 – Receivables – Item 60

This item amounts to 150,764,907,269 euro ((153,061,749,970 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 31/12/2014**				**Total 31/03/2014**			
	Book Value	**Fair Value**			**Book Value**	**Fair Value**		
		L1	**L2**	**L3**		**L1**	**L2**	**L3**
1. Bank deposits and accounts (1)	1,326,823,805			1,326,823,805	2,303,857,897			2,303,857,897
Cash in bank accounts originated from own funds	*40,070,402*			*40,070,402*	*44,383,842*			*44,383,842*
Cash in bank accounts originated by payments of the participants	*140,943,249*			*140,943,249*	*36,291,350*			*36,291,350*
Cash in Central bank accounts originated by payments of the participants (2)	*1,145,810,154*			*1,145,810,154*	*2,223,182,706*			*2,223,182,706*
2. Funding	880,000,000			880,000,000	900,000,000			900,000,000
2.1 Repurchase agreements (4)	*880,000,000*			*880,000,000*	*900,000,000*			*900,000,000*
Total	**2,206,823,805**	**-**	**-**	**2,206,823,805**	**3,203,857,897**	**-**	**-**	**3,203,857,897**

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 20,193,637 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 and 77,510,086 euro for the *settlement* of European government bonds purchased by CC&G on 30 December 2014 whose settlement will occur on 2 January 2015.
(3) The rules provided by Article 47.4 of EU Regulation No. 648/2012 governs the investment policy of CCPs, whereby the cash deposits on a CCP must be constituted through highly secure mechanisms with authorized financial entities on, in alternative, through the use of deposits with Central Banks.
(4) The rule provided by Article 45 of the Delegated Rule no. 153/2013 provides that if the cash is not 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 31/12/2014**				**Total 31/03/2014**			
	Book Value	**Fair Value**			**Book Value**	**Fair Value**		
		L1	**L2**	**L3**		**L1**	**L2**	**L3**
3. Other assets:	148,553,780,955				149,857,892,073			
Clearing commissions on contracts entered into in relevant month (1)	*3,464,922*				*3,329,905*			
Commissions on securities deposited as collateral (2)	*213,070*				*767,582*			
Receivables for interest on cash deposited by participants (3)	4,302,509				-			
Receivables from participants for margins and premiums	33,057,454				603,927,775			
- initial margins	*33,057,454*				*514,010,206*			
- variation margins	-				*56,108,904*			
- option premiums	-				*33,808,665*			
Receivables guaranteed by securities	915,409,190				2,674,182,646			
Receivables due from participants in the default funds	-				450,000			
Receivables from MIC members (4)	733,000,000				1,488,000,000			
Receivables from repo transactions for CCP activities (5)	145,185,304,277				142,118,586,268			
Receivables from other clearing and guarantee systems (6)	1,683,263,443				2,968,430,977			
Other receivables for services (7)	68,600				216,920			
Total	**148,558,083,464**	**-**	**-**	**-**	**149,857,892,073**	**-**	**-**	**-**

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 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.
(3) These represent interest owed to the participants on the cash deposited to cover initial margins and default funds. It is pointed out that as of the month of November a new

pricing list is applicable and therefore cash is remunerated according to Eonia daily rate less 15 basis points.

(4) These are contracts to be traded on NewMic as of the closing of the financial year.

(5) This represents, like the corresponding item in the liabilities side, the value of repo transactions carried out by participants that use the CCP service.

(6) These correspond to the amounts paid to LCH Clearnet SA; in particular the balance can be broken down into 1,240 million euro for initial margins and 443 million euro for the Additional Initial Margin.

(7)These trade receivables, claimed by CC&G vis-à-vis participants in the Turquoise market through BCS technological system, relate as to 63,200 euro to invoices pertaining to the financial year but not yet issued and as to 5,400 euro to invoices issued in Financial Year 2014 not yet settled.

Section 10 – Tangible Assets – Item 100

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

Items/valuation	**Totale 31/12/2014**	**Totale 31/03/2014**
1. Own assets:	816,290	675,742
c) furniture	*25,595*	*33,922*
d) electronic systems	*761,427*	*641,820*
e) others	*29,267*	-
Total	**816,290**	**675.742**

10.5 Tangible assets used in operations: annual changes

	Furniture	Electronic Systems	Other	**Total**
A. Gross opening inventory	**33,922**	**641,820**	**-**	**675,742**
A.1 Total net reductions in value	**-**	**-**	**-**	**-**
A.2 Opening inventory	**33,922**	**641,820**	**-**	**675,742**
B. Increase	**-**	**460,569**	**30,104**	**490,673**
B.1 Purchase	-	*460,569*	*30,104*	*490,673*
C. Decreases	**(8,327)**	**(340,962)**	**(836)**	**(388,064)**
C.1 Sales	-	*(37,939)*	-	*(37,939)*
C.2 Depreciations	*(8,327)*	*(340,962)*	*(836)*	*(350,125)*
C.7 Other changes	-	*37,939*	-	*37,939*
D. Net final inventory	**25,595**	**761,427**	**29,267**	**816,290**
D.1 Overall net value reductions	**-**	**-**	**-**	**-**
D.2 Gross final inventory	**25,595**	**761,427**	**29,267**	**816,290**

During the present financial year electronic systems were purchased for 461,000 euro e improvements were realized on leased assets for the premises of the Company's registered office in the amount of € 30,000. In particular electronic data processing equipemt and miscellaneous components were purchased for equipping and modernizing the Compoany's registered office, as well as for the continuing upgrade of the connection to the international electronic network SWIFT. The decreases are due to the depreciations of the year as well as to the sale of obsolete electronic data processing equipment.

Section 11 – Intangible assets – Item 110

11.1 Composition of the item 110 "Intangible Assets"

Items/evaluation	Total 31/12/2014		Total 31/03/2014	
	Assets valued at cost	Assets valued at fair value	Assets valued at cost	Assets valued at fair value
2. Other intangible assets:	**4,280,462**		**3,743,422**	
2.1 owned	4,280,462		3,743,422	
- others	*4,280,462*		*3,743,422*	
Total 2	**4,280,462**	**-**	**3,743,422**	**-**

11.2 Intangible assets: annual changes

	Total
A. Opening balance	**3,743,422**
B. Increases	1,426,761
B.1 Purchases	*1,426,761*
C. Decreases	(889,721)
C.2 Depreciations	*(889,721)*
D. Final balance	**4,280,462**

The increases for software purchases are mainly linked to the new developments of the clearing system, as well as to investments for improving the new treasury system and enabling its connection to the Clearing System, a development that will be completed in 2015. The decreases were due almost entirely to the depreciation of the year.

