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To the kind attention of:

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We Monte Titoli S.p.A. (MT), the domestic CSD for the Italian market, make reference to your letter of last 23 May 2008 inviting us to express our commitment to the continuation of the T2S project.

First of all we would like to acknowledge the big effort made by the ECB for the T2S project and the remarkable results achieved so far, such as the User Requirements Document that can be considered a sort of harmonized reference guide for the settlement practices in Europe, at least.

Secondly, since we have followed and to a certain extent also supported the work in the T2S project, we would like to point out that:

1. Regarding the approach that will be followed to build T2S, we have always been in favour of a centralised solution for clearing and settlement in Europe but we still believe that a solution reusing existing systems having proved to be state-of-the-art and cost-effective is much better in terms of cost and resources to be allocated than building it from scratch

Monte Titoli S.p.A.

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Società sottoposta all'attività di direzione e coordinamento di Borsa Italiana S.p.A.



2. Regarding the impacts of introducing T2S, we have carried out a survey among our clients last February of this year and we have received clear indications to:
 - limit at the minimum any adaptation costs, possibly reusing the same applications currently available in our system (with reference to communications interfaces, clearing and netting procedures)
 - maintain the current service levels in terms of performances and fees

3. Regarding the documentation that you kindly submitted to us on 23 May 2008 (the final version of the User Requirement Document, the methodology and results of the economic impact analysis, the legal assessment of T2S, the description of the T2S governance for the specification phase and the harmonisation efforts to be taken in the context of T2S), we have carefully reviewed it but we have come to the conclusion that further clarifications is necessary on:
 - cost and pricing, i.e. emphasis on full cost recovery and no cross-subsidisation; progress on the development of a pricing framework
 - the future T2S governance and set-up

According to what our clients (markets, CCPs and intermediaries) have told us, and stating once again our primary objective is the safeguard of our clients' interest that we intend to pursue also within the T2S initiative, we can confirm our commitment subject to the following conditions:

1. The impacts on our cost function for settlement services due to T2S will be extremely limited and allow us to maintain the same fees to our clients
2. The possibility of MT to influence in a decisive way the T2S functional specifications process in the next months and its operational management once live, which is directly connected to the precise role CSDs will have in the governance of the platform.

All the above being said, our Board of Directors concluded that, if the mentioned conditions will be satisfied to the greatest extent in the next phases of the project, we intend to:

1. support the launch of T2S
2. collaborate for entering into a contractual arrangement for the specification and development phase by the end of the first quarter 2009
3. define a plan of interventions to adapt our internal systems and connect to T2S
4. envisage using the system when it is live, no later than 2013.



We are therefore willing to make resources available to work together with the T2S staff during the second half of 2008 in order to identify our needs for amendments in our systems and to clarify the remaining conditions, which we expect to be addressed in the specification and development phases and, to the extent appropriate, reflected in the contractual arrangement beginning of 2009.

We are looking forward to hearing from you.

Monte Titoli S.p.A.
General Manager
Paolo Cittadini

