

Law no. 296 of 27 December 2006

Provisions for the formation of the one-year and multi-year State budget (Financial law of 2007)

Article 1

[...] 736. The rules of this paragraph are core principles for the coordination of public finance mentioned in articles 117, third paragraph, and 119, second paragraph, of the Constitution. Debt management transactions that use derivatives, performed by regions and entities referred to in the consolidated act referred to in Legislative Decree no. 267 of 18 August 2000, must be aimed at the reduction of the final cost of debt and at reducing exposure to market risks. Entities may enter into such transactions only when liabilities are effectively due, having regard to contain the credit risks assumed.

737. The following are added to article 41 of Law no. 448 of 28 December 2001, after paragraph 2:

"2-ii. From 1 January 2007, within the public finance coordination framework, mentioned in article 119 of the Constitution, the contracts with which the regions and entities, referred to in the consolidated act referred to in Legislative Decree no. 267 of 18 August 2000, set up debt sinking transactions with single payment at maturity, and derivative transactions, must be transmitted, by the contracting authorities, to the Ministry of Economy and Finance - Treasury Department. This transmission, which must occur before the signing of the contracts themselves, is a constitutive element of the effectiveness of the same. The provisions of the decree referred to in paragraph 1 of this article, relating to monitoring, remain valid.

2-iii. Transactions referred to in the preceding paragraph that are in violation of current regulations are communicated to the Court of Auditors for the adoption of measures within its competence".

738. Entities required to report under article 41 of Law no. 448 of 2001 maintain for at least five years, special lists containing the updated data of all financial operations and debt incurred pursuant to the laws cited above. The auditing body of the local authority supervises the proper and timely compliance by the entities themselves.

739. From 1 January 2007, transfers or securitizations of credits by suppliers of goods and services for whose payment the institution itself takes, albeit indirectly, new loans, also through the restructuring of amortization plans, are added to the funding operations referred to in paragraph 17 of article 3 of Law no. 350 of 24 December 2003. This excludes the operations of this nature for which the Regional Council's decision was taken before 4 September 2006, provided that they were completed no later than 31 March 2007. [...]