Section 12 – Tax asseets and tax liabilities

As of 31 December 2014 the balance of tax assets is equal to € 539,558, fully made up of tax assets paid in advance, broken down as follows:

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

Items/detail	Total 31/12/2014	Total 31/03/2014
Tax assets :		
a) current	-	3,056,464
b) anticipated	539,558	485,350
Total	**539,558**	**3,541,814**

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

Items/breakdown	Total 31/12/2014	Total 31/03/2014
Tax liabilities:		
a) current	(584,040)	(7,172,094)
b) deferred	-	(1,015,552)
Total	**(584,040)**	**(8,187,646)**

Breakdown of item 120 b) "Anticipated tax assets"

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

Items/details	Total 31/12/2014	Total 31/03/20134
1. Opening balance	**474,937**	**464,728**
2. Increases	**127,588**	**183,944**
2.1 Anticipated tax recorded in the year	127,588	183,944
d) other	*127,588*	*183,944*
3. Decreases	**(174,060)**	**(173,735)**
3.1 Taxes anticipated cancelled in the year	(174,060)	(173,735)
a) reversal	*(174,060)*	*(133,117)*
d) other	-	*(40,618)*
4. Final amount	**428,465**	**474,937**

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

Items/details	Total 31/12/2014	Total 31/03/2014
1. Opening balance	**10,413**	**51,262**
2. Increases	**111,093**	**10,413**
2.1 Anticipated taxes recorded in the year	84,428	-
d) other	*84,428*	-
2.3 other increase	26,664	10,413
3. Decreases	**(10,413)**	**(51,262)**
3.1 Taxes anticipated cancelled in the year	(10,413)	(51,262)
a) reversals	*(10,413)*	*(51,262)*
4. Final amount	**111,093**	**10,413**

Increases in anticipated taxes as of 31 December 2014

Items/technical forms	Anticipated tax at 31/12/2014			
	Amounts	**IRES**		**Amounts**
Provision to risk fund	45,000	12,375	-	12,375
Losses on currency exchanges	603	166	-	166
AUDIT FEES – increase in PWC costs	65,250	17,944	-	17,944
IAS and tax depreciations differences	353,104	97,104	-	97,104
Total	**463,957**	**127,588**	**-**	**127,588**

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

Items/technical forms	Anticipated tax at 31/03/2014 cancelled at 31/12/2014			
	Amounts	**IRES**		**Amounts**
Fees due to directors but not paid (art. 95, paragraph 5)	(28,826)	(7,927)		(7,927)
Fees due to audit company	(67,776)	(18,638)		(18,638)
TARI not paid	(3,192)	(878)		(878)
FSA contributions	(103,000)	(28,325)		(28,325)
Reversal of allowance for	(20,640)	(5,676)	(1,150)	(6,826)
doubtful accounts	(405,330)	(111,466)		(111,466)
IAS and tax amortisation differences				
Total	**(628,764)**	**(172,910)**	**(1,150)**	**(174,060)**

Breakdown of item 70 b) "Deferred tax liabilities"

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

Items/breakdown	31/12/2014	31/03/2014
1. Opening balance	**(1,015,552)**	**(502,688)**
2. Increases	**-**	**(1,015,552)**
2.1 Deferred tax recorded in the year	-	(1,015,552)
d) others	-	*(1,015,552)*
3. Decreases	**1,015,552**	**502,688**
3.1 Taxes deferred cancelled in the year	1,015,552	502,688
d) others	*1,015,552*	*502,688*
4. Final amount	**-**	**(1,015,552)**

Section 14 – Other assets – Item 140

14.1 Breakdown of item 140 "Other assets"

Breakdown	**Total 31/12/2014**	**Total 31/03/2014**
Receivables relating to bankruptcy proceedings (1)	19,430,862	19,430,862
Receivables from Group companies (2)	59,129	13,764,867
Other receivables (3)	255,488	754,634
Total	**19,745,479**	**33,950,363**

(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.

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

- Borsa Italiana SpA for approximately € 52,000 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;
- BIt Market System SpA for approximately € 1,000 relating to invoices to be issued for connection services to markets;
- Euro-MTS for approximately € 6,000 relating to prepaid expenses of invoices already paid for connection services to the markets.

(3) Other receivables amounting to 255 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 € 159,037,139 (€ 160,183,846,023 as of 31 March 2014).

(1) 1.1 Indebtedness

Items	Total 31/12/2014			Total 31/03/2014		
	To banks	To financial institutions	To costumers	To banks	To financial institutions	To costumers
2. Other payables	1,744,586,832		157,318,450,307	3,967,758,758		160,183,846,023
Interest payable (1)	47,339		-			4,059,347
Payables to participants for margins and premiums:			6,918,105,629			8,360,240,856
-initial margins			6,918,105,629			8,270,323,296
- variation margins			-			56,108,894
- option premiums			-			33,808,665
- financial year and allocation			584,315,507			585,926,900
Payables to participants for advance account deposits			3,897,501,000			3,659,050,000
Amounts due to members of default funds			223,894			223,894
Amounts due to discount scheme participants			145,185,304,277			142,118,586,268
Payables for Repo operations for CCP activities (2)	1,744,539,493			3,967,758,758		
Payables to other clearing and guarantee systems (3)			733,000,000			1,488,000,000
Payables to MIC members	**1,744,586,832**		**157,318,450,307**	**3,967,758,758**		**156,216,087,265**
Total						
Fair value – level 1						
Fair value – level 2	**1,744,586,832**		**157,318,450,307**	**3,967,758,758**		**156,216,087,265**
Fair value – level 3	**1,744,586,832**		**157,318,450,307**	**3,967,758,758**		**156,216,087,265**

(1) Amount relating to interest accrued on deposits with the 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 2014 was equal to 20 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) This item represents payables for initial margins constituted by LCH.Clearnet S.A., comprising 1,304 million euro of initial margin and 441 million euro of additional initial margin.

