



Company Presentation



Multilateral Italian Market

Hi-mtf
matching your needs



Agenda

- About Hi-MTF
 - Legislation
 - Functions
 - Quote - Driven Hybrid segment
 - Order - Driven segment
 - Fixed-Income
 - Equity
 - RFQ segment
 - Primary Market – Issue
 - Annexes
-

General overview and shareholders

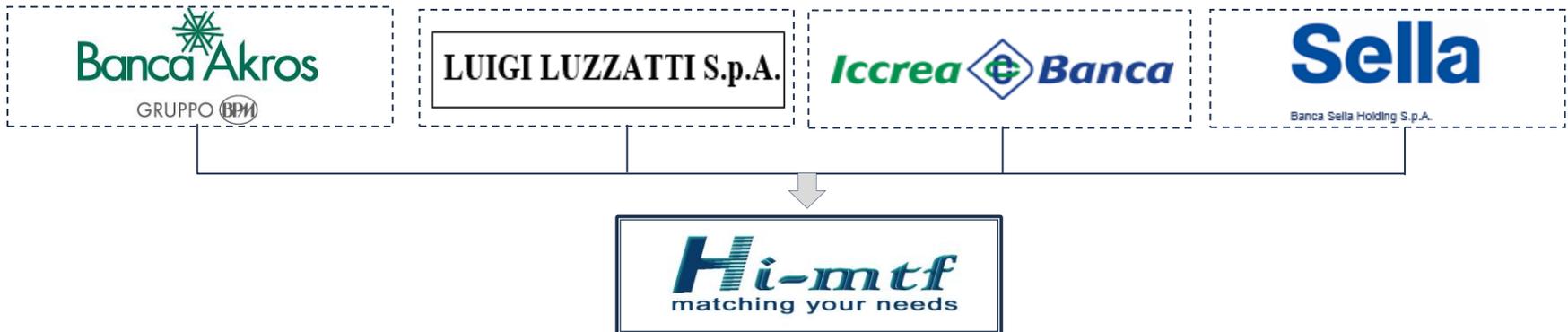
Overview

- Hi-MTF is a *Multilateral Trading Facility* (MTF) – a MiFID II compliant type of trading venue – oriented to retail clients
- Hi-MTF provides investors with the opportunity to trade a wide range of bonds: government, corporate, banking, structured and others
- Hi-MTF's Mission: efficiency and effectiveness in managing a trading platform oriented to non-professional investors and centered on liquidity and transparency

Qualified subjects to participate in the Market

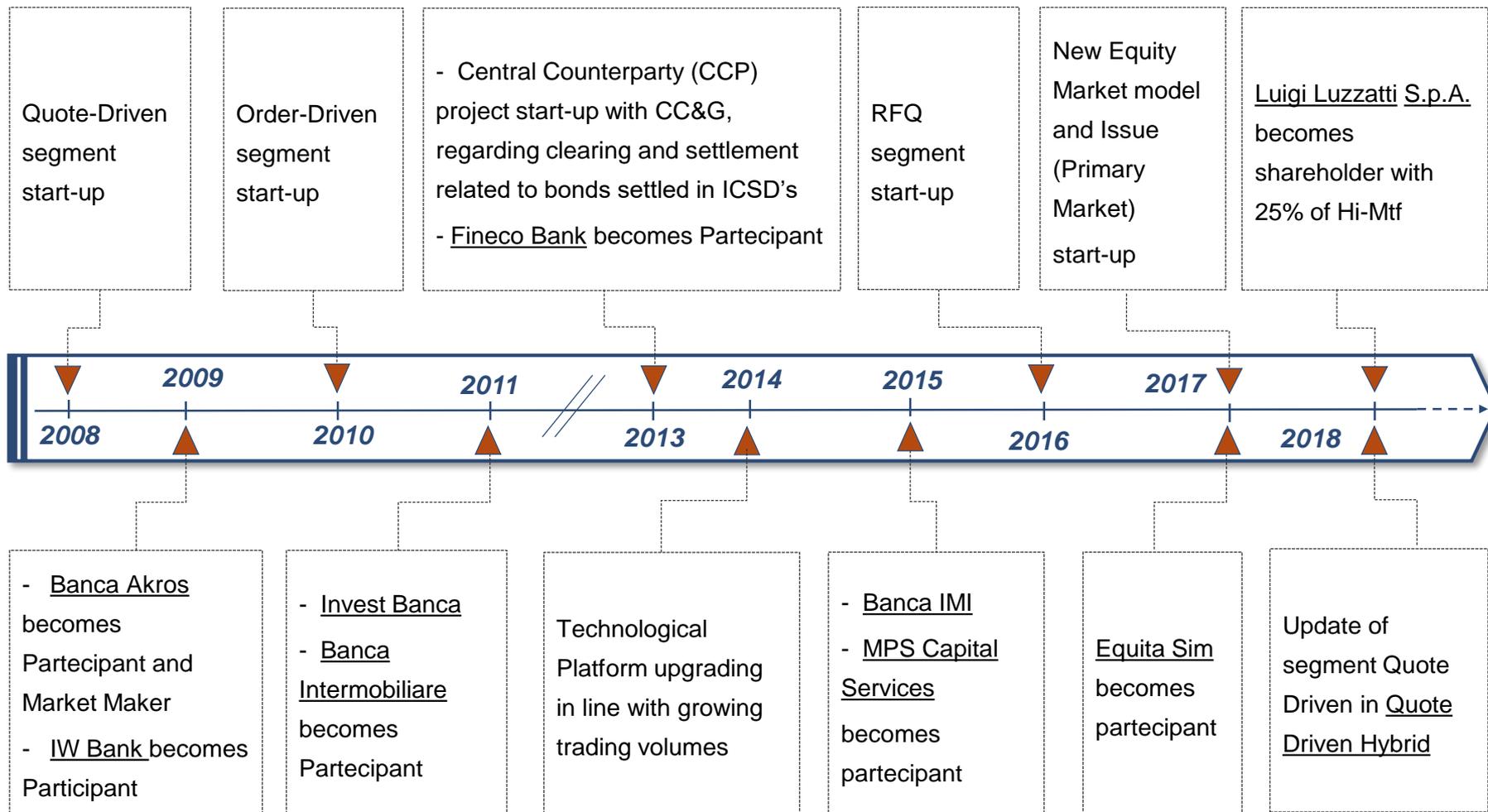
- National banks, community (European Union) banks, and SIMs, according to the art. 67 paragraph 2 of Legislative Decree of 24 February 1998, n. 58 (and its subsequent updates)
- EU investment companies
- Third country companies authorized to provide services or trading activities on their own account or execution of orders on behalf of clients according to arts. 28 and 29-ter of the Legislative Decree of 24 February 1998, n. 58 (and its subsequent updates)

