

Focus ON

Niels Thygesen Named Chairman, Succeeding Alexandre Lamfalussy

MTS S.p.A. announced the appointment of Niels Thygesen as the Chairman of MTS S.p.A. and of EuroMTS Limited. He succeeds Alexandre Lamfalussy who retired December 19, having served as Chairman of EuroMTS and subsequently of MTSS.p.A. from January 7, 1999. Professor Lamfalussy retains his academic role within MTS with his appointment as Honorary Chair of the MTS Scientific Committee.

Mr. Thygesen is a Professor at the University of Copenhagen. A prominent expert in European economic policy, he was at the heart of the creation of the euro, having been one of the members of the Delors Committee, which studied and gave recommendations leading to the set-up of the single monetary policy and the European Central Bank.

Professor Thygesen is a member of the academic panel of the Monetary Committee of the European Parliament, a member of the Steering Committee of the Euro 50 Group and chairs the Economic Development and Review Committee of the OECD since 2000. He was an Advisor to the Danish Central Bank and has served as Head of the Monetary Division of the OECD. Thygesen was also the Economic Advisor to the Malaysian Treasury. He holds a Masters degree in Public Administration from Harvard University and a Doctorate in Economics from the University of Copenhagen.

Professor Thygesen has published extensively. Among his books are: *Evolving Ambitions in Europe's Mon-*

etary Unification, Globalization and Trilateral Labor Markets, and European Monetary Integration: From EMS to the EMU.

MTS Markets Hit New Peak Daily Turnover

MTS Markets were off to a strong start in 2004, hitting record cash daily turnover on January 16 of more than €28.467 billion and record repo volume of €67.7 billion on January 7. The volume peak builds on a strong 2004 and points to continued strength this year.

For 2003, volumes on MTS Markets were robust, with Cash trading topping €4.4 trillion, while Repo volumes climbed to an annual record of more than €12.6 trillion for a total of €17 trillion in the interdealer markets, up from €15.5 trillion in 2002. Meanwhile, turnover on BondVision, MTS' Dealer-to-Client market, totaled €175 billion in 2003, up by 42%.

New markets, new products, new participants and improved functionality are expected to continue to boost turnover in 2004.

MTS Denmark Sees Strong Start

MTS Denmark posted record volume of €2.248 billion on 16 January, further evidence of a strong start for the market, which was launched in November. MTS Denmark has also recently introduced a Buy Back Facility, in the TRS view. Through the Facility, the Danmarks Nationalbank is able to efficiently repurchase securities from the market.

MTS Denmark was successfully launched on November 4 and is enhancing both transparency and liq-

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editorial

The new year brings with it a new chairman and new challenges to be met. In 2003, the reach of MTS continued to broaden with the launch of several new markets, including Denmark, Greece and NewEuroMTS, a segment for EU Accession States. In the coming year, the expansion will continue with new markets in Israel and Poland set to launch. As it broadens its reach, MTS will bring to these markets the recognised European standard for transparency, liquidity and efficiency and the benefit of its wide distribution network. The continued expansion points to the success of the Liquidity Pact, an arrangement between Issuers and Market Participants facilitated by MTS, whereby liquid markets are ensured. By promoting the Liquidity Pact in the eurozone and beyond, deeper, more stable markets are built and maintained, a benefit for Issuers and Investors alike.

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uidity in benchmark and liquid Danish bonds. Volume has exceeded expectations, hitting a daily average of approximately 3,546.3 million Danish kroner. A significant number of international market players have requested to join MTS Denmark, suggesting further growth can be expected.

Ove Sten Jensen, Head of Government Debt Management, Danmarks Nationalbank, said: "The introduction of MTS is a significant step forward in developing the Danish market and bringing its facilities in line with standards in other countries. Moreover, we believe that introducing Danish government bonds on the MTS galaxy, which is the predominant platform for trading in European bonds, will enhance liquidity and transparency in the Danish market and facilitate a wider dispersion of Danish government bonds among investors."

MTS Denmark was launched as a division of MTS Associated Markets. It is an autonomous market segment with own rules, governance and profit center. It is governed by a Committee, composed of Government Debt Management at Danmarks Nationalbank, the Danish Primary Dealers and a representative of MTS S.p.A.

