

**DECREE OF THE PRESIDENT OF THE REPUBLIC
OF 30 DECEMBER 2003 no. 398**

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**Consolidated Act of the regulations and
legislative provisions regarding public debt ⁽¹⁾**

Updated to January, 1st 2015

(1) The present Consolidated Act encompasses the legislative and regulatory dispositions included in the Legislative Decree of 30 December 2003, n. 396 and in the Decree of the President of the Republic of 30 December 2003, no. 397

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Consolidated Act of the regulations and legislative provisions regarding public debt

THE PRESIDENT OF THE REPUBLIC

Considered arts.76 and 87 of the Constitution;

Considered art.1 of Law no.340 of November 24, 2000, concerning “Provisions for the delegation of regulations and the simplification of administrative procedures – Simplification Law of 1999”;

Considered art.7, paragraph 1, letter c of Law no.50 of March 8, 1999, and in particular enclosure no.3;

Considered art.23, paragraph 3 of Law no.229 of July 29, 2003, concerning “Interventions regarding regulations, normative rearrangement and codification – Simplification Law of 2001”;

Having heard the decision of the Council of State, expressed by the Advisory Division for the Government normative acts in its assembly of March 24, 2003;

Considered the preliminary deliberation of the Council of Ministers, adopted at the November 27, 2003 meeting;

Having obtained the advice of the competent Parliamentary Commissioners of the Chamber of Deputies and of the Senate of the Republic;

Considered the deliberation of the Council of Ministers adopted at the meeting of December 19, 2003;

Proposed by the President of the Council of Ministers, the Ministry for the Public Function and the Ministry of Economy and Finance;

ORDERS

The following Legislative Decree

TITLE I

OBJECT AND LIMITS OF APPLICATION OF THE CONSOLIDATED ACT

Art.1 (L)

Object

The provisions of this Consolidated Act regulate the issuance, management, admission to be quoted and trading of Government bonds. (L)

Art.2 (L-R)
Definitions

1: The following definitions apply in this decree:

- a) financial instruments: the financial instruments as provided by art.1, paragraph 2, letters b) and d) of the Legislative Decree no.58 of February 24, 1998, concerning the provisions regarding financial brokerage of the Consolidated Act;
- b) Ministry: Ministry of Economy and Finance;
- c) Treasury: Department of the Treasury;
- d) Minister: The Minister of Economy and Finance;
- e) Head of public debt: General Manager, Head of the Second Directorate of the Department of the Treasury;
- f) Directorate: Department of the Treasury – Directorate II;
- g) internal public debt: short, medium and long-term products and financial instruments issued in euro¹;
- h) foreign public debt: securities and financial products issued in currency and those issued according to the same procedural modalities²;
- i) Fund: the “Government Bond Sinking Fund”³;
- l) Availability account: the account “Treasury availability to provide the service of treasury”⁴;
- m) Government bonds: all forms of borrowing by the State; short, medium and long-term, as well as loans of Ferrovie dello Stato (State railways) S.p.A., recognised as State debts in accordance with art.2, paragraph 12 of Law no.662 of December 23, 1996;
- n) Securities: documents, certificates or records, also in the form of accounting entries, bearing rights of financial instruments;
- o) financial products: non-negotiable securities and bonds;
- p) intermediaries: nominee holders of accounts held at the centralized depository company and through which they can exercise patrimonial rights and carry out transfer operations, both for constraint and release of the same instruments under centralized depository;
- q) redenomination: reconvertng in euro of the values of the financial instruments expressed in a national unit of currency;
- r) centralized depository company: the depository company having a legal headquarters in Italy or in the European Union that predominantly or exclusively performs centralized depository services regarding financial instruments;
- s) MTS depository company: company for the Government bond market – M.T.S. – S.p.A.;
- t) capital stock: total capital stock of the centralized depository company wholly paid up and extant;
- u) systems: centralized depository systems for financial instruments;
- v) coupon stripping: stripping operation of the coupon portion from the redemption value;
- z) principal: redemption value of the bond less the coupon;
- aa) reconstitution of the bond: operation of reuniting the components of the coupon already split

¹ Letter thus amended by paragraph 379 of art. 1, Law of 23 December 2005, no. 266

² Letter thus amended by paragraph 379 of art. 1, Law of 23 December 2005, no. 266

³ Letter thus amended by paragraph 387,lett.a), n.1 of art. 1, Law of 23 December 2014, no. 190

⁴ Letter thus amended by paragraph 387,lett.a), n.2 of art. 1, Law of 23 December 2014, no. 190

from the principal, even if originating from different bonds, in order to obtain new bonds;
bb) participating currencies: currencies of EMU Member States (L-R).

Art.3 (L)
Issuance and management⁵

1. In each financial year, the Ministry has the authority, within the annual limits established by the budgetary law, to issue framework decrees that allow the Treasury to:

a) carry out through products and financial instruments, short, medium and long-term borrowing operations on both the domestic and foreign markets, indicating the nominal amount, the rate of interest or the criteria necessary to determine it, the duration, the minimum lot, the placing procedure and every other characteristic and modality, and therein included, the right to stipulate conventions with the Bank of Italy, with the centralized management company dealing in Government bonds and with Italian and foreign financial intermediaries as well as the competent forum, and to comply with the law applicable to controversies arising from the aforementioned borrowing operations⁶;

b) provide, in order to promote the efficiency of the financial markets, the temporary issuance of tranches of current loans by resorting to prompt cash payments or others on the markets. Considering their transitory nature, such operations do not modify the consistency of the securities and give rise to the fluctuations in a special treasury account. The consequent financial effects are charged to the State budget, or rather, weigh on the floating debt. Loan operations of financial instruments, in accordance with letter a), are carried out on the inter-bank market using the same procedures;

b-bis) order the issuance of tranches of existing loans aimed at establishing an active portfolio of Government bonds to be used for repos or other operations in use in financial markets, so as to promote market efficiency. Bonds destined to this portfolio go to form the annual limit set by the law approving the State budget only when they are placed on the market through the above mentioned operations. The provisions of art.5, paragraph 6 apply to the active portfolio;⁷

c) proceed, in order to restructure the national and external public debt, to the reimbursement before maturity of bonds, to the transformation of maturities, to exchange operations as well as substitution of different types of bonds or other instruments provided by the praxis of the international financial markets (L).

1-bis. The Treasury is authorized to draw up bilateral collateral agreements in relation to transactions in derivatives instruments. Collateral is made up of euro-denominated government securities of the countries of the Euro Area or available liquidity managed through flows in and out of treasury accounts or other accounts set up especially therefor. The provisions of Paragraph 6 of Article 5 are applicable to the treasury accounts, accounts and deposits, securities or liquidity, held in the name of the Ministry within the banking system and used as collateral. The means for application of this paragraph are established by decree of the Minister.⁸ (L)

2. Where necessary, the regulations contained in the Ministerial Decrees can deviate from the State accounting rules on the basis of and within the limits determined in paragraph 1.⁹ (L)

⁵ Heading thus amended by paragraph 387,lett.b), n.1 of art. 1, Law of 23 December 2014, no. 190

⁶ Letter thus amended by paragraph 380 of art. 1, Law of 23 December 2005, no. 266

⁷ Letter added first by paragraph 303, letter a), of article 1, Law of 24 December 2012, no. 228 (2013 Stability Law) and thus amended by paragraph 387,lett.b), n2 of art. 1, Law of 23 December 2014, no. 190

⁸ Letter thus added by paragraph 387,lett.b), n3 of art. 1, Law of 23 December 2014, no. 190

⁹ For the conducting of the financial transactions provided for by the present article, see the directives stipulated in the Ministerial Decree of 7 April 2004, the Ministerial Decree of 22 April 2005, the Ministerial Decree of 4 January 2006, the Ministerial Decree of 8 January 2007, the Ministerial Decree of 28 December 2007, the Ministerial Decree of 30 December 2008, the Ministerial Decree of 30 December 2009, the Ministerial Decree of 28 December 2010, the

Art.4 (L)
Financial instruments

1. The traded financial instruments or those intended for trading on regulated markets cannot be represented by those bonds provided by Title V, Book IV. (L)

Art.5 (L)

Regulations regarding the account held by the Treasury for treasury purposes at the Bank of Italy

1. The Bank of Italy cannot grant any type of advance to the Ministry. (L)
2. The debt held at the Bank of Italy for treasury services will, at the end of the month in which the placement has been completed in accordance with paragraph 3, be transferred to an appropriate transit account the following day, at an annual interest rate of 1 per cent, and converted into Government bonds within 30 days, for an equivalent value, to be allocated to the Bank of Italy at an annual rate of 1 per cent, with an annual coupon. The duration and amortization method for the aforesaid bonds is established by the Minister with the relevant issuance decree. (L)
3. Within one month of Law no. 483 of November 26, 1993 coming into force, the Minister will proceed with the bond placement, with net receipts of at least 30,000 billion lire (euro 15.493.706.973) through the Bank of Italy. The bonds will have a yield equivalent to market values. The net receipts will be entered in the State budget and reassigned to the proper provisional budget item of the Ministry in order to be deposited in a transitory account held at the Bank of Italy with a corresponding interest rate to cover the interest deriving from the issuance in accordance with the said paragraph. (L)
4. At the end of the placement the balance of the transitory account will be transferred to an account set up at the Bank of Italy and denominated “Treasury availability to provide treasury services “ and utilized to guarantee the normal execution of the said services. On the mentioned availability account are daily registered proceeds and payments operations connected with the service of treasury and utilized to make sure the regular carrying out of the same service.¹⁰ (L)
5. The Ministry and the Bank of Italy establish through agreement, on a basis consistent with the Central European Bank's monetary-policy guidelines, the conditions for maintaining the availability account and the accounts assimilable thereto, and the maximum balance of the government deposits for which the Bank of Italy pays a rate of interest, which is commensurate with money-market parameters. The accounts set up at the Bank of Italy that constitute the aforementioned government deposits are identified by decree of the Minister, subject to the Bank of Italy's agreement. If required by monetary policy, a negative rate of interest is applied to the balance exceeding the aforementioned maximum balance. The means for using the liquidity in market transactions and for selecting counterparties are established by decree of the Minister, on the basis of criteria of transparency, efficiency and competitiveness. Any differential amount for the account of the Bank of Italy, suitable to ensure the offset of the charge arising from the difference between the rate of interest applied to government deposits and that related to the securities referenced in Paragraph 3, until their reimbursement, is established by decrees of the Minister. The Minister is authorized,

Ministerial Decree of 22 December 2011, the Ministerial Decree of 18 December 2012, the Ministerial Decree of 19 December 2013 and the Ministerial Decree of 23 December 2014. See also Directorial Decree of 5 June 2013.