Current shareholders, each holding 25% of capital, are:



Key milestones

- A summary of **Hi-MTF's** corporate history :



QUOTE-DRIVEN HYBRID SEGMENT

- The segment hosts: Government Bonds, Supranational Bonds, Corporate Bonds, Banking Bonds, Emerging Markets and Structured Bonds
- A Market Maker (*MM*) exhibits continuously compulsory bid-ask quotes even with possibility to insert proprietary orders
- New market Participant: Aderente Diretto Gold
- Orders insert by Aderenti Diretti (*AD*) participate in the composition of the negotiation book

Total instruments listed: **870**

ORDER-DRIVEN SEGMENT

- The segment is divided into two sub-segments:
 - Fixed-Income: **1,045** bonds listed
 - Equity: **22** equities listed
- Trades take place because of the Participants' (Aderenti Diretti and Specialists) orders intersection
- Liquidity can be sustained by Specialists exhibiting bid-ask quotes on a predefined assets basket

RFQ SEGMENT

- The segment hosts a selection of liquid securities on Quote Driven
- «Request for Quote» Negotiation: a Proposal forwards an anonymous Purchase/Sales request to the Market and the Aggressor can respond to the request with a price and quantity
- Minimum size € 1mln on Government Securities and € 200K on Eurobond
- For «professional» (eg: asset management)

Total instruments listed: **240**

PRIMARY MARKET

- The distribution activity on Primary Market (ISSUE) of Hi-MTF is carried out in a continuous trading period possibly followed by an auction period.
- The auction period is optional.
- It's possible to list the Bond on the relative Market segment (QD Hybrid or Order Driven) at the end of the placement of the primary Market.



Agenda

- About Hi-MTF
 - Legislation
 - Functions
 - Quote - Driven Hybrid segment
 - Order - Driven segment
 - Fixed-Income
 - Equity
 - RFQ segment
 - Primary Market – Issue
 - Annexes
-

CONSOB

Art. 67 «General Operator access criteria»

- **c.2** «Investment firms, Italian banks, EU Investment Companies, EU banks and the companies of non - EU countries authorized to provide trading services or activities on their own account or executing orders on behalf of the clients pursuant to articles 28 and 29-ter may access the regulated markets and multilateral trading facilities in the capacity of members or investors».
- **c.3** «EU Investment companies, EU banks and companies of non-EU countries authorized to provide trading services or activities on their own account or executing orders on behalf of the clients pursuant to articles 28 and 29-ter may be admitted in the capacity of members or investors of the regulated markets or multilateral trading facilities established in Italy in accordance with the following methods: a) directly, by establishing a branch; b) by becoming distance members or having distance access to the regulated market or multilateral trading facility, when the procedures and the trading facilities of the venue in question do not require a physical presence for the conclusion e of transactions».
- **c.4** «The following may also access regulated markets and multilateral trading facilities, having regard to the rules adopted by the operator of the trading venue if: a) they have a sufficiently good reputation; b) they have a sufficient level of trading capacity, competence and experience; c) they have adequate organizational devices; d) they have sufficient resources for the role they have to perform, having regard to the various finance provisions that might be fixed by the regulated market to guarantee the adequate regulation of the transactions».
- **c.6** «The members or participants in the regulated markets and multilateral trading facilities and the clients of the organized trading facilities behave with diligence, honesty and transparency for the purpose of not compromising the integrity of the markets».

