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BORSA ITALIANA - MARKET REVIEW

NEW HISTORICAL HIGHS FOR FIXED INCOME TRADES (MOT AND EXTRAMOT) WITH 4.6 MILLION CONTRACTS (+19.0 PER CENT OVER FULL-YEAR 2010) AT €203.8 BILLION

NEW HISTORICAL HIGHS FOR ETF AND ETC TRADES: €85.2 BILLION (+8.6 PER CENT OVER FULL-YEAR 2010) AND 3.6 MILLION CONTRACTS (+4.4 PER CENT)

BORSA ITALIANA CONFIRMS ITS LEADERSHIP IN EUROPE FOR ELECTRONICALLY TRADED CONTRACTS ON ETFPLUS AND MOT (AS AT END-OF-NOVEMBER 2011)

RECORD TRADES FOR EQUITY DERIVATIVES ON IDEM WITH 44.7 MILLION STANDARD CONTRACTS (+7.8 PER CENT OVER FULL-YEAR 2010)

BORSA ITALIANA IS EUROPEAN LEADER IN *SHARE TURNOVER VELOCITY* ON ELECTRONIC SYSTEMS (190.3 PER CENT, AS AT END-OF-NOVEMBER 2011)

Against a highly complex backdrop, characterised by a global economic crisis, Borsa Italiana enhanced its continued effort to promote and develop its markets. Below is a review of the main activities undertaken in 2011, together with our customary report devoted to “market data”.

2011 HIGHLIGHTS

- **10 Year Anniversary of STAR. Italian Equity Roadshow, Small Cap Conference:** we continued to promote companies listed on our markets among domestic and international investors. With more than 1,500 meetings across three continents and the participation of more than 300 institutional investors, Borsa Italiana contributed to the promotion of Italy and Italian industry during a difficult economic climate. Events were hosted in Milan, London, New York, Tokyo, Toronto, Frankfurt, Stockholm and, for the first time, Singapore, helping Italian companies to rank among the most liquid European listed companies with the highest presence of international investors. This activity also confirmed the role of Borsa Italiana as a global financial marketplace, with 8,000 funds (of which more than 90% are foreign) from 40 countries, which

continually invest in Italian listed companies. In November we also organised the first Small Cap Conference, fully dedicated to small cap companies, with the aim of providing our listed SMEs a higher profile with Italian investors.

- **IPO of Salvatore Ferragamo:** the success of the IPO (29 June) consolidated the role of Milan as the leading marketplace for fashion. With nearly €400 million raised, the offer was almost four times oversubscribed with strong participation of foreign institutional investors (about 80%). On 19 December, Salvatore Ferragamo joined the FTSE MIB Index.
- To strengthen its strategy in the field, Borsa Italiana has organised and hosted a number of conferences and events, including an exclusive dinner in partnership with **Vogue** (June 2011) at the Palazzo Mezzanotte.
- **Elite:** in October, in partnership with the Italian Ministry of Economy and Finance, Borsa Italiana launched an innovative organisational and managerial development course devoted to growth-oriented SMEs. The course aims to help managers of companies who are interested in approaching financial markets and realising the growth potential of their business.
- **IPO Bank Facility:** in June, Borsa Italiana finalised an agreement with the Italian Banking Association (ABI - Associazione Bancaria Italiana) for the extension of €1 billion of credit lines dedicated to newly-listed companies.
- **Launch of weekly MIBO options:** since 15 December, weekly options on FTSE MIB are traded on IDEM (Borsa Italiana's Derivatives Market). Until 31 January 2012, weekly MIBO options will be free from trading and clearing fees.
- **9th Online Trading Expo:** on 27 and 28 October Borsa Italiana hosted the annual TOL Expo dedicated to online trading and investments at Palazzo Mezzanotte. The event saw more than 50 exhibitors, and 150 seminars, attracting more than 5,000 visitors, and a record attendance at training seminars organised by Borsa Italiana. During the TOL Expo, Ms. Maria Cannata, Head of Italian Public Debt Management, announced that the Treasury Department is looking into **new ways of placing government bonds, through banking online trading systems operating**

within the Electronic Government Bond and Securities Market (MOT) platform of Borsa Italiana.

- **BTP Day:** on 28 November Borsa Italiana participated in the BTP Day. Banks and intermediaries participating in the initiative were exempt from trading fees on the purchase of Italian government bonds on behalf of third parties on the MOT. BTP Day saw a new record for the number of trades in a single session on the bond markets of Borsa Italiana.
- **Giornata Nazionale della Previdenza (National Pension Day):** Borsa Italiana hosted and promoted National Pension Day with the aim of fostering the financial and pension culture in Italy. There was a special focus on the role of long-term institutional investors and the supplementary pension industry.
- **New edition of the Corporate Governance Code for Listed Companies:** on 5 December, Borsa Italiana presented its new code prepared by the Committee for Corporate Governance. The text has been simplified and enhanced and is now available in the form of a handbook.
- **BorsAperta:** following the restructuring of its head offices, Borsa Italiana opened the doors of the Palazzo Mezzanotte to the public. The new-look offices have enhanced the historical palace and brought together all of the Group companies based in Milan.
- **www.borsaitaliana.it:** the education of retail investors has been further promoted through the creation of a new section, "La finanza per tutti" (Finance for Everybody), on the Borsa Italiana website. Throughout the year the website reported record hits: 38 million pages on average viewed per month (+22% on 2010) and 1.7 million unique visitors per month (+35% on 2010).
- On 28 June 2011, the Board of Directors of Borsa Italiana appointed Mr. **Massimo Tononi** as Chairman and confirmed Mr. **Raffaele Jerusalmi** as CEO of the company from 2011 to 2014.