There are currently 13 participants active, including: ABN AMRO, Amtssparekassen Fyn, Barclays, Danske Bank, Deutsche Bank, HSH Nordbank, JP Morgan, Morgan Stanley, Nordea, Nykredit Bank, SE Banken, Svenska Handelsbanken and Sydbank. Eleven bonds are being quoted on MTS Denmark.

Meanwhile, MTS Denmark has entered a reciprocal access agreement with MTS Belgium and MTS Finland participants, through which each can now enter each others' markets as market takers.

MTS Greek Market Launch Boosts Turnover of Greek Bonds

Turnover in Greek bonds continued to grow in 2003 with the November launch of MTS Greek Market, a segment dedicated to Greek government bonds. Volumes of €124 billion for benchmark Greek bonds on EuroMTS in 2003 were complemented by turnover of €8.74 billion on the dedicated Greek Market, following its November 17 launch.

There are currently 18 market makers and 4 market takers participating on the Greek market, the launch of which completed the presence of MTS market in all 11 eurozone bond markets. The MTS Greek Market lists all Greek government bonds with a minimum of €2 billion outstanding.

"The listing of Greek government bonds on a dedicated segment will serve to further improve the liquidity of the Greek debt market as well as establish our links with the wider European financial community," said Cristoforo Sardelis, Managing Director of the Public Debt Management Agency.

Tighter Spreads, Cost Savings Seen with Launch of NewEuroMT

"New EuroMTS," a market for the trading of euro-denominated government securities of those countries expected to enter the European Union in May 2004, was launched in November in order to promote the efforts of these countries towards integration into the European fixed-income capital markets. Participants in Polish and Hungarian bonds are already taking advantage of the new market with trading available in three bonds each from those countries.

NewEuroMTS has already proven it can offer more efficient and liquid trading: bid/offer spreads are generally between 3 and 6 ticks on the market, versus 12 to 25 ticks with traditional brokers. Participants on NewEuroMTS also enjoy an approximate cost savings of 80% from traditional brokerage fees. In addition, the launch of the market has spurred further activity in the over-the-counter marketplace and is helping shrink spreads on the whole.

Countries whose bonds are eligible for trading in the NewEuroMTS Market include: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.

"NewEuroMTS presents an opportunity for Hungary to further its efforts toward convergence to the Euro with respect to the capital markets," said László Búzás, Managing Director of the Government Debt Management Agency of Hungary. "We are delighted to have our bonds included in this new segment, as we expect to see their liquidity grow through the established business model of EuroMTS and through exposure to a wide pool of international investors."

"We are pleased with the launch of NewEuroMTS as it represents an opportunity for Poland to gain facilitated access to a new group of investors as it will promote integration between current EU countries and new entrants like ourselves," said Edward Basiński, Deputy Director of the Foreign Policy Department of the Ministry of Finance of Poland. "Polish bonds will no doubt benefit from improved liquidity resulting from more efficient and transparent markets."

New Market for Polish Government Bonds to Launch

MTS is set to bring efficiency and transparency to Eastern Europe with the launch of a domestic Polish market in 2004. To that end, a letter of intent was signed between MTS S.p.A. and Centralna Tabela Ofert (CeTO), the designated Polish electronic Treasury securities market.

According to the letter, MTS will acquire a minority stake in CeTO and provide its Telematico platform for trading. The initiative, which will promote liquidity and the integration of Polish debt with markets in Western

Europe, is expected to launch shortly in time for Poland's accession to the European Union in May 2004. Following the launch of the wholesale market, BondVision, MTS' dealer-to-client market, will be used to distribute liquidity to "buy-side" investors.

"The Polish Treasury securities market is the largest market in the region with a high potential of growth," said Ryszard Michalski, Deputy Minister of Finance. "The Ministry of Finance expects the MTS-CeTO market to generate the majority of trading in Polish debt instruments as well as that of other Central Eastern European countries."

EuroMTS to Launch Platform for Israeli Debt

Expanding its reach still farther, EuroMTS intends to launch an electronic inter-dealer market for Israeli fixed-income securities, based on its Telematico trading system. The decision, the result of ongoing discussions between MTS and Israeli Ministry of Finance representatives, underscores the comprehensive effort by Israeli authorities to modernise Israel's debt management policy and promote the integration of its financial system with the global financial markets – the introduction of an official group of Primary Dealers nominated by the Israeli Ministry of Finance and the launch of MTS Israel are complementary parts of this effort.