**LEGISLATIVE
DECREE** no.58 of
24 February 1998
- In force from 3
Jan 2018

Hi-MTF

Art. 12 «Access to Market»

- **c.1** «Trading venues shall establish systems and procedures aimed at ensuring, upon submission of a request for access to trading and then on a continuous basis, proper and effective monitoring of market participants' compliance with the requirements for access and permanence on the markets»

REGULATION no. 20249
of 28 December 2017 –
Implementing the
provisions on markets of
Legislative Decree 58 of
24 Feb. 1998 – In force
from 3 Jan 2018

Goals of European Directive – MiFID I and MiFID II

MiFID I – Markets in Financial Instruments Directive 2004/39/EC

- Improve the protection of the investor
- Assure the integrity of the Market
- Guarantee the transparency of the Markets
- Abolition of the «concentration rule» by the introduction of **multilateral trading facilities**



Article 4 (15) of MiFID describes MTF as multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract. The term 'non-discretionary rules' means that the investment firm operating an MTF has no discretion as to how interests may interact. Interests are brought together by forming a contract and the execution takes place under the system's rules or by means of the system's protocols or internal operating procedures.

MiFID II

- Ensure the level playing field between financial intermediaries of EU
- Strengthening investor protection and market integrity.
- Ensure more transparency of trading
- News on Markets microstructure (trading obligation, markets for PMI)
- Creating new trading venue (organized trading facilities)
- New reporting obligations towards the Supervisory Authority
- IT operational and organizational updates required by the regulations to the trading venue
- Formal adjustments to procedures and regulations envisaged by Hi-Mtf Sim S.p.A.

Regulatory Framework for MTFs

24 February 2012: ESMA/2012/122 Guidelines ("Systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities")



12 June 2014: 2014/65/EU Directive (MiFID II) and regulation EU no 596/2014 of the European Parliament and Council (MiFIR)



September 2015: Regulatory Technical Standards (Final report – Draft Regulatory and Implementing Technical Standards MiFID II/ MiFIR; Annex I; Annex II)



3 January 2018: become law MiFID II and incorporation into Testo Unico della Finanza and into Consob Market Regulation



Today: Transposition of MiFID II Regulatory package into Market Regulations of Hi-Mtf (Hybrid Quote Driven segment, Order Driven segment and Request for Quote segment)



Agenda

- About Hi-MTF
 - Legislation
 - Functions
 - Quote - Driven Hybrid segment
 - Order - Driven segment
 - Fixed-Income
 - Equity
 - RFQ segment
 - Primary Market – Issue
 - Annexes
-



Functions

Functions

Hi-Mtf has facilities responsible for ensuring the correct and orderly functioning of the Market

Compliance Function

Supervises the observance of laws and regulations and the correct application of internal procedures

Risk Management Function

Collaborates in defining the risk management system, presides over the operation of risk management system and verifies its compliance

Listing Function

Verifies the eligibility requirements of financial instruments, in the context of the pre-listing activities; it also identifies highly tradable securities

Monitoring and Market Supervision Function

Ensures the application and observance of Market Regulation and carries out all the activities related to and necessary for the smooth and efficient functioning of the Market

Middle Office Unit

Performs ex-post analysis in order to support the top-level controls on suspicious transactions that may constitute market abuse, and on the activity of the Market participants

Operations Function

Is responsible of organization and administration of IT, both whether these activities are carried out directly or through an outsourcer

Compliance and Risk Management Function

Description

- The function develops the second level control activities ex art. 16 Regolamento Conjunto Banca d'Italia – Consob 24 October 2007
- The function highlights and manages all the individual risks, in order to contain the overall risk level

Compliance	Compliance evaluation	Planning	Check	Periodic reporting	Market Abuse evaluation
	<ul style="list-style-type: none"> ✓ Analysis and study of the relevant legislation to SIM ✓ Proposal for organizational and / or procedural changes for regulatory compliance 	<ul style="list-style-type: none"> ✓ Preparation of the Annual Plan of Compliance 	<ul style="list-style-type: none"> ✓ Execution of tests specified in Compliance Plan 	<ul style="list-style-type: none"> ✓ Description of activities performed and its results, to be sent to the appointed Corporate Bodies 	<ul style="list-style-type: none"> ✓ Verifying the adequacy of processes ✓ Participation in the investigation phase
	Risk mapping		Check of Capital adequacy		
	<ul style="list-style-type: none"> ✓ Activities aimed at individual corporate risk in order to: <ul style="list-style-type: none"> – Identify – Classify them – Reduce them – Monitor 		<ul style="list-style-type: none"> ✓ Management of the internal capital evaluation process (ICAAP process) ✓ Management Support Reporting 		
	Risk Management				

Listing, Monitoring and Supervision Function

Description

- The function performs related and functional activities to ensure the regular and efficient functioning of the Market
- It verifies the application and compliance with the provisions of the Hi-MTF Regulations, by performing the related first-level controls

1

Listing

- ✓ Identification of securities with a high potential for exchanges and reporting to the Management Committee
- ✓ Verification of eligibility requirements and activation of the listing procedure

