

MTS REGULATIONS

GOVERNING WHOLESALE TRADING IN NON -GOVERNMENT BONDS AND SECURITIES ISSUED BY INTERNATIONAL ORGANISATIONS WITH GOVERNMENT PARTICIPATION

PART I GENERAL PROVISIONS

Art. 1 - Definitions

In these Regulations, the expression:

- “Application” shall mean acceptance of a Proposal transmitted through and immediately processed by the Screen-Based Trading System, including acceptance of partial quantities;
- “Categories of Financial Instruments” shall mean a set of types of Financial Instruments having similar characteristics;
- “Rules” shall mean the rules for implementation of these Regulations issued by the Board of Directors of the Management Company in accordance with art. 3;
- “Group” shall mean all the companies directly or indirectly controlled by the same parent company and that parent company, the concept of control referred to in s. 23 of Legislative Decree no. 385 of 1st September 1993 being applied for that purpose;
- “Investment Companies” shall mean the investment companies referred to in section 1 sub-section 1h of the CLFI ;
- “Regulated Markets” shall mean the markets included in the list referred to in section 63 sub-section 2 of the CLFI;
- “Market” shall mean the wholesale market organised and managed by the Management Company MTS S.p.A, as defined in art. 2;
- “Primary Dealers” shall mean the Participants registered in the Primary Dealers’ Register kept by the Management Company;
- “Participants” shall mean the parties admitted to trade in MTS;
- “Proposal” shall mean an offer to purchase or sell a security or expression of the desire to enter into one of the trades referred to in art. 21 para. 1b), displayed by a Primary Dealer through the Screen-based Trading System, indicating the quantity and price offered and the type of Financial Instrument it is proposed to trade;
- “Price” shall mean the consideration, which may be expressed by reference to a rate, in accordance with the procedure indicated in the Rules;

- “Screen-Based Trading System” shall mean the system referred to in art. 22 para. 1 by means of which Financial Instruments are traded;
- “Management Company” shall mean Società per il Mercato dei Titoli di Stato - MTS S.p.A.;
- “Type of Financial Instrument” shall mean, in the ambit of the Financial Instruments traded, the set of securities identified by the same ISIN code which form the subject of the same line of quotation and/or the set of trades governed by the same standard contract which form the subject of the same line of quotation;
- “Financial instruments” shall mean the types of instrument traded on the Market by means of the trades referred to in art. 21 paras. 1a) and b);
- “Market Segment” shall mean the sector of the wholesale Market on which securities of the same type are traded and for which trades are performed by means of the same settlement procedure;
- “CLFI” shall mean Legislative Decree no. 58 of 24th February 1998 containing the Consolidated Law on Financial Intermediation;
- “Settlement Service” shall mean the settlement and clearing service for trades relating to the Financial Instruments referred to in s. 69 of the CLFI or a similar settlement procedure managed by the institutions identified by the Management Company by means of the Rules, in accordance with the regulations laid down by CONSOB (the Italian Securities and Exchange Commission) by agreement with the Bank of Italy
- “Deposit Service” shall mean the deposit service performed by the institutions referred to in s. 80 of the CLFI or identified by the Management Company by means of the Rules, in accordance with the regulations laid down by CONSOB by agreement with the Bank of Italy.

Art. 2 - Purpose of regulations

These regulations govern the operation, organisation and management of the wholesale Screen-based Trading Market on which the following securities are traded as specified in art. 21:

- Italian and non-Italian non-government bonds;
- bonds issued by international organisations in which governments own holdings;

managed by Società per il Mercato dei Titoli di Stato - MTS S.p.A. in accordance with s. 62 of the CLFI.

Art. 3 - Disciplinary sources on the Market

The Market is regulated by the following documents:

1. Regulations which are passed by the Ordinary General Meeting and establish Market principles;
2. Rules for implementation of the Regulations, passed by the Board of Directors of the Management Company;
3. Schedules to the Regulations: standard contracts, applications for participation, applications to act as Primary Dealers and agreements for forwarding settlement instructions
4. The Company’s circulars, issued by the Board of Directors, which contain temporary resolutions relating to technical details and operational specifications

The rules referred to in para. 2 and the circulars referred to in para. 4 of this article shall be notified promptly to Participants by means of specific notices, which may be published on the information pages of the Screen-based Trading System.

PART II FINANCIAL INSTRUMENTS

Art. 4 - Negotiable securities

The following securities may be traded by means of the trades referred to in art. 21:

- Italian and non-Italian non-government bonds;
- bonds issued by international organisations in which governments own holdings;

Securities whose issue has been announced by the issuer may be admitted for quotation; for the purpose of admission to trading of such securities, account will be taken of the volume of the announced issue instead of its distribution.