MTS Israel will initially list Israeli sovereign debt securities. Local operational and technical support will be provided by the Tel Aviv Stock Exchange. All major local and international dealers are expected to participate in the new market.

Israeli Finance Minister, Benjamin Netanyahu, said: "We are strategically committed to the modernisation and globalisation of our capital market and we hope that the cooperation with MTS will make it possible to achieve these goals."

MTS to Expand Money Market Operations

In response to the strong growth of its Repo market, MTS is expanding its money markets operations to include other short term products, thereby bringing the transparency, liquidity and efficiencies offered by MTS to additional markets and clients. In conjunction with the expansion, Ian Forrest joined MTS as Head of Money Markets. Forrest brings to MTS a wealth of experience in money markets as well as expertise in implementing appropriate technology solutions for the money market instruments.

Anchored by its strength in Italian repo, the largest repo market in Europe, MTS already offers the widest range of products and number of active participants (193 Dealers) in this segment. The MTS Repo Trading Facility (RTF) was enhanced to offer pre-trade blind trading, particularly beneficial for securities which are

not cleared and settled by a central counterparty, but which profit from pre-trade anonymity. Fully anonymous trading is available, depending on the type of security, through LCH.Clearnet and Cassa di Compensazione e Garanzia.

"Going forward, MTS will offer a much broader spectrum of money market products, either through our own development or through strategic alliances with existing markets, boosting the opportunities for clients to realize truly transparent, efficient trading of these markets," said Forrest. "We will also work closely with clearing and settlement institutions to bring clients the most efficient, cost-effective transactions."

Lyxor AM Launches First Exchange Traded Funds Based on the EuroMTS Index; Danske Bank Licenses EuroMTS Indices for Structured Product

Lyxor Asset Management launched the first exchange-traded fund or "Tracker" linked to the EuroMTS Global Index on 22 January. Listed on the Next Track segment of Euronext Paris, the EuroMTS Global Master Unit has over €100 million in assets. Société Générale and CDC-IXIS are the key market makers for the product and undertake to offer very close bid-offer spreads. The product is an extremely cost efficient way to gain exposure to a basket of government securities, which broadly represent the eurozone sovereign debt market.

Isabelle Bourcier, Global ETF Co-ordinator for Lyxor, commented: "The tradability and transparency of the index mean that it is an ideal underlying index for an ETF and its number of constituents strike an excellent balance between representation and trading cost efficiency for a wide range of bond investors."

The high correlation of the EuroMTS Global index with other eurozone government securities indices means that even managers benchmarking their funds to other indices could benefit from using EuroMTS index ETFs. The EuroMTS Global Master Unit price can be viewed on Reuters ("MTX.PA") and Bloomberg ("MTX FP Equity").

Meanwhile, Danske Bank became the first licensee to recognise the convenience of a liquid, real time bond index based on tradable prices when it issued a structured product linked to the EuroMTS 5-7 and 15+ maturity band indices. The product is currently listed on the Copenhagen Exchange.

In response to growing demand for the EuroMTS indices, Mirela Vlad, a bond specialist, has joined MTSNext as Regional Director for France, Belgium and the Netherlands with responsibility for business development and licensing in these key markets.

Latest MTS Market News

EuroMTS

Data to be Distributed via ComStock's XpressFeed, Traderforce

EuroMTS data will be more extensively available following an agreement with data distributors ComStock, a division of Interactive Data Corp. (NYSE: IDC), and TraderForce, a product of Financial Innovative Technology. ComStock will offer MTS realtime bond market data live on its high speed digital datafeed, XpressFeed.

Coverage includes all EuroMTS data – prices and volumes for government benchmark bonds from 11 euro-zone countries – as well as trading data on the government yield curves from the domestic MTS markets. MTS data gives insight into market turnover and volatility, providing best bid and offer quotes, market depth as well as the last traded price, each with related volumes. The new data agreements are in line with MTS' strategy to increase data distribution among vendors and end users.

EuroCredit MTS

EuroCredit MTS Lists First UK Issuer, Adding HBOS Benchmark Covered Bond

A UK covered bond became the first UK bond listed on EuroCredit MTS when HBOS Treasury Services 3.75% 26 July 2010 was made available for trading in the fourth quarter. By listing the bond, EuroCredit MTS extends the range of covered bonds for which it facilitates increased flows and transparency and delivers efficiencies for issuers and market participants alike. The listing also paves the way for more UK issuers to be listed in 2004.