2

Monitoring

- ✓ Real-time control of the activity of Market Makers, Aderenti Diretti "Gold" and Aderenti Diretti on the market, in order to identify misconduct with respect to the prescriptions of the Regulations

3

Supervision

- ✓ Management of behaviors of Market Makers, Aderenti Diretti "Gold" and Aderenti Diretti, in compliance with the requirements of the Regulations

Description

- Performs ex-post analysis in order to support the second-level controls:
 - On the activity of the Market Maker/Aderente Diretto «Gold» to identify unfair behaviour
 - On suspicious transactions that can configure Market Abuse
- The Unit operates independently, has access to all relevant information and reports directly to the Management

1

Compulsory quotation analysis

- ✓ Monthly analysis on observance of compulsory quotation by Market Maker / Specialist through automated tools and independently to top level controls
- ✓ Develop specific report directed to Corporate Bodies

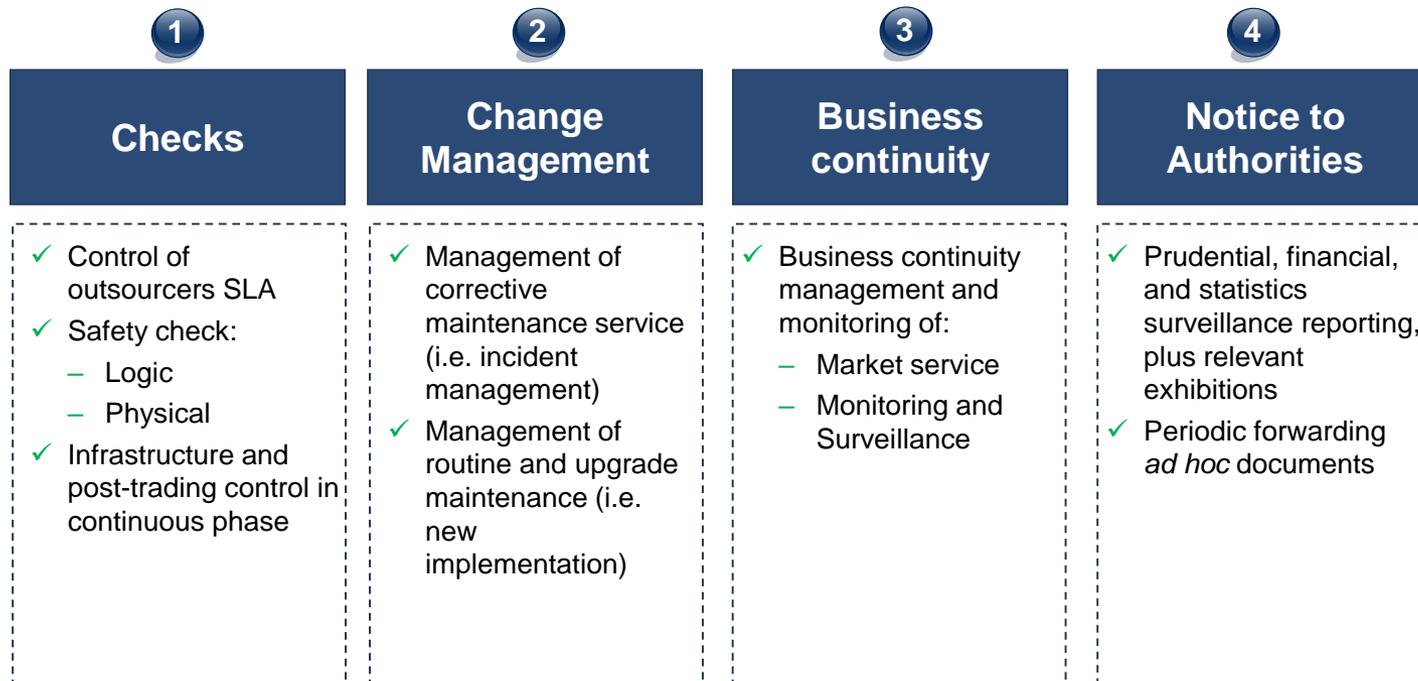
2

Market Abuse

- ✓ Detection of operations that might constitute a violation of the provisions on Market Abuse through:
 - Analysis of automatic alarms generated by the Abuse Detection system
 - Analysis of evidence arising from the top-level control

Description

- Operations function controls all activities relating to the administration, accounting and organization of the Company
- The function is designated to perform activities of verification, supervision and coordination of the work of outsourcers