¹⁰ Paragraph amended first by paragraph 39 of article 2, Law no. 244 of 24 December 2007, as of the date indicated in article 42, of Legislative Decree no. 248 of 31 December 2007, then by paragraph 1 of article 47, Law no. 196 of 31 December 2009, as of 1 January 2010, following the dispositions of paragraph 6 of article 52 of the same Law no. 196 of 2009 and then thus amended by paragraph 387,lett.c), n1 of art. 1, Law of 23 December 2014, no. 190.

should he consider it appropriate, after consultation with the Bank of Italy, to directly take over the management, within the scope of the State's treasury service, of the funds available in the availability account, including by delegating, for such purpose, specific services, transactions or compliance matters to one or more financial intermediaries, as well as by signing an agreement with Cassa Depositi e Prestiti S.p.A. ¹¹(L)

6. On the availability account and accounts assimilable thereto, and on the account entitled: "Treasury Department – Financial market operations", are not permitted seizures, repossessions, oppositions or other precautionary measures. Furthermore, are not permitted seizures, repossessions, oppositions or other precautionary measures notified to the Bank of Italy and to those participating to the Government bond placement that were awarded during the auction, and concerning the proceeds of that placement that have not yet reached said account. Acts carried out in violation of the present norm are null and void. Their invalidity must be ascertained officially by the judge. Such acts accordingly do not entail any responsibility for provisioning against deposits in the availability account, accounts assimilable thereto, and the treasury account titled «Department of the Treasury-Financial Market Transactions» or against the sums coming from the aforementioned placement. ¹²(L)

6-bis. The provisions of paragraph 6 apply to the Ministry's accounts and deposits at the banking system that are used to manage liquidity. ¹³(L)

7.[....¹⁴¹⁵ (L)

8. The availability account cannot present a negative debit for the Ministry. In the event that, at the daily accounting closure of the Bank of Italy there should prove to be a debit for the Ministry, the Bank of Italy will enter it in a temporary account, where it will benefit from the official discount rate, will immediately notify the Minister, and will not carry out further payments as treasury until the debt has been settled. ¹⁶(L)

9.[...¹⁷]¹⁸ (L)

¹¹ Paragraph amended first by paragraph 39 of article 2, Law no. 244 of 24 December 2007, as of the date indicated in article 42, of Legislative Decree no. 248 of 31 December 2007, then by paragraph 1 of article 47, Law no. 196 of 31 December 2009, as of 1 January 2010, following the dispositions of paragraph 6 of article 52 of the same Law no. 196 of 2009 and then thus substituted by paragraph 387,lett.c), n2 of art. 1, Law of 23 December 2014, no. 190. See also paragraphs 2 and 3 of the mentioned article 47. The procedures for movement on the account foreseen by the present paragraph are set by the Ministerial Decree of October 2011.

¹² Paragraph amended first by paragraph 39 of article 2, of Law no. 244 of 24 December 2007, commencing as stated in article 42 of the Legislative Decree no. 248 of 31 December 2007 and then thus amended by paragraph 387,lett.c), n3 of art. 1, Law of 23 December 2014, no. 190.

¹³ Paragraph added by paragraph 39 of article 2, of Law no. 244 of 24 December 2007, commencing as stated in article 42 of the Legislative Decree no. 248 of 31 December 2007.

¹⁴ Article 1 of the Ministerial Decree of 19 September 2005 (Official Gazette no. 238 of 12 October 2005) established the following:

"1. As per article 5, paragraph 9 of the Decree of the President of the Republic no. 398 of 30 September 2003, the balance of the account held by the Treasury at the Bank of Italy for Treasury purposes, mentioned in article 5, paragraph 7 of the same decree, is set at 10,000,000,000 euros.

2. Should the account's end month balance be less than fifty per cent of 10,000,000,000 euros, the Minister, within the 5th day of the following month, must send the Parliament a report on the causes of the balance's insufficiency and on any corrective measures; should the balance, for three consecutive months, be less than 10,000,000,000 euros, the Minister, within the following month must explain to Parliament the causes of the balance's insufficiency, indicating any corrective provisions.

3. The present decree will be transmitted to the regulator according to the law in force and will be published in the Official Gazette of the Italian Republic."

¹⁵ Paragraph repealed by paragraph 39 of article 2, of Law no. 244 of 24 December 2007, as of the date indicated in article 42 of Legislative Decree no. 248 of 31 December 2007.

¹⁶ Paragraph thus amended by paragraph 387,lett.c), n4 of art. 1, Law of 23 December 2014, no. 190

¹⁷ See footnote (14).

¹⁸ Paragraph repealed by paragraph 39 of article 2, of Law no. 244 of 24 December 2007, as of the date indicated in article 42 of Legislative Decree no. 248 of 31 December 2007.

Art.6 (L)
Denomination of domestic public debt

1. As from January 1, 1999, borrowing operations on the domestic market are effected in euro. (L)

Art.7 (L)
Accounting unit used for dealings on regulated markets

1. As from January 1, 1999, the euro is the only accounting unit used for dealing, payment and settlement on the regulated markets, provided that, in the transitory period, the clients, even though making offers in euro, can entertain relations with the intermediaries either in lire or in euro. (L)

Art.8 (L)
Payment of public debt

1. The annual laws for the approval of the budget provide for the assignation of interest payments, possible premiums and repayments of public debt. (L)
2. The payments of public debt are not reduced, paid late or subject to any special levy, not even in case of public necessity. (L)
3. The subsequent check of the ordinary and extraordinary accounting regarding the payment of public debt by the Corte dei conti is carried out on the accounts presented by the provincial divisions of the State treasury. (L)

ITEM 1 Management

Section 1

GENERAL PROVISIONS

Art. 9 (R)
Redenomination of international laws denominated in the currency of a Member State.

1. The Treasury can redenominated international loans issued according to Italian law, denominated in the currencies that are part of the European Monetary Union, if the issuing States have redenominated their own public debt in euro. (R)
2. The international loans in accordance with paragraph 1 are redenominated using the same rules used for bonds in lire in accordance with art.53, based on the minimum lot indicated in the respective issuance prospectuses. (R)

Art.10 (L)

Treatment of references to the lira of non-redenominated instruments

1. As from January 1, 2002, the references to the lira and other adhering currencies, present in the non-redenominated financial instruments during the transitory period, are understood to refer to the euro with an unlimited number of decimal points and are contextually expressed – for the purpose of trading of the financial service, of the transfer of bonds and of the financial account – as a conventional amount corresponding to the original nominal value, respecting the repayment program. The rounding off to the euro cent has to be applied at the moment that the consideration is determined. (L)

Art.11 (L)

Centralized depository system

1. The Treasury does not release bearer or registered bonds, nor temporary certificates bearing or not bearing coupons that represent loans for the domestic market. (L)
2. The Treasury notifies the centralized depository company of the amount of each issuance of financial instruments in order to set up a special account. (L)

Art.12 (L)

Assignment of depository company and intermediary

1. The transfer of the financial instruments that are subject to the regulations of the present Title and the exercising of the relevant patrimonial rights is carried out only through the intermediaries authorized in accordance with Legislative Decree no.58 of February 24, 1998, which determines the requirements that the said subjects must possess and the activities that they are qualified to carry out. (L)
2. On behalf and by request of the intermediaries, the centralized depository company sees to the setting up, for each intermediary, of accounts for registering the movements of the financial instruments provided by the same. (L)
3. The intermediary registers, for each account holder, the financial instruments pertaining to the same bondholder, as well as the transfer, the management acts and the constraints, in accordance with art.15, prepared by or on behalf of, the bondholder, in distinct and separate accounts also with respect to accounts pertaining to the intermediary. (L)

Art.13 (L)

Duties of intermediaries

1. The intermediary:
 - a) carries out, in his own name and on behalf of, the account holder, the rights regarding the financial instruments if the latter confers the relevant mandate;
 - b) releases, by request of the interested party, non-transferable certificates, whenever necessary, for exercising the rights relating to the financial instruments. (L)
2. The certificates released by the intermediary have to be accepted on deposit every time that the regulations provide for the bonds to be deposited. (L)

Art.14 (L)
Rights of account holder

1. Having provided for the registration, the account holder is entitled to exercise fully and exclusively the rights relevant to the financial instruments he has already registered, according to each one's own regulations, and can arrange in conformity with that provided by the relevant regulations in force. (L)
2. Whoever has obtained the registration in his favour, on the basis of eligible title and in good faith, is not subject to claims or actions by previous title-holders. (L)

Art.15 (L)
Establishment of constraints

1. Every type of constraint regarding the financial instruments of this Title is singularly established by their registration in a special account held by the intermediary. (L)
2. Specific accounts designed to permit the establishment of the constraint of the financial instruments therein registered can be opened; in such a case the intermediary has the responsibility of observing the instructions received at the act of constitution of the constraint in order to maintain the integrity of the constraint and the exercising of the rights regarding the financial instruments. (L)

Art.16 (L)
Responsibility of intermediaries

1. The intermediary is responsible for the prompt execution of the obligations laid down by this Consolidated Act as well as any damage resulting from the transfer operations of the financial instruments. The intermediary is also responsible for the keeping of accounts. (L)

Art.17 (L)
Admissibility of faxes when participating in Government bond auctions

1. In participating in Government bond auctions carried out by telematic means, bids by means of private or public service using faxes are permitted, in the cases and subject to the conditions established by Treasury Decree. (L)

Art.18 (L)
Performance, deposits or reinvestment in Government bonds

1. Government bonds represented by accounting entries have to be accepted every time that, due to legislative provisions or regulations, performance or compulsory surety or deposits guaranteed by Government bonds, is demanded. (L)
2. The price to be paid for the sale of patrimonial real estate, or rather of State holdings, whose divesting has been ordered in accordance with current regulations, can also be paid for with Government bonds. (L)
3. The Minister establishes, by Ministerial Decree, the types of Government bonds in accordance with paragraph 1, and their method of calculation in order to meet the due price. (L)

Art.19 (L)
Keeping of documents

1. The resultant documents remain deposited with the Directorate, in justification of the transaction carried out, for a period of five years. (L)
2. At the end of the five-year period, starting from the date on which the payments were first registered, the Directorate can cancel the relevant bonds that have not been contested. (L)

Art.20 (L)
Payment

1. Payment to the interested parties of the amounts resulting from public debt operations will be made by the Sections of the Provincial State Treasuries, through the crediting of the amount on behalf of the creditor, to an established credit agency upon receipt of the orders referring to and before, collection of the apposite receipt, if released, or upon written request by the creditor. (L)

Section II

PRESCRIPTION

Art.21 (L)
Prescription of interest and capital

1. The interest payments not claimed during the five years after maturity will be prescribed. The five-year limit is applied to all forms of interest payments. (L)
2. The capital represented by Government bonds not claimed during the five years after the repayment date will be prescribed. (L)

