

DECREE FOR TRANSPARENCY IN THE PLACEMENT OF GOVERNMENT BONDS

The following text, published in the Official Gazette of 17.1.2015, General Series, no. replaces as from January 20, 2015 the Ministerial Decree of 12 February 2004 (bearing “Updating of norms for transparency in Government bond placement transactions”) with the subsequent Ministerial Amendment Decree of 19 October 2009,

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MODULARIO
Tesoro - 112

Mod. 211/A



Ministry of Economy and Finance

Treasury Department

Direction II

HAVING CONSIDERED the Treasury’s Ministerial Decree of 12 February 2004, bearing “Updating of norms for transparency in Government bond placement transactions” containing “Specific rules for transparency in Government bond placement transactions” (published in the Official Gazette of 23.2.2004, *General Series*, no. 44), promulgated by article 2, paragraph 2, of Law no. 154, of 17 February 1992, which dictates “Rules for transparency of banking and financial transactions and services”;

HAVING CONSIDERED, the subsequent Treasury’s Ministerial Decree of 19 October 2009 bearing “Updating of norms for transparency in Government bond placement transactions” (published in the Official Gazette of 22.10.2009, *General Series*, no. 246) who have added the paragraph 2-bis to the article 2 of the said Decree of 12 February 2004;

HAVING CONSIDERED article 161, paragraph 2, of Legislative Decree no. 385, of 1 September 1993, and subsequent modifications (the banking consolidated act), which establishes that Law no. 154, of 17 February 1992, is repealed but continues to be applied until the provisions emanated by the credit authorities in accordance with the banking consolidated act come into force;

HAVING CONSIDERED article 116, paragraph 2, of Legislative Decree no. 385, of 1 September 1993, and subsequent modifications (the banking consolidated act), which grants the Ministry of Economy and finance, having consulted the CONSOB and the Bank of Italy, the power to establish criteria and parameters in order to determine the maximum fee, if any, chargeable to clients at placement, and for the transparent determination of yields, as well as the advertising obligations, transparency and coverage to be observed for the placement of Government bonds;

HAVING CONSIDERED article 2 of Legislative Decree no. 239 of 1 April 1996 and subsequent amendments, bearing “Substitute tax on interest, prizes and other benefits from obligations and bonds for resident subjects” (substitute tax);

HAVING CONSIDERED that, as a consequence of lower interest rates for short-term Government bonds, it would be wise to reduce the maximum fee clients must pay for placements so as to avoid them being charged in the case of negative yields, and to rationalize the frequency with which such fees are requested;

clients' credit value date of sums due and put in place other technical means to broadcast information on Government bonds;

HAVING RECOGNISED *the need to adopt a new decree to update the transparency norms in Government bond placement operations;*

HAVING CONSULTED the Bank of Italy;

HAVING CONSULTED CONSOB;

DECREES:

Article 1

1. The dispositions of the present decree are applied to those parties that carry out short-, medium- and long-term Government bond placement transactions, even if they do not participate directly in the auctions or placements. They also apply to those categories of subjects mentioned in the previous paragraph that collect requests.

2. In the event that the placement of bonds is through syndication via the collection of requests as mentioned in the previous paragraph, the references to the average weighted price mentioned in article 2, and the allotment price mentioned in article 3, are to be considered as having been carried out at the issuance price established by the Treasury in the issuance decree.

Article 2

1. With regard to Treasury bills, the parties mentioned in article 1, when they reserve bonds on behalf of their clients, they are obliged to settle the bonds at the average weighted price resulting from the auction's transactions and to limit their fee to the maximum amount indicated in the following paragraph.

2. The average weighted price, which is communicated in a press release by the Bank of Italy and published by the Ministry of Economy and Finance in the Official Gazette, must be indicated in announcements placed in public venues. These announcements must also bear a date and be

continually updated, and must show the corresponding gross yield at maturity. In the aforementioned announcements there must likewise be indicated the fee to be applied to the bill-subscription transaction. The maximum amount of said fee is established, for every 100 euros of capital subscribed, as follows: 0,03 euros for bills having a residual maturity equal to or less than 80 days; 0,05 euros for bills having a residual maturity of 81 to 170 days; 0,10 euros for bills having a residual maturity of 141 to 270 days; and 0,15 euros for bills having a residual maturity equal to or greater than 271 days.

3. The maximum amount of the fee mentioned in the previous paragraph is reduced in the following cases and ways:

- a. if the auction's average weighted price is less than 100, but the total sale price, including the fee and substitute tax, is above 100, the fee is reduced in order to guarantee clients a burden no greater than 100 euros for each 100 euros of subscribed capital;
- b. if the auction's average weighted price is equal to or greater than 100, clients will not be charged any subscription fee.

4. The communication sent to the client relevant to the allocation of the Treasury bills must indicate in detail, along with the nominal capital of the bonds subscribed, the following additional elements:

- a. the average weighted price resulting from the auction in question;
- b. the substitute tax paid on interest, expressed both as a percentage and as an absolute value with respect to the nominal value;
- c. the fee applied, expressed both as a percentage and as an absolute value with respect to the nominal value;
- d. the total sale price (including therefore the substitute tax and the fee) and the corresponding annual yield.