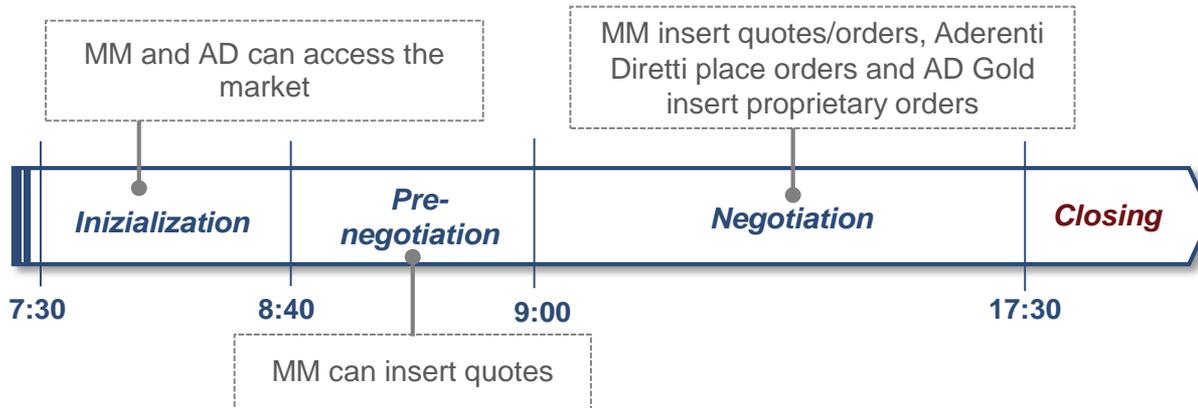
Agenda

- About Hi-MTF
 - Legislation
 - Functions
 - Quote - Driven Hybrid segment
 - Order - Driven segment
 - Fixed-Income
 - Equity
 - RFQ segment
 - Primary Market – Issue
 - Annexes
-

How it works



Market Phases
Monday to Friday



QD Hybrid segment participants

- **Market Maker** that displays bid and/or ask quotations (**Quotes**) regarding whatever security traded on Hi-Mtf, for which an appropriate application for admission has been presented. He may also sends proprietary orders, trading proposal in buy or sell on any other financial instruments traded on the Market
- **Aderente Diretto** is a participant enabled to send **Orders** from their clients on Hi-Mtf, and refrains from trading with proprietary orders on the Market.
- **Aderente Diretto "Gold"** is authorized to send proprietary orders on a limited number of financial instruments whose maximum number is defined by the Market.

Securities are traded through the matching of

- Market Makers' proposals (Quotes and Orders) and Aderente Diretto client orders.
- Market Makers' proposals (Quotes and Orders) and proposals from other Market Makers (Quotes and Orders).
- Market Makers' proposals (Quotes and Orders) with proprietary orders from Aderente Diretto "Gold".
- Aderente Diretto client orders with Aderente Diretto client orders.
- Aderente Diretto client orders with proprietary orders from Aderente Diretto "Gold".
- proprietary orders from Aderente Diretto "Gold" with proprietary orders from Aderente Diretto "Gold".

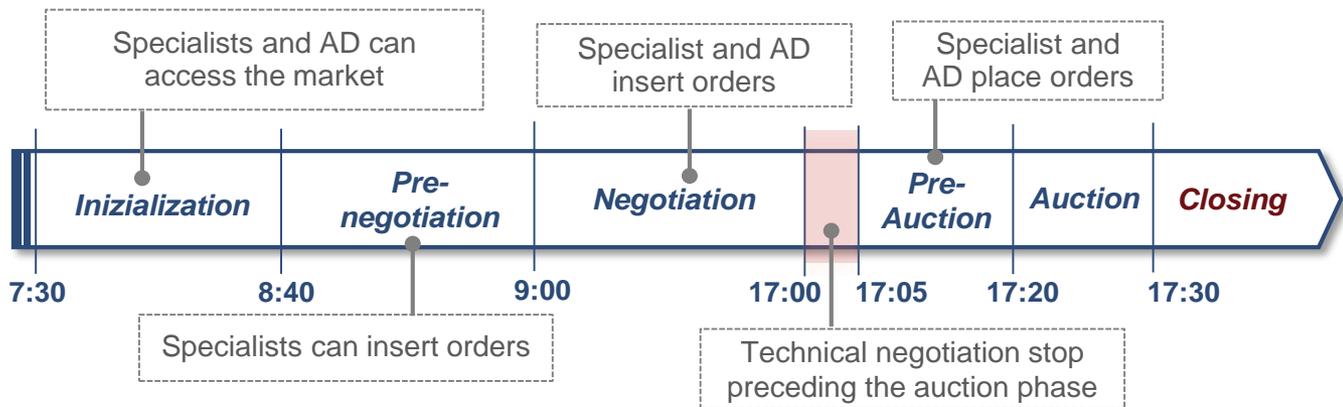


Agenda

- About Hi-MTF
 - Legislation
 - Functions
 - Quote - Driven Hybrid segment
 - Order - Driven segment
 - Fixed-Income
 - Equity
 - RFQ segment
 - Primary Market – Issue
 - Annexes
-

How it works

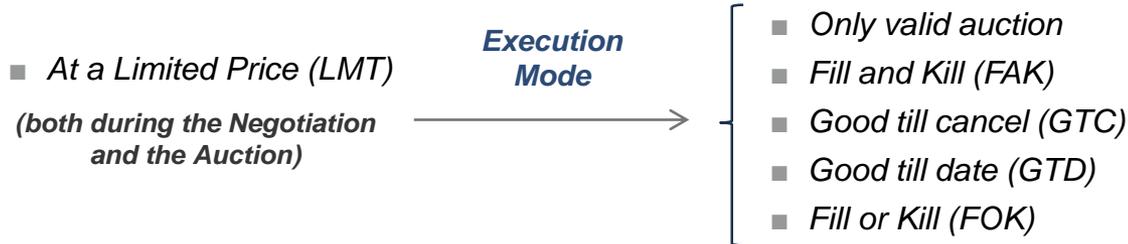
Market Phases
Monday to Friday



OD Fixed Income segment participants

- **Specialist** that displays bid and/or ask proposals (**Orders**) regarding whatever security traded on Hi-Mtf, for which an appropriate application for admission has been presented, during the continuous negotiation for quantities equal to the minimum ones communicated by Hi-Mtf.
- **Aderente Diretto** is a participant enabled to send **Orders** from their clients on Hi-Mtf, and refrains from trading with proprietary orders on the Market.