Art.22 (L)
Interruption of prescription

1. To all intents and purposes, the prescription can be interrupted as indicated in the civil code, and by simple request or other valid act that demonstrates the wish of the petitioners to maintain their right. (L)
2. The request or act expresses their interruptive effectiveness from the day on which the Directorate, or one of its offices receives instruction, and where said Directorate or one of its offices has the right, either in Italy or abroad, to receive requests for dealing in Government securities or to pay interest. (L)

Art.23 (L)
Limits of prescription

1. For the limits of prescription of Government bonds, refer to the Civil Code.

Section III

CENTRALIZED DEPOSITORY

Art.24 (R)

Selection of centralized depository companies

1. The centralized depository Company for Government bonds is chosen from those authorized pursuant to art.80, paragraph 9, of Legislative Decree 58/1998, or from those that carry out, predominantly or exclusively, centralized depository services for financial instruments, as long as they are subjugated to the supervisory regulations provided by art.82 of the same Legal Decree. (R)
2. The centralized depository companies that intend to carry out the activity of centralized depository of Government bonds and that comply with the criteria in accordance with paragraph 3, and to the requirements provided by art.80, paragraphs 4 and 6, of Legal Decree 58/1998, submit application to the Ministry. (R)
3. The Ministry selects the centralized depository company for Government bonds on the basis of the following criteria, which have to form part of the statute of the regulation of services or appropriate documentation:
 - a) The degree of patrimony, including capital stock of not less than fifteen million euro;
 - b) the organizational structure, with particular reference to the terms and conditions of carrying out the activities of centralized depository, regarding the quality and type of services offered and the degree of transparency of the systems;
 - c) the effectiveness in dealing with other centralized depository companies;
 - d) the carrying out of connected and instrumental activities;
 - e) the service costs of the issuer and costs for the participants, in accordance with art.81, paragraph 3, of Legislative Decree 58/1998;
 - f) the intermediaries admitted to the system;
 - g) the commitment to observe, in the events pursuant to art.85, paragraph 1, of Legislative Decree referred to in letter e), the regulations provided by the same article and the following articles, 86, 87, 88. (R)
4. The Ministry will communicate the outcome of the procedure activated by request in accordance with paragraph 2, within 60 days of receiving the said request. The aforementioned time limit is suspended should the Ministry request further information, and a new limit of 30 days will begin from the date of receiving such request. (R)
5. Following the selection of the centralized depository company for Government bonds, the Ministry can assess new requests to grant the centralized depository functions. (R)
6. The Ministry can grant the centralized depository of Government bonds to a number of companies. (R)

Art.25 (R)

Parties admitted to the systems

1. The Ministry is admitted to the systems and can open its own accounts at the centralized depository companies in Government bonds. (R)

Art.26 (R)

Relationship between the Treasury and the centralized depository companies

1. The relationship between the Treasury and the centralized depository of Government bonds is regulated by a convention that, in every case, has to provide:
 - a) the means of checking the balance of the accounts in accordance with art.27;
 - b) the duration and conditions of renewal;
 - c) the causes, methods and limits of recession;
 - d) the procedure for fulfilment in accordance with paragraph 2;
 - e) the procedure and limits of communicating, also to the Bank of Italy, information regarding daily movements of the stock of centralized Government bonds;
 - f) the procedure and limits of communicating, also to the Bank of Italy, information regarding payments to be made for the maturities;
 - g) the procedure and limits of information to the public of the nominal value of the Government bonds subject to coupon stripping;
 - h) the procedures for the cancellation of bonds that are to be repurchased from the stock in the fund and the limits of information to the public regarding the above mentioned operations. (R)
2. Starting from the time as provided by art.24, paragraph 4, the fulfilments carried out by the Bank of Italy in its capacity as centralized depository of Government bonds are executed by the centralized depository company in Government bonds. (R)
3. The Bank of Italy continues to perform the service of treasury regarding Government bonds in accordance with current regulations. (R)

Art.27 (R)

Balancing of accounts

1. After the elaboration of all the operations carried out in each accountable day for every Government bond issued in the system, the centralized depository company of Government Bonds will check that the sum of the balances of the intermediaries accounts, belonging to third parties, and of the contingent account for the management of financial instruments owned by the same depository company, corresponds with the dematerialized capital outstanding of each issuance, and if necessary, taking account of market purchases. (R)
2. The centralized depository company of Government bonds will regularly send details of the movements and the daily balance of each issuance to the Treasury and the Bank of Italy, both of which will carry out the checks in accordance with art.26, paragraph 1, letter a), for the issuances that are completely dematerialized. The Treasury, in agreement with the Bank of Italy, will communicate any differences found to the centralized depository company of Government bonds that will duly check and see to timely adjustments. (R)
3. Within the scope of providing the service of treasury that has been entrusted to it and it being understood that the sum paid by the Treasury for such service in the application of the agreement of January 17, 1992, the Bank of Italy will provide for the timely payment of maturities, upon verifying the information sent by the centralized depository company of Government bonds pursuant to art.26. The Bank of Italy will inform the Treasury of any differences found. The duty to account for payments in accordance with the regulations on State accounting remains. (R)
4. The balancing of accounts pursuant to paragraph 1, regarding Government bonds subject to coupon stripping and reconstitution pursuant to arts.40, 41, 42, is carried out by the centralized depository company of Government bonds exclusively with regard to the intermediaries. (R)

ITEM II

Government bond secondary market

Section I

ADMISSION OF GOVERNMENT BONDS TO BE QUOTED

Art.28 (R)

Admission to be quoted on the domestic and international markets

1. All types of short, medium and long-term Government bonds, issued by proper Treasury Decree, and including Government bonds convertible into shares or bearing a warrant of quoted companies, are admitted for official quotations. (R)
- 2 The bond quotation is arranged by the National Commission for Companies and the Stock Market (CONSOB) following notification of the promulgation of the issuance Decree by the Treasury that also specifies the minimum lot. Such notification is deemed to be executed through the transmission, also by fax, of the said Decree. (R)
3. The quotation of the bonds allotted by auction procedure takes place the following day. (R)

Art.29 (R)

Public information

1. The information to the public concerning the rights, either patrimonial or not, deriving from the possession of bonds, are made known through the publication of the relevant Treasury provision in the Official Gazette. (R)

Art.30 (R)

Cancellation of listing

1. The cancellation of the bonds from the list can be arranged by CONSOB upon request from the Treasury, when the need or the usefulness of a market quotation is deemed less important. (R)

Section II

GOVERNMENT BOND SECONDARY WHOLESALE MARKET REGULATIONS

Art.31 (R)

Market regulations

1. [The organisation and management of Italian and foreign Government bond wholesale markets is governed by the regulations discussed by the ordinary assemblies of the respective depository companies; the regulations can give the Board of Directors the power to prescribe implementation provisions. The regulations govern in all events:
 - a) The conditions and modalities for the admission of the operators to the dealings, with reference also to the capital adequateness and to the operational levels;

- b) the conditions and modalities for the carrying out of dealings also with reference to the technical modality and to the minimum number of participants and the possible obligations of the operators, as well as the measures that could be taken in the case of non-compliance by the operators;
 - c) the organisational characteristics, capital and operational levels of the principal operators;
 - d) the obligations of the principal operators, who must execute bids to buy and sell bonds continuously, differentiated by characteristics, to maintain price competitiveness and to carry out significant transactions;
 - e) the bonds and contracts permitted, as well as the criteria to determine the minimum quantities tradable, that cannot however be less than those established in accordance with art.61, paragraph 10. of Legislative Decree 58/1998;
 - f) the conditions and modalities for the suspension and exclusion of subjects and bonds admitted to the dealings;
 - g) the modalities for the ascertainment, publication and circulation of prices, as well as the calculation and circulation of the aggregate of prices and volumes traded. (R)
2. The regulations pursuant to paragraph 1, and any subsequent modifications are approved, within 90 days, by the Minister, having heard the Bank of Italy and CONSOB, verifying the conformity of the present Item and to the European community regulation as well as the competence to guarantee the overall efficiency of the market, and an adequate correct report and ordered carrying out of transactions. (R)
3. The regulation emanated by CONSOB in accordance with art.62, paragraph 3, of Legislative Decree 58/1988 is complied with regarding the publication of the regulations.]¹⁹ (R)

Art.32 (R)

Authorisation by Government bond wholesale markets

1. [Within 60 days from the date of receipt of the application by the depository company, the Treasury, first having heard the Bank of Italy and CONSOB that pronounce their decisions within 30 days of the application, authorizes market operations when:
- a) The depository company proves to be in possession of the requirements provided by art.61, paragraphs 2, 3, 4, and 5 of Legislative Decree 58/1998;
 - b) the regulation has been approved in accordance with art.31, paragraph 2, of the present Consolidated Act. (R)
2. If the Treasury asks the depository company for further information, the limits contained in paragraph 1, are no longer applicable, and a new limit of 30 days will apply from the date of receipt of such information. (R)
3. Subjects that perform functions of administration, management and control in accordance with art.61, paragraph 3, of Legislative Decree 58/1998, that do not comply with due honourability and professionalism will be discharged of their duties. The Board of Directors declares this within 30 days of the motion or knowledge of the shortcoming. If no action is taken, the Bank of Italy pronounces the duties discharge. (R)
4. The notifications pursuant to art.61, paragraph 6, of Legislative Decree 58/1998 are made known also to the Treasury and the Bank of Italy. Art.61, paragraph 7, of Legal Decree 58/1998 is applied; in case of inobservance, art.14, paragraph 5, of the same Legal Decree is applied. Impugment can also be proposed by the Bank of Italy within the limit provided by art.14, paragraph 6, of Legislative Decree 58/1998. (R)

¹⁹ Article repealed by paragraph 4, of article 28, of Ministerial Decree no. 216 of 22 December 2009, to which the discipline of this Section refers.

5. CONSOB registers the authorized markets in the list pursuant to art. 63, paragraph 2, of Legislative Decree 58/1998, seeing to the fulfilment of the relevant European community regulations.]²⁰(R)

Art.33 (R)

Specialists in Government bonds

1. [For each Government bond wholesale market, the Treasury, with regard to the needs connected with the management of public debt, registers the principal operators in accordance with art.31, paragraph 1, letter d), who apply and have the requirements indicated in the following paragraph, in a special list called “list of Specialists in Government bonds” (the “Specialists”). (R)

2. Registration in the list in accordance with paragraph 1, is subject to the following conditions:

a) net worth, identified as the same aggregate under the surveillance control, of at least 38.734.267,43 euro;

b) carrying out activities in different sectors of the secondary market consistent with the objectives of public debt management, with particular regard to the continuity of the activity performed, the number and type of bonds, as well as the quantity traded;

c) a suitable organisational structure, in particular, to guarantee the placement of Government bonds with the final investors;

d) adjudication, on an annual basis, even at group level, of a share of at least 3 per cent of the total bonds issued at auction on the primary Government bond market. The aforementioned share will be calculated taking account of the different financial characteristics of the bonds. (R)

3. The following, who have applied for registration, are considered as belonging to the group in accordance with paragraph 1, on condition that they:

a) control the above-mentioned subject, that is, that they are not controlled;

b) they are controlled by the same subject that controls the subject that has applied for registration.