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

This item amounts to 6,468,820,758 euro (10,225,470,581 euro in the previous year) and is broken down as follows:

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

Items/Values	Total 31/12/2014					Total 31/03/2014				
	Fair value			FV*	NV	*Fair value*			FV *	NV
	L1	L2	L3			L1	L2	L3		
B. Derivative instruments	**6,468,820,758**					**10,225,470,58**				
1. Financial Derivatives	6,468,820,758					10,225,470,58				
FTSE stock market index derivatives:	*5,480,962,623*					*8,598,883,462*				
- Futures	*4,558,502,835*					*7,188,963,775*				
- Mini Futures	*35,115,655*					*50,939,587*				
- Options	*887,344,133*					*1,358,980,100*				
Single stock derivatives:	*810,207,351*					*1,057,337,157*				
- Futures	*177,101,595*					*186,258,948*				
- Options	*633,105,756*					*871,078,209*				
Commodities derivatives	*177,650,785*					*569,249,962*				
Total	**6,468,820,758**	**-**	**-**			**10,225,470,581**	**-**	**-**		

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

"Financial liabilities held for trading": derivative financial instruments

Types/underlying	Equities	Other	Total 31/12/2014	Total 31/03/2014
2. Others	6,291,169,973	177,650,785	**6,468,820,758**	**10,225,470,581**
Financial Derivatives	*6,291,169,973*	*177,650,785*	***6,468,820,758***	***10,225,470,581***
- Fair value	**6,291,169,973**	**177,650,785**	6,468,820,758	10,225,470,581
Total	6,291,169,973	177,650,785	**6,468,820,758**	**10,225,470,581**

Section 4 - Financial liabilities valued at fair value for CCP activities – Item 40
This item amounts to 12.611.688 euro (30,338,633 euro in the preceding financial year) and includes:

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

Liabilities	Total 31/12/2014					Total 31/03/2014				
	Fair value			FV*	NV	Fair value			FV*	NV
	L1	L2	L3			L1	L2	L3		
2. Debt instruments	**12,611,688**					**30,338,633**				
Bonds	5,107,003					204,582				
Financial instruments traded but not yet settled:	2,071,242					2,136,425				
- Government bonds	*2,071,242*					*2,136,425*				
Financial instruments in portfolio:	3,035,761					(1,931,843)				
- Valuation on Government bonds	*3,035,761*					*(1,931,843)*				
Others	7,504,685					30,134,051				
Financial instruments traded but not yet settled:	5,756,888					29,628,052				
- Instruments of the equity segment	*5,756,888*					*29,628,052*				
Financial instruments in portfolio:	1,747,797					505,999				
- Valuation of instruments in the equity segment	*1,747,797*					*505,999*				
Total	**12,611,688**	-	-	-	-	**30,338,633**	-	-	-	-

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*

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 30,584,450 euro (26,919,392 euro in the previous financial year), is broken down as follows:

9.1 Breakdown of item 90 "Other liabilities"

Items	**Total 31/12/2014**	**Totale 31/03/2014**
Payables relating to recoveries from bankruptcy proceedings (1)	20,157,956	20,158,708
Other payables (2)	1,488,582	1,841,979
Trade payables due to suppliers (3)	1,556,012	1,928,035
Intercompany payables	415,283	2,248,268
Intercompany payables for taxes (4)	4,726,221	-
Amounts owed to social security institutions	544,189	581,821
Tax payables	73,442	160,582
Prepaid expenses (4)	1,622,765	-
Total	**30,584,450**	**26,919,392**

(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 € 19.4 million. 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.
(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) these are prepaid expenses on clearing commissions relating to the equity segment following the application of the principle of revenue recognition.

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 31/12/2014	**Total 31/03/2014**
A. Opening balance	**957,100**	**829,505**
B. Increases	**191,506**	**174,116**
B1. Allocations in the year	67,748	64,830
B2. Other increases	123,759	109,286
C. Decreases	**(95,447)**	**(46,522)**
C1. Settlement made	(4,610)	(42,532)
C3. Other decreases	(90,837)	(3,989)
D. Final balance	**1,053,159**	**957,100**

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 972,513 euro at 31 December 2014, 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 31/12/2014**	**Value at 31/03/2013**
Annual technical discount rate	1.50%	2.80%
Annual inflation rate	1.75%	2.00%
Annual rate of salary increase for managers and middle managers	3.75%	4.00%
Annual rate of salary increase for administrative staff	2.75%	3.00%
Annual rate of increase in staff severance indemnity	2.81%	3.00%

Section 11 – Provisions for Risks and Charges – Item 110

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

Items	**Total 31/12/2014**	**Total 31/03/2014**
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 "Provisions for risks and charges"

	Total 31/12/2014	**Total 31/03/2014**
A. Initial balance	**-**	**-**
B. Increases	**45,000**	**-**
B1. Provision of the financial year	45,000	-
C. Decreases	**-**	**-**
C1. Other decreases	-	-
D. Final balance	**45,000**	**-**

The provision for risks and charges refers to a CC&G's pending lawsuit which will see its evolution in 2015. In compliance with international accounting standards, it was considered necessary to provide for a legal fees and expenses fund linked to such civil lawsuit.

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

The shareholders 'equity at the date of the financial statements amounts to 147,208,023 (163,643,226 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	Share Awards	Reserve for FTA	Reserve for IAS19	Valuation reserves	Other	Total
A. Opening balance	**6,600,000**	**21,322,880**	**1,573,456**	**70,540**	**(27,451)**	**2,055,364**	**48,512,979**	**80,107,769**
B. Increases	**-**	**-**	**60,219**	**-**	**-**	**-**	**2,527,780**	**2,587,999**
B1. Allocation of income	-	-	-	-		-	*2,527,780*	*2,527,780*
B2. Other increases	-	-	*60,219*		-	-	-	*60,219*
C. Decreases	**-**	**-**	**-**	**-**	**(42,846)**	**(2,226,237)**	**-**	**(2,269,083)**
C1. Settlements made	-	-	-	-		-	-	-
C2. Other decreases	-	-	-	-	*(42,846)*	*(2,226,237)*	-	*(2,269,083)*
D. Final balance	**6,600,000**	**21,322,880**	**1,633,675**	**70,540**	**(70,297)**	**(170,873)**	**51,040,760**	**80,426,685**

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 on financial assets available for sale in the portfolio as at 31 December 2014 shown in the item 40 BS Assets- and other reserves for 3.5 million to cover the general business risk.