Trades in securities whose issue has been announced by the issuer shall be performed from the date announced for the settlement of subscription operations (on the primary Market) for securities of the same type.

If securities traded on the basis of the announcement of their issue are not actually issued by the announced date, the Management Company will immediately cancel the corresponding line of quotation of the Proposals.

Art. 5 - Conditions for admission to trading

1. Financial instruments may be admitted to trading provided that they have been issued and traded to such an extent as to support a wholesale market. The said extent is determined at approximately 850 million euros. Even if the amount falls below the said figure, the Board of Directors may rule as to whether the requirement of suitable issue and trading is met.
2. The said Financial Instruments must be freely transferable. There must be no let or hindrance to the exercise of the owner's rights.

Art. 6 - Procedure for admission to trading

1. The Management Company will establish which of the securities referred to in art. 4 may be traded on the Market, defining the procedures and time of input into the Screen-based Trading System..
2. When making the selection referred to in para. 1, the Management Company will ensure that the widest diversification of the types of Financial Instrument to be quoted is guaranteed (in terms of liquidity, maturity date and other financial characteristics).

3. Each type of Financial Instrument will be admitted for quotation as from the date indicated by the Management Company, subject to approval of its trading contract by the Board of Directors as specified in art. 21 para 2.

Art. 7 - Suspension and exclusion from trading

1. The Management Company may suspend or exclude from trading any type of Financial Instrument traded in the event of:
 - lengthy absence of trading;
 - an irregular price formation process;
 - lack of orderly trading.
2. Within six months of the date of suspension of a type of Financial Instrument, the Management Company may readmit it if the reasons or causes which led to its suspension no longer exist. The Management Company will exclude that type from trading after the expiry of the said period.

Art. 8 - Determination of minimum trading lot

1. Financial instruments shall be traded in the minimum quantities established in the Implementation Rules issued by the Management Company; the said minimum quantities shall be determined on the basis of the wholesale characteristics of the Market, the amount of the Financial Instruments issued and the liquidity of the Market, always taking account of the directives issued by the Treasury, Budget and Economic Planning Ministry for wholesale markets pursuant to section 61 sub-section 10 of the CLFI .
2. The minimum tradable amounts may be differentiated for individual types or categories of Financial Instruments.

PART III PARTICIPANTS

Art. 9 - Admission conditions

1. The following parties may be admitted to trade on the Market:
 - a) national, EU and non-EU banks authorised to operate the service specified in section 1 sub-section 5a of the CLFI ;
 - b) Italian, EU and non-EU investment companies authorised to operate the service referred to in section 1 sub-section 5a the CLFI ;
2. In order to be admitted to trading, the parties referred to in paragraph 1 shall:

- a) guarantee settlement of operations concluded on the Market by participating (directly or through another Participant) in the clearing and settlement systems specified by the Management Company;
 - b) deal with institutions which perform the Deposit Service in accordance with the procedures specified by the Management Company in the Rules;
 - c) have a suitable organisational structure which enables them to operate correctly on the Market and fulfil their obligations to perform trades;
 - d) have a net equity, calculated in accordance with the criteria indicated in the various regulatory instructions issued for supervisory purposes or, if none have been issued, with similar criteria specified in the Rules, which is at least equal or equivalent :
 - up to ten million Euro for entities under Art. 9, paragraph 1, letter a);
 - up to five million Euro for entities under Art. 9, paragraph 1, letter b), as long as they belong, albeit indirectly, to the Central Counterparty service.
3. The Management Company may allow indirect participation in institutions which provide the Settlement Service referred to in paragraph 2a) through another single party which participates therein, in the ways specified in the Rules.
 4. The Management Company may allow indirect participation in institutions which provide the deposit service referred to in paragraph 2b) through another single party which participates therein, in the ways specified in the Rules.
 5. The Management Company, applying objective, non-discriminatory criteria, may reject an application for admission on stated grounds if such admission could prejudice the smooth operation of the Market.
 6. Participants may, on request, be admitted by the Management Company to operate in individual segments of the Market on the terms laid down in the Rules, especially as regards the conclusion and performance of the trades relating thereto.