In order to determine the degree of control, art.23 of Legislative Decree, no. 385, of September 1, 1993 is applied. (R)

4. The principal operators that apply for registration in the list in accordance with paragraph 1, must prove that they possess the requirements pursuant to paragraph 2, in the twelve months following the date of presenting the application. The Treasury verifies that the requirements are met. (R)

5. The Treasury checks the list of “Specialists” every 2 years in accordance with paragraph 1. Before this expiry date, a “Specialist” can be excluded if ever any of the requirements pursuant to paragraph 2, is not complied with, or for serious reasons as in the case of behaviour that is not coherent with the overall efficiency of the market or with the ordered carrying out of dealings. The operators excluded from the list cannot apply for reinstatement until at least a year has passed from the date of exclusion. (R)

6. The operators, pursuant to paragraphs 1 and 4, transmit, upon request, to the Treasury and the Bank of Italy, figures and information regarding the activities carried out. The depository company regularly and also upon request, provides dates and information regarding contracts executed and the activities carried out by the participants in the market, to the Treasury. The Treasury can request

²⁰ Article repealed by paragraph 4, of article 28, of Ministerial Decree no. 216 of 22 December 2009, to which the discipline of this Section refers.

further information from the Bank of Italy on the activities carried out by the operators pursuant to paragraphs 1 and 4.]²¹(R)

Art.34 (R)

Depository Companies

1. [The depository company:
 - a) Organizes the structure, provides the market services, and establishes the consideration owed;
 - b) adopts all the acts necessary for the correct functioning of the market and checks that the regulations are complied with.
 - c) provides for the admission, exclusion and suspension of bonds, contracts and dealers;
 - d) communicates to the Treasury, the Bank of Italy and CONSOB, any violations of market regulations, and any action taken;
 - e) sees to the management and circulation of the information and documents indicated in the regulations provided by art.65 of Legislative Decree 58/1998. (R)
2. The depository company sees to any other possible duties entrusted by CONSOB.]²² (R)

Art.35 (R)

Market supervision

1. [The Bank of Italy supervises the Government bond wholesale markets considering the overall efficiency of the market and the ordered execution of dealings. The depository company provides the Bank of Italy with figures and information regarding the contracts effected and the market activity carried out by the operators. The Bank of Italy duly informs the Treasury of the supervisory functions carried out and of any irregularities found. (R)
2. The Bank of Italy, through the modalities and within the limits established by itself, can ask the depository companies to notify, even on a regular basis, of figures, information, acts and documents, as well as the carrying out of inspections at the aforesaid companies, and to request vision of documents and the carrying out of acts deemed necessary. (R)
3. If deemed urgent, the Bank of Italy adopts, with the purpose as indicated in paragraph 1, the necessary provisions, even taking the place of the depository company. (R)
4. In order to fulfil the purpose indicated in paragraph 1, the Bank of Italy can request the market participants to provide figures and information regarding the functions carried out. (R)
5. The Bank of Italy duly informs the Treasury of any irregularities found while carrying out its supervisory role, with particular attention to the practicality of the operators in accordance with art. 33, paragraphs 1 and 4.]²³(R)

Art.36 (R)

Informative report to CONSOB

1. [CONSOB checks that an adequate and correct informative report to the participants and the investors on the Government bond wholesale markets is guaranteed. (R)

²¹ Article repealed by paragraph 4, of article 28, of Ministerial Decree no. 216 of 22 December 2009, with the limits set in paragraph 3 of the same article 28, to which the discipline of this Section refers.

²² Article repealed by paragraph 4, of article 28, of Ministerial Decree no. 216 of 22 December 2009, to which the discipline of this Section refers.

²³ Article repealed by paragraph 4, of article 28, of Ministerial Decree no. 216 of 22 December 2009, to which the discipline of this Section refers.

2. CONSOB can ask the depository companies to communicate, even on a regular basis, figures, information, acts and documents necessary for the carrying out of the activities pursuant to paragraph 1. CONSOB duly informs the Treasury and the Bank of Italy of the supervisory role carried out and of any irregularities found.]²⁴(R)

Art.37 (R)

Supervision of depository companies

1. [The depository companies are subject to the supervision of the Bank of Italy that, to this end, avails itself to the powers provided by art.35, paragraph 1. (R)
2. Having heard the Bank of Italy and CONSOB, the Treasury checks that the statutory modifications of the depository companies are not contrary to the requirements provided by art.61, of Legislative Decree 58/1998. It is not possible to proceed with the registration in the companies register without such verification having been carried out. (R)
3. The Bank of Italy presides over to make sure that the regulation of the market is fit to guarantee the fulfilment of the aim indicated in art.35, paragraph 2, and that it conforms to that established by the regulation emanated by CONSOB pursuant to art.61, paragraph 2, of Legislative Decree 58/1998. (R)
4. The Treasury, upon proposal by the Bank of Italy after having heard CONSOB, can ask the depository company for modifications in the market regulation that should itself eliminate dysfunctions in the role of supervision pursuant to paragraph 3.]²⁵ (R)

Art.38 (R)

Clearing and settlement

1. [Each party admitted to dealings must comply, directly or through a party that is duly qualified, with the systems that allow clearing, settlement and executing of operations in financial instruments.]²⁶ (R)

Art.39 (R)

Extraordinary measures to safeguard the market and crises of the depository companies

1. [In case of serious irregularities in the management of markets or rather in the administration of the depository companies, or in every case in order to fulfil the purpose as indicated in art.31, paragraph 2, the Treasury, upon proposal of the Bank of Italy, provides for the dissolution of the administrative organs and of the control of the depository companies. The powers of the dissolved administrative organs are assigned to a nominated commissioner by the same order, which directs him, on the basis of the directives and under the control of the Bank of Italy, to the reconstitution of the organs. Art.70, paragraphs 2, 3, 4, 5, and 6, art.72, with the exception of paragraphs 2, and 8, and art.75, of Legislative Decree 385/1003, are applied with regard to what is not provided for by the present paragraph. (R)

²⁴ Article repealed by paragraph 4, of article 28, of Ministerial Decree no. 216 of 22 December 2009, to which the discipline of this Section refers.

²⁵ Article repealed by paragraph 4, of article 28, of Ministerial Decree no. 216 of 22 December 2009, to which the discipline of this Section refers.

²⁶ Article repealed by paragraph 4, of article 28, of Ministerial Decree no. 216 of 22 December 2009, to which the discipline of this Section refers.

2. In the event that the irregularities pursuant to paragraph 1 are considered exceptionally serious, the Treasury, upon proposal of the Bank of Italy, can revoke the authorisation provided by art.32. (R)
3. Within 30 days of the notification of the provision to revoke the authorisation, the administrators or the commissioner calls for a meeting to modify the corporate purpose or to adopt other measures consequential to the same provision, or to discuss the voluntary liquidation of the company. In the event that the meeting is not convened within the said limit or that the assembly does not deliberate within three months of the date of notification of the provision to revoke, the Treasury, upon proposal by the Bank of Italy, can provide for the dissolution of the depository company nominating the liquidators. The provisions for the liquidation of stock companies are applied, except those regarding the recall of the liquidators. (R)
4. In cases provided for by paragraphs 1 and 2, the Treasury, upon proposal by the Bank of Italy, and having heard CONSOB, institutes the agreements necessary to guarantee the continuity of dealings. To this end, it can provide for the temporary transfer of the management of the market to another company, subject to the said company's consent. The definitive transfer of management of the market can come about even departing from the regulations of Title II, Item VI, of Royal Decree no.267 of March 16, 1942, and subsequent modifications. (R)
5. The provisions provided for by paragraphs 1 and 2, are adopted by the Treasury upon proposal of CONSOB after having heard the Bank of Italy, as provided for by art.36. (R)
6. The undertakings to declare bankruptcy, or to be allowed to come to an arrangement with the creditors, or to be in receivership, and the relevant court orders are communicated within three days to the Bank of Italy by the court clerk.]²⁷ (R)

Section III

COUPON STRIPPING OPERATIONS AND RECONSTITUTION OF GOVERNMENT BONDS

Art.40 (R)

Object of coupon stripping operations

- 1.[The coupon stripping operations to which this Consolidated Act applies are only those regarding fixed rate Government bonds not eligible for advance reimbursement, deposited with the centralised depository system for Government bonds. (R)
2. The reconstitution operation, in accordance with the present section, can be carried out on Government bonds previously subjected to coupon stripping. (R)
3. The operations, in accordance with paragraphs 1 and 2, are carried out by parties to whom the substitute income tax is not applied. (R)
4. The individual loans that can be subjected to coupon stripping, the minimum nominal capital outstanding above which the operation is viable, as well as the overall maximum amount of bonds, are individuated by Treasury Decree.]²⁸(R)

Art.41 (R)

Operational procedures

²⁷ Article repealed by paragraph 4, of article 28, of Ministerial Decree no. 216 of 22 December 2009, to which the discipline of this Section refers.

²⁸ Norm superseded first by the Ministerial Decree of 28 December 2007 and then by the Ministerial Decree of 7 December 2012. Refer to this text.

1. [The coupon stripping and reconstitution bond operations take place through bookkeeping annotations, at the request of account-bearers with the centralised depository system for Government bonds. (R)]
2. Each coupon stripping and reconstitution operation must be in the amount of 1,000 euros or multiples thereof.]²⁹(R)

Art.42 (R)

Bond characteristics

1. [Each bond previously subjected to the operations pursuant to art.40, represents an independent Government bond and can be outstanding only within the centralised depository system for Government bonds. (R)]
2. The coupon components separated from the principal that have the same maturity are fungible amongst themselves.]³⁰ (R)

Art. 43 (R)

Minimum lots

- 1.[Regarding the trading of bonds that have been subjected to coupon stripping, the minimum tradable lot on the regulated wholesale markets is 2.5 million euro as regards the principal, and 100,000 euro for the components separated from the principal.]³¹(R)

ITEM III

Sinking fund

Section I

FUNDAMENTAL PROVISIONS

Art.44 (L)

Government bond sinking fund

1. On a basis consistent with the European Central Bank's monetary-policy guidelines, the account titled "Government bond sinking fund", set up at the Bank of Italy, is transferred, along with the related balances, to the Cassa Depositi e Prestiti S.p.A., subject to the signing of a special agreement with the Ministry. The conditions for maintaining the account and the means for managing and moving the balances are established by means of said agreement. The fund has the

²⁹ Norm superseded first by the Ministerial Decree of 28 December 2007 and then by the Ministerial Decree of 7 December 2012. Refer to this text.

