

Ministerial Decree no. 420 of 5 July 1996

Regulation containing rules for the issuance of bonds by local authorities.

2. *Loans in foreign currency - Exchange risk coverage*

1. To cover the exchange risk all foreign currency loans must be accompanied, at the time of issuance, by a corresponding swap. The swap transaction will have to transform, for the issuer, the foreign currency debt in a debt in lire, without introducing risk elements. The cost of this operation, together with all expenses borne by the issuer in connection with the issue of the loan, including the fee mentioned below in article 12, contributes to the determination of the actual cost mentioned in article 5 of Decree-Law no. 287 of 1996.

2. The swap transaction must be carried out by intermediaries with proven reliability and experience in the field, with reference also to the evaluation given to them by the major rating agencies.