Art. 10 - Admission procedure

1. Parties referred to in art. 9 para. 1 wishing to be admitted to trade on the Market shall deliver a written application to the Management Company on the form annexed to the Rules, which shall be signed by their authorised representative.
2. The Rules specify the deeds which must be produced with the application referred to in para 1. In any event, the document proving participation in the institutions referred to in art. 9 para. 2a shall be delivered together with the items specified in art. 32 or, if participation is indirect, pursuant to art. 9 para. 3, a certified copy of the deposit and settlement agreement entered into with a direct participant in the institutions which provide the corresponding services, in accordance with the instructions issued by the Management Company.

3. The Management Company will examine applications for admission on the basis of the objective, non-discriminatory criteria listed in the Rules, and will issue its ruling within ninety days of the date of receipt of an application conforming to the requirements set out in the preceding paragraphs.
4. Together with the notice of acceptance issued pursuant to para. 3, the Management Company shall specify the date on which the applicant may start trading on the Market.
5. Dealings between the Management Company and Participants shall be governed by the terms set out above, the Rules resolved on by the Board of Directors, the application for participation, and the User's Agreement drawn up in accordance with the form annexed to the Rules.

Art. 11 - Participants' obligations

1. Each Participant:
 - a) shall comply with these Regulations, the Rules and the Circulars;
 - b) shall conduct itself in accordance with principles of fairness and honesty and operate on the basis of criteria of professionalism and diligence;
 - c) shall not perform acts which could prejudice the smooth operation of the Market;
 - d) shall not perform fictitious operations not designed to transfer title to the Financial Instruments traded or to undertake exposure on the Market;
 - e) shall ensure that the conditions referred to in art. 9 para. 3 are maintained;
 - f) shall comply with all declaration and transparency obligations laid down by Italian and EU legislation;
 - g) in view of the fact that the information and data supplied by or derived from the Screen-Based Trading System belong to the Management Company, shall not distribute them;
 - h) shall ensure that the personnel performing trading activities have suitable skills and in particular sufficient knowledge of the rules and operating procedures of the Market and the procedures for use of the technical instruments used for trading activities on the Market;
 - i) shall indicate at least two contact persons responsible for contacts with the Management Company which are associated with trading on the Market;
 - j) shall provide on specific request by the Management Company or periodically, in the ways and at the times established by the Company in specific circulars, which may be differentiated for different categories of Participants, information and data relating to activities performed on and off the Market relating to the instruments traded on the Market, the suitability of the organisational structures and the skills of the personnel involved in trading;
 - k) shall pay the fees due for the use of the Trading System and other ancillary services supplied, in the amount and by the dates established by the Management Company in its Rules.

Art. 12 - Continued existence of admission conditions

1. Participants shall demonstrate at least once a year, by the dates and in the ways established by the Management Company, that the conditions of admission referred to in art. 9 paras. 1 and 2 still

exist. The Management Company may request Participants, including individual Participants, to supply all data, information and documents useful for this purpose, including auditors' certificates.

2. Participants shall inform the Management Company as soon as possible of all significant variations in the conditions to which the information and documentation supplied on presentation of the admission application relate.
3. The terms of the above paragraphs also apply to operations in the Market segments referred to in art. 9 para. 5.

Art. 13 - Suspension from trading

1. Without prejudice to the terms of para. 2, if the Management Company establishes that even one of the conditions referred to in art. 9 para. 2 no longer exists, or the Participant fails to demonstrate that all the said conditions still exist, it will suspend the Participant. The said suspension will also be ordered if there are good grounds to believe that even one of the said conditions no longer exists, or following a declaration of market insolvency issued pursuant to s. 72 of the CLFI. With regard only to trading in the Market Segments referred to in art. 9 para. 5, suspension may also be ordered if the terms specified therein cease to exist.
2. In the event of loss of the requirement referred to in art. 9 para. 2a, the suspension may be limited to the Market Segment on which trades to be performed through the service indicated therein are negotiated. In the event of loss of the requirement referred to in art. 9 para. 2d, the equity shall be reconstituted, and its reconstitution shall be proved to the Management Company within 3 months as specified in art. 12 para. 1, failing which the Management Company will suspend the Participant. The Management Company shall be entitled to order the suspension in any event even before expiry of the said period if there are good grounds to believe that the equity will not be reconstituted within the said period.
3. A Participant will be automatically suspended if the authorities have issued an order suspending it from performing investment business.
4. The Management Company may suspend a Participant against which suspension or exclusion measures have been issued by other Italian or foreign regulated-market management companies.
5. Suspension may also be ordered in the cases specified in art. 30 in accordance with the procedures laid down in art. 31.
6. In cases other than those specified in para. 5, the suspension shall be ordered by the Board of Directors of the Management Company or, in case of urgency, by the Chairman or, in the event of his absence or inability to act, by another party having power to act in accordance with the Management Company's Articles of Association.