³⁰ Norm superseded first by the Ministerial Decree of 28 December 2007 and then by the Ministerial Decree of 7 December 2012. Refer to this text.

³¹ Norm superseded first by the Ministerial Decree of 28 December 2007 and then by the Ministerial Decree of 7 December 2012. Refer to this text.

purpose of reducing, according to the means provided by this consolidated act, the aggregate of government securities outstanding.³² (L)

2. The administration of the fund, in accordance with paragraph 1, is assigned to the Minister, assisted by a consultative committee composed of:

- a) the General Director of the Treasury, who presides;
- b) the State Paymaster-General;
- c) the Director of State Revenues;
- d) the Director of State Property. (L)

3. The Minister presents an annual report to Parliament on the administration of the fund together with the final accounts. The provisions of Law no.1041, of November 25, 1971, and subsequent modifications, do not apply to the administration of the fund. (L)

Art.45 (L)

Contributions to the fund

1. The following are conferred to the fund:

- a) Government bonds, established by Ministerial Decree that defines the category and modality therein implied, returned by the purchasers as payment due for the sale of real estate, that is, State-owned, whose disinvestment is provided in accordance with current regulations;
- b) other proceeds arising from the sale of State holdings; from such proceeds are always excluded the real estate disinvestments pursuant to paragraphs 86 to 109 of art.3, of Law no. 662, of December 23, 1996;
- c) the receipts deriving from extraordinary Government taxes, within the limits established by the respective legislative provisions;
- d) any appropriation by the Minister;
- e) the proceeds arising from donations or testamentary provisions, but in any case, destined for the purpose of the fund;
- f) the proceeds deriving from the sale of investments or real estate confiscated by the judiciary and corresponding to sums illegally extracted from the public administration;
- g) the sum, up to a maximum of 15.493.706.973 euro (30.000 billion lire), on the authority pursuant to art.3, paragraph 5, of Law no. 539, of December 24, 1993. (L)

2. The sums relative to the contributions pursuant to paragraph 1, flow to the appropriate revenue chapter of the State budget, to be then reassigned to the proper provisional budget item of the Ministry in order to be conveyed to the fund.

3. The Minister has the authority to present, by proper Decree, the necessary changes to the budget. (L)

Art.46 (L)

*Criteria and modalities for the utilization of the fund*³³

1. The fund makes use of the contributions pursuant to art.45:

- a) in the case provided for by letter a) of art.45, for the equivalent reduction of the outstanding Government bonds equal to their nominal value;
- b) with reference to letters b), c), d), e), f), and g), of art.45, in the purchase of Government bonds, or the reimbursement of bonds maturing after January 1, 1995, as well as for the purchase of shares

³² Paragraph thus substituted by paragraph 387,lett.d) of art. 1, Law of 23 December 2014, no. 190

³³ Heading thus amended by paragraph 387,lett.e), n1 of art. 1, Law of 23 December 2014, no. 190

owned by companies of which the Treasury is the only share-holder, for the purpose of their disinvestment. (L)

2. The buying operations pursuant to paragraph 1 are carried out through the Bank of Italy or by other certified intermediaries.³⁴(L)

2-bis. Minister's decrees will establish the modalities to utilize the fund.³⁵ (L)

3. The provisions of art.5, paragraph 6, are applied to the balances of the fund.³⁶ (L) .

4. [...] (L)³⁷

Art.47 (L)

Discharge of bonds held in the fund

1. The Government bonds conferred to the fund or purchased by itself, cannot be redeemed or traded and are aimed at reducing the amount of the debt. (L)

2. The bonds still outstanding in paper form are sent to the Directorate that provides for their subsequent annulment. (L)

Section II

PROCEDURAL PROVISIONS

Art.48³⁸ (R)

Utilization of the fund

1. The utilisation of the sums available in the fund is provided by the issuance of acts and dispositions of the General Director of the Treasury, or, by delegation, by the Head of public debt for the following purposes:

a) Purchase of outstanding Government bonds;

b) reimbursement of maturing Government bonds;

c) purchase of shares held by companies in which the Ministry is the only shareholder, for the purpose of their disinvestment. (R)

2. Purchases pursuant to letter a) of paragraph 1, can be carried out in the following ways:

a) by charge, conferred by the General Director of the Treasury, or by delegation by the Head of public debt, to the Bank of Italy or other selected intermediaries, for bonds issued on the domestic market amongst the Specialists in Government bonds in accordance with art.33, indicating the maximum price acceptable;

b) by competitive bidding auction limited to the Specialists in Government bonds in accordance with letters a), who operate either for themselves or for their clients. (R)

3. The costs of the purchasing operations pursuant to the preceding paragraph are met by monies in the fund. The aforesaid costs include the value of the bond, any additional costs and charges, and also any accrued interest due on the coupon. (R)

4. The consequent relationship between the Ministry, the Bank of Italy or the selected intermediaries, is governed by specific agreements. (R)

³⁴ Paragraph thus amended by paragraph 387,lett.e), n2 of art. 1, Law of 23 December 2014, no. 190

³⁵ Paragraph thus added by paragraph 387,lett.e), n3 of art. 1, Law of 23 December 2014, no. 190

³⁶ Paragraph first substituted by paragraph 4 of article 47 of Law no. 196 of 31 December 2009, as of 1 January 2010, abiding the dispositions of paragraph 6 of article 52 of the same law and then thus substituted by paragraph 387,lett.e), n4 of art. 1, Law of 23 December 2014, no. 190

³⁷ Paragraph repealed by paragraph 387,lett.e), n5 of art. 1, Law of 23 December 2014, no. 190

³⁸ For the repeal of the present article see paragraph 388 of art. 1, Law of 23 December 2014, no. 190

5. In the event provided for by paragraph 1, letters a) and b), the General Director of the Treasury, or by delegation, the Head of public debt, communicates each time to the Bank of Italy, the total amount and type of Government bonds he intends to reimburse or buy utilizing the fund³⁹. (R)

6. [...] (R)⁴⁰

Art.49⁴¹ (R)

Duties of the Bank of Italy and of the appointed intermediaries

1. In the event that the bonds purchased were issued on the domestic market, the Bank of Italy notifies Monte Titoli S.p.A. in order to cancel the said bonds by the appropriate entry in the centralised accounts and notifies these charges to the Directorate. Each of the operations shows the nominal value, interest and any costs. (R)

2. In the event that the bonds purchased are loans issued on the international markets, the Bank of Italy or the appointed intermediaries duly notify the total amount and types of bonds, to the Directorate. If the bond has the complete document of title, the Directorate sees to the release of a new complete certificate, upon receipt of the old, duly annulled. (R)

Art.50⁴²

Specifics of the appointment of the Bank of Italy and the intermediaries

1. The appointment provided for by art.48, paragraph 2, letter a), must specify:

a) the type of bond in question and the total amount that can be repurchased;

b) the period of time in which purchases can be carried out;

c) the limits of the regulation;

d) the maximum price acceptable for each bond;

e) the payment due to the Bank of Italy or to the other intermediaries for the service rendered. (R)

2. In every case, the Ministry reserves the right to review the maximum price pursuant to point d), if the market conditions should change significantly during the purchasing period. (R)

Art.51⁴³

Auction procedure

1. The auction by competitive bidding, pursuant to art.48, paragraph 2, letter b), limited to the Specialists, is administered by the Bank of Italy. The auction processes are carried out in the presence of an officer of the Ministry with notarial powers, who sees to the compilation of an appropriate report wherein are indicated the prices adjudicated. (R)

2. The Treasury communicates the date and auction procedure, as well as the type of bonds that can be purchased. (R)

3. Offers considered inappropriate are not accepted. (R)

³⁹Paragraph thus amended by paragraph 387,lett.f), n1 of art. 1, Law of 23 December 2014, no. 190

⁴⁰Paragraph repealed by paragraph 387,lett.f), n2 of art. 1, Law of 23 December 2014, no. 190

⁴¹For the repeal of the present article see paragraph 388 of art. 1, Law of 23 December 2014, no. 190

⁴²For the repeal of the present article see paragraph 388 of art. 1, Law of 23 December 2014, no. 190

⁴³For the repeal of the present article see paragraph 388 of art. 1, Law of 23 December 2014, no. 190

Art.52⁴⁴ (R)

Duties subsequent to auction

1. As soon as the auction has finished, the type and amount of Government bonds actually withdrawn from the market is ascertained, by proper Decree, also specifying the relative coupons. (R)
2. The Government bonds withdrawn from the market, through the procedures indicated in the preceding articles, are communicated to the Directorate that adopts measures to:
 - a) reduce the amount of debt by the amount of the corresponding nominal value of the said bonds;
 - b) enter the consequent modifications in the corresponding budget lines, for that regarding interest forecasts, and also that for reimbursement at maturity. (R)

TITLE II

Provisional Regulations

Item I

Provisional Rules of Redenomination

Art.53 (R)

Redenomination procedure

1. The redenomination into euros of the bonds issued prior to January 1, 1999, is achieved by calculating, on the basis of the respective exchange rates, the value in euro of each minimum lot multiplied by the number of minimum lots that make up the loan, rounded down or up to the second decimal point depending on whether it is less than or more than 0,005 euro. (R)
2. For the purposes of conversion pursuant to paragraph 1, minimum lot of bonds issued on the domestic market, means the minimum amount subscribable at auction. (R)
3. For bonds issued and allotted in return for the reimbursement of tax credits, or to discharge debts, the minimum lot is that provided for by the relevant issuance Decree. (R)
4. The minimum lot of the bond issue ex Ferrovie dello Stato S.p.A. to the value of 1.500 billion lire (euro 774.685,349) (bond code 26808), is 5 million lire (euro 2.582,28). (R)
5. The redenomination of the bonds that have been subjected to “coupon stripping” pursuant to art.40 is carried out according to the procedures pursuant to paragraph 1. The minimum lots of the financial instruments arising from separate coupon trading and share capital (principals) are respectively 1.250.000 lire (euro 645,57), and 5.000.000 lire (euro 2.582,28). (R)
6. The redenominated bonds are made up of financial instruments with a nominal unitary value of one-euro cent. (R)

Art.54 (R)

⁴⁴ For the repeal of the present article see paragraph 388 of art. 1, Law of 23 December 2014, no. 190