"MTS has long been a leader in implementing changes that recognize market evolution," said Gianluca Garbi, chief executive officer of EuroMTS. "There is huge potential for the UK mortgage-covered bond market, given that the UK is second only to Germany in terms of mortgage-backed securities. With its inaugural transaction, HBOS will be the first UK issuer to be listed on the MTS platform, and we anticipate that other UK issuers will follow."

There are currently 23 market makers and 7 price takers on EuroCredit MTS, including new joiners Fortis Bank (as market maker) and Danske Bank, JP Morgan, Landesbank Rheinland Pfalz, Lehman Brothers and Nordea Bank Danmark (as price takers).

MTS SpA

Asset-Backed Volumes Continue to Climb

Four new asset-backed securities were recently listed on MTS' Italian market, bringing to 15 the number of

bonds listed in this segment and further securing MTS' prominence in the Italian ABS segment. In 2003, volumes on this segment more than quadrupled to €1.332 billion, buoying liquidity and efficiency for this product.

Meanwhile, volumes on the whole remain strong in Italy, with more than €2.1 trillion traded in the cash market in 2003, including more than €200 billion BOTs, a segment which is experiencing continuous growth.

MTS Amsterdam

Tight Spreads Reflective of Market Strength

Tighter-than-required spreads in 2003 point to the continued strength of the MTS Amsterdam market and the benefits afforded to participants.

Market makers are bound by maximum bid-ask spreads, but in practice, spreads available in the market are much tighter. The competition among primary dealers causes the spreads in DSLs to be on average about 45% tighter than required.

Meanwhile, participants will also benefit from a 40% fee rebate recently approved by the Board on 2003 transaction fees. MTS Amsterdam is committed to providing its participants with the most efficient means to trade possible.

In January 2004, BNP Paribas and Barclays joined MTS Amsterdam as primary dealers in the DSL market, while HSBC-CCF joined as market maker in the DTC segment.

MTS Austrian Market

New Market Maker Adds Liquidity for Austrian Bonds

Barclays became the latest dealer to join the MTS Austrian Market as a market maker, bringing the number of market makers to 21 and further boosting liquidity in Austrian government bonds.

Volumes remain healthy with more than €19.8 billion traded since the market's inception in June and a 17% increase in turnover from November to December.

MTS Belgium

Strips Introduced to Strong Support; Reciprocal Agreement with Denmark

MTS Belgium expanded its product line to meet market needs with the introduction of strip securities. Strips have already met strong support of 12 dealers, who include ABN AMRO, Barclays, BNP Paribas, Crédit Agricole Indosuez, HSBC-CCF, Citigroup Global Markets Ltd., Deutsche Bank, Fortis, Goldman Sachs, ING Belgium, KBC and UBS.

Separately, Nomura International Plc became a market maker in October, having previously been a market taker on MTS Belgium.

Meanwhile, MTS Belgium extended a reciprocal access agreement to MTS Denmark participants, which can now enter the Belgian market as a market taker. MTS Belgium, MTS Finland and MTS Denmark are all managed under the umbrella of MTS Associated Markets.

**MTS Deutschland
 German Finance Agency Joins, Initially Focusing on
 Bubills; Volumes Climb amid Deutschland Launch**

MTS Deutschland announced that the German Finance Agency, on behalf of Bundesrepublik Deutschland Finanzagentur, joined the MTS Deutschland market in December, representing further support for the market.

The activity of the Finanzagentur will initially focus on German Treasury Certificates ("Bubills"), in line with previous steps taken to support the continued growth of this market.

General developments of the German market on the MTS platform continue to be very positive. Following continued of the market, MTS German Market, the division of EuroMTS became a completely separate company in November with its incorporation as MTS Deutschland.

Total annual volume for MTS Deutschland was €221.86 billion, up more than 40% from 2002. Bubill volume climbed nearly 89% to €33.75 billion, while Bund and Länder volumes rose 35.3% and 28.3%, respectively in 2003. Bayerische Landesbank, ING-BHF, Landesbank Rheinland-Pfalz and WGZ have joined the platform.

"The German market on MTS saw a tripling of its size during the last two years, said Karsten Sommer, chief executive officer of MTS Deutschland. "The activity of Finanzagentur in the MTS Deutschland market and the availability of a direct link to the settlement system of Clearstream Frankfurt now clear the path for further growth and the expansion of the MTS network in Germany."