7. The suspension will be revoked by resolution of the Board of Directors when the reasons which led to its imposition no longer exist.

Art. 14 - Exclusion from trading

1. The Management Company will exclude a Participant from trading if:
 - a) it ceases to belong to the categories referred to in art. 9 para 1;
 - b) it is in a state of confirmed insolvency;
 - c) it has been suspended from trading pursuant to art. 13 para. 1, and 12 months have elapsed without its having demonstrated that the conditions referred to in art. 9 para. 2 have been reinstated.
2. A Participant will be automatically excluded if an order for exclusion from trading is issued against it by the authorities.
3. Exclusion may also be ordered in the cases specified in art. 30, in accordance with the procedure specified in art. 31.
4. In cases other than those referred to in para. 3, the Board of Directors of the Management Company shall have power to order the Participant's exclusion.

Art. 15 - Withdrawal from participation in the Market

A Participant wishing to withdraw from participation in MTS shall send a written notice to the Management Company in the ways and within the period specified in the Agreement referred to in art. 10 para. 5.

PART IV PRIMARY DEALERS

Art. 16 - Registration in Primary Dealers' Register

1. A "Primary Dealers' Register" will be kept by the Management Company, in which the Management Company will register Participants which apply for such registration within the periods and in the ways laid down in the rules, and which possess the requirements laid down in these Regulations.
2. Only Participants which meet all the following conditions may be entered in the Register referred to in para. 1:

- a) they possess a net equity, determined as specified in art. 9 para. 2d, which is at least equal or equivalent to 39 million euros;
- b) they belong, in the ways indicated in art. 9, para. 2, to institutions which provide the Deposit Service and those which provide the Settlement Service, identified by the Management Company, as regards the conclusion and performance of trades stipulated on the Market;
- c) they possess, either directly or by means of suitable contractual relationships, a suitable organisational structure which allows full and correct performance of the obligations for which Primary Dealers are responsible, and in particular those referred to in art. 17. When the suitability of the structure is evaluated, account will be taken (inter alia) of the number and expertise of the personnel, the connection and data transmission systems used, and the hardware and software equipment employed.

Art. 17 - Obligations

1. Registration in the Register referred to in art. 16 involves a commitment to formulate purchase and sale Proposals, relating to the types of Financial Instrument allocated to each Primary Dealer by the Management Company, through the Screen-Based Trading System, at the times and by the procedures established in the Rules. The said commitment may be limited by the Rules to individual types of Financial Instruments and/or individual types of the trades referred to in art. 21.
2. The request of cancellation from the Register by the Primary Dealers shall be communicate to the Management Company at least fifteen days before the requested date of cancellation. In the period between the sending of the request and the effective date of cancellation, the Primary Dealer should be committed to the obligation referred to in para 1.
3. Pursuant to para. 1, the Management Company will allocate types of Financial Instrument included among those referred to in art. 6, suitably differentiated in terms of liquidity, maturity date and other financial characteristics, for a minimum number laid down in the Rules, taking account of the need to ensure real competition between the Primary Dealers.
4. In making the allocations referred to in para. 3, the Management Company will take account of the following criteria:
 - a) total coverage of the types of Financial Instrument selected pursuant to art. 6, subject to the power granted to the Management Company in the second part of para. 1;
 - b) quotation of each of the said types of instrument by a sufficient number of Primary Dealers to ensure real competition;
 - c) the allocation referred to in para. 3 shall be made on the basis of objective, non-discriminatory criteria.
5. In order to fulfil the commitment referred to in para. 1, parties registered in the Register referred to in art. 16 shall maintain competitive price conditions and perform quantitatively and qualitatively significant trades. For this purpose they shall guarantee a continuous presence during the trading day by means of purchase and sale quotations for all Financial Instruments allocated by the

Management Company pursuant to para. 3, with prices and for amounts consistent with general market conditions and with the specific characteristics of the individual instruments.