Payment and trading of the redenominated bonds

1. Up to December 31, 2001, the payments linked to the financial service for bonds already redenominated in euro that have to be settled in cash, are effected with the equivalent value in lire. (R)
2. Due to the redenomination pursuant to the present Consolidated Act, the amounts in lire relating to the principal and coupons of Government bonds that are outstanding in paper form will be referred to in euro as from January 1, 1999. (R)
3. The payment of interest on Government bonds redenominated in euro is effected by applying the interest rate, whether fixed or variable, of each loan, to the nominal unitary value of each redenominated loan and multiplying the result, including all the significant decimal points, by the number of times in which the said nominal unitary value figures in the overall nominal value in euro of the said loan. (R)
4. The interest rates of the coupons of redenominated bonds expressed in percentage must contain at least six decimal points. The relevant interest is calculated by applying the aforesaid coupon interest rate to the unitary value in euro (0,01) pursuant to art.53, paragraph 6. The consequent result, to at least ten decimal points, is multiplied by the nominal value of the associated bonds, again multiplied by one hundred. (R)
5. The intermediaries guarantee that the clients have the opportunity to buy or sell sufficient amounts of bonds already redenominated in euro in order to attain the minimum lot of Government bonds tradable, or multiples of, set by the market management companies, without applying further costs other than the normal dealing commissions. The purchase or selling price accepted for such transactions is that registered on the regulated markets on the day of trading. In the event that in a day when no price is registered for the bond to be traded pursuant to the present paragraph, the last official price quoted is applied. (R)

Item II

Provisional Regulations for Dematerialized Bonds

Art.55 (L)

Management

1. The rights related to bonds and certificates subjected to the regulation of Title I are exercised upon deliverance of them to an appointed intermediary, that arranges the setting up of an account, and sending the relevant documents to the centralised depository company for issuance into the system of the said company. (L)
2. The operations pursuant to paragraph 1 are carried out by the intermediaries without applying further costs other than the commissions expected for similar operations regarding dematerialized bonds. (L)

Item III

Provisional Regulations of Government Bonds not yet Dematerialized

Art.56 (R)

Repayment of bonds or fractions of, with a value of less than five million lire (euro 2.582,28) of current loans

1. On December 1, 1998, advance reimbursement was provided at the official price registered on November 26, 1998, on the screen-based market for bonds (M.O.T.) communicated by the Bank of Italy, for bearer bonds or registered bonds pertaining to current loans issued by the Treasury with a nominal capital value of less than five million lire (euro 2.582,28). (R)
2. With the procedures pursuant to paragraph 1, advance reimbursement of fractions of capital with a value of less than five million lire (euro 2.582,28) forming part of registered bonds however registered and tied with a value of more than five million lire (euro 2.582,28), is also provided for. In such a case, the intermediary provides to enter the relative nominal amount, originally equal to five million lire (euro 2.582,28) or multiples thereof, in the centralised deposit of the depository company, and to also register any ties. (R)
3. Registered bonds pursuant to paragraph 1, not subject to a cautionary tie, are reimbursed by the provincial Sections of the State Treasury upon verification of the identity of the bearer, without the need of further documentation or formalities. The same bonds, if ever subjected to a cautionary tie, are reimbursed in accordance with the procedures indicated in art. 58. (R)
4. In applying the current regulations, the bonds to be issued for the repayment of tax credits are subject to the regulation of the present Consolidated Act. (R)

Art.57 (L-R)

Repayment of bonds with a value equal to or more than five million lire (euro 2.582,28)

1. The reimbursement of the capital of bonds with a value equal to or more than five million lire (euro 2.582,28), not subject to a cautionary tie, is carried out upon request and the authenticated signature of the bondholder or his assignee, and upon deposit of the bonds themselves. Authentication of the signature on the request is not required when the bondholder or his assignees declare their wish to intervene personally to the collection of the capital. (R)
2. In the event that the bonds are registered to institutions or companies or even to taxable individuals that do not have unencumbered access to their property, the reimbursement of capital is effected upon request by the bondholder or his assignees and with an authenticated signature. (L)
3. Authentication of the signature is not necessary also when the wish to be reimbursed is expressed through:
 - a) public notarial, judicial or administrative act;
 - b) simple contract with authentication of the signature by a notary;
 - c) declaration made at the Directorate .⁴⁵ (L)
4. The capital of registered bonds and those subject to a cautionary tie, if equal to or more than five million lire (euro 2.582,28), is reimbursed upon the presentation of the documentation pursuant to paragraph 3, and, on the basis of art.56, upon presentation of an appropriate declaration by a

⁴⁵ Letter thus amended by paragraph 303, letter b), of art. 1 Law of 24 December 2012, n. 228, starting from 1st January 2013 as of paragraph 561 of art. 1 of the same Law.

financial intermediary who certifies the opening of a deposit account registered and tied for an amount equal to the bonds exhibited. (R)

5. The reimbursement operations for unexpired bonds must be requested from the Directorate.⁴⁶(L)

6. The present article is also applied whenever the payment of premiums is anticipated. (L)

Art.58 (L)

Discharge of ties

1. For the purpose of reimbursement, the freeing of ties of registered bonds with a nominal capital of less than five million lire (euro 2.582,28) subjected to a cautionary tie, or those with a nominal capital equal to or more than five million lire (euro 2.582,28) subjected to other ties, is effected:

a) by consent of the creditor expressed by request with authenticated signature or in one of the ways provided for by art.57, paragraph 3, letters a), b) and c);

b) by provisions by the competent authority;

d) by sentence, passed in judgement, that expressly orders the cancellation;

e) when the implicit right in the tie is consolidated or is confused with the right of ownership of the bond;

f) when the time limit has elapsed or the reason for the tie no longer applies, except where the rights of third parties arising from the law or resulting from acts lodged with the Directorate interfere. (L)

Art.59 (L)

Cancellation of the tie of usufruct

1. The cancellation of the tie of usufruct, other than in the cases of consolidation or lapsing of the time limit, has effect upon application by the party:

a) if the usufruct is for life, upon presentation of the death certificate of the usufructuary;

b) if the usufruct is subject to conditions, upon presentation of a document that proves the condition has been violated;

c) if the usufruct is in favour of an institution, upon expiry of the thirtieth year;

d) by prescription, when the interest has not been claimed in five years.(L)

2. In the event considered in letter d), the five year time limit begins from the day on which prescription can be imposed. (L)

Art.60 (L)

Proof of the right of succession

1. The right of succession of the bondholder of registered bonds is established by presenting to the Directorate:

a) in the case of testamentary succession:

1) the death certificate, or if possible, the equivalent substitutive certificate;

2) the act or acts of the last will;

3) the substitutive affidavit, which clearly identifies the heirs, that the testament presented is the only one, and, in the case of more than one, that those presented represent the last will of the testator, that no disputes have arisen in connection with the inheritance, or contestations against the testament or testaments, and that apart from the persons summoned by the testator, there are no others to whom the law reserves a portion of the inheritance or other rights of succession;

⁴⁶ Paragraph thus amended by paragraph 303, letter b), of art. 1 Law of 24 December 2012, n. 228, starting from 1st January 2013 as of paragraph 561 of art. 1 of the same Law.

b) in the case of intestate succession:

- 1) the death certificate, or if possible, the equivalent substitutive certificate;
- 2) the substitutive affidavit, which states that no testamentary provisions exist, and all the persons to whom the succession is devolved by law, as well as the deceased's last place of domicile. (L)

Art.61 (L)

Additional documents

1. In the event that facts or acts have modified the situation of the assignees of the succession, a new affidavit must be presented. (L)
2. The Directorate can also request a certificate from the clerk of the court in whose jurisdiction the succession was opened, attesting if, and which acts or declarations have been entered in the succession register, and if, and which testaments have been notified to the court. Furthermore, the Directorate can also request a certificate, released by the Mayor, of the place pertaining to the opening of the succession, based on information at the registry office, in order to ascertain the deceased's family circumstances. (L)

Art.62 (L)

Succession opened abroad

1. If the succession of the title-holder has been opened abroad, the right of succession is established by the documents indicated in art.60 and 61. In this case, the substitutive affidavit can be drawn up with the Italian Consul or substituted by the equivalent probative document, drawn up in accordance with the laws of that country. (L)
2. In the event that the substitutive declarations pursuant to the preceding articles are presented by European Union citizens, the same procedure provided for Italian citizens is applied. (L)
3. In the case of non-Europeans, proof of succession must be provided by the documents prescribed by the national law of the deceased, or rather, if it involves a stateless person, by the law of the country in which the deceased was last resident. In addition to the said documents, the Directorate can request a certificate from the consular authority, which attests to the conventional and substantive validity of them in relation to the aforesaid laws. (L)

Art.63

Judicial provisions

1. In place of the documents indicated in art. 60 and 61, a Decree can be produced, issued in the court chamber of the place where the succession was opened, through which the bonds are expressly assigned to whom it may concern, establishing, if there is more than one assignee, each one's share. In the case of a succession opened abroad, the Appeal Court of Rome must issue the aforesaid Decree. (L)
2. The Directorate can request directly to the judicial administration that the proof of succession be provided according to the form indicated in paragraph 1, if doubts arise regarding the operation requested and that the Directorate considers it is unable to resolve. (L)

Art.64 (L)

Succession of heirs of bondholders.

1. If, other than the bondholder, any of the heirs has died, the substitutive affidavit indicated in art.60 can be the only one, as long as all the successions have been opened in the same district; otherwise, separate attestations for each succession are necessary. (L)
2. If the successions have been opened in different District Courts, the Decree pursuant to art.63, can be issued by the Court of the district where one of the successions was opened. If any one of the successions has been opened abroad, the Decree of the Court of Appeal of Rome is needed. In every case, both the Court and the Court of Appeal must take account of all the instances that have occurred because of the various successions. (L)

Art.65 (L)

Specific bequest

1. The legatee can obtain, without any action by the heir, the reimbursement of registered bonds with a value equal to or more than five million lire (euro 2.582,28) that have been expressly assigned to him by the testator, as long as he presents the said bonds and the documents relating to the succession. (L)
2. In the event that the bonds have been lost, stolen or destroyed, the legatee cannot be permitted to fulfil the reimbursement procedure if he does not provide documentary proof that he was legitimately in possession of them. (L)

Art.66 (L)

Succession of ayant cause

1. If the capital to be reimbursed is of an amount equal to or more than five million lire (euro 2.582,28), the provisions contained in the preceding articles are applied also in the cases that concern the succession of the ayant cause of the bondholder and of any other person that has, in any case, rights pertaining to registrations that have been freed of their relevant ties through abolition laws. (L)

Art.67 (L)

Collection and reinvestment of capital

1. The reimbursement operations of bonds registered to taxable persons who are incapable or have a limited capacity, are considered, under the Civil Code, as acts of collection of capital, as long as they are also otherwise suitably employed. (L)
2. The same operations, if they concern registered bonds forming part of the equity administered by curators in accordance with the Civil Code, as well as being bonds constituted as endowments or family estate, or as correlative guaranteed mortgages, but in every case, also otherwise suitably employed, are considered equally as acts of collection of capital, and if judicial authorisation is needed, this can be given by a magistrate. (L)

