

EXAMPLE OF CCTeu ISSUANCE DECREE

The following decree regarding the issuance of the CCTeu is published only as an example

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Ministero dell'Economia e delle Finanze

Dipartimento del Tesoro - Direzione Seconda

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THE DIRECTOR GENERAL OF THE TREASURY

HAVING WITNESSED to the President of the Republic's Decree no. 398 of 30 December 2003, containing the Consolidated Act on legislative and regulatory provisions in matters of public debt, and, in particular, Article 3, where it is stipulated that the Minister of Economy and Finance is authorised, in each financial year, to issue framework decrees that allow the Treasury, amongst other things, to carry out funding operations on the domestic or foreign markets in the form of short-, medium- and long-term financial products and instruments, indicating therein the nominal amounts, the interest rate or the criteria for determining the same, the duration, the minimum denomination subscribable, the placement system and any other characteristic and procedure;

HAVING WITNESSED Decree no. 85018 of 6 October 2016 and subsequent amendments and additions, which establish on a continuous basis the characteristics and the means for the issuance of medium- and long-term government securities to be issued through auction;

HAVING WITNESSED the Ministerial Decree no. 288 of 3 January 2020, issued in enactment of Article 3 of the President of the Republic's Decree no. 398 of 2003 (public debt Consolidated Act), which establishes for the 2020 financial year, the objectives, limits and procedures by which the Department of the Treasury must abide in carrying out the financial transactions mentioned in said article, providing that the transactions themselves be determined by the Director General of the Treasury or, by proxy, by the Director of Directorate II of said Department;

HAVING WITNESSED the Ministerial Decree no. 43044 of 5 May 2004, published in

the Official Gazette of the Italian Republic no.111 of 13 May 2004, bearing provisions in the event of a delay in the settlement of transactions covering the issuance, exchange and buyback of government securities;

HAVING WITNESSED the circular of the Ministry of Economics and Finance no. 5619 of 21 March 2016, concerning the “Determination of the CCT and CCTeu coupons in the event of negative interest rates”;

HAVING WITNESSED Law no. 160 of 27 December 2019, bearing the approval of the “State Budget for the financial year 2019 and Multi-annual Budget 2020-2022”, and in particular, paragraph 2 of article 3, which establishes the maximum limit of issuance of public loans for said year;

HAVING CONSIDERED that the amount of the issues ordered through 27 January 2020, net of the public loan reimbursements already effected, to EUR 27,050 million;

HAVING WITNESSED the Determination no. 73155 of 6 September 2018, with which the Director General of the Treasury has delegated the Director of Directorate II of the Department of the Treasury to sign the decrees and acts in relation to the aforementioned transactions;

HAVING DEEMED it appropriate, in relation to market conditions, to order the issuance of a first tranche of Treasury credit certificates with interest rate indexed to the six-month EURIBOR rate (hereinafter, "CCTeu"), with interest entitlement as of 15 December 2019 and maturity of 15 December 2023;

D E C R E E S:

Article 1

In accordance with and for the effects of Article 3 of the President of the Republic’s Decree no. 398 of 30 December 2003, and the Ministerial Decree of 3 January 2020, both cited in the preamble, this decree orders the issuance of a first tranche of CCTeu, with interest entitlement as of 15 December 2019, and maturity of 15 December 2023, for a total nominal amount between a minimum of EUR 2,250 million and a maximum of EUR 2,750 million.

The interest on the CCTeu securities referenced in this decree is payable in arrears in two semi-annual payments, on 15 June and 15 December each year.

The semi-annual interest rate to be paid on the aforementioned CCTeu shall be calculated on the basis of the gross annual rate equal to the six-month EURIBOR rate increased by 0.55%, and shall be calculated by counting the actual number of days in the semi-annual period of reference, on the basis of the business year, with rounding to the third decimal point.

In application of the aforementioned criteria, the semi-annual interest rate in relation to the first coupon of the CCTeu referenced in this decree is equal to 0.107%.

In the event that the aforementioned procedure leads to negative interest rates, the

accrued interest will be equal to zero;

The characteristics and the means for the issuance of the aforementioned securities are those defined in the Decree no. 85018 of 6 October 2016, referenced in the preamble, which is fully incorporated herein by reference, and to which reference should be made for any matter not expressly provided by this decree; reference, in particular, should be made to Article 18 of said decree.

Article 2

The bids of dealers in relation to the tranche referenced in Article 1 of this decree will need to be received by no later than 11:00 a.m. on 30 January 2020, with the observance of the means indicated in Articles 5, 6, 7, 8 and 9 of the aforementioned decree of 6 October 2016.

The placement commission, as provided by Article 6 of the aforementioned decree of 6 October 2016, is to be paid in the amount of 0.25% of the nominal capital subscribed.

Article 3

As soon as the allocations of the amounts referenced in the preceding article are completed, the placement of the second tranche of the securities will begin, with the observance of the means indicated in Articles 10, 11, 12 and 13 of the aforementioned decree of 6 October 2016.

The "specialists" may participate in the supplementary placement by sending subscription bids prior to 3:30 p.m. on 31 January 2020.

Article 4

The CCTeu subscribed in auction and in the supplementary placement will be settled by the dealers to whom the bonds were awarded on 3 February 2020, at the adjudication price and with the payment of gross accrued interest for 50 days. For this purpose, the Bank of Italy will automatically input the amounts in the clearing and settlement system with the same value date as the settlement date.

In the event of a delay in the securities settlement described in this decree, the provisions of the Ministerial Decree of 5 May 2004, cited in the preamble, will apply.

Article 5

On 3 February 2020, the Bank of Italy will deposit at the Provincial State Treasury, Rome Section, the net proceeds of the certificates placed at the adjudication price, together with the payment of the gross accrued interest of 0.21% per annum, due to the State, for 50 days.

The aforementioned Section of the Treasury will issue, for said deposits, separate receipts of income to the State budget, to be booked under Section X, Chapter 5100, Article 4 (Parliamentary voting unit 4.1.1), for the amount related to the net proceeds of the issue, and to Chapter 3240, Article 3 (Parliamentary voting unit 2.1.3) for the gross accrued interest due.

Article 6

The charges for interest in relation to the 2020 financial year will be charged to Chapter 2216 (Parliamentary voting unit 21.1) of the forecast budget of the Ministry of Economy and Finance for such year, and to corresponding chapters for the subsequent years.

The charge for the reimbursement of capital in relation to the 2023 financial year will be charged to the chapter to be booked in the Ministry of the Economy and Finance's forecast budget of expenditure for such year, and corresponding to Chapter 9537 (Parliamentary voting unit 21.2) of the forecast budget for the current year.

The amount of the placement commission, as provided by Article 2 of this decree, is to be booked by the Treasury Sections among the "payments to be settled" and in Chapter 2247 (Parliamentary voting unit 21.1; operational code 109), Ministry of the Economy and Finance's forecast budget of expenditure for the 2020 financial year.

This decree is to be published in the Official Gazette of the Italian Republic.

Rome,

For the DIRECTOR GENERAL OF THE TREASURY