

Transparent, tradable, real-time, independent

MTS Indices

MTS Indices (EuroMTS) are the first independent total-return indices measuring the performance of the largest and most widely-traded securities in the eurozone government bond market.

MTS Indices include the EuroMTS Index (ex-CNO Etrix), EuroMTS Inflation-Linked Indices, MTS Italy and ex-Bank of Italy Indices and many more.

The data underlying MTS Indices is drawn from real-time tradable prices on the MTS platform, a leading electronic marketplace for cash bond trading across Europe with over 500 unique counterparties and average daily volumes exceeding EUR 90 billion.

The availability of executable bond prices from the underlying MTS market enables MTS Indices to offer a level of transparency and replicability that is unique in the bond markets.

The benchmark for European fixed income

The indices are benchmarked by more than EUR 400 billion in assets under management and serve as the reference for numerous financial instruments such as exchange traded funds (ETFs), structured products, bond funds and index certificates.

The indices are calculated and maintained independently by MTS in accordance with established standards and with the benefit of user feedback. MTS has final responsibility for all rules and policies governing the index.

The original family of indices was developed in 1989 by the French bond association, the Comité de Normalisation Obligataire (CNO) and was initially a French OAT/BTAN index.

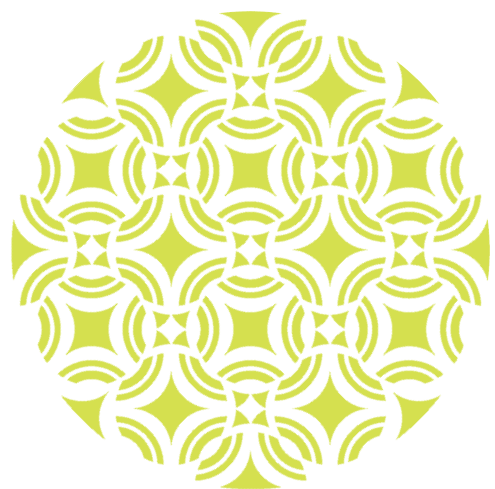
Following the introduction of the single currency in 1999, the original CNO indices were re-branded as the CNO Etrix range and extended to include sovereign bonds from all countries that adopted the Euro.

The CNO Etrix family has long been established as the market benchmark for French institutional investors.

Recognising the importance of constituent price discovery, EuroMTS was invited by the CNO to assume the ownership and production of the indices in January 2003. Since then, MTS has developed and released many new indices tracking the performance of additional segments of the fixed income market.

Indices offered

- › EuroMTS Index (ex-CNO Etrix)
- › EuroMTS Government Broad Indices
- › EuroMTS Investment Grade Indices
- › Short EuroMTS Broad Indices
- › EuroMTS Inflation-Linked Indices
- › EuroMTS AAA Government Indices
- › EuroMTS Covered Bond Indices
- › EuroMTS Government Bill Index
- › EuroMTS Deposit Indices
- › MTS Italy Indices
- › MTS Italy ex-Bank of Italy Indices



Transparency

The indices are calculated using real-time bond prices from over 500 unique counterparties on the interdealer MTS electronic trading system and in accordance with index rules and methodology, which MTS makes freely available.

Calculation and reporting

- › Real-time bond prices from the MTS platform are available via market data vendors
- › Index data, together with the underlying bond prices used for the daily fixings and the index methodology, are freely available

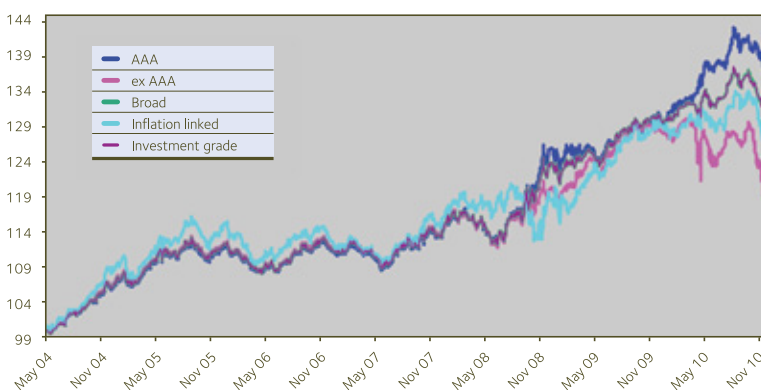
Together, this data allows users to replicate easily the index. This unparalleled transparency provides confidence and investor-acceptance for bond market participants issuing and managing financial products referenced to MTS Indices.