Art.68 (L)
Bearer bonds

1. Bearer bonds are a risk and a danger to the owner. (L)
2. Duplicates or other documents equipollent to bearer bonds that have been lost, stolen, or destroyed are not released. Nonetheless, whoever reports the loss, theft, or destruction of a public debt bearer bond, before the reimbursement date, to the Directorate or to one of its offices on the national territory or abroad, can be subject to demands for operations on the Government bonds and to provide for the payment of interests, but can also, before the time limit for prescription lapses and on condition that a *fideiussione* type guarantee in favour of the Directorate is provided, ask for payment through an appropriate request that must arrive at the Directorate within six months of the aforementioned report. (L)
3. If the time limit for prescription has lapsed and the bond has not been reimbursed, the time limit for presenting the request for reimbursement begins at the moment in which prescription takes place. (L)
4. In such a case, regarding the period of prescription of bonds and coupons, interest calculated at the legal rate in force is applied to the sums due. (L)
5. Seizures, impediments or objections to bearer bonds are under no circumstances allowed. (L)
6. The administration, in accordance with paragraph 2, recognizes as the owner of bonds corresponding to such registrations only the bearer of them. (L)

Art.69 (L)
Objection to registered entries

1. Registered entries can be objected to in case of:
 - a) loss, theft or destruction of the relevant certificate, reported by the bondholder or his ayant cause;
 - b) disputes on the right of succession;
 - c) bankruptcy of the title-holder;
 - d) disputes or the quittance due to the mortgage or other charge entered in the registers. The registered entries can be subject to seizure, impediment or specific performance only in the aforesaid cases. Except where a mortgage or a tie is in favour of the State or public administrations, the objections pursuant to letter b), c), and d), do not have effect if they have not been authorised in advance by judicial provision notified directly to the Directorate. (L)
2. An objection pursuant to letter b) can be lodged only by the heir of the bondholder or his ayant cause, and by the legatee to whom the bond has been expressly assigned. (L)
3. The Directorate notes down any objections to registered entries in a special register, acceptable in the cases and forms provided by the present Consolidated Act. (L)

Art.70 (L)
Loss of registered bonds

1. In the event of loss, theft or destruction of a registered bond, the bondholder or the assignee can obtain reimbursement, if lapsed and not prescribed, or if the dematerialisation forms part of a current loan, by presenting proper denunciation, with authenticated signature, and if necessary properly documented, in which a taxable person expressly declares, inter alia, and under his own responsibility, that the lost, stolen or destroyed bond, did not contain endorsed declarations of transfer to third-parties or of transmutation to the bearer through delegation to third-parties for

collection of the new bonds, and that the same bond had ,in any case, not been surrendered or transferred to third-parties.

2. The Directorate publishes a notice in the Official Gazette and provides for the posting of the same notice, for a period of six months, in places open to the public in the competent provincial treasury Sections of the State, and if no opposition is registered, provides for the reimbursement or the dematerialisation. (L)

Art.71 (L)

Execution of registered bonds

1. The resulting enforcement of a mortgage or other tie depends on the decision of the competent judge. (L)

2. For the reimbursement of registered bonds that are under mortgage in favour of the State and public administrations, the tied-bonds are freed and transferred completely or in part, as determined by the competent administrative authority. (L)

Art.72 (L)

Seizure and confiscation of bonds

1. Attempts to seize or confiscate bearer bonds or registered bonds are permitted wherever they are found. (L)

Art.73 (L)

Report to penal judge

1. If the bonds are presented subsequent to the seizure notice, the Directorate limits itself, solely in the interest of penal justice, to inform the competent authority, but without suspending the operation requested concerning the bonds themselves. (L)

Art.74 (L)

Forms to present objections

1. Special forms are compiled to report the relevant entry numbers and appropriate notes concerning bearer bonds that have been the subject of seizure, impediment or objection of any type, authorised or ordered by the competent authority and duly notified in accordance with the present Consolidated Act, solely for the purpose of providing the competent authority, in the interest of criminal justice, with the information brought to the notice of the Directorate after the date of the report. (L)

Art.75 (L)

Refusal to perform operations

1. In the event that the Directorate refuses to perform a reimbursement operation, the petitioning party can go to the civil court where he is domiciled, and the court will see to the matters by a Decree pronounced in the court chambers, after having heard the public prosecutor and the Directorate with their written observations. (L)

2. If the Court does not deem the application sufficiently justified, it can order the parties, who it is assumed are interested, to court, or commit to trial because of inconsistencies, and can also order publications or provide for the execution of the operation with special precautions. (L)
3. Appeal against the court order is admissible, even by the administration, as long as the procedures indicated in the first paragraph have been complied with. (L)

Art.76 (L)

Tacit revocation of the mandate

1. Unless there is a declaration to the contrary, the mandate applying for the reimbursement of bonds or the payment of interest is taken as revoked, without the need to notify the revocation to the mandatee, when the mandator has delegated a different person to the one previously entrusted with the operation or collection, or he declares to see to the matters personally. (L)
2. In all cases, the mandator must be in possession of the bonds to be subjected to the operations, or the receipt for having deposited them, released by the Directorate or a provincial Department of the Treasury. (L)

Art.77 (L)

Publications

1. The publications pursuant to art.70, and those that, according to current regulations, must be carried out following the loss of the receipts released on deposit of bearer or registered bonds, are carried out gratis. (L)

Art.78 (L)

Prohibition of producing forged bonds

1. The production, issuance and circulation, for whatever purpose, of any type of print imitating or simulating, whole or in part, any public debt bond is prohibited. (L)
2. The violations are punishable with the penalty afforded by art.142 of the Consolidated Act no. 204, of April 28, 1910, referring to issuance institutions, and by subsequent modifications. (L)
3. The prints and associated materials, no matter who they belong to, must be confiscated and destroyed. (L)

Item IV

Provisional Rules of Prescription

Art.79 (L)

Coming into force of prescription

1. The limits of prescription, as indicated in the present Consolidated Act, regarding registered bonds and Treasury commercial bills, took effect from January 1, 1998, as provided for by Law no. 449, of December 27, 1997, whereas, for bearer bonds, from September 5, 1993, the date of the coming into force of Law no. 313, art.2, of August 12, 1993, which has integrated art. 2948 of the Civil Code, as long as, in compliance with earlier laws, a shorter limit has not yet expired. (L)

Art.80 (R)

Issuance of non-dematerialized bonds into the systems

1. The intermediaries, in accordance with art.12 will continue to collect bearer and registered bonds, forming part of current securities and as provided for by art.13, that are presented to them by the possessors, for dematerialization. The same intermediaries provide for:
 - a) the transformation of the same bonds into book-keeping entries, forwarding the particulars of the operation to the Government bond depository company for issue into the depository system.;
 - b) the forwarding of the said bonds, together with the particulars, to the Bank of Italy that, after verification of their legitimacy, renders them null, sends them to the Treasury, and transmits the relevant information to the Government bond depository company. (R)
2. Following the dematerialization procedure in accordance with the preceding paragraph, the Government bond depository company sends the information regarding the daily movements carried out to the Treasury and the Bank of Italy that, within the next working day, check that the balance of the accounts set up with the Government bond depository company corresponds to the amount issued of each Government bond, and if necessary, taking into account market purchases and the residual non-dematerialized bonds outstanding. (R)
3. Any differences found during the checks pursuant to paragraph 2, are notified by the Treasury, as agreed with the Bank of Italy, to the Government bond depository company that duly provides to concord the competences and to appropriate adjustments. (R)

Item V

Final Provisions

Art.81 (L)

Jurisdiction

1. Legal defence before the administrative judge is disciplined by the administrative procedure code.⁴⁷

Art.82 (L)

Abrogation of regulations

1. With the coming into force of the present Consolidated Act, the following are abrogated: art.1, arts.4 to 10. arts. 12 and 13, arts.15 to 18, art.24, art.26, arts.33 to 40, arts.41 to 47, art.59, art.62 to 68, art.70, art.72, art.74, arts.78 and 79, art.81, arts.83 and 84, arts.86 to 88, arts.90 to 95, of Presidential Decree no. 1343, of February 14, 1963; Ministerial Decree of May 27, 1993, as modified by art.3 of the Ministerial Decree of January 5, 1995.

⁴⁷ Article thus substituted by paragraph 15 of article 3 of annex 4 of Legislative Decree no. 104 of 2 July 2010, as of 16 September 2010, as for the dispositions of article 2 of the same measure. Paragraph 1, letter v), of article 133 of the above mentioned Legislative Decree 104/2010 devolve to the exclusive jurisdiction of the administrative judge:

“v) Controversies between the Government and its creditors with regards to the interpretation of contracts concerning Government bonds or the laws regarding them or in any case on public debt”.

Art.83 (L)
Coming into force of the Consolidated Act

1. The regulations of the present Consolidated Act come into force on March, 1st 2004.

Regulatory enclosure

TITLE I

Object and Scope of the Consolidated Act

Art.1 Object

Art.2 Definitions

Art.3 Issuance and management

(Law no. 941, December 27, 1953; Law no. 119, March 30, 1981, arts.38 and 39,; Law no. 526, August 7, 1982, art.43,; Legal Decree no.149, , May 20, 1993, converted into Law no. 237, July 19, 1993 art.9; Law no. 483, November 26, 1993 arts.1,2,3,4,5,6,7,8; Law no. 488, December 23, 1999 art.48, paragraph 1).

Art.4 Financial instruments.

