



Al Ministro dell'Economia e delle Finanze

TREASURY DEPARTMENT - DIVISION II

GIVEN the decree of the President of the Republic of 30 December 2003, no. 398, bearing the “Consolidated Act of legislative dispositions and regulations concerning public debt” and in particular article 3, where it is stipulated that the Minister of Economy and Finance is authorized, in each financial year, to issue guideline decrees allowing the Treasury:

- to perform funding transactions on the domestic or foreign market in the form of short-, medium- and long-term financial instruments, indicating the nominal value, the interest rate or the criteria for its determination, the maturity, the minimum amount to be underwritten, the placement system, and every other feature and condition;
- to authorize, in order to promote the efficiency of financial markets, the temporary issuing of tranches of existing loans through recourse to repurchase agreements or other transactions in use in the markets;
- to proceed, for the purposes of restructuring domestic and foreign public debt, with the reimbursement of securities before maturity, with the amendment of maturity deadlines, with exchanges as well as with substitutions among different types of securities or other instruments provided for by international financial market practices;

GIVEN Ministerial Decree no. 73150 of 4 August 2003, amended by Ministerial Decree no. 9487 of 1 February 2005, which regulates the exchange of Government securities conducted through electronic trading systems;

GIVEN Ministerial Decree no. 83002 of 30 December 2005, with which the Treasury Department is authorized to carry out the transactions in the stated article 3 of the DPR 30 December 2003, no. 398, on the “availability account”, by means of deposits or use on the money market, and also by means of other transactions used in financial markets, within the terms set by the same decree;

CONSIDERED that the Treasury Department sets up:

- for public-debt restructuring transactions, contracts with financial institutions for the purpose of regulating the same;
- agreements of a general nature with these same financial institutions, in order to govern

the contracts mentioned above, in accordance with what the International Swap & Derivatives Association established, formerly the International Swap Dealers Association (ISDA), the trading association designed to guarantee from a juridical-financial point of view the equality of contractual conditions between the two counterparts;

- other agreements connected to loan management;

GIVEN the Legislative Decree of 30 March 2001, no. 165, bearing the “General rules on the organization of work within the public administration” and in particular article 4, which, while attributing to governmental bodies the functions of a politico-administrative nature, and the verification and correspondence of the results of administrative management and activities to the guidelines given, reserves instead, to managers, the adoption of the administrative acts and provisions, including those that engage the administration with third parties, as well as the administrative, technical and financial management;

GIVEN the Legislative Decree of 30 July 1999, no. 300, bearing the “Reform of Government organization, in accordance with article 11 of the Law of 15 March 1997, no. 59” and in particular article 5, paragraph 3, which stipulates that the head of the department perform the duties of coordinating, directing, and overseeing the offices at the general management level included in the same department, to assure the continuity of the administrative functions, and is responsible for the results attained as a whole by the subordinate offices, in enacting the policies of the Minister;

GIVEN the Law of 14 January 1994, no. 20, bearing “Regulations concerning the jurisdiction and assessment of the Court of Auditors” and in particular article 3, paragraph 13, which stipulates that the regulations mentioned in paragraph 1, relating to the preventive legitimacy assessment of the Court of Auditors, do not apply to the acts and provisions issued on monetary, credit, real estate and currency matters;

GIVEN the Legislative Decree of 12 April 2006, no. 163, bearing the “Code of public contracts concerning works, services and supplies relative to the implementation of the directives 2004/17/CE and 2004/18/CE”, and in particular article 19, paragraph 1, letter d), which states that the provisions of the code itself are not applied to contracts concerning financial services relating to the issuance, purchase, sale and transfer of securities or other financial instruments;

CONSIDERED the necessity of outlining the reference objectives for the enactment of administrative activity in the sector of financial transactions aimed at managing public debt, establishing the limits and means to be respected by the administration in carrying out these functions during the financial year 2010;

D E C R E E S:

Article 1

Issuance of loans

In accordance with article 3 of the President of the Republic's Decree of 30 December 2003, no. 398, cited in the preamble, for the financial year 2010, loan issuance transactions indicated in the same article will be determined by the Director General of the Treasury or, by proxy, by the General Manager Head of the Division responsible for public debt (from here on referred to as "Director of Division II" for the purposes of the present decree).