6. The objective factors used to evaluate the appropriateness of quotations are, in particular, the time for which quotations remain in the system, the departure of the prices quoted from the mean prices for the period for each instrument, the prices quoted in relation to the amount issued, and the financial characteristics of the individual instruments.
7. In order to ensure competitive price conditions, Participants shall also ensure that an average daily bid-offer spread is maintained for each of the instruments allocated by the Management Company, not exceeding the maximum level communicated by the said Company in circulars, with reference to the various categories of instruments traded on the Market, and shall comply with the other trading terms specified in the Rules.
8. Each Primary Dealer may, even occasionally, formulate Proposals on the Market relating to types of Financial Instrument included among those referred to in art. 6 but different from those allocated to it by the Management Company, within the limits laid down in the Rules; in such case the Participant shall be bound to display purchase and sale prices for that type on the same trading day for the minimum period laid down in the Rules.
9. If serious, justified reasons arise, a Participant may ask the Management Company to suspend the commitment referred to in para. 1 temporarily. In any event the Management Company shall be immediately informed of any interruption in trading caused by malfunctions of the online connection.

Art. 18 - Periodic check on requirements

1. Primary Dealers shall demonstrate periodically, by the dates and in the ways laid down in the Rules, that the conditions referred to in art. 16 still exist. The Management Company may request Participants, including individual Participants, to supply all data, information and documents useful for this purpose, including auditors' certificates.
2. Primary Dealers shall inform the Management Company without delay of any significant variations in the conditions to which the information and documentation supplied on presentation of the application for inclusion in the Register relate.

Art. 19 - Suspension from functions and cancellation from Register

1. Without prejudice to the terms of para. 2, if the Management Company establishes that even one of the conditions referred to in art. 16 no longer exists, or the Participant fails to demonstrate that all the said conditions still exist, the Management Company may suspend it from the functions of Primary Dealer. Suspension will also be ordered if there are good grounds to believe that even one of the said conditions no longer exists.

1. In the event of loss of the requirement referred to in art. 16 para. 2a, the equity shall be reconstituted, and its reconstitution shall be proved to the Management Company within 3 months, failing which the Management Company will suspend the Participant from the functions of Primary Dealer. The Management Company shall be entitled to order the suspension in any event even before expiry of the said period if there are good grounds to believe that the equity cannot be reconstituted within the said period.
2. The Management Company will cancel the Participant suspended from the functions of Primary Dealer from the Register referred to in art. 16 pursuant to the preceding paragraphs if it fails to demonstrate that the conditions referred to in art. 16 para. 2 have been reinstated within six months of the start of the suspension period.

Art. 20 - Other applicable terms

With regard to any matter not excluded by and not incompatible with the terms of this Part of these Regulations, the terms of Part III shall apply to each Primary Dealer.

PART V TRADING

Art. 21 - Types of trade permitted

1. The securities referred to in art. 4 may be traded on the Market by means of the following types of trade:
 - a) buying and selling, spot or forward
 - b) repos.
 - c) basis trading
 - a) spread trading (term, commonly used in the financial markets, refer to quoting methods that allow quoting of a difference expressed in yield basis points between financial instruments of the same or different kinds. Application of this quoting modality gives rise to two distinct buying and selling agreements of opposite sign concerning the instruments for which the yield differential is quoted).
2. Each type of trade indicated in para. 1 may include different standard contracts. Each standard contract will be resolved by the Management Company's Board of Directors, annex to the Rules for Implementation and notified that shall communicate to Participants by means of circulars which specify the times for input into the Screen Based Trading System. .

Art. 22 - Conduct of trading

1. Trading will take place solely through connections to a specific electronic trading system which allows, the display of Proposals, sending of Applications, conclusion of trades, forwarding of the information required to settle operations to the institutions which provide the Settlement Service and those which provide the Deposit Service, and notification to Participants of information regarding market trading

2. The Management Company makes all modifications to the System which become necessary or useful to ensure its more efficient operation, giving prompt notice thereof to Participants in specific circulars.
3. Participants shall trade in their own name and on their own account or in own name and but on behalf of third parties ready admitted to the negotiations. For the purposes specified in art. 32 para. 1b, trading shall be deemed to be performed on conditions consistent with the Market trend, in accordance with the criteria specified in art. 17 para 5.
4. The operation of the Market depends on the presence of a number of Participants and Primary Dealers sufficient to ensure an adequate level of competition between them.
5. Trading shall take place continuously during the hours specified in the Rules. The rules may specify different trading hours for different categories of Financial Instruments.
6. The Management Company may introduce trading sessions, held at times which need not coincide with those established pursuant to para. 5, in which the Primary Dealers are not obliged to formulate Proposals but may display them for purchases or sales only; the Management Company may also regulate the operating procedures of the said sessions.
7. Contracts concluded on the Market are governed by Italian law and disputes deriving thereof shall be subject exclusively to the Italian Courts jurisdiction, unless the contracting parties had previously opted for a different governing law and jurisdiction inline with the applicable law. The adoption of a law and/or jurisdiction different from the Italian one shall however be void and without effect should it, directly or indirectly, conflict with these Regulations, the Rules and the agreement signed with the Management Company..