In the extraordinary Reserve € 18,077,513 were allocated 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 restricted reserve).

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.

Part C – Information on the Income Statement[5]

Section 1 – Interest - Items 10 and 20

Interest receivable and similar revenues - Item 1
This item amounts to € 114,936,431 (€ 356,957,514 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 31/03/2014**	**Total 31/03/2013**
3. Financial assets held for sale (1)	18,521,374			**18,521,375**	**45,661,577**
5. Receivables:	-	2,089,484	94,325,573	**96,415,057**	**311,295,937**
5. 1 receivables from banks (2)	-	2,089,484	-	**2,089,484**	**16,582,742**
On bank deposits	-	*2,089,484*	-	***2,089,484***	***16,582,742***
5.3 receivables from customers (3)	-	-	94,325,573	**94,325,573**	**294,713,195**
On deposits from clearing members	-		*422,174*	***422,174***	**-**
On repos for CCP activities	-	-	*93,903,399*	***93,903,399***	***294,713,195***
Total	**18,521,374**	**2,089,484**	**94,325,573**	**114,936,431**	**356,957,514**

(1) This item includes interest accrued in the portfolio at 31 December 2014.
(2) La This item includes interest accrued on on-demand bank deposits.
(3) This item includes the valorization of repos at 31 December 2014 and interest due by clearing members on the cash paid in for margins and default funds.

Interest payable and similar charges – Item 20

This item amounts to € 94,053,270 (€ 304,961,041 in the preceding financial year) and is composed by:

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

Items/Technical forms	Loans	Other	**Total 31/12/2014**	**Total 31/03/2014**
1. Payables to banks:	149,870	-	**149,870**	**-**
On deposits with Central Bank	149,870	-	**149,870**	**-**
3. Debts to customers:	-	93,903,399	**93,903,399**	**304,961,041**
On deposits by clearing members	-	-	**-**	***10,247,846***
Interest on repurchase agreements for CCP activities	-	*93,903,399*	***93,903,399***	***294,713,195***
Total	**149,870**	**93,903,399**	**94,053,270**	**304,961,041**

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

Section 2 – Commissions - Items 30 and 40

Commissions receivable – Item 30

This entry includes commissions received for services performed, amounting to € 34,600,622 (€ 47,204,344in the preceding financial year), as shown in the following table:

2.1 Breakdown of item 30 "Commissions receivable"

Breakdown	**Total 31/12/2014**	**Total 31/03/2014**
6. services:	23,421,751	29,549,289
Revenues from clearing activities	*23,421,751*	*29,549,289*
9. other commissions:	11,178,871	17,655,055
Other clearing commissions	*5,981,346*	*6,489,674*
Shareholdings	*2,085,553*	*2,815,821*
Commissions on guarantees deposited	*3,111,972*	*8,349,559*
Total	**34,600,622**	**47,204,344**

Commissions payable – Item 40

2.2 Breakdown 40 "Commissions payable"

Breakdown/Sectors	**Total 31/12/2014**	**Total 31/03/2014**
4. other commissions	957,250	866,675
Bank commissions	*957,250*	*866,675*
Total	**957,250**	**866,675**

This item amounts to € 957,250 (€ 866,675 in the preceding financial year) and includes commissions payable for lines of credit (totaling to 420 thousand euro), and costs incurred for bank services.

Section 3 – Dividends and similar income – Item 50

This item amounts to € 3,976,757 (€ 14,098,593 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"

Breakdown	**Total 31/12/2014**		**Total 31/03/2014**	
	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	3,976,757	-	14,098,593	-
Total	**3,976,757**	**-**	**14,098,593**	**-**

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	-	9,421,667,228	-	(9,421,667,228)	-
Option premiums for CCP activities:	-	4,727,952,698	-	(4,727,952,698)	-
Total	**-**	**14,149,619,926**	**-**	**(14,149,619,926)**	**-**

This item represents loss and profits which, as at 31 December 2014, 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 € 3,889,165 (€ 13,936,397 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 31/12/2014	Values at 31/03/2014
1. Financial assets / liabilities:	(3,889,165)	(13,936,397)
1.2 Capital stocks and units in U.C.I.T.S.*:*	*(3,889,165)*	*(13,936,397)*
- Gains/losses on valuation (1)	-	-
- Gains/losses (2)	(3,976,826)	(14,102,421)
- Revenues from trading services from third parties	87,661	166,024
Total	**(3,889,165)**	**(13,936,397)**

(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 Express II settlement system. 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 liquidation system cum-dividend and delivered ex-dividend.

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

The balance of the item amounts to € 8,953,983 (€ 5,233,262 in the preceding financial year).

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

Items/income components	Total 31/12/2014	Total 31/03/2014

	Gain	Loss	Net income	Gain	Loss	Net income
1. Financial assets	**8,593,983**	**-**	**8,593,983**	**6,017,872**	**(784,610)**	**5,233,262**
1.2 Assets available for sale	*8,593,983*	-	*8,593,983*	*6,017,872*	*(784,610)*	*5,233,262*
Total	**8,593,983**	**-**	**8,593,983**	**6,017,872**	***(784,610)***	**5,233,262**

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 BS, are normally held by CC & G until maturity in order to invest in secured assets the margins of the participants in the market. 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 8 Countries of the Eurozone such as Austria, Belgium, Germany, Spain, France, Holland, Ireland and Italy, as well as on securities of 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 € 57,420 (€ 25,500 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	**31/12/2014**	**31/03/014**
2. Receivables from costumers:	57,420	-	**57,420**	**25,500**
- Other receivables	57,420		**57,420**	**25,500**
Total	**57,420**	**-**	**57,420**	**25,500**

This item includes the provision for devaluation of receivables included in item 60 - Receivables in the assets side of the Balance Sheet, to which reference is made.