**MTS Finland
 Growth Continues; Reciprocal Agreement Opens Access
 for Participants**

Growth of the Finnish market continued in the fourth quarter, pushing volume totals to €54.787 billion for 2003. Meanwhile, turnover is expected to grow further as new participants join following a reciprocal access agreement with participants on MTS Belgium and MTS Denmark.

MTS Finland currently has 18 market participants. MTS Belgium, MTS Finland and MTS Denmark are all managed under the umbrella of MTS Associated Markets.

**MTS France
 MTS France Expands with UNEDIC, New Participant**

MTS France expanded both its product base and its number of participants during the last quarter, with the addition of UNEDIC bonds and the December addition of Banca IMI as a price taker.

The UNEDIC 3.5% 5-year due September 2008 €4 billion line was listed on MTS France in September, supported by 8 market makers (BNP Paribas, CA-Indosuez, CDC-Ixis, Dresdner KW, Lehman Brothers, Natexis BP, Société Générale and UBS.) UNEDIC joins French sovereign bonds and 3 each of CADES, ERAP and CRH on the France market.

Participants continue to grow as Banca IMI joined as price taker in December, taking the number of participants to 27 (23 market makers and 4 price takers). CSFB and Nomura recently moved to sovereign market makers from price takers, as did Royal Bank of Scotland, a recent newcomer to MTS France. RBOS also joined as a market maker in CADES, replacing Commerzbank, which remains a market taker.

Average monthly volumes on MTS France over 2003 were a strong €22.3 billion, while average daily volumes top €1 billion. A monthly record for T-bills was set at €3.52 billion in October. Daily records were set on: the ONS segment on August 1 at €522.5 million (€332.5 million ERAP) and on the T-bill segment on January 27 with €680 million traded.

**MTS Ireland
 Participants Provide Liquidity in Irish Bonds**

MTS Ireland continues to provide liquidity and transparency to the Irish bond market with nine dealers currently participating on the market. All seven official primary dealers: ABN AMRO Bank N. V., AIB Capital Markets, Citigroup Global Markets Ltd., Barclays Capital, Credit Agricole Indosuez, Deutsche Bank A.G., and Davy Stockbrokers are participants.

In addition to the Official Primary Dealers of Ireland, the other participants are: UBS as market maker and Commerzbank as market taker. Annual volumes were a healthy €7.76 billion.

**MTS Portugal
 Turnover Growth Seen; Treasury Bill Segment Launched**

MTS Portugal saw healthy turnover of more than €132 billion in 2003, an increase of 19% over 2002. Volumes in December alone were up 78.5% from the previous year, pointing to continued turnover growth

heading into 2004. Record volume of € 1.475 billion OTs was posted December 18.

The launch of a segment for the trading of Portuguese Treasury bills also helped spur volumes last year. Daily average volume on this segment was €32 million in 2003.

In addition, participants continued to join the market in the fourth quarter with Société Générale a new joiner to the bill segment as a market maker, Unicredit Banca Mobiliare moved from market taker to market maker for OTs, CDC Ixis Capital Markets became a market taker for OTs and a market maker for BTs and Caixa Central de Crédito Agrícola Mútuo joined as a market taker for both OTs and T-bills.

MTS Spain Spain Debt Upgraded by Fitch, New Market Maker Joins

MTS Spain headed into the new year with Fitch having raised Spain's credit rating and with the addition of Fortis Bank, which joined in November and became a market maker in January.

Improving Spanish credit conditions were recently highlighted as Fitch raised Spain's credit rating to its highest category of triple-A in December. Fitch cited Spain's strong performance relative to its budget as in combination with "respectable" economic growth and low interest rates as having brought "a rapid and sustainable fall in general government debt to GDP."

"We are pleased to be part of the excellent evolution of the Spanish debt market, proved by the highest credit ranking by the international agencies, at the same time that we further develop the new services and functionalities for 2004. Through these improvements, we will be able to increase market efficiency and attract more participants," said Pedro Schwartz, Chairman of MTS Spain.

Repo Trading Facility New Platform to Improve Functionality, Allow For New Products

The MTS Repo Market performed strongly in 2003, posting record annual volume of more than € 12.6 trillion and improved functionality this year is expected to further boost participation.