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Prices

- › The prices used in the real-time calculation of the indices are generated by more than 200 independent financial institutions quoting and trading on the MTS platform
- › With more than 500 unique counterparties spread throughout Europe, and with average daily volumes exceeding EUR 90 billion, MTS bond prices represent the optimal price discovery in European fixed income.

Figure 1. Eurozone sovereign total return index performance



Real-time and tradable

MTS Indices are calculated with 30 second updates and are also published with open and close fixings. In addition, the indices are calculated using bid-prices, whereas new bonds enter the indices using offer-prices. This replicates the transaction costs faced by funds that reproduce the indices.

MTS Indices can be tracked in a variety of ways. By utilising a transparent portfolio of bonds that is rebalanced on a fixed basis (monthly for bonds, weekly for zero-coupon bills), a fund can simply buy the bond portfolio and rebalance it when necessary.

Another option is to use a total-return swap provided by a suitable counterparty, which offers a low-maintenance solution with a high tracking accuracy.

However, a highly efficient approach for both institutional and retail investors is simply to buy one of the many Exchange Traded Funds (ETFs) that track MTS Indices.

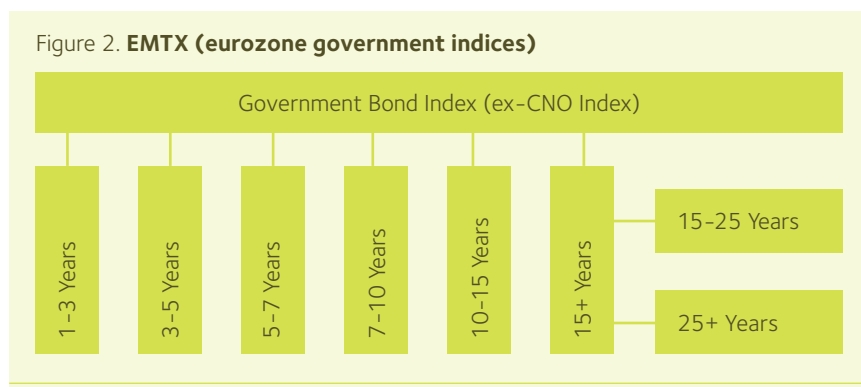
MTS Indices - EuroMTS Index

EuroMTS Index (ex-CNO Etrix)

EMTX

Performance of the eurozone's largest and most widely traded sovereign debt securities. Component bonds selected to represent the relative weighting of each country's outstanding debt within the eurozone.

Figure 2. EMTX (eurozone government indices)



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EuroMTS Government Broad Indices

EMTXg

Performance of the eurozone government bond markets. Includes all eurozone sovereign bonds listed on the MTS platforms with more than EUR 2 billion outstanding. Composed of seven maturity band sub-indices and three country indices: MTS Deutschland Government, MTS France Government and MTS Italy Government indices.

EuroMTS Investment Grade Indices

EMTXig

Performance of the eurozone government bond markets. Includes all eurozone sovereign bonds listed on the MTS platforms with more than EUR 2 billion outstanding and at least two investment grade credit ratings.

Short EuroMTS Broad Indices

EMTXsg

Performance of a portfolio of (i) eurozone government bonds that have been sold short (after being borrowed in the repo market) and (ii) cash on overnight deposit. The short bond positions modelled by the Index are fully collateralised i.e. the total value of the short bond positions equals the cash on deposit, and the short positions are adjusted each day to maintain this requirement.