Art. 23 - Proposals

1. Proposals may only be displayed by Primary Dealers. However, the Management Company may establish in circulars that Proposals may also be effected by Participants other than Primary Dealers, or by some categories of Primary Dealer only, for individual types of Financial Instrument.
2. Proposals, like Applications, may be formulated for amounts equal to the minimum tradable lot or multiples thereof.
3. Proposals formulated pursuant to para. 1 are binding on Participants only, to the extent indicated in para. 5.
4. Before the start of trading hours, each Primary Dealer may input into the System purchase and sale Proposals relating to all the Financial Instruments allocated to it pursuant to art. 17 para. 3. The said Proposals will not be visible to other Participants until the start of trading.

5. Participants may modify Proposals formulated by them at any time. However, they shall be obliged to conclude the trade at the Price proposed and within the quantity offered in the case of Applications processed by the System before receipt of the modification.
6. Modifications to purchase or sale price terms by a Participant shall be made in accordance with the procedures and within the period established in the Rules.
7. With regard to the method of display on the specific pages, Proposals for each Financial Instrument are sorted by the Screen-based Trading System in order of price and, within that classification, on the basis of the time of input.
8. The criteria used to determine the order in which Proposals are dealt with shall be established in the Rules.
9. A Participant may limit the display of Proposals formulated by it to a partial amount between the minimum trading lot and the total amount of the Proposal, in compliance with the terms of para. 2 and within the limits laid down in the Rules.
10. At the close of each day's trading, Proposals still stored in the Screen-Based Trading System will be automatically deleted.

Art. 24 - Conclusion and registration of trades

1. Trades are concluded when a Proposal and an Application or two Proposals are matched in accordance with the procedures established in the Management Company's Rules.
2. A Proposal which has received a partial application shall continue to be considered a Proposal as regards the remainder, and shall maintain the priority originally assigned to it.
4. All trades concluded on the Market are recorded in a specific electronic archive by the procedures established by the Management Company in the Rules, in compliance with art. 65 of the CLFI and the corresponding implementing regulations.
5. All available information relating to Proposals and Applications input into the System and to concluded trades will be filed at the close of each day's trading.

Art. 25 - Performance of trades

1. The Screen-Based Trading System will transmit the data required for performance of the said trades to the institutions responsible for the Deposit and Settlement Services referred to in art. 9 para. 2a and identified by the Management Company for the purpose of clearing and settlement . .
2. For the purpose of para. 1, a specific information page of the Screen-based Trading System will make available to all Participants a subjective table containing the company names of the parties which participate indirectly in the

Deposit and Settlement Service pursuant to art. 9 para. 3, the trades, and the parties which directly participate in the said service and have entered into the payment and receipt agreement referred to in art. 10 para. 2 with the said indirect participants.

3. The publication of the table referred to in para. 2 and the updates thereto shall constitute notification to other Participants for all purposes of the party to which payments in favour of a Participant with which they have concluded a trade shall be made, and shall authorise the Participants which undertake the payment and receipt service to perform the corresponding operations on behalf of their principal with the latter's contracting parties.
4. Without prejudice to the Rules issued by the Bank of Italy by agreement with CONSOB pursuant to s. 69 of the CLFI , and the Rules relating to the depository institutions identified by the Management Company, spot trades shall usually be performed on the third Market opening day after their stipulation.

Art. 26 - Guarantee systems

In order to increase the security of transactions and their performance, the Management Company may introduce suitable forms of individual or collective risk control and guarantee systems in compliance with the rules issued pursuant to s. 68 of the CLFI, and may make continued admission to the Market dependent on compliance with the said rules.

PART VI INFORMATION NOTICES

Art. 27 - Information notices to investors

1. The Management Company will make available to Participants all information necessary for the correct performance of trading activities and performance of concluded trades.
2. In any event, for each Financial Instrument traded on the Market, the Management Company will provide each Participant in real time, through the Screen-based Trading System, with information on the day's trading relating to:
 - a) all Proposals displayed in the System, with details of price and quantity;
 - b) the prices and quantities of the best purchase and sale Proposals;
 - c) the price, quantity and time of the last trade concluded;
 - d) the minimum, maximum and weighted average price and traded quantities calculated on trades concluded during the day until the time of calculation;
 - e) the minimum, maximum and weighted average price and traded quantities calculated on trades concluded in a Market trading period established in the Rules, which shall not exceed two hours;
 - f) the current status of all Proposals issued by the Participant and details of the trades concluded by it.