Type of orders





Agenda

- About Hi-MTF
 - Legislation
 - Functions
 - Quote - Driven Hybrid segment
 - Order - Driven segment
 - Fixed-Income
 - Equity
 - RFQ segment
 - Primary Market – Issue
 - Annexes
-

How it works

Market Phases



OD Equity segment participant

- **Aderente Diretto** is a participant enabled to send Orders from their clients on Hi-Mtf, and refrains from trading with proprietary orders on the Market.

Goals

- **Prevent Market manipulations:** The model adopted (with the introduction of the threshold mechanism) tends to avoid strong price fluctuations in the presence of very limited volumes; factors that could lead to market manipulation.
- **Empower the Issuer and the Aderente Diretto:** The Issuer provides the Market with the starting trading price of the equity (Reference Price) and certifies that it is confirmed by the assessments of at least one third independent expert. Aderente Diretto declares that the Issuer has made available to the market all information to ascertain the correctness and transparency of the process for determining the Price
- **Ensure Transparency:** Hi-Mtf through its website gives investors the opportunity to have full pre- and post-trade transparency.
- **Increase liquidity on financial instruments:** The Hi-Mtf market is configured as a multilateral platform accessible to retail customers who need to liquidate their investments.
- **Investor protection:** The market model protects long-term investors from excessive stock volatility and poor adherence to the fundamental values of the issuer.