Development is ongoing for a new Multi-Product Trading platform for Money Markets with flexible architecture, which will allow for the addition of new products as well as significant functional improvements from the current platform.

The first priority will be to provide the Repo market with a vastly improved trading platform. Subsequently, further complimentary money market products such as OIS, Depo and CP will be added to create a single point of access for trading desks across Europe. Concurrently, additional markets, including Danish and Polish Repo are expected to be introduced this year.

BondVision Client Base Grows as BondVision adds Danish Government Bonds, New Dealers

BondVision's client base continued to grow in the latter part of 2003, as French and Scandinavian investors became the latest group to benefit from its services and the free access the BondVision market offers. In the June through October period, the BondVision client base grew 30%, highlighting further support for the market. Volumes were up 78% year over year with fourth quarter volumes the strongest since BondVision's inception.

HSBC Group became the latest bank to join the BondVision dealer panel, with other recent dealer joiners including: Banco Espirito Santo, Danske Bank and Nykredit Bank. BondVision begins 2004 with 26 dealers. Meanwhile, dealers are currently offering prices for investment-grade corporate bonds via BondVision. More than 200 corporate bonds are now available on BondVision.

In 2003, BondVision added to its uniquely broad selection of government securities on the system with French and Italian Principals and Polish and Hungarian EUR Issues. These products join the benchmark government issues and index-linked, floating-rate and T-bill securities already offered. BondVision also most recently introduced trading in Danish government bonds as well as HBOS, a UK covered bond.

In the new year, BondVision aims to add additional government securities, in particular Gilts, Swedish government bonds, additional EU Accession States bonds and US Treasuries. It also plans to list the Lyxor ETF Global Master Unit tracking index. In addition, as part of its goal to increase offerings of credit products, BondVision plans to release comprehensive multicurrency Money Market functionality in 2004.

Meanwhile, overall functionality improved with the release of new dealer software and a new client front-end in January. BondVision already offers the initial stage of our FIX protocol solution, which enables ease of transacting and recording trades leading to STP.

System News

Major Overhaul of Telematico Underway to Improve System Performance

A major overhaul of MTS' Telematico technology is underway with a target completion date of the second quarter of 2005. This major project is designed to address the growing capacity needs of the market and to increase the efficiency of the Telematico system while simplifying its architecture. Upon completion of the project, all the main components of the system (the central host application, the middleware, the network and the peripheral systems), will be replaced with brand new technology. The following paragraphs describe the major milestones for this migration:

I. "New Telematico" – September 2003

The first phase of the project, the introduction of "New Telematico," was completed in September 2003. "New Telematico" is the new "heart" of the system, and represents a complete rewrite of the central system application code. In addition to a more efficient use of the Central System hardware resources, New Telematico allowed for additional functionality (i.e. yield-matching, single-side quotations, etc.) and the removal of a number of software limitations.

Coinciding with the introduction of New Telematico, the CPUs of the central host were upgraded to the most recent generation available for Tandem systems (the CPU clock frequency has doubled).

This resulted in a sharp improvement in the system response times at user level and central system processing capacity achieving a record so far of almost 900 transactions per second (equivalent to 1,800 price changes per second) and 36,000 transactions per minute.

II. Middleware Optimisation – End first quarter, 2004

Shortly a number of software enhancements will be introduced in order to allow the connection between the middleware layer (NAM) and the Central System to further increase its throughput. The changes will involve an increase in the parallelism between NAM middleware and the Central System, which will greatly reduce the presence of transactions queues proceeding through the peripheral Open Servers.

The new NAM version will be introduced by the end first quarter of 2004, and will allow a further increase in throughput capacity and response times at user level.

III. Network Upgrade to New Broadband "SIAnet.NG" – End 2004

The installation of a new VPN IPSec network from SIA represents the first step in the renewal of the peripheral systems and will be completed by the end of 2004 (by summer 2004 for primary dealers).

The new architecture provides a fully redundant, high bandwidth network connection and will allow for the withdrawal of satellite receivers and ISDN back-up lines. Further, it provides for data encryption and firewall functionality.

IV. New Middleware and Data Protocols – first quarter 2005

The final phase of the Telematico system overhaul is represented by the introduction of a new middleware application and the creation of market access points that will allow the complete removal of Open Servers in the first quarter of 2005. The connection between the dealers and the market access points will take place using a new data protocol, which will replace in a gradual manner the existing OMI protocols. A complete transition plan will be published by MTS well in advance in order to ensure a smooth transition to the new architecture.

