

Market Notice

31 March 2016

MN_24/2016



London

Stock Exchange Group

Changes to fees applied to intermediaries and issuers

Attention:	Intermediaries and issuers participating in Monte Titoli services
Priority:	HIGH
Topic:	Changes to applied fees

Dear Client,

As you are aware, Monte Titoli and the Italian financial community successfully migrated to T2S on August 31st 2015. Monte Titoli has actively led, supported and coordinated the Italian financial community's requests during the development, test and migration phases.

This has requested efforts and significant investments with a consequent increase in Monte Titoli's costs connected both to the project phase and to the supply of the Custody and Settlement services.

As of today, the investments incurred are about € 27 million; such amount is higher than expected and is due to additional tests connected to the postponement of the migration till August 31st, 2015, as strongly requested by the market, as well as to further costs connected to the new planning of the following migration waves.

Besides, also Monte Titoli's operational costs have increased following the implementation of T2S. For example, Monte Titoli has established a permanent operational team dedicated to new release tests and

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the service schedule have been extended till 10 p.m., entailing a staff increase both in the operational area and in the information technology area.

Further costs also pertain to the continuous active participation in the T2S governance structures (CSG, CRG, PMG, OMG, AG and UTGS) that during the project phase, and as off today, ensure the coordination and support of the Italian market needs but requires an intensive presence in the European Central Bank headquarters.

In parallel to the T2S project Monte Titoli has completed the *Custody harmonization project*¹, allowing the Italian market to overcome the domestic market specificities and get the harmonization level required by the European Central Bank by the end of 2016. This project has requested a further € 3 million investment leading to a total € 30 million investment.

Such costs have been separately accounted and allocated to the Custody and Settlement services, to the extent they are respectively concerned. A significant share of the investment is directly attributable to the necessarily adaptation of the custody platform to allow the interaction with T2S.

In line with the IFRS, the investment amortization criterion is based on the duration of T2S Framework Agreement.

As a consequence, Monte Titoli has made adjustments to its pricing for Custody and Settlement services. According to the current contractual framework and the rules on price transparency the new pricing is published today on the '[Download Area](#)' of Monte Titoli's website.

The new pricing takes into account the above mentioned investments, as well as the new structure and contents of the Custody and Settlement services following T2S launch and reflects the value of such services. Specifically, the Settlement service fees are structured considering that part of the service is provided directly through direct connectivity to T2S and reflect the ECB pricing structure that foresees the same pricing for the settlement instructions of DCPs and ICPs.

The Custody service fees provide for a flat increase on all the sliding scales.

The structure of the invoice will not be modified with regard to fee items of the Custody Service, whilst new items will be added within the Settlement Service fees to substitute some the fee items introduced on August 31st, 2015.

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For the time being, Monte Titoli believes that in case of no changes in the cost analysis, the market conditions and the principles on which the new pricing is based, fees applied to Intermediaries might be reviewed starting from May 2021, at the end of the above mentioned amortization period.

The new pricing will be effective from May 1st, 2016.

According to article 7.2 of the General Conditions - Part I, the Client may exercise the right of withdrawal - within the terms, conditions and with the effects set forth in article 11 of the General Terms and Conditions – Part 1 - by April 22nd, 2016.

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