

**Memorandum of Understanding
between the Italian and the French Authorities**

**Concerning the link between CASSA DI COMPENSAZIONE E GARANZIA (CCG)
and LCH.CLEARNET SA.**

PREAMBLE

1 - This Memorandum of Understanding (MOU) between the Italian and the French competent Authorities listed below cancels and replaces the Memorandum signed on the 17th and 23rd of December 2002, 28 January and 6th February 2003.

2 - It intends to establish the framework according to which the Authorities agree to organise their co-operation for the fulfilment of their respective duties and powers for the adequate supervision and oversight of CASSA DI COMPENSAZIONE E GARANZIA (CCG) and LCH.CLEARNET SA, respectively by the Italian and French Authorities, without prejudice to their respective supervisory responsibilities under applicable EU and national legislation, including the exchange of information regarding :

- 1) the mutual remote membership of CCG and LCH.CLEARNET SA ;
- 2) LCH.CLEARNET SA's role as central counterparty for the clearing of financial instruments transactions carried out on Italian Regulated markets or Italian Multilateral Trading Facilities or cleared through the link established between LCH.Clearnet SA and CCG ;
- 3) LCH.CLEARNET SA's participation in the Italian securities settlement systems.

SIGNATORY AUTHORITIES

3 - The signatory Authorities are the following:

3.1 - The Autorité de contrôle prudentiel (ACP), which has been vested by the French Monetary and Financial Code (hereafter MFC) notably with: (i) the task of supervising credit institutions, investments firms (except portfolio management firms) and clearing members (articles L. 612-1 and L. 612-2 of the MFC) and (ii) the task of granting the individual authorizations under the legal and regulatory provisions governing the aforementioned firms (articles L. 612-1 and L. 612-21 of the MFC) ;

3.2 - The Banque de France (BDF), which has been vested by article L. 141-4 of the MFC with the task of overseeing the soundness of the systems used to clear, settle and deliver financial instruments ;

3.3 - The Autorité des marchés financiers (AMF), which has been vested with : (i) the task of approving the clearing houses' operating rules (article L. 440-1 of the MFC) ; (ii) the task of setting forth in its General Regulations the conditions governing the approval of the rules of

the clearing houses (article L. 621-7 of the MFC); (iii) supervision powers (article L. 621-9 of the MFC) ; (iv) disciplinary powers (article L. 621-15 of the MFC). In the field of clearing, AMF's supervisory tasks are to supervise the compliance of clearing houses and clearing members with their professional obligations and to monitor the regularity of transactions carried out on French markets (including clearing and settlement of those transactions). The scope of supervision includes the clearing houses' staff and clearing systems and other facilities implemented by the clearing houses, as well as clearing members.

3.4 - The Banca d'Italia, which has been vested with (i) regulatory and supervisory powers on securities clearing and settlement systems and the management companies, having regard to the stability and containment of systemic risk; (ii) the task of approving the clearing houses' operating rules; (iii) the power of requiring securities clearing and settlement systems and their participants to provide information concerning the clearing and settlement of transactions ; (iv) supervisory powers on the Italian wholesale Regulated markets for Government securities and their management companies and on Multilateral Trading Facilities (MTFs) for wholesale trading of Government securities, having regard to the overall efficiency of the market and the orderly conduct of trading. In this respect, the Banca d'Italia, *inter alia*, must be heard by Consob or by the Ministry of the Economy and Finance before adopting precautionary measures on wholesale Multilateral Trading Facilities respectively for bonds or Government securities.

3.5 - The Consob, which has been vested with (i) regulatory and supervisory powers on securities clearing and settlement systems and the management companies, having regard to transparency and investor protection ; (ii) the task of approving the clearing houses' operating rules ; (iii) the power of requiring securities clearing and settlement systems and their participants to provide information concerning the clearing and settlement of transactions ; (iv) regulatory and supervisory powers on the Italian Regulated markets and Multilateral Trading Facilities, including the detection and the prosecution of market abuses. In this respect, the Consob, *inter alia*, must be heard by the Ministry of the Economy and Finance before adopting precautionary measures on wholesale Multilateral Trading Facilities for Government securities.

DEFINITIONS

For the purpose of this MOU :

“Authority” means one of the French or Italian Authorities mentioned above in the paragraph on “Signatory Authorities”.

“Authorities” means the French and Italian Authorities mentioned above in the paragraph on “Signatory Authorities”.

“Multilateral Trading Facility” (or its acronym MTF) means a multilateral system as defined under article 4 of the Markets in Financial Instruments Directive.

“Requested Authority” means the Authority to whom a request is made pursuant to article 18 of this MOU.

“Requesting Authority” means the Authority making a request pursuant to article 18 of this MOU.

“Regulated market” means an exchange as defined under article 4 of the Markets in Financial Instruments Directive.

PRINCIPLES

4 - The Authorities will verify that the regulations of securities clearing and settlement systems in force both in Italy and in France are such as to ensure the efficiency of the market and the orderly conduct of trading, including market fairness, and investor protection.