Article 3

1. With regard to the placement of medium- and long-term Government bonds, the parties mentioned in article 1 do not charge fees on bonds allotted to clients. They are also obliged to settle the bonds at the allotment price established at auction plus any interest matured from the coupon's interest accrual date to the settlement date.

2. The allotment price, communicated in a press release by the Bank of Italy, must be publicized, in announcements placed in public venues. These announcements must also bear a date and be continually updated, and must show the corresponding gross yield at maturity.

3. The communication sent to the client relevant to the allocation of medium- and long-term Government bonds must indicate in detail, along with the nominal capital of the bonds subscribed, the following additional elements:

- if the client is a party subject to the substitute tax:
 - a. the allotment price;
 - b. the allotment price net of the substitute tax on the matured issue discount (the so-called “price for net parties”);
 - c. net accrued interest;

- d. the total sale price (the price for the net parties including net accrued interest) and the corresponding annual yield;
- if the client is not a party who is subject to the substitute tax:
 - a. the allotment price;
 - b. gross accrued interest;
 - c. the total sale price (the allotment price including gross accruals) and the corresponding annual yield.

Article 4

1. Pursuant to article 120, paragraph 1, of Legislative Decree no. 385, of 1 September 1993, the parties mentioned in article 1, credit the clients the sums owed with a value date coinciding with that provided by the single issuance decrees for the relevant payments, according to the European TARGET system's calendar.

Article 5

1. The parties indicated in article 1 must clearly exhibit in public venues, as soon as they are communicated by the Treasury and the Bank of Italy, notices with the issuance dates for short-, medium- and long-term Government bonds and the deadline within which the interested parties can book the bonds offered by the Treasury.
2. The parties indicated in article 1 must inform their clients in advance, of the maturity of their bonds and of the deadline within which they can book the bonds offered by the Treasury.

Article 6

1. In order to guarantee transparency and knowability of the incidence of the costs of management and administration activities on the real yield of the bonds, the parties indicated in article 1 can apply management and administration expenses up to a maximum amount of 10 euros per semester; the amount of such expenses must be publicized, in public venues, by way of announcements bearing a date and that are continually updated, and must also be indicated in periodical communications sent to the clients, as per article 119 of the Banking Act.

Article 7

1. Regarding the placement transactions ordered by the present decree, charges other than those indicated in the previous articles, cannot be applied to the clients, except for those arising from the application of the current tax rules.

Article 8

- 1.** The communication of the notices mentioned in articles 2, 3, 5, and 6 of the present decree in venues open to the public can also be carried out by means of electronic instruments that can be freely and readily consulted.
- 2.** Those subjects mentioned in article 1 that have internet websites dedicated to the online activity of their clients must use the same also to publish the notices mentioned in articles 2, 3, 5, and 6 of the present decree.
- 3.** The notices provided by the present decree must clearly show, through a graphic presentation that is easy to identify and read, the informative elements contained in the attached table.

Article 9

- 1.** To the activities ordered by the present decree, in as far as they are compatible, are applied the dispositions regarding transparency and correct behaviour as provided for by Legislative Decree no. 385, of 1 September 1993, and by Legislative Decree no. 58, of 24 February 1998, and also by the relevant implementation provisions, for the services and operations disciplined by them.
- 1.** The present decree comes into force on 20 January 2015. From that same date the Minister of the Economy and Finance's decree of 12 February 2004, as supplemented by the same Minister's decree of 19 October 2009, is repealed.
- 2.** The present decree will be published in the Official Gazette of the Republic of Italy.

Roma, 15 January 2015

THE MINISTER OF THE ECONOMY AND FINANCE

NOTICE REGARDING GOVERNMENT BONDS

	BOT 3-mths	BOT 6-mths	BOT 12-mth	BTP (...yrs)	CCT	CTZ
<u>A) INFORMATION PRECEDING PLACEMENT OF BONDS</u>						
- maturity/interest accrual date	*	*	*	*	*	*
- primary market purchase commissions	*	*	*	n.a.	n.a.	n.a.
- secondary market purchase commissions	*	*	*	*	*	*
- nominal rate or 1° coupon				*	*	
- accruals (net interest to be paid for every ... euros of nom. cap.)				*	*	
- reservation time limits for the public	*	*	*	*	*	*
- settlement date	*	*	*	*	*	*
<u>B) INFORMATION FOLLOWING PLACEMENT OF BONDS THROUGH AUCTION/SYNDICATION</u>						
B1) BOT placed through auction						
average weighted price	*	*	*			
gross yield	*	*	*			
B2) Other Government bonds placed through auction						
allotment price				*	*	*
annual gross yield				*	*	*
B3) Government bonds placed through syndication						
placement price fixed by the Treasury	*	*	*	*	*	*
annual gross yield	*	*	*	*	*	*
C) Management and administration costs for the dossier composed only of Government bonds centralized at Monte Titoli SpA (for further information consult the information sheet)						
C1) - Euros... every six months						