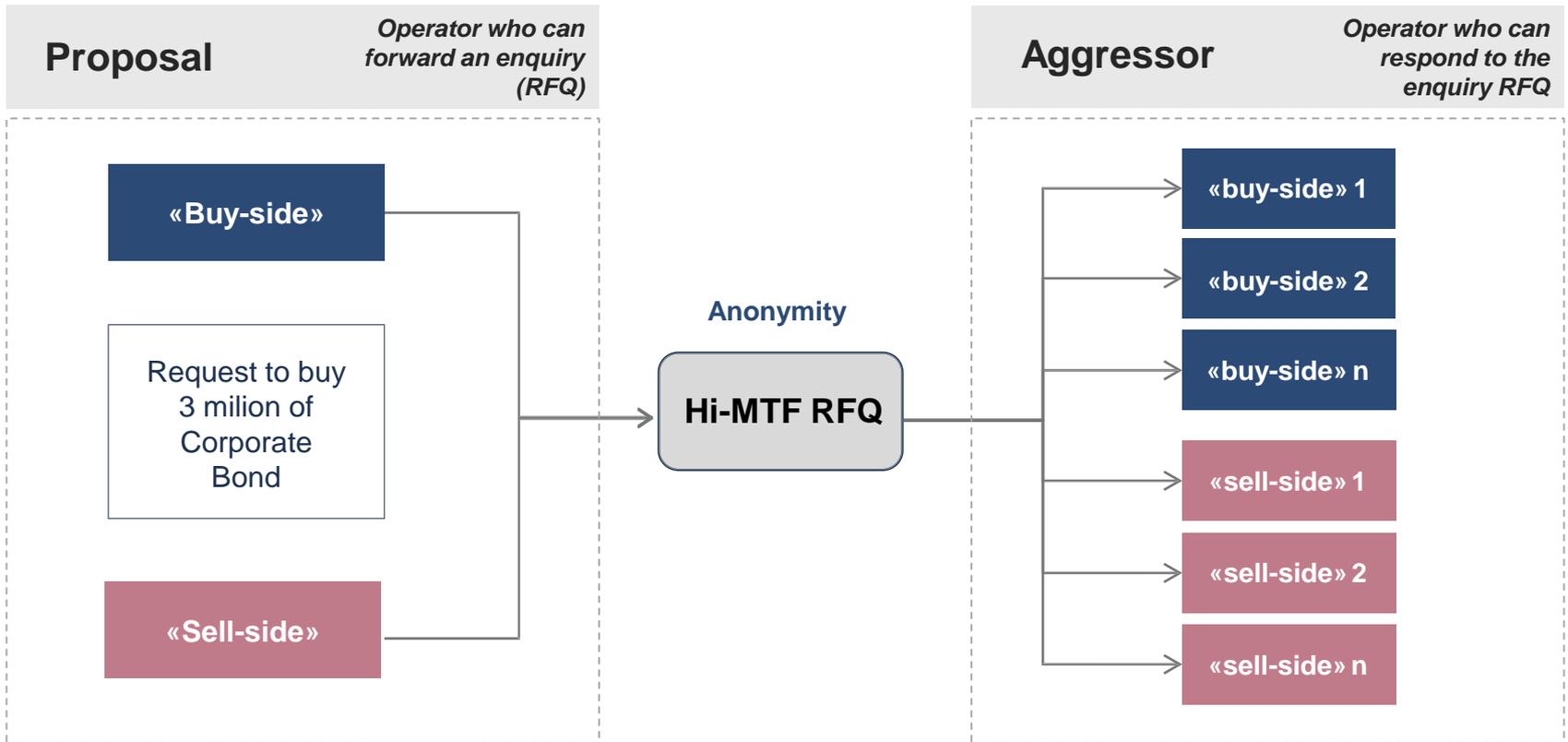


Agenda

- About Hi-MTF
 - Legislation
 - Functions
 - Quote - Driven Hybrid segment
 - Order - Driven segment
 - Fixed-Income
 - Equity
 - RFQ segment
 - Primary Market – Issue
 - Annexes
-

Trading mechanism

In the Rfq model below, a «Proposal» forwards an anonymous purchase/sale request (RFQ) to the Market and one or more «Aggressor» can respond anonymously with price and quantity



It is possible for the Proposal to forward an enquiry without timeouts, which will be cancelled from the Market at the end of the trading day if the RFQ is not executed.



Agenda

- About Hi-MTF
 - Legislation
 - Functions
 - Quote - Driven Hybrid segment
 - Order - Driven segment
 - Fixed-Income
 - Equity
 - RFQ segment
 - Primary Market – Issue
 - Annexes
-

Primary Market on Hi-MTF

How it works

Trading ways

- The distribution activity on Primary Market Segment (ISSUE) of Hi-MTF is carried out in a continuous trading period possibly followed by an auction period.
- The auction period is optional.

Offer Price

- At the opening stages of the distribution period, the offer price of the financial instrument is fixed, and it is communicated to the Market by the Intermediary responsible for the placement.

Trading model

- The Intermediary or Intermediaries responsible for the placement are the only participants who are enabled to enter Sale proposals at the fixed price.
- Each Intermediary can enter only one Sale proposal; the sum of the quantities on sale by all the Intermediaries can not exceed the total amount offered by the Issuer.
- Brokers can only enter Purchase proposals *at a Limited Price (LMT)* equal to the fixed price *or Without Limit* proposals, and their proposals can not be modified.

Transparency and secondary market

- Hi-MTF Website ensures wide visibility and transparency to placements and its features in the section «ISSUE».
- The issuer may require, following the successful placement, the listing of the Bond on the secondary market of Hi-MTF.



Agenda

- About Hi-MTF
 - Legislation
 - Functions
 - Quote - Driven Hybrid segment
 - Order - Driven segment
 - Fixed-Income
 - Equity
 - RFQ segment
 - Primary Market – Issue
 - Annexes
-

Market Participants and Securities listed

Hybrid Quote Driven

Participants

Market Makers

- Iccrea Banca
- Banca Akros
- Banca Sella Holding
- Equita Sim

Aderenti Diretti

- FinecoBank
- Investbanca
- Banca Intermobiliare
- Banca IMI
- Iccrea Banca
- Banca Akros
- Banca Sella Holding
- Equita Sim
- MPS Capital Service

Securities

Asset class of Instruments listed

▪ Italian Government Bonds	130
▪ Banking Bonds	82
▪ Corporate Bonds	177
▪ Emerging Markets Bonds	104
▪ Foreign Government Bonds	138
▪ Supranational Bonds	109
▪ Structured Bonds	130

870 Bonds

Order Driven Fixed Income

Participants

Specialist

- Banca Akros
- Equita Sim

Aderenti Diretti

- FinecoBank
- Investbanca
- Banca IMI
- Iccrea Banca
- Banca Akros
- Banca Sella Holding
- Equita Sim
- MPS Capital Service

Securities

Asset class of Instruments listed

1,045 Banking Bonds Branded (in particular; Casse di Risparmio, BCC, Banche Popolari) and Eurobond

Most traded Bonds – Quote Driven Hybrid

Italian Government Bonds

ISIN	DESCRIPTION	TRADES	CTV (€ Mln)
IT0005127086	BTP 1 DC 25 2%	6,007	203.57
IT0005240830	BTP 1 GN 27 2,2%	4,368	170.67
IT0005210650	BTP 1 DC 26 1,25%	3,174	157.68
IT0005282527	BTP 15 NV 24 1,45%	4,385	156.23
IT0005090318	BTP 1 GN 25 1,50%	2,875	113.76
IT0005170839	BTP 1 GN 26 1,60%	2,597	112.69
IT0005340929	BTP 1 DC 28 2,80%	1,953	109.22
IT0005083057	BTP 1 ST 46 3,25%	1,224	100.43