5 - The essential aim of the co-operation between the Authorities is to ensure that adequate supervision/oversight is carried out on the activities, structure and operations of LCH.CLEARNET SA and CCG, covering aspects related to LCH.CLEARNET SA and CCG as remote clearing members one of the other.

6 - The primary objective of the co-operation is for the Authorities to ensure, to their best efforts, that an adequate monitoring of the risks related to these activities is carried out, in particular counterparty risks, market risks, liquidity risks, operational risks, legal risks, settlement risks, solvency of the clearing houses and systemic risks, building upon the existing national frameworks and related tools. This objective will be enhanced by the promotion of a co-ordinated approach to the supervision/oversight, without prejudice to each Authority’s autonomy for carrying out the surveillance under its responsibility and with due consideration for existing institutional arrangements in both countries and with third countries authorities.

7 - The co-operation has to be based on national provisions pertaining to supervision of the regularity of transactions carried out on Regulated markets and Multilateral Trading Facilities, to supervision/oversight of clearing and settlement of those transactions, and to the prudential supervision of the institutions which carry out these transactions. Having regard to the cross border dimension of LCH.CLEARNET SA’s and CCG’s activities, the co-operation has also to be based on the relevant EU legislation, and the international principles for the regulation and oversight of central counterparties activities, like the CPSS/IOSCO Recommendations for central counterparties, as well as the ESCB-CESR Recommendations for central counterparties.

8 - The French Authorities acknowledge that :

- according to the regulation jointly issued by Banca d’Italia and Consob, foreign clearing houses can participate in Italian securities settlement system provided that they are subject to supervisory measures equivalent to those established in Italian legislation ;

- the provision of information to the Italian Authorities for the carrying out of their supervisory tasks is a necessary condition for the participation of LCH.CLEARNET SA in CCG and in the Italian securities settlement system, and for its acting as central counterparty on Italian Regulated markets or Italian Multilateral Trading Facilities.

9 - Reciprocally, the Italian Authorities acknowledge that the provision of information to the French Authorities for the carrying out of their supervisory tasks is a necessary condition for the participation of CCG in LCH.CLEARNET SA.

FRAMEWORK OF MUTUAL COOPERATION AND ASSISTANCE

10 - This MOU establishes the following framework of mutual co-operation and assistance between the Authorities :

Co-operation on general issues

11 - The Authorities agree to exchange information and keep each others informed of any major change regarding their national legal framework of supervision and oversight of securities clearing and settlement systems, to the extent relevant to the performance of supervisory tasks assigned to each Authority under the relevant laws and regulations.

Co-ordination of the supervision/oversight

12 - The Authorities agree to develop a framework in order to promote a co-ordinated approach for the initial and ongoing supervision/oversight on the link established for the mutual remote membership of CCG and LCH.CLEARNET SA for the clearing of financial instruments transactions, carried out on Italian Regulated markets or Italian Multilateral Trading Facilities or cleared through the link between LCH.CLEARNET SA and CCG, for the use of Italian securities settlement systems by LCH.CLEARNET SA and for handling emergency events in relation to the said link.

13 - The development and implementation of this framework will lead to the organisation of periodical meetings between the Authorities, as a rule once a year, according to a time frame to be decided by the Authorities.

Transmission of information from LCH.CLEARNET SA / CCG to the Authorities

14 - The French Authorities agree that LCH.CLEARNET SA shall be asked to provide the Italian Authorities on an ongoing and timely basis, through a secretariat of the French Authorities, lodged at the Banque de France mentioned in the Annexe of this MoU, with all the information necessary for the supervision of the Italian Regulated markets and Italian Multilateral Trading Facilities, clearing and securities settlement systems.

15 - The above paragraph is without prejudice to the statutory powers and competences of the Italian Authorities to ask directly information to LCH.CLEARNET SA, provided that any request is simultaneously or promptly copied to the secretariat of the French Authorities. To ensure an efficient and rapid transmission of information, direct transmission of information to the Italian Authorities will take place when necessary, provided that this information is simultaneously or promptly copied to the secretariat of the French Authorities.

16 - The Italian Authorities agree that CCG shall be asked to provide to the French Authorities, either directly or through the Italian Authorities themselves, with all the information necessary for the supervision/oversight of LCH.CLEARNET SA. To ensure an efficient and rapid transmission of information, direct transmission of information to the French Authorities will take place when necessary, provided that this information, and the request thereof, is simultaneously or promptly copied to the Italian Authorities.

Mutual information by the Authorities

17 - The Authorities engage themselves to inform each other as soon as possible about any matter that is likely to assist the Authorities of the other jurisdiction to perform their respective duties, and in particular about :

- significant changes in the conduct of LCH.CLEARNET SA or CCG ;
- major irregularities and/or any significant events that can affect their smooth functioning or the interaction of LCH.CLEARNET SA with the Italian securities settlement system ;
- the failing, by CCG or LCH.CLEARNET SA, to meet the fitness and propriety requirements imposed on their directors, senior managers and/or relevant shareholders ;
- any financial or operational violations or difficulties by CCG and LCH.CLEARNET SA ;
- any other facts or issues that could materially affect the authorisation of either CCG or LCH.CLEARNET SA, or the fulfilment of the requirements for their mutual membership or their participation in the Italian securities settlement system.