3. The Management Company will supply Participants through the Screen-Based Trading System with the following tables:
 - a) objective table containing codes identifying the types of Financial Instruments;
 - bc) subjective table containing codes identifying Participants and the corresponding descriptions, and also indicating Participants which participate indirectly in the trade deposit and settlement service and parties which directly participate in the said service and have entered into the payment and receipt agreement referred to in art. 10 para. 2 with them.
4. The contents of the information referred to in the preceding paragraphs and the procedures for providing it will be identified in detail by the Management Company through the Rules.
5. At the close of each day's trading, the Management Company will publish a list drawn up as specified in the Rules, which contains at least information relating to the minimum, maximum and weighted mean price of each Financial Instrument traded on the Market and the total quantities traded, based on the trades concluded during the whole day. The Rules may specify cases in which no account is taken of trades deemed to be abnormal for the purpose of the said calculation.
6. The Management Company may delay publication of data and information in the event of serious technical malfunctions which make it impossible to establish the correct data and information to be published, on giving prior notice to CONSOB.

Art. 28 - Information provided to the authorities

1. Pursuant to s. 64 sub-section 1d of the CLFI, the Management Company will notify CONSOB of breaches of these Regulations found in the exercise of the supervisory activity referred to in art. 29, report on the measures taken, and supply, periodically or on request, data and information relating to the activities performed by Participants.
2. The Management Company will send CONSOB an advance copy of the Rules it proposes to issue pursuant to art. 3 para 1.

PART VII SUPERVISION AND DISCIPLINARY MEASURES

Art. 29 - Monitoring of proper conduct of trading

1. The Management Company will supervise the conduct of trading through a specific surveillance department, to ensure that these Regulations and the Rules are complied with; it will also take all measures required to ensure the smooth operation of the Market.

2. The Management Company will perform (inter alia) the following activities:
 - a) monitoring of compliance with the obligations specified in art. 17 para. 5, by means of the information flow on the Screen-Based Trading System; if any doubts should arise in this respect, it will promptly request clarification from the Participant involved, which shall supply such clarification as soon as possible;
 - b) monitoring to ensure that files, procedures and everything else required to ensure the orderly conduct of trading are suitably updated;
 - c) monitoring of the operation of the technical structures and transmission networks of the Screen-Based Trading System;
 - d) prompt information to Participants, by means of written notices and announcements published on specific pages of the Screen-Based Trading Circuit, relating to its actions which affect trading on the Market;
 - e) management of errors in the input of orders into the Screen-Based Trading System, in the ways specified in the Rules.

3. In the exercise of the Market management activity, the Management Company may (inter alia):
 - a) postpone the start of trading on the entire Market or for individual types or categories of Financial Instruments, or extend its duration beyond the usual hours, to ensure more efficient operation of the Market;
 - b) temporarily suspend trading on the entire Market or for individual types or categories of Financial Instruments in the event of serious technical malfunctions or other exceptional events;
 - c) request Participants to send data and information, possibly periodically, and transmit documents, relating to trading on and off the Market in the instruments traded on the Market, the suitability of organisational structures, and the expertise of trading personnel.
 - d) perform audits at Participants' premises for the sole purpose of checking on their compliance with the organisational requirements.

4. Without prejudice to any measures necessary for the electronic management of trading and the terms of articles 25 and 28, the Management Company shall keep all the information it obtains in the course of its Market management and supervision activities confidential. The available information will be accessed on the Screen-Based Trading System by means of passwords.

5. In the case of trades in securities whose issue has been announced by the issuer, the Management Company shall, on its own initiative, cancel positions and, where applicable, correct data already transmitted for settlement procedures, if the said securities are not actually issued, or the quantity of the issue is significantly lower than that announced.

Art. 30 - Disciplinary measures

1. Participants which fail to fulfil the undertakings deriving directly or indirectly from the application of these Regulations and the Rules or otherwise fail to comply with the operational procedures laid down for the operation of the System shall be liable to one of the following disciplinary measures, taking account of the gravity of the matter and any previous breaches committed by the same Participant:

- a) a written warning
- b) a fine of €1,200 to €26,000 euros;
- c) suspension from trading for a period not exceeding two months;
- d) exclusion from trading;
- e) suspension from the functions of Primary Dealer for a period not exceeding two months;
- f) cancellation from the list of Primary Dealers.

The Management Company shall apply the disciplinary measures in a non-discriminatory way.