2011 MARKET DATA

- 2011 closed with 328 **companies listed on the markets of Borsa Italiana**. Specifically, 304 companies are listed on the MTA market, of which 71 are on STAR, 36 on MTA international and 6 on MIV

(which includes 26 closed-end funds), 14 on AIM Italia and 10 on MAC.

- **10 new admissions in 2011, of which 9 were IPOs.** The IPOs, one on MTA, four on AIM Italia, three on MAC and one on MIV, were: Italy1 Investment (MIV), Unione Alberghi Italiani (AIM Italia), Imvest (MAC), Valore Italia HP (MAC), Made in Italy 1 (AIM Italia), Salvatore Ferragamo (MTA), Soft Strategy (MAC), Ternigreen (AIM Italia), Ambromobiliare (AIM Italia), plus the admission of Fiat Industrial. In 2010 there were 10 IPOs and in 2009 there were seven. During the year, three companies were issued the eligibility for listed status (Lima Corporate, Fedrigoni and SEA), which allows companies to plan their public offering in the following 12 months. 14 companies were revoked.
- At year-end closing on 23 December, the **historical FTSE MIB Index** had fallen by 23.66% as compared with the end of 2010 (year highest high 17,867 on 17 February 2011; lowest low 11,249 on 23 September 2011). The **FTSE Italia All Share** index reported a 24.48% drop (year highest high 23,741 on 17 February 2011; lowest low 14,320 on 22 September 2011). The **FTSE MIB** reported a 25.28% decline (year highest high 23,178 on 17 February 2011; lowest low 13,474 on 12 September 2011).
- With respect to the equity market, the SME compartment, and in particular the STAR segment, stood out with its over-performance of its main indices: the **FTSE Italia STAR** index reported an annual drop of 19.52% (year highest high 12,380 on 12 May 2011; lowest low 8,988 on 25 November 2011).
- The total **capitalisation** of listed companies at the end of the year stood at €333.3 billion, corresponding to 20.7% of GDP.
- **Share turnover** reached a daily average of €2.8 billion and 270,156 contracts. Overall, 68.1 million contracts were traded, with a turnover of €706.7 billion. The highest daily turnover was €5.6 billion on 15 March, while on 5 August the highest number of contracts was reached (534,322 - third highest performance in single day ever).
- **Unicredit** was the most highly traded stock both in terms of turnover, totaling €132.7 billion, and in terms of contracts, with 7.3 million contracts.

- In the first eleven months of 2011, the Italian stock market stood out at a **European level** for the **relative liquidity of its shares**, as evidenced by its **record-high turnover velocity**, which is the ratio between the turnover of electronically traded shares and their market capitalisation and indicates the annual turnover of shares. The Italian turnover velocity came in at 190.3%.
- Borsa Italiana also confirmed its **European leadership for electronically traded contracts on ETFplus and on MOT**.
- **ETFplus**, the market where ETFs and ETCs are traded, continues to grow. Listed instruments grew from 563 at the end of 2010 to 670; during 2011, 111 ETFs and 17 ETCs were listed, totaling 128 new instruments. Assets under Management has reported a number of new records; at the end of November, ETF managed assets reached €16.98 billion, while ETCs broke through the €2 billion mark, totaling €2.03 billion. New historical highs were hit with respect to trades, with €338.2 million per day (+10.3% on the 2010 average) and 14,273 contracts per day (+6.0%). A total of €85.2 billion and 3.6 million contracts were traded. On Tuesday, 15 March 2011, a new historical record was reached by number of contracts closed in a single session: 38,142 contracts for €835.8 million.
- The **MOT**, with a total of 821 listed instruments (99 Government securities, 404 Bonds and 318 Eurobonds and ABS), as compared with 723 at the end of 2010, reported its new historical high by number of traded contracts (4.6 million, +18.9% on 2010), corresponding to €200.7 billion. **BTP Day** on 28 November 2011, saw the new absolute record number of trades in a single session on the bond markets of Borsa Italiana with 86,405 contracts, with turnover more than €2.7 billion.
- 274 instruments were listed on ExtraMOT at the end of the year. A total of 56,120 contracts have been traded (+29.2% on 2010) corresponding to a turnover of €3.0 billion (+45.1%).
- On **IDEM** a total of 47.7 million standard contracts were traded (+7.8% on full-year 2010), raising the new historical high for the third year in a row. The daily average of standard contracts came in at 189,097, while the daily average notional turnover was €3.4 billion. The allotment by single instruments saw the significant growth of FTSE MIB MiniFutures, with a 23.1% rise in terms of daily average of standard contracts and 6.7% increase by notional

turnover on 2010. Also equity options (+19.7% on 2010) and FTSE MIB Futures (+15.1%) grew in terms of daily average of standard contracts. On the **IDEX**, the Italian Derivatives Energy Exchange, a total of 3,400 standard contracts for 11.5 million MWh were traded.

- **Weekly MIBO** (FTSE MIB options with weekly maturity) launched on 15 December, reported trades for a total of 3,839 standard contracts and a notional turnover of €143.1 million.
- Significant growth of the total **open interest**: by 23 December it came in at 3,903,575 (+30.8% over year-end 2010).
- By 23 December 2011, total **money raised** was €13.1 billion for newly admitted companies and further fundraising on the Italian markets. 19 new share issues raised €12.5 billion. The 9 companies which launched their IPOs on Borsa Italiana's markets raised €587 million (not inclusive of the proceeds raised by Ambromobiliare's IPO on 23 December 2011). 13 **OPA** (Tender Offers) were performed in 2011, totaling €4.3 billion.

*All data correct until 23 December 2011 unless otherwise specified
The review of the Group's full 2011 activities, including Borsa Italiana, Millennium Technologies and FTSE can be found in the Group 2011 review, published in January.

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