Section 9 – Administrative costs – Item 110

The balance of the item amounts to € 13,092,027 (€ 17,493,773 in the preceding financial year).

9.1 Breakdown of item 110.a "Employee costs "

Voci/Settori	**Total 31/12/2014**	**Total 31/03/2014**
1. Employee:	**4,481,210**	**6,202,597**
a) Wages and salaries	2,968,363	4,181,194
b) Social security charges	818,929	1,086,971
d) Welfare costs	131,972	156,235
e) Provisions for employee severance indemnities	283,297	385,171
h) Other expenses (1)	278,649	393,026
2. Other employees in service (2)	**416,402**	**269,577**
3. Directors and Auditors (3)	**173,091**	**173,524**
Total	**5,070,703**	**6,645,698**

(1) The item "Other expenses" comprises mainly training expenses, 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 after deducting the costs for CC&G personnel detached at the holding company Borsa Italiana 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	31/03/13	Hires	Resignations	Transfers	31/12/14	Average
Executives	5	-	-	-	*5*	5,0
Middle management employees	16	-	-	3	19	17,5
Administrative staff	28	4	(2)	(3)	27	27,5
Total employees	***49***	***4***	***(2)***	***-***	***51***	***50,0***
Seconded in	9	-	-	-	9	9,0
Seconded out	**-**	**-**	**-**	**-**	**-**	**-**
Tot. Employees and seconded employees	**58**	**4**	**(2)**	**-**	**60**	**59,0**

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

Items/Sectors	**Total 31/12/2014**	**Total 31/03/2014**
IT Services (1)	4,545,334	5,843,439
Professional services (2)	899,814	1,254,039
Expenses for Company offices (3)	641,039	783,453
Electronic services	888,700	1,199,286
Insurance costs	93,119	153,610
Corporate bodies operating costs	8,977	9,207
Consob and FSA contributions	322,680	420,984
Data transmission expenses	175,973	228,365
EMIR Compliance and Trade Repository (4)	179,411	354,628
Other expenses (5)	266,276	601,065
Total other administrative costs	**8,021,324**	**10,848,075**

(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
(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 € 350,125 as of 31 December 2014 (€ 818,609 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:	350,125			350,125
1.1. owned	350,125	-	-	350,125
c) furniture	*8,327*			*8,327*
d) capital goods and equipment	*340,962*			*340,962*
e) others	*836*	-	-	*836*
Total	**350,125**	**-**	**-**	**350,125**

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

This item amounts to € 889,721 (€ 911,322 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	889,721			889,721
21. owned	889,721			889,721
Total	889,721	**-**	**-**	889,721

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

This item amounts to € 45,000 (not valorised in the preceding financial year).

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

Items	**Values at 31/12/2014**	**Values at 31/03/2014**
Provisions for legal disputes	45,000	-
Total	**45,000**	**-**

This item represents the impact on the Income Statement of the costs pertaining to the financial year 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 € 982,578 (€ 1,139,021 in the preceding financial year) includes revenues for services rendered to companies' members of LSE Group as to € 973,140 or the invoicing for services rendered to LSE Derivatives. It also includes revenues in the amount of € 27,773 concerning a settlement agreement with a supplier for having suffered a service dysfunction. The residual item concerns 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 31/12/2014	Total 31/03/2014
Other income (A)		
Other income (intercompany re-charging)	973,140	1,170,500
Other operating income	1,179	355
Other income	27,773	785
Total (A)	***1,002,092***	***1,171,640***
Other charges (B)		
Negative rounding up	1,790	1,781
Exchange loss	8,442	15,484
Other non deductible costs	9,282	15,354
Total (B)	***19,514***	***32,619***
Total other operating expenses and income (A-B)	**982,578**	**1,139,021**

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

This item amounts to € 16,089,893 (€ 35,114,930 in the preceding financial year).

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

items	**Total 31/12/2014**	**Total 31/03/2014**
1. Current taxes	16,204,254	35,125,140
2. Change in current taxes of previous years	(160,832)	-
4. Changes in anticipated taxes	46,472	(10,209)
Total taxes for the year	**16,089,893**	**35,114,930**

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 31/12/2014	%
Profit before taxes	**49,871,232**	
Theoretical IRES	13,714,589	27.50%
Effect of permanent increases	168,130	0.34%
Effect of permanent decreases	(613,469)	-1.23%
Actual IRES	**13,269,250**	**26.61%**
Irap	2,940,504	5.90%
Adjustments of previous years	(160,832)	-0.33%
Prepaid taxes	46,472	0.10%
Actual IRAP	**2,826,144**	**5.67%**
Total taxes	**16,095,394**	**32.27%**

Part D – Other Information

Guarantees and Commitments

These are represented by the following items:

"Third parties' securities deposited as collateral" (6,901 million euro) shows the nominal value of Government bonds (1,725 million euro), shares deposited in order to guarantee short call positions in options (14.5 million euro) and guarantees for the New MIC market (1,165 million euro) deposited by CCP members.

"Securities to be received/delivered for transactions to be settled", for 757 and 771 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 Express II 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 Express II 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 obligations for lease agreements:

- offices at Via Tomacelli (Rome) and Palazzo Mezzanotte (Milan) with the holding company London Stock Exchange Group Holdings Italia S.p.A. for € 319,653 for nine months (excluding the revaluations of the rent provided under the agreement in relation to the increases of ISTAT Cost of Living Index).

Long Term Incentive Plan

London Stock Exchange Group has in undertaken this financial year a capital increase in order to finance the acquisition of the company Frank Russell. For this transaction the LSEG Remuneration Committee has decided to make appropriate changes to the number of shares/options preserving, however, the value of premiums (adjustment Right Issue).

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

The parent company London Stock Exchange Group plc (LSE) has awarded to some of the Company's employees on 27 August 2014 and on 30 September 2014 two elements relating to the long term incentive plan based on shares (LTIP), as already indicated in the note relating to Personnel Costs.

During the period, has also detected a reduction of the cost incurred due to the change in the percentage of EPS , ie the portion relating to non-market conditions , the plans for 2012 and 2013 LTIP and Matching .

This operation resulted in a re-measurement of the percentage of maturation of the plans , in order to reflect the best available estimate of the number of instruments expected to vest .

