

Memorandum of understanding between the Financial Services Authority and Commissione Nazionale per le Società e la Borsa concerning cooperation, consultation and exchange of information in relation to London Stock Exchange plc and Borsa Italiana SpA

1. This Memorandum of Understanding (hereinafter MOU) intends to establish the framework according to which the Financial Services Authority and Commissione Nazionale per le Società e la Borsa agree to organise their cooperation for the fulfilment of their respective duties and powers for the supervision of the London Stock Exchange (LSE) and the Borsa Italiana (BI) Group, without prejudice to their respective supervisory responsibilities.
2. This MOU is without prejudice to, and does not supersede, any relevant Directives and any bilateral or multilateral agreements already existing between the signatories, dealing with cooperation and exchange of information for supervisory and enforcement purposes.
3. The signatories (hereinafter the Authorities) are:
 - a. The Financial Services Authority (FSA), which is the UK's national financial services and markets regulator acting in accordance with the Financial Services and Markets Act 2000 (FSMA).
 - b. Commissione Nazionale per le Società e la Borsa (CONSOB), which is vested with regulatory and supervisory powers of regulated markets in accordance with Part III of Legislative Decree no. 58/1998 (the Consolidated Law on Financial Intermediation – CLF).

General Principles

4. This MOU is a statement of intent to consult, cooperate and exchange information in connection with the supervision of the LSE, an investment exchange recognised under section 290 of FSMA, and BI Group, a market operator authorised under Part III of the Consolidated Law on Finance and the entities belonging to the group, including, where relevant matters involving London Stock Exchange Group plc (LSEG), a holding company incorporated in the UK, in a manner consistent with, and permitted by, the laws and requirements that govern the FSA, CONSOB and the regulated markets and trading facilities operated in those jurisdictions. The FSA and CONSOB also endeavour, through open and ongoing dialogue, to consider the regulatory implications of further levels of integration between the regulated activities of LSE and BI Group, including the operation of regulated markets and any multilateral trading facilities ('the Market Operations' and each 'a Market Operation'). It is anticipated that cooperation will be primarily achieved through ongoing, informal, oral consultations, as well as periodic meetings, written requests as needed, and other practical arrangements as may be developed by the Authorities.
5. Information sharing, cooperation and assistance between the Authorities pursuant to this MOU are intended to be provided on a reciprocal basis and are intended to take place in accordance with the law, including relevant Directives, and the powers granted pursuant to the relevant laws, of the United Kingdom and Italy.
6. The provisions of this MOU are not intended to create binding legal obligations not to supersede or limit any applicable domestic legislation or regulation nor are they intended to give rise to a

right on the part of any third party, directly or indirectly, to obtain, suppress or exclude any information that is the subject of this MOU or to challenge the execution of a request for information or assistance under this MOU.

7. The Authorities intend periodically to review the functioning and effectiveness of this cooperation agreement between them with a view, *inter alia*, to expanding or altering the scope of operation of this MOU should that be judged necessary, particularly in the event that LSEG seeks further levels of integration of the Markets Operations.

Scope of supervisory consultation, cooperation and exchange of information

8. The FSA and CONSOB endeavour to meet periodically to identify and discuss issues of regulatory concern to either or both Authorities that may have an impact in the other jurisdiction or, where relevant, on the group as a whole, and to identify and discuss at early stages the regulatory implications of anticipated further levels of integration of the Markets Operations.
9. The Authorities intend to provide, without prior request and in advance to the extent practicable, any information they consider likely to be of assistance to the other including, but not limited to information concerning:
 - a. any major change regarding their national legal framework of supervision and oversight of LSE, BI Group or LSEG to the extent relevant to the performance of supervisory tasks in relation to a Market Operation assigned to the other authority under relevant laws and regulations;
 - b. any event or development of which they are aware that has or is likely to have a significant detrimental effect on a Market Operation in the other jurisdiction or across the Market Operations, such as: failure of systems and procedures for clearing trades or for producing price transparency; serious organisational, financial or operational difficulties; and evidence of market abuse (to the extent likely to have a significant detrimental effect to confidence in the Market Operations).
10. The Authorities intend to consult regularly regarding general supervisory and regulatory developments, and to work together to coordinate their regulatory approval processes with respect to decisions taken that affect operations across the Market Operations. Issues for coordination include, but are not limited to:
 - a. Amendments to the Bylaws or Articles of Association of LSEG that may affect a Market Operation in either jurisdiction;
 - b. Alliances, mergers, or cross-shareholdings that occur at the holding company level;
 - c. Amendments to ownership structure or governance arrangements of LSEG;
 - d. Events or developments that have or are likely to have a significant effect on the operation of a Market Operation in the other jurisdiction or across the Market Operations, such as: significant changes in the arrangements under which the Market Operation conducts its regulatory functions (e.g. material outsourcing arrangements); significant changes in the activities performed; significant changes in the financial condition of BI Group, LSE or LSEG; changes in the organisation and IT structures, and risk management measures and procedures;