The Treasury Department may issue Government securities of all the types in use on financial markets, with fixed or floating interest rates. It may also temporarily issue tranches of existing loans through recourse to repurchase agreements or other transactions in use in standard financial procedures, in order to promote market efficiency, mentioned in the Ministerial Decree of 30 December 2005 cited in the preamble and any subsequent amendments; the methods of managing the "availability account" mentioned in that decree fall within the activities regulated by the present decree.

Article 2

Funding limits

Loan issues must be conducted, in addition to being within the limit established annually by the law approving the State budget, within the guidelines of the present decree, and according to the objectives indicated herein.

The securities may be of any duration; these should be determined by reconciling the need of satisfying market expectations with the need of containing the overall cost of funding in the medium-long term, in accord with the need to protect against the risks of re-financing and of exposure to changes in interest rates.

In carrying out this activity, the Treasury Department will issue loans so that, at the end of the 2010 financial year, the total quota of short-term securities remains between 5 and 15% of the total nominal value of circulating Government securities at that date, the quota of "nominal" fixed-rate securities between 50 and 75%, the quota of "nominal" floating securities between 9 and 15%; moreover, "real" Treasury securities indexed to Eurozone inflation and zero-coupon securities cannot be greater than 10 and 8% respectively.

The transactions foreseen by the Ministerial Decree no. 83002 of 30 December 2005 may be performed within the upper limits stated therein, five billion euros per day and five billion euros of net yearly balance, except for any changes that may be introduced in 2010 also in light of the legislative evolution in accounting and public finance and of the consequent innovations that may regard the management of the treasury and of the Treasury's Availability Account at the Bank of Italy.

The total value of loans issued on foreign markets, net of reimbursements, must not exceed 30% of total net issues.

Furthermore, the Treasury Department may also, in accordance with the conditions of the present decree, allocate securities for specific purposes, allowed by the law.

Article 3

Public debt restructuring transactions

The main goal of public debt restructuring transactions will be, based on available information and the foreseeable evolution of market conditions, the reduction of the total cost of debt in accordance with the need to protect against market and re-financing risks, as well as the proper functioning of the Government securities secondary market.

Exchange transactions (including those carried out with electronic trading systems), buybacks or anticipated reimbursements and any other financial transactions permitted by article 3 of the DPR no. 398/03, aimed at restructuring public debt, will be determined by the Director General of the Treasury or, by proxy, by the “Director of Division II”.

The Treasury Department may perform buyback or anticipated reimbursements of securities up to a maximum amount equal to 40% of the nominal outstanding amount for each issue.

The Treasury Department may also perform exchange transactions accepting as payment for the securities being issued, Government securities of any maturity.

Article 4

Risk containment of restructuring transactions

In order to reduce the risks connected with possible breaches on behalf of the restructuring transaction counterparts, said transactions will only be conducted with financial institutions of elevated trustworthiness.

To evaluate the credit-worthiness of the aforementioned institutions, reference will be made to the evaluations of the principal rating agencies.

The Director General of the Treasury or, by proxy, the “Director of Division II” will sign the agreements relative to the restructuring transactions performed with these same financial institutions.

Only “Specialists in Government Securities” will be allowed to participate in exchange, buyback or anticipated reimbursement transactions.

Article 5

Agreements in connection with funding

The Director General of the Treasury or, by proxy, the “Director of Division II”, furthermore, will sign the ISDA (“International Swap & Derivatives Association”, former “International Swap Dealers Association”) contracts, between the Ministry of Economy and Finance and the financial institutions that engage in “swap” transactions, in addition to any connected agreement, preliminary to or as a consequence of debt management.

Article 6

Decrees of approval and assessment

The decrees approving the agreements cited in the preceding articles 4 and 5, as well as those assessing the outcome of public debt management transactions, will be signed by the Director General of the Treasury or, by proxy, by the “Director of Division II”.

Article 7

Obligation of communication

The Treasury Department will provide the Minister’s Cabinet Office with regular communications of the financial transactions conducted in keeping with the present decree, indicating the characteristic financial data of each; these communications may also make use of computers.

The Treasury Department will provide the Minister with advance notice of those transactions that, by their nature, relate to the politico-administrative functions specific to Government bodies; in addition, should particular needs in debt management make it necessary to ignore the limits set by the present decree, the consequent decisions will be subject to approval by the Minister himself.

The present decree will be published in the Official Gazette of the Italian Republic.

Rome, 30 December 2009

THE MINISTER

(Hon. Giulio Tremonti)