It should be noted that, because the amendment is not a condition of the market , this has an impact only on the vesting conditions , and does not impact on the fair value of the plans .

The overall cost as at 31st December 2014 in relation to the award of shares and options on shares appears to be equal to € 60,200, to which the accrual must be added of the severance indemnity (TFR) for additional € 39,500.

The plans provide for the award of shares and options on shares to the employees designated and subject to the satisfaction of certain performance conditions, to be checked at the end of an accrual period running from the date of award when the individual plan is assigned to the employee.

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

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 to receive a bonus (Matching Award) at the end of three years following the realization of certain performance conditions (TSR-EPS). 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.

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 measures as follows:

- for 50% of the shares awarded: 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.
  The number of shares to be assigned upon expiration of individual plans shall be determined on the basis of the LSE's TSR positioning:
  - 50% of the shares initially awarded by the LTIP if the growth of the TSR is 16% per year (Plans 2011-2012-2013-2014);
  - straight line method between 15% and 50% of the shares initially awarded by the LTIP if the growth of the TSR is comprised between 8% and 16% (Plans 2011-2012-2013-2014);
  - 15% of the shares initially awarded by the LTIP if the growth of the TSR is 8% per year (Plans 2011-2012-2013-2014);
  - no shares are awarded if the growth of the TSR is lower than 8% per year.

- for the remaining 50% of the shares awarded: in terms of "average adjusted Earning per Share (EPS) growth targets" or the basic adjusted profit per LSEG share.

  The number of shares to be awarded upon expiration of individual plans will be determined on the basis of the EPS growth:

- 50% of the shares initially awarded by the LTIP if the growth of the EPS is in average equal to 12% per year;
- straight line method if the growth of the EPS is in average comprised between 6% and 12% per year;
- 15% of the shares initially awarded by the LTIP if the growth coincides with a minimum growth level per year equal to 6%;
- no shares are awarded if the average growth is lower than 6% per year.

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 price that was pre-fixed in June 2014. 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 Performance Related Equity Plan is conceived for rewarding a selected group of highly performing employees showing a high potential.

As participant in the Plan, the employee is admitted to receive the bonus in the form of two different components:

• the Restricted Share Award that provides for the award of ordinary shares of LSEG Group to the participants if the performance conditions are achieved;

• or the Share Option Award in the form of option with an exercise price (i.e. the price that a participant must pay for taking possession of a single share), and this, too, is subject to the same performance conditions as the Restricted Share Award.

Both awards have three-year duration from the day of award.
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.
Below is a table with the movements of LSEG shares in the framework of the LTIP and the weighted average exercise price:

	Share Options		SAYE		LTIP		
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	**TOTAL**
Final balance as at 31st March 2014	7,082	-	7,404	-	170,238	-	184,724
Shares awarded			1,658	£15.38	37,559		39,217
adjustment right Issue	472		630		8,337		9,439
Shares exercised	(1,544)				(64,086)		(65,630)
Shares cancelled							0
Final balance as of 31st December 2014	**6,010**	**-**	**9,692**	**-**	**152,048**	**-**	**167,750**

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:

	Performance Shares	Matching Shares	SAYE
Date of award	27/08/2014	30/09/2014	11/07/2014
Price of LSE share on the date of award	£20.61	£18.68	£19.15
Exercise price	n.a.	n.a.	£15.38
Volatility	27%	26%	29%
Expected life	3 years	3.01 years	3.14 years
Dividend yield	1.50%	1.70%	1.60%
Risk free rate of return	1.30%	1.30%	1.50%
Fair value	n.a.	n.a.	£5.39
Fair value - TSR	£6.39	£5.44	n.a.
Fair value - EPS	£19.70	£17.75	n.a.

The volatility assumption is based on 3-year historical volatility on the date of award. The fair value of the shares awarded during the financial year takes into account the maturity conditions linked to TSR and EPS. The employees to whom the shares linked to the LTIP were awarded are not entitled to receive 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 2014 existing with these.

(Amounts in euro)

London Stock Exchange plc	**Revenues**	**Claims**
Fees for services	738,094	-
	Costs	**Debts**
Fees for services	302,234	148

London Stock Exchange Group Holdings Italia S.p.A.	**Revenues**	**Claims**
Fees for services	-	85.600
	Costs	**Debts**
Fees for services/tax indebtedness	389,928	5,084,963

Borsa Italiana S.p.A.	**Revenues**	**Claims**
Fees for services	-	51.891
	Costs	**Debts**
Fees for services	1,764,346	370

Monte Titoli S.p.A.	**Revenues**	**Claims**
Fees for services	136,105	-
	Costs	**Debts**
Fees for services	2,144,935	289,998

EURO MTS Ltd.	**Costs**	**Debts**
Fees for services	18,836	-
	Revenues	**Claims**
Fees for services	-	6,164

BIt Market Services S.p.A.	**Revenues**	**Claims**
Fees for services	-	1,073
	Costs	**Debts**
Fees for services	12,259	-

LSE-Post Trade	**Revenues**	**Claims**
Fees for services	98,941	-

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 period 1st April 201a – 31st December 2014 to the members of the Board of Directors, Board of Statutory Auditors and to the *Key managers* of the Company:

Directors and Key Managers	234,707
Auditors	60,772

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

a. Benefits to short-term employees	739,277
b. Post-employment benefits	83,852
c. Other long-term benefits	-
d. Severance benefits	109,616
e. Payments based on shares	122,388
Total	**1,055,133**

Plan	Number of shares	Date of Award
Matching Share Award	8,667	21/06/2012
Matching Share Award	6,765	12/06/2013
Matching Share Award	9,265	30/09/2014
Performance share award	13,905	27/08/2014
Performance share award	29,442	19/06/2012
Performance share award	*21,781*	*12/06/2013*
London Stock Exchange SAYE (Italy)	*622*	*11/07/2014*
London Stock Exchange SAYE (Italy)	*1,607*	*13/01/2012*

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 (Managing Director 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 2014 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 London Stock Exchange Group Holdings Italy SpA shown in the chart required by article 2497 – bis of the Civil Code have been extracted from the financial statements for the year ended March 31, 2014. For an adequate and complete understanding of assets and financial situation of the London Stock Exchange Group Holdings Italy SpA as at 31 March 2014, and the results of operations by the company during the year ended on that date , we refer readers to the budget , together with the report of the independent auditors , is available in the form and manner prescribed by law.