18 - The Authorities will provide each other, upon request, with any additional information about CCG and LCH.CLEARNET SA that may be necessary for the discharge of their legal duties. In that case, requests for information should specify a description of the purpose for which the information is sought ; the information required; to whom onward disclosure of information is likely to be necessary, and in this context, the reason for such disclosure; the desired time period for the reply and any other matters specified by the laws and regulations in the territory of the Requested Authority.

19 - If a request for information or assistance is made, the Requested Authority will use all reasonable efforts to provide the information or assistance to the Requesting Authority, subject to its applicable laws, regulations and requirements and relevant EU legislation. In any case where the request cannot be fulfilled in part or whole, the Requested Authority will consider whether there may be other assistance which can be given by itself or by any other authority in its jurisdiction.

20 - Requests for assistance should be made in writing and addressed to the contact points or contact persons of the Requested Authority listed in Annex. The references to the above persons, who shall also act as designated persons in the event of urgency or crisis situations, will be regularly updated by the Authorities.

21 - When there is a need for expedited action, requests for information and replies to such requests may be transmitted in any form, including orally, but shall be confirmed subsequently in the manner required above within the shortest possible time. The Requested Authorities shall endeavour to provide information as soon as possible in such circumstances.

Confidentiality / Use of information

22 - Information received upon request may be used by the Requesting Authority solely :

- for purposes stated in the request, including ensuring compliance with or enforcement of the laws or regulations specified in the request and related provisions ;

- for purposes within the general framework of the use stated in the request including conducting a civil or administrative proceeding, prudential supervision or market surveillance, or assisting in a criminal prosecution, or conducting any investigation related thereto for any general charge applicable to the violation of the laws or regulations specified in the request.

23 - Without prejudice to cases covered by criminal law and to the other compulsory cases permitted in accordance with Articles 44 to 52 of Directive 2006/48/EC and Articles 54 to 58 and 62 of Directive 2004/39/EC, and subject to the condition of professional secrecy, information received by the Authorities in the course of the carrying out of their supervisory responsibilities may not be transmitted to other domestic or foreign authorities or to any third parties without the consent of the Authority that originated this information.

On site inspections

24 - The Authorities acknowledge that on site inspections of CCG and LCH.CLEARNET SA are carried out by their respective national supervisory Authorities. When a competent Italian Authority wishes to verify the information concerning LCH.CLEARNET SA or when a competent French Authority wishes to verify the information concerning CCG, it will ask the competent Authorities of the other country to have that verification carried out. Representatives of the Authorities of the other jurisdiction may be invited to accompany the competent Authorities in their inspections. In that case, a formal invitation will be sent to the other Authorities. Results of on site inspections will be shared upon request by the other Authority.

These conditions complement the “Service Agreement for Allied Clearing House to LCH.Clearnet SA Clearing System” and the “Service Agreement for Special Clearing Member to CC&G Clearing System” between CC&G SpA and LCH.Clearnet SA .

Additional arrangements

25 - Other practical arrangements regarding the modalities of co-operation between the French and the Italian Authorities may be agreed upon from time to time.

Entry into effect and termination

26 – This MoU shall come into effect on the date of the last signature set out below and will continue to have effect until terminated by any of the Authorities giving thirty days advance written notice to the other Authorities.

27 – If either the French or the Italian Authorities give such notice, co-operation will continue with respect to all requests for information or assistance that were made under the MoU before the effective date of notification until the Requesting Authority terminates the matter for which information or assistance was requested. In the event of the termination of this MoU, information obtained under it will continue to be treated in the manner prescribed under clauses 22 and 23.

Review of MoU

28 - The French and the Italian Authorities will keep the operation of this MOU under review and will consult when necessary with a view to improving its operation and resolving any matters.

Amendment of MoU

29 - This MOU may be amended by the joint agreement of the French and the Italian Authorities.

30 - The original wording of this Memorandum is in Italian, French and English versions which shall be equally authentic. In case of any doubt with regard to the interpretation of this Memorandum due to differences between the language versions, the matter in question will be treated by the Authorities in such a manner as to fulfil the principles and objectives on which this Memorandum is based.

IN WITNESS WHEREOF, the Undersigned, have signed this Memorandum.

Banca d'Italia

Date :

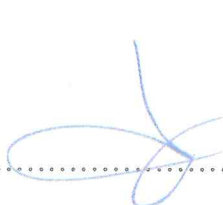

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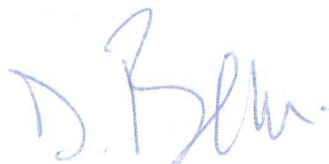

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Autorité de contrôle prudentiel

 D. NOUY

Date : 16.03 2012

Banque de France

D. BEAU


Date :

Autorité des marchés financiers



Date :