Upon completion of these final steps, the new architecture will be simpler, more efficient and reducing to a minimum the presence of hardware at the user premises (including back-up solutions). Finally and most importantly, performance of the system is expected at least to double, therefore responding to the ever growing capacity requirements.

MTS Statistics

Volumes of MTS Markets

CASH MARKETS millions of euro - single counted

(millions of euro)	MTS Italy	EuroMTS	Eurocredit	MTS Amsterdam	MTS France	MTS Belgium	MTS Portugal	MTS Germany	MTS Finland	MTS Spain	MTS Ireland	MTS Austria	MTS Greek	MTS Denmark	NewEuroMTS	Total
January-03	169,209.5	96,695.0	16,575.0	14,540.0	25,674.5	25,09.5	9,572.5	18,212.5	4,119.0	23,881.5	445.0					404,022.00
February-03	144,760.0	85,181.5	13,745.0	15,703.5	26,097.5	17,190.0	7,617.5	21,047.5	4,087.5	16,911.5	800.0					353,141.50
March-03	156,580.5	101,395.0	12,350.0	19,110.0	27,457.5	20,760.0	8,414.5	28,572.0	6,635.0	19,847.0	962.5					402,084.00
April-03	145,091.5	74,065.0	13,375.0	14,640.5	20,738.0	17,360.0	8,667.0	16,045.0	6,560.0	13,345.0	395.0					330,282.00
May-03	193,158.5	66,473.0	9,865.0	13,920.0	24,205.0	16,720.0	12,367.5	19,325.0	5,035.0	18,926.0	332.5					380,327.50
June-03	193,730.0	81,262.5	11,515.0	14,882.5	25,267.5	18,130.0	13,182.5	21,410.0	5,730.0	19,121.5	780.0	1,532.5				406,544.00
July-03	249,697.0	77,647.5	11,475.0	13,292.0	20,217.5	20,595.0	15,054.0	16,852.5	4,180.0	19,193.5	1,662.5	4,387.5				454,254.00
August-03	189,694.5	65,332.5	14,310.0	8,375.0	17,912.5	15,990.0	11,616.5	16,250.0	2,910.0	15,202.0	652.5	2,832.5				361,078.00
September-03	223,064.0	65,677.5	10,775.0	11,882.5	20,122.5	18,845.0	10,684.5	19,152.5	3,580.0	15,160.0	595.0	3,577.5				403,116.00
October-03	205,319.0	62,751.5	9,495.0	10,295.0	21,925.0	20,085.0	12,420.0	16,570.0	4,075.0	13,976.5	620.0	3,440.0				380,972.00
November-03	160,455.5	48,337.5	7,185.0	8,786.0	15,310.0	18,714.6	10,856.0	14,160.0	4,655.0	12,517.5	255.0	1,880.0	4,525.0	10,363.9	196.0	318,000.96
December-03	130,393.0	36,697.5	4,650.0	6,015.0	12,217.5	11,551.6	11,617.5	14,255.0	3,280.0	9,369.5	260.0	2,205.0	4,210.0	7,803.2	205.0	254,729.75
January-04	191,872.5	51,887.5	8,750.0	10,634.0	19,420.0	14,395.0	16,943.0	17,355.0	4,400.0	9,431.0	1,130.0	3,870.0	7,820.0	14,090.3	436.0	372,434.33

* Volumes include turnover on Treasury Bills as well as Primary Market Activity, in the form of Buy-Back and/or Taps, on MTS Amsterdam, MTS Belgium, MTS Denmark, MTS Finland and MTS Portugal

* Record daily cash turnover € 28.467 on January 16, 2004

REPO MARKET millions of euro - single counted

(millions of euro - single counted)	2003	2004
January	932,086.0	1,116,428.0
February	869,936.0	
March	976,286.0	
April	958,164.5	
May	1,100,011.5	
June	1,082,525.0	
July	1,158,588.5	
August	1,008,407.5	
September	1,223,401.5	
October	1,266,451.5	
November	1,034,212.0	
December	992,011.0	
Total	12,602,081.0	1,116,428.0

* Record daily repo volume of € 67.7 billion on January 7, 2004

* Overall volumes (cash and repo) of € 17.05 trillion in 2003 on the MTS system

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