OVERALL STATEMENT OF INCOME AS OF 31 MARCH 2014
(amounts in thousands of euro)

FINANCIAL EQUITY SITUATION AS AT 31 MARCH 2014
(amounts shown in Euro/mil)

	31-Mar-2014
Assets	
Non current assets	1,438.3
Current assets	10.8
TOTAL ASSETS	**1,449.1**
Liabilities	
Current liabilities	19.5
Non current liabilities	424.1
TOTAL LIABILITIES	**443.6**
NET RESULT	**1,005.5**
Shareholders' Equity	
Group Capital and reserves	
Share capital	350.0
Reserves	608.5
Profits/(Losses) of the previous financial year	47.0
TOTAL SHAREHOLDERS' EQUITY	**1,005.5**

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 2019, the following table is shown below:

Description of the Type of Services	Entity that provided the service	Fees* (euro)
Audit of financial statements and reporting package as of 31 December 2014 and audit of the regular corporate book-keeping	PricewaterhouseCoopers SpA	170,091

* Amounts inclusive of expenses, VAT and contribution to Consob

Document Relating to Plans on Security

The Company has updated within the terms provided for under the law the Document Relating to Plans on Security, containing rules for identifying the minimum security measures for the processing of personal data, pursuant to and for the effects of Article 34, paragraph 1 (g) of the Code ("Privacy Code") in the matter of personal data protection (approved by Legislative Decree of 30th June 2003) and rule 19 of Annex B to the Code.

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 in Government bonds its Regulatory Capital.

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.

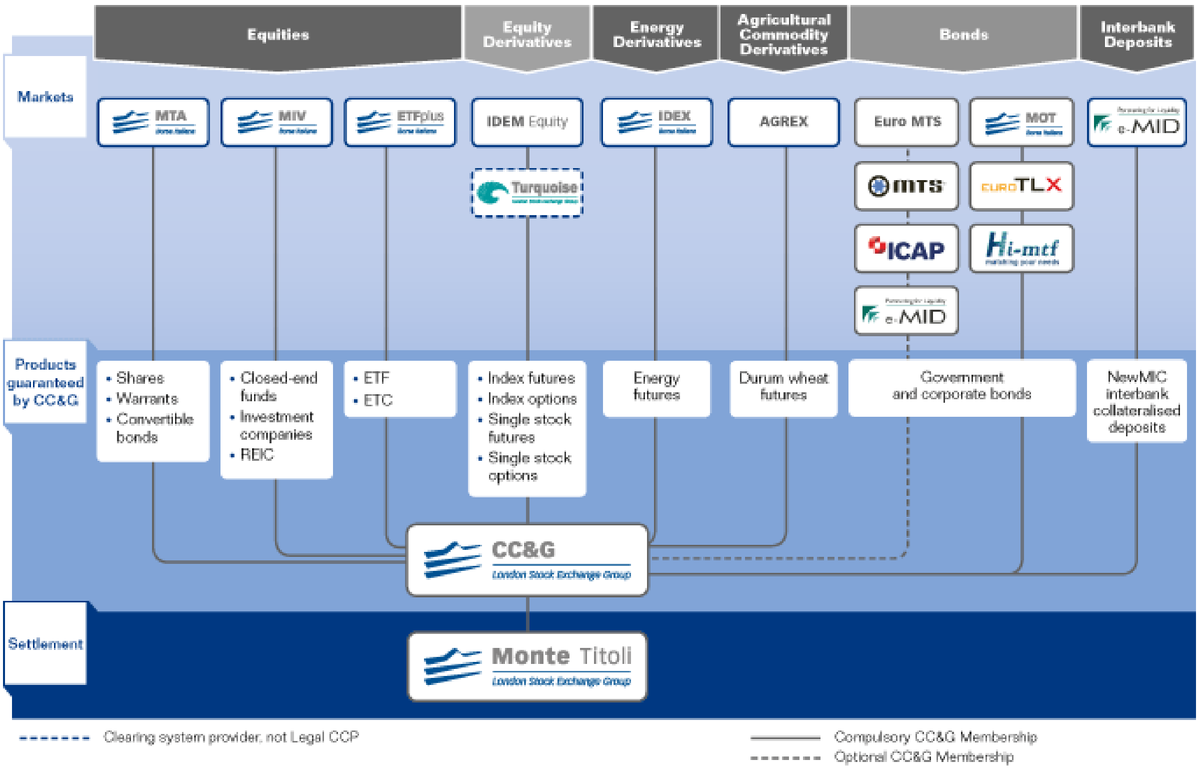
Moreover, pursuant to Article 35 of Delegated Regulation no. 153 (ESMA), the central counterparty must hold and show separately in its balance sheet, an amount of equity resources ("Skin in the Game") to be used as defence line in the even of default by the members ("Default Waterfall"). Such an amount 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.

For the calculation of CC&G Regulatory Capital as of 31st December 2014 reference is made to section 2.10 of the Report on Operations.

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

11. <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 MVP method (Method for Portfolio Valuation) as far as MTS, BrokerTec and MOT 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

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 able to comprise contracts that are actually tradable on the markets.

Each Class comprises 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 able to comprise contracts that are actually tradable on the Market, delivery positions, 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. The range of acceptable securities was extended following the authorization of the Supervisory Authorities comprising, in addition to Italian, French and German Government bonds, also Belgian, Austrian, Dutch, Spanish, Irish and Finnish Government bonds tradable on MTS trading system.

A maximum limit of securities that may be deposited by each member and a concentration limit relating to the Issuer Country of which the Member is depositing the bonds were also introduced.

The valorisation method 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, which 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 2014 the Default Funds were made up as follows:

- Equity and Equity Derivatives Market: € 1,200 million;
- Bond Market: € 2,500 million;
- Energy Derivatives Market: € 40 million;
- Agricultural Commodities Derivatives Market: € 0,50 million;
- Default Funds segment for the New-MIC: € 150 million.