- e. Acquisition and disposal of shareholdings amounting to direct or indirect controlling interests in LSE or BI giving rise to notification obligations pursuant to the relevant laws;
 - f. Other material changes to LSEG relevant to the Market Operations.
11. To the extent necessary to supplement periodic and ad hoc oral consultations, upon written request, each Authority intends to provide to the other Authority the fullest possible cooperation regarding obtaining information related to compliance by LSEG with its obligations set forth in its Bylaws and Articles of Association or under the laws or regulations of the Requesting Authority. It is anticipated that such requests will relate to information that is not otherwise available to the Requesting Authority.
12. Coordinated Decision Making – Where BI Group, LSE or LSEG seek to harmonise the rules of Market Operations in both jurisdictions, the Authorities will work together to coordinate their regulatory approval processes and to facilitate the development and implementation of consistent rules, where appropriate. Areas for coordination include, but are not limited to:
- a. Efforts to harmonise trading rules across the Market Operations;
 - b. Efforts to harmonise membership and cross-membership rules across the Market Operations;
 - c. Future integration or restructuring steps across the Market Operations that may be considered and implemented by LSEG; and
 - d. The creation or closing of a new exchange or other trading facility operated by BI Group or LSE that operates in the jurisdiction of the FSA and/or CONSOB.
13. Integrated Functions – To the extent that LSEG, LSE and BI seek to integrate functions across the Market Operations, the Authorities agree to consult in the interest of developing practical arrangements to coordinate regulatory oversight of integrated functions. Areas for which practical arrangements may be developed include, but are not limited to, information technology functions and the areas identified in paragraph 12(a) to (d) above.
14. Where LSEG is or seeks to be listed or admitted to trading on a market operated by LSE or BI Group, each Authority intends to provide the other Authority with the fullest possible cooperation regarding obtaining information related to compliance by LSEG with its obligations, and, to the extent practicable, to consult in the interest of coordinating any actions to the extent relevant to the performance of supervisory tasks.

Seeking assistance

15. Requests for assistance shall be made in writing, contain sufficient information to enable the requested information to be provided, and be addressed to the contact persons listed in Annex A. The references to the above persons, who shall also act as designated persons in the event of urgency or crisis situations, shall be updated by the Authorities whenever the identity of those persons or their contact details change. Where relevant each Authority shall comply with Directive requirements in relation to requests for cooperation and exchange of information.

16. If urgent, requests may be transmitted in any form, including orally, subject to subsequent written confirmation.

Confidentiality and permissible use of the information

17. Any information or written material obtained or viewed pursuant to the provisions of this MOU will be subject to the provisions relating to permissible uses and confidentiality in the CESR MMOU and relevant Directive provisions.

Duration

18. This MOU shall come into effect on the date of the latest signature set out below and will continue to have effect until terminated by either of the Authorities giving 30 days advance written notice to the other Authority.

Signed on 13 December 2007 in English and Italian

By:

Lamberto Cardia

Lamberto Cardia
Chairman
Commissione Nazionale per le Società e la Borsa

Callum McCarthy

Callum McCarthy
Chairman
Financial Services Authority

Annex A

Contact persons

CONSOB

Nicoletta Giusto
International Relations Office
Commissione Nazionale per le Società e la Borsa
Via G.B. Martini, 3
00198 Roma, Italy

Tel: +39 06 8477277
Fax: +39 06 8477763
e-mail: n.giusto@consob.it

FSA

Jennifer Boneham
Equity Markets Team
Financial Services Authority
25 The North Colonnade
London
E14 5HS
United Kingdom

Tel: +44 207 066 1128
Fax: +44 207 066 1129
e-mail: jennifer.boneham@fsa.gov.uk