2. If the measures of suspension or exclusion from trading are imposed, as regards Market trading, the Participant concerned shall only remain entitled to settle trades still in existence on the date on which the disciplinary measure comes into effect, under the supervision of the Management Company.
3. The disciplinary measures referred to in para. 1 will be taken by the Wise Men Committee on behalf of the Management Company at the end of the procedure referred to in art. 31. The said Wise Men Committee consists of a Chairman, two regular members and two substitute members, who are independent persons of proven expertise on financial instrument markets appointed by the Board of Directors for two years, and whose appointment may be renewed. The fees payable to members of the Wise Men Committee shall be established by the Board of Directors on their appointment.

The sanctions foreseen for failure to observe the market making obligations by the Primary Dealers are adopted, in case of need and urgency, by the Chairman of the Wise Men Committee, in the name and on behalf of the Managing Company, with obligation to refer to the Wise Men Committee at its first successive meeting.
4. The Wise Men Committee referred to in para. 4 shall pass resolutions on a majority vote by its members. A regular member who holds an administrative, supervisory or executive function in a Participant company or has a consultancy arrangement with it shall be replaced by a substitute member in decisions relating to the conduct of that Participant.
5. The operating rules of the Wise Men Committee shall be established by that Committee and approved by the Board of Directors.
6. A party excluded from trading may, at the discretion of the Management Company, be readmitted to trading on presentation of a new application not less than one year after notification of the exclusion order.
7. A party which has been cancelled from the Primary Dealers' Register may be re-registered on presentation of a new application in accordance with the procedures laid down by the Management Company in the Rules not less than one year after notification of the cancellation order.

Art. 31 - Procedure for application of disciplinary measures

1. If the Management Company considers that a Participant has committed one of the types of conduct specified in art. 30 para. 1, it will send the Participant concerned a written notice containing a description of the alleged breach, and invite it to explain itself.
2. Within ten days of service of the notice referred to in para. 1, the Participant concerned may file documents in its defence at the Management Company's registered office, and may ask to be heard. The said period shall be halved if a breach of the obligations referred to in art. 17 para. 5 is involved.
3. When the period referred to in para. 2 has elapsed, the Wise Men Committee Board, having heard the Participant concerned if it so requests and examined any defence documents filed, will impose one of the disciplinary measures referred to in art. 30 para. 1 if it considers that the alleged breach has been committed, or if not, will declare the disciplinary proceedings closed.

With regard only to violation of market making obligations by Primary Dealers and in case of need and urgency, the notification pursuant art. 31 para. 1 by the competent offices of the Company will be sent to the Chairman of the Wise Men Committee who decides the disciplinary measure to be applied within 15 days from dispatch of the notification, authorising the General Director to inform the relevant Primary Dealer.
4. Grounds shall be stated for the decisions referred to in para. 3, which shall be notified in writing to the Participant concerned and, if disciplinary measures are imposed, to CONSOB.
5. If the decision referred to in para. 3 imposes a sanction, it shall establish whether the said decision is to be published and in which media (daily newspapers, news agencies and/or the information pages of the Screen-Based Trading System).
6. In all cases in which it is necessary for the protection and the correct and reliable operation of the Market, in cases of particular urgency or if there are good grounds to believe that a Participant has committed serious breaches or is in a state of suspected insolvency, the Management Company may impose immediate suspension from trading of the Participant concerned by way of precaution. The period of precautionary suspension shall not normally exceed twenty days. In any event, the precautionary suspension measure shall cease to have effect on the date on which the decision taken pursuant to para. 3 is notified to the Participant.
7. Save as specified in para. 6, disciplinary measures shall take effect on the date on which they are issued, unless otherwise established and notified to the Participant.

PART VIII
FINAL PROVISIONS

Art. 32 - Disputes

1. In the User's Agreement referred to in art. 10 para. 5, each Participant:
 - a) will sign an arbitration clause whereby all disputes which may arise with the Management Company relating to the said participation and the deeds consequent thereon, including those relating to the application and interpretation of these Regulations and the Rules, and any amendments thereto, shall be referred to an arbitration in accordance with the procedure specified therein;
 - b) will sign agreements entitling the Management Company to issue a ruling on request if trades concluded by the Participant with other Participants are affected by input or transmission errors, and issue an undertaking to the other parties to the trade to consider the said ruling binding.

Art. 33 - Publication of Regulations

These Regulations shall be published in accordance with the rules laid down by Consob pursuant to section 62 sub-section 3 of the CLFI .

CONSOB 18th February, 2005