(Legislative Decree no. 213, June 24, 1998, art.28, paragraph 1)

Art.5 Regulations of the account held by the Treasury at the Bank of Italy

(Law no. 501, December 23, 1992, art.3, paragraph8; Law no. 483, November 26, 1993; Law no. 104, March 28, 1991, art.2)

Art.6 Denomination of domestic public debt

(Legislative Decree no. 213, June 24, 1998, art.5)

Art.7 Accounting unit used for dealings on regulated markets

(Legislative Decree no. 213, June 24, 1998, art.15)

Art.8 Payment of public debt

(Presidential Decree no. 1343, February 14, 1963, arts. 2 and 3; Law no. 428, August 7, 1985, art.5, paragraph 2)

ITEM I Management

Section I General Regulations

Art.9 Redenomination of international loans denominated in a member state currency

(Legislative Decree no. 213, June 24, 1998, art.6; Ministerial Decree, November 30, 1998, art.4)

Art.10 Treatment of references to the lira of non-redenominated instruments

(Legislative Decree no. 213, June 24, 1998, art.14)

Art.11 Centralized depository system

(Legislative Decree no. 213, June 24, 1998, arts.29 and 40)

Art.12 Assignment of depository company and intermediary

(Legislative Decree no. 213, June 24, 1998, art.30)

Art.13 Duties of intermediaries

(Legislative Decree no. 213, June 24, 1998, art.31)

Art.14 Rights of account holder

(Legislative Decree no. 213, June 24, 1998, art.32)

Art.15 Establishment of constraints

(Legislative Decree no. 213, June 24, 1998, art.34)

Art.16 Responsibility of intermediaries

(Legislative Decree no. 213, June 24, 1998, art.35)

Art.17 Admissibility of fax reproductions when participating in Government bond

Auctions

(Law Decree no. 6, January 8, 1996, art.2, converted by Law no. 110, March 6, 1996, art.1, paragraph 1)

Art.18 Performance, deposits or reinvestment in Government bonds

(Presidential Decree no. 1343, February 14, 1963, art.73; Law no. 432, October 27, 1993, art.1)

Art.19 Keeping of documents

(Presidential Decree no. 1343, February 14, 1963, art.77; Law no. 428, August 7, 1985, art.5, paragraph 2)

Art.20 Payment

(Presidential Decree no. 1343, February 14, 1963, art.80; Presidential Decree no. 21, February 10, 1984, art.1)

Section II Prescription

Art.21 Prescription of interest and capital

(Presidential Decree no. 1343, February 14, 1963, art.69; Law no. 313, August 12, 1993, art.2; Law no. 449, December 27, 1997, art.54, paragraph 5)

Art.22 Interruption of prescription

(Presidential Decree no. 1343, February 14, 1963, art.71)

Art.23 Limits of prescription

(Art.2948 C.C.)

Section III Centralized depository

Art.24 Selection of the centralized depository companies

(Legislative Decree no. 58, February 24, 1998, art.90; Ministerial Decree April 17, 2000, art.2)

Art.25 Parties admitted to the systems

(Ministerial Decree April 17, 2000, art.3)

Art.26 Relationship between the Treasury and the centralized depository companies

(Ministerial Decree April 17, 2000, art.4)

Art.27 Balancing of accounts

(Ministerial Decree April 17, 2000, art.6)

ITEM II Government Bond Secondary Market

Section I Admission of Government bonds to be quoted

Art.28 Admission to be quoted on the domestic and international markets

(Ministerial Decree no. 457, August 8, 1996, arts.1 and 2)

Art.29 Public information

(Ministerial Decree no. 457, August 8, 1996, art.3)

Art.30 Cancellation of listing

(Ministerial Decree no. 457, August 8, 1996, art.4)

Section II Government Bond Secondary Wholesale Market Regulations

Art.31 Market regulations

(Legislative Decree no. 58, February 24, 1998, art.61, paragraph 10, and art.63, paragraph 2; Ministerial decree no. 219, May 13, 1999, art.1)

Art.32 Authorization by Government bond wholesale markets

(Legislative Decree no. 58, February 24, 1998, art.61, paragraph 6; Ministerial Decree no. 219, May 13, 1999, art.2)

Art.33 Specialists in Government bonds

(Legislative Decree no. 385, September 1, 1993, art. 23; Ministerial Decree no. 219, May 13, 1999, art.3)

Art.34 Depository Companies

(Legislative Decree no. 58, February 24, 1998, art.65; Ministerial Decree no. 219, May 13, 1999, art.4)

Art.35 Market supervision

(Ministerial Decree no. 219, May 13, 1999, art.5)

Art.36 Informative reports to CONSOB

(Ministerial Decree no. 219, May 13, 1999, art.6)

Art.37 Supervision of depository companies

(Legislative Decree no. 58, February 24, 1998, art.61, paragraph 2; Ministerial Decree no. 219, May 13, 1999, art.7)

Art.38 Clearing and settlement

(Ministerial Decree no. 219, May 13, 1999, art.8)

Art.39 Special measures to safeguard the market and crises of the depository companies

(Royal Decree no.267, March 16, 1942, and subsequent modifications; Legislative Decree no. 385, September 1, 1993, art.70, paragraphs 2, 3, 4, 5 and 6, art.72, except paragraphs 2 and 8, art.75; Ministerial Decree no. 219, May 13, 1999, art.9)

Section III Coupon stripping operations and reconstruction of Government bonds

Art.40 Object of coupon stripping operations

(Legislative Decree no. 239, April 1, 1996, art.2, paragraph 1; Ministerial Decree July 15, 1998, art.3)

Art.41 Operational procedures

(Ministerial Decree July 15, 1998, art.5; Ministerial Decree November 30, 1998, art.3, paragraph 4)

Art.42 Bond characteristics

(Ministerial Decree July 15, 1998, art.6)

Art.43 Minimum lots

(Ministerial Decree July 15, 1998, art.7; Ministerial Decree December 18, 1998, art.1, paragraph 3)

ITEM III Sinking Fund

Section I Fundamental Provisions

Art.44 Government bond sinking fund

(Law no. 432, October 27, 1993, art.2; Law no. 539, December 24, 1993, art.3, paragraph 5; Law no. 110, March 6, 1996, art.1, paragraphs 1 and 2; Law no. 662, December 23, 1996, art.3; Law no. 144, May 17, 1999, art.56)

Art.45 Contributions to the fund

(Law no. 432, October 27, 1993, art.3; Law no. 110, March 6, 1996, art.1, paragraphs 1 and 2; Law no. 662, December 23, 1996, art.2, paragraph 181)

Art.46 Criteria and modalities for the utilization of the fund

(Royal Decree no. 3278, December 30, 1923, art.1; Law no. 432, October 27, 1993, art.4; Law no. 110, March 6, 1996, art.1, paragraphs 1 and 2; Law no. 662, December 23, 1996, art.2, paragraph 182; Law no. 184, June 16, 1998, art.1)

Art.47 Discharge of bonds held in the fund

(Law no. 432, October 27, 1993, art.5)

Section II Procedural provisions

Art.48 Utilization of the fund

(Ministerial Decree May 29, 2001, arts.1 and 2)

Art.49 Duties of the Bank of Italy and of the appointed intermediaries

(Ministerial Decree May 28, 2001, art.3)

Art.50 Specifics of the appointment of the Bank of Italy and the intermediaries

(Ministerial Decree May 29, 2001, art.4)

Art.51 Auction procedure

(Ministerial Decree May 29, 2001, art.5)

Art.52 Duties subsequent to auction

(Ministerial Decree May 29, 2001, art.6)

TITLE II Provisional Regulations

ITEM I Provisional Regulations of Redenomination

Art.53 Redenomination procedure

(Legislative Decree no. 213, June 24, 1998, art.7; Ministerial Decree November 30, 1998, art.2)

Art.54 Payment and trading of the redenominated bonds

(Legislative Decree no. 213, June 24, 1998, art.8; Ministerial Decree November 30, 1998, arts. 3 and 5)

ITEM II Provisional Regulations for Dematerialized Bonds

Art.55 Management

(Legislative Decree no. 213, June 24, 1998, art.38)

ITEM III Provisional Regulations of Government Bonds not yet Dematerialized

Art.56 Repayment of current bonds or fractions of, with a value of less than five million lire

(Legislative Decree no. 213, June 24, 1998, art.41; Ministerial Decree September 21, 1998; Ministerial Decree July 21, 2000, art.1)

Art.57 Repayment of bonds with a value equal to or more than five million lire

(Presidential Decree no. 1343, February 14, 1963, arts.11, 14, 28, 29, 31 and 32; Ministerial Decree September 22, 1998)

Art.58 Discharge of ties

(Presidential Decree no. 1343, February 14, 1963, arts.48 and 49)

Art.59 Cancellation of the tie of usufruct

(Presidential Decree no. 1343, February 14, 1963, arts.50 and 69)

Art.60 Proof of the right of succession

(Presidential Decree no. 1343, February 14, 1963, art.19; Law no. 15, January 4, 1968; P.D. no. 403, October 20, 1998)

Art.61 Additional documents

(Presidential Decree no. 1343, February 14, 1963, art.20; Law no. 15, January 4, 1968; P.D. no. 403, October 20, 1998)

Art.62 Succession opened abroad

(Presidential Decree no. 1343, February 14, 1963, art.21; Law no. 15, January 4, 1968; P.D. no.403, October 20, 1998)

Art.63 Judicial provisions

(Presidential Decree no. 1343, February 14, 1963, art.22)

Art.64 Succession of heirs of bond-holders

(Presidential Decree no. 1343, February 14, 1963, art.23; Law no. 15, January 4, 1968; P.D. no. 403, October 20, 1998)

Art.65 Specific bequest

(Presidential Decree no. 1343, February 14, 1963, art.25; Ministerial Decree September 22, 1998)

Art.66 Succession of ayant cause

(Presidential Decree no. 1343, February 14, 1963, art.27; Law no. 15, January 4, 1968; P.D. no. 403, October 20, 1998; Ministerial Decree September 22, 1998)

Art.67 Collection and reinvestment of capital

(Presidential Decree no. 1343, February 14, 1963, art.30)

Art.68 Bearer bonds

(Presidential Decree no. 1343, February 14, 1963, art.51; Law no. 313, August 12, 1993)

Art.69 Objection to registered entries

(Presidential Decree no. 1343, February 14, 1963, arts 52 and 55)

Art.70 Loss of registered bonds

(Presidential Decree no. 1343, February 14, 1963, art.53)

Art.71 Execution of registered bonds

(Presidential Decree no. 1343, February 14, 1963, art.54)

Art.72 Seizure and confiscation of bonds

(Presidential Decree no. 1343, February 14, 1963, art.56)

Art.73 Report to penal judge

(Presidential Decree no. 1343, February 14, 1963, art.57)

Art.74 Forms to present objections

(Presidential Decree no. 1343, February 14, 1963, art.58)

Art.75 Refusal to perform operations

(Presidential Decree no. 1343, February 14, 1963, art.60)

Art.76 Tacit revocation of mandate

(Presidential Decree no. 1343, February 14, 1963, art.75)

Art.77 Publications

(Presidential Decree no. 1343, February 14, 1963, art.76)

Art.78 Prohibition of producing forged bonds

(Presidential Decree no. 1343, February 14, 1963, art.82)

ITEM IV Provisional Regulations of Prescription

Art.79 Coming into force of prescription

(Law no. 313, August 12, 1993, art.2; Law no. 449, December 27, 1997, art.54, paragraph 5)

Art.80 Issuance of non-dematerialized bonds into the systems

(Ministerial Decree April 17, 2000, art.5)

ITEM V Final Regulations

Art.81 Jurisdiction

(Consolidated Act no. 1343, February 14, 1963, art.61; Law no. 1034, December 6, 1871, arts. 7 and 28; Presidential Decree no. 74, March 15, 1984, art.7)

Art.82 Abrogation of regulations

Art.83 Coming into force of the Consolidated Act