Financial Institutions and Structured Bonds

ISIN	DESCRIPTION	TRADES	CTV (€ Mln)
IT0005353153	ICCREA BANCA 2,50% 10/12/2021	2,074	48.15
IT0005158677	BCO BPM TM 29/01/21 CAPFLOOR	338	32.56
IT0005108060	BPOP EMILIA 4,25%SUB 15/06/25	2,030	31.62
IT0005136038	ICCREA BANCA TF/TV 30/09/2020	1,143	29.69
IT0005144677	BANCO BPM TM CAP 30/12/2020	191	15.81
IT0005252637	ICCREA BANCA TM 23/03/21	764	15.13
IT0005240335	ICCREA BANCA TM 1/2/22	1,034	14.29
IT0005171464	ICCREA BANCA TM 01/04/2021	462	12.97

Government and Emerging Markets Bonds

ISIN	DESCRIPTION	TRADES	CTV (€ Mln)
US912810RK60	T BOND 2,50% 15/2/45 USD	280	7.70
US912828VZ00	T NOTE 2% 30/09/20 USD	80	5.35
US465410BG26	REP OF ITALY 5,375% 15/06/33 USD	87	4.76
BE0000341504	BELGIUM 0,80% 22/06/2027	802	4.57
DE0001135432	BUNDES 3,25% 04/07/2042	20	4.47
PTOTEAOE0021	PORTUGAL 4,95% 25/10/2023	694	3.56
DE0001102432	BUNDES 1,25% 15/08/2048	42	3.48
XS1768074319	ROMANIA 3,375% 08/02/2038	114	2.98

Corporate and Supranational Bonds

ISIN	DESCRIPTION	TRADES	CTV (€ Mln)
XS0449594455	BEI TV 15/01/2020	222	5.44
XS1885506813	TOYOTA S/UP 24/10/25 USD	257	3.74
US345370CQ17	FORD 4,75% 15/01/43 USD	135	2.49
DE0001345908	BEI ZC 05/11/2026	44	2.38
US345370BZ25	FORD 6,375% 01/02/2029 USD	103	2.17
XS1115184753	BEI 9,25% 3/10/2024 TRY	205	1.99
XS1167524922	BEI 8,125% 21/12/26 ZAR	127	1.96
FR0010014845	PEUGEOT 6% 19/09/33	47	1.91

Most traded Bonds – Order Driven Fixed Income

BCC / Bance Popolari / Casse di Risparmio

ISIN	DESCRIPTION	TRADES	CTV (€uro)
IT0005135527	BCA POP SONDRIO 3% 23/10/22 SUB	1,743	24,331,649.16
IT0005245995	CREVAL 1,00% 18/04/20 244a	896	14,926,175.19
IT0005092884	BCA POP SONDRIO 2,50% 30/3/22SUB	1180	14,912,259.29
IT0005139636	BCA PIEMONTE TM 10/11/2021	308	6,984,745.88
IT0005163222	BCA PIEMONTE TM 24/02/2022	311	6,900,594.56
IT0005360356	BCA POP SONDRIO 2,50% 08/09/23	400	6,520,785.17
IT0005092140	BCA PIEMONTE TM 08/04/2020	269	6,038,165.80
IT0005008534	CR CENTO TV 21/03/19	1	5,972,703.09
IT0005359408	BCA POP SONDRIO 2,20% 22/02/2023	234	5,944,706.93
IT0005356982	BCA POP SONDRIO 2,15% 21/01/22	256	5,497,844.99
IT0005245888	BCA POP SONDRIO 1,70% 21/04/2022	364	5,243,977.42
IT0005217416	CREVAL 1,50% 14/11/19 241a	136	5,144,327.41
IT0004960149	CR BZ SPARKASSE ZC 15/11/22	246	4,219,396.10
IT0005104770	CR RAVENNA 2,25% 15/4/21SUB 331a	686	4,199,586.73
IT0005075913	CRED.VALT. S/UP 14/01/20 230	96	3,940,285.00
IT0005095085	CR CESENA 3,00% 25/3/21 SUB	381	3,603,346.78
IT0005315137	BCC ROMA S/UP 23/11/22 34a FGO	330	3,346,366.99
IT0005177222	CREVAL 1,90% 13/05/19 240a	148	3,328,798.02
IT0005358665	BCA POP SONDRIO 2,20% 14/08/2022	107	3,221,239.37
IT0005241903	CRED. SICIL. 1,00% 03/04/20 65a	102	3,126,372.93

Contacts

Website:

www.himtf.com

CEO

Phone 02 89283354
E-mail giovanni.roversi@himtf.com

Head of Operations

Phone 02 89283355
E-mail alessandro.rigamonti@himtf.com

Head of Market Supervision

Phone 02 89283352
E-mail andrea.braga@himtf.com



Hi-mtf

matching your needs



December 2019 Hi-Mtf SIM S.p.A.

This Document is the exclusive property of Hi-Mtf SIM S.p.A.

This Document does not constitute any investment proposal by Hi-Mtf SIM S.p.A. The document is intended for descriptive and promotional purposes only, and cannot be said to be exhaustive. Data presented can be used for personal uses only. Hi-Mtf Sim S.p.A. cannot be demand as responsible for any damage even deriving from any mistakes related to the interpretation of the content included in this presentation.

The information presented is based upon sources considered credible but without made an independent verification on data source.

Reference to past performance cannot be interpreted as an indication of results promised for the future, since the investment in financial instrument is affected by multiple factors.