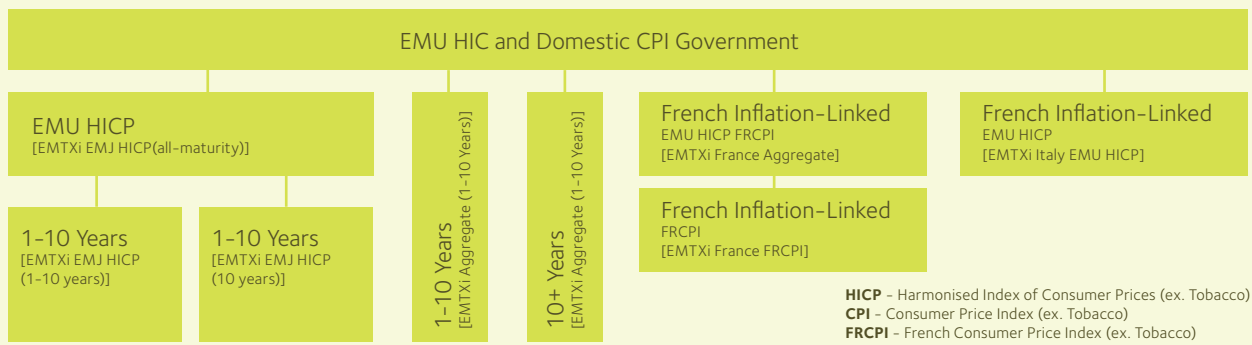


EuroMTS Inflation-Linked Indices

EMTXi

Performance of the eurozone's inflation-linked sovereign debt. The index accurately represents the structure of the euro inflation-linked market.

Figure 3. EMTXi (inflation linked indices)



EuroMTS AAA Government Indices

EMTX3a

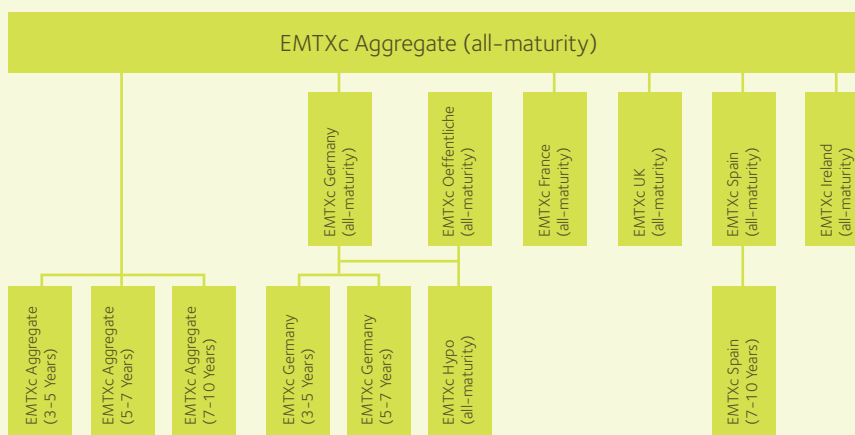
Performance of eurozone government bonds from issuers with the highest credit rating (AAA).

EuroMTS Covered Bond Indices

EMTXc

Measures the performance of the euro-denominated covered bond market. Includes German Oeffentliche and Hypothekenpfandbriefe, French Obligations Foncières, Spanish Cedulas, Irish ACS and UK bonds backed with mortgages and/or public loans.

Figure 4. EMTXc Aggregate (covered bond indices)



MTS Indices - EuroMTS Index

EuroMTS Government Bill Index

EMTXz

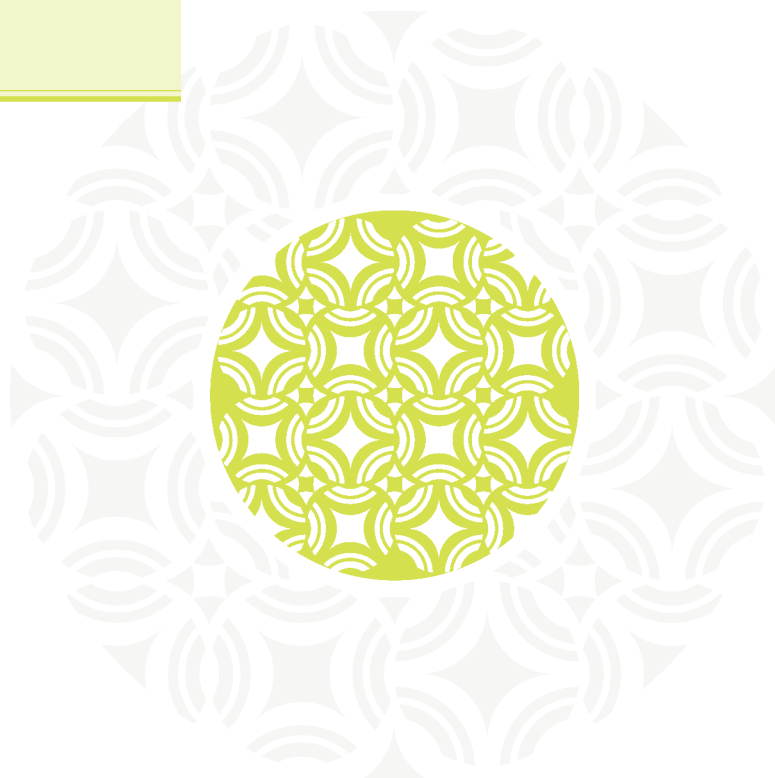
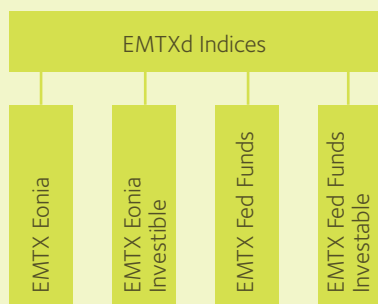
Performance of a portfolio of sovereign bills issued by the eurozone countries, listed on MTS, with less than six months maturity.