The adjustment of the share of contribution by the participants in the Default Fund 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

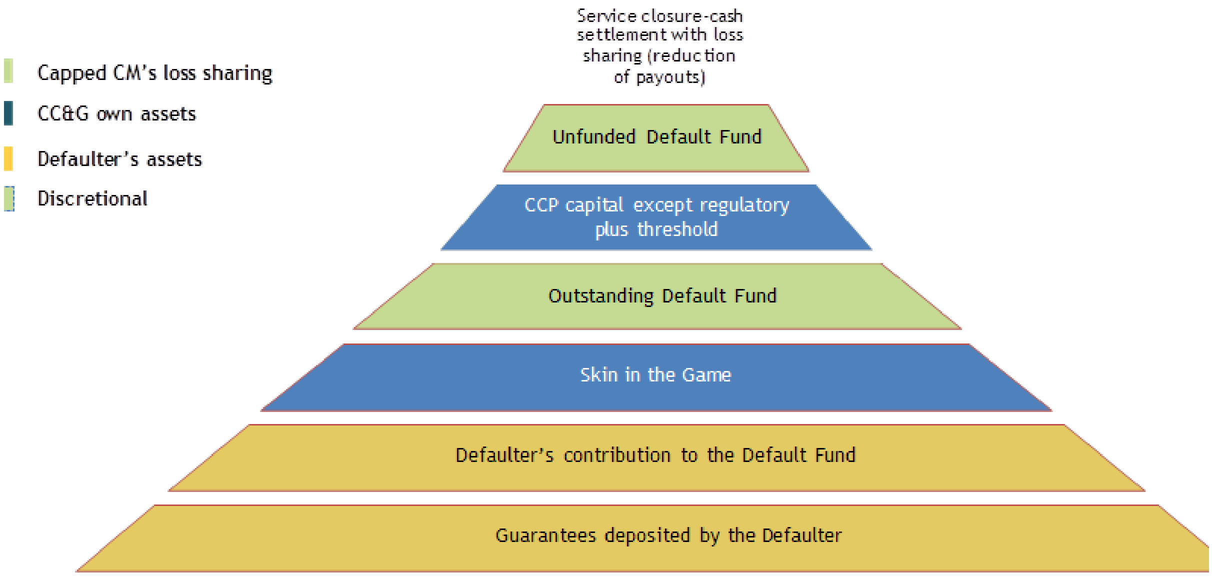
As at 31st December 2014 the shareholders' equity of CC&G is equal to 147.2 million euro. Moreover, CC&G has provided itself of adequate credit lines negotiated with the principal Italian banks, in order to cope with the needs linked to the management of the settlement phase (Express II and ICSD).

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 after deducting the minimum Regulatory Capital provided by EMIR rules;
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 € 18,075,878 as of 31 December 2014

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, within the limits established by 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 precede with the settlement in cash vis-à-vis the Members participating in the Market concerned.

<u>NewMIC Guarantee System</u>

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 internet site www.ccg.it.

Condition precedent for enabling the participants in the market to operate on the NewMIC market is the prior constitution of 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 internet site www.ccg.it.

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, is 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[6] on derivative instruments OTC, central counterparties and data registers on trades, subsequently supplemented by EU Delegated Regulation No. 153/2013[7] 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 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 2014 approximately 83.09% of invested cash appears to be invested in Government Bonds.

[6] *REGULATION (EU) No. 648/2012 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.*

[7] *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.*

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 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".

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 "Express 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.

For the purpose of mitigating the liquidity risk, CC&G has adjusted its investments in bank deposits "at sight" to the provisions introduced by EMIR rules.

Additional mitigating factors are 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.

Currently the Company compensates, with the reference parameter of the short-term rate "EONIA" –15 bps the initial guarantee margins and at "EONIA" rate the Participants' deposits to the Default Funds.

Any derivatives, such as interest rate swaps, may be used exclusively for hedging the risk. As at 31st December 2014 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 supported by four different operational sites connected through high speed lines (two sites by means 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* 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, 10th March 2015

for the Board of Directors
the Chairman
Massimo Tononi

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 2014 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 2014. This year - as you known - had a period of only nine months after the resolution of extraordinary shareholders' meeting that has moved from 31 march to 31 December the closing date of the financial year in order to comply to parent company.

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 2014 which shows a net profit of € 33,781,339. 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 2014 were audited by PricewaterhouseCoopers Spa 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 2014 and of the Directors' report, as drawn up by the Board of Directors as well as on the net profit destination proposal.

Milan, 25 March 2015

Chairman
(Roberto Ruozi)

Effective Statutory Auditor
(Fabio Artoni)

Effective Statutory Auditor
(Mauro Coazzoli)

AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 DATED OF 27 JANUARY 2010

CASSA DI COMPENSAZIONE E GARANZIA SPA

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2014

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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N° 39 DATED OF 27 JANUARY 2010

To the shareholder of
Cassa di Compensazione e Garanzia SpA

1 We have audited the financial statements of Cassa di Compensazione e Garanzia SpA as of 31 December 2014, which comprise the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flow and related notes. The directors of Cassa di Compensazione e Garanzia SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 13 June 2014.

3 In our opinion, the financial statements of Cassa di Compensazione e Garanzia SpA as of 31 December 2014 comply with the International Financial Reporting Standards as adopted by the European Union; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Cassa di Compensazione e Garanzia SpA for the period then ended.

4 Without qualifying our report, we point out that the financial statements as at 31 December 2014 refer to the period going from 1 April 2014 to 31 December 2014. The comparative figures at 31 March 2014 of the income statement, statement of cash flows and the relevant sections of the explanatory notes relate to a twelve-month financial period and are not, therefore, comparable with the data for the period ended 31 December 2014, consisting of 9 months.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: **Milano** 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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5 The directors of Cassa di Compensazione e Garanzia SpA are responsible for the preparation of a report on operations in compliance with the applicable laws. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard n° 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by Consob. In our opinion the report on operations is consistent with the financial statements of Cassa di Compensazione e Garanzia SpA as of 31 December 2014.

Rome, 25 March 2015

PricewaterhouseCoopers SpA

Signed by

Monica Biccari
(Partner)

This report has been translated into the English language from the original which was issued in Italian, solely for the convenience of international readers. We have not examined the translation of the financial statements referred to in this report.