EuroMTS Deposit Indices

EMTXd

Performance of a rolling deposit in the overnight interbank market. Includes the EuroMTS Eonia Total Return Index, and the EuroMTS FedFunds Index.

Figure 5. **EMTXd (deposit indices)**



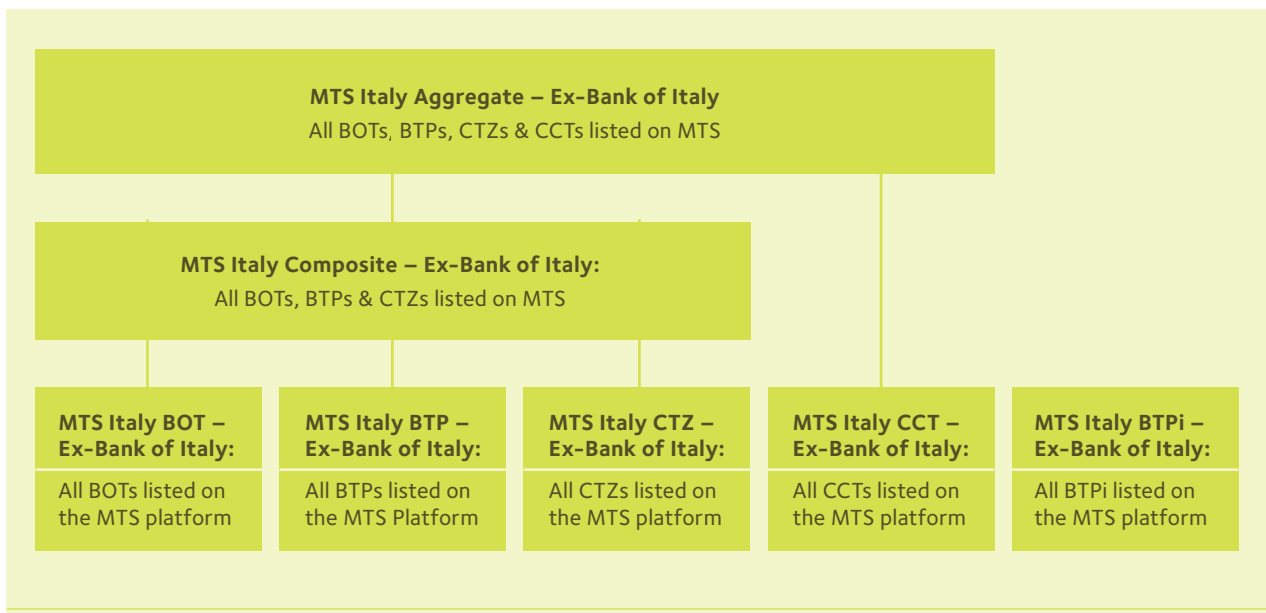
MTS Italy ex-Bank of Italy Indices and MTS Italy Indices

The MTS Italy ex-Bank of Italy and MTS Italy Indices are the latest additions to the popular EuroMTS Index family and are composed exclusively of Italian government debt securities.

The new index range replace (as of 17 January 2011) the indices created by the Bank of Italy in 1990. Users can benefit from enhanced transparency, replicability and independence by adopting the well-established EuroMTS Index algorithm.

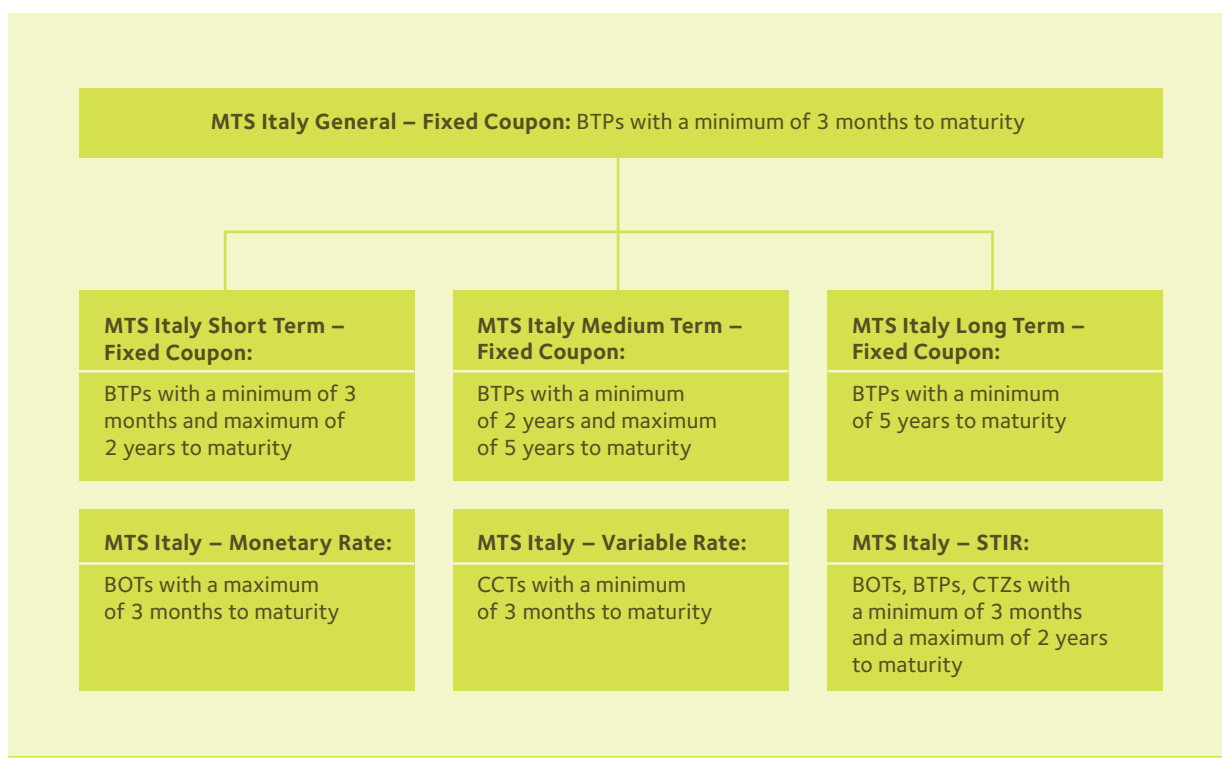
Structure of the MTS Italy ex-Bank of Italy Indices:

The MTS Italy Ex-Bank of Italy Indices are a family of seven indices measuring the total return of a portfolio of Italian sovereign debt instruments, sub-divided by security type.



Structure of the MTS Italy Indices:

The MTS Italy indices are a family of seven indices measuring the total return of a portfolio of Italian sovereign debt instruments, sub-divided by security type and maturity.



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About MTS Group

MTS is a premier facilitator for the electronic fixed income trading market in Europe, with over 500 unique counterparties and average daily volumes exceeding EUR 90 billion. MTS customers benefit from its relationship with one of Europe's leading diversified exchange business, the London Stock Exchange Group, which operates one of the largest and most liquid equity marketplaces in Europe.

MTS markets provide a professional trading environment for the interdealer marketplace, enabling primary dealers from across the globe to access outstanding liquidity, transparency and coverage. MTS further facilitates the dealer-to-client bond market through BondVision, a leading trusted and efficient electronic bond trading market, delivering exceptional access for institutional investors direct to the market makers.

MTS Data is sourced directly and exclusively from the MTS interdealer market and includes benchmark real-time data, reference data, reference prices, time series data and snapshot data, providing the benchmark data source on the fixed income market.

MTS Indices provide independent, transparent, real-time and tradable eurozone fixed income indices, based on tradable prices from MTS. MTS indices are tracked by (and can be traded via) 30 ETFs in addition to numerous structured products.

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