



Al Ministro dell'Economia e delle Finanze

CONSIDERED the decree of the President of the Republic of 30 December 2003, no. 398, "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 amount, the interest rate or the criteria for its determination, the duration, the minimum amount to be underwritten, the placement system, and every other characteristic and procedure;
- authorize, in order to promote the efficiency of financial markets, the temporary issuing of tranches of existing loans to allow recourse to repurchase agreements or other transactions in use in the markets;
- proceed, for the purposes of restructuring domestic and foreign public debt, with the reimbursement of bonds before maturity, with the amendment of maturity deadlines, with exchange transactions as well as with substitutions among different types of bonds or other instruments provided for by international financial market practices;

CONSIDERED Ministerial Decree no. 73150 of 4 August 2003, as amended by Ministerial Decree no. 9487 of 1 February 2005, which regulates the operations of exchange of Government bonds to be conducted through electronic trading systems;

CONSIDERED the Law of 31 December 2009, no. 196, and in particular article 47 "Modifications to the discipline of accounts held by the Treasury for the management of liquid availability", which introduced modifications to article 5, paragraph 5, of the cited decree of the President of the Republic no. 398 of 2003;

CONSIDERED Ministerial Decree no. 19080 of 29 July 2011, as amended, with which the Agreement between the Ministry of Economy and Finance and the Bank of Italy for the management of the Treasury's availability account for Treasury purposes (hereinafter "availability account") and of other accounts connected to it was approved;

CONSIDERED Ministerial Decree no. 25391 of 25 October 2011 which disciplines the procedures of movement of the current liquidity on the availability account and of the selection of counterparties admitted to the operations;

CONSIDERED that Directorate II – public debt – of the Treasury Department (hereinafter indicated as “Directorate II”) can set up:

- agreements of a general nature with financial institutions, in order to govern the agreements mentioned below, in accordance with what the International Swap & Derivatives Association established, formerly the International Swap Dealers Association (hereinafter “ISDA”), the internationally recognized trading association that defines contract standards;
- for public-debt restructuring transactions, agreements with the same financial institutions for the purpose of regulating the same operations;
- other agreements connected to loan management;

CONSIDERED the Legislative Decree of 30 March 2001, no. 165, “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 political-administrative nature, and the verification of the correspondence of the results of administrative and management 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 financial, technical and administrative management;

CONSIDERED the Legislative Decree of 30 July 1999, no. 300, “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 controlling the offices at the general management level included in the same department, to assure the continuity of the administrative functions, and is responsible for all the results attained by its subordinate offices, in enacting the policies of the Minister;

CONSIDERED the Regulation of reorganization of the Ministry of the Economy and Finance, issued with the President of the Republic’s decree of 30 January 2008, no. 43, and in particular article 6, paragraph 2, which defines the functions to be carried out by Directorate II – public debt – of the Treasury Department;

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

CONSIDERED the Legislative Decree of 12 April 2006, no. 163, “Code of public contracts concerning works, services and supplies in implementing the directives 2004/17/EC and 2004/18/EC”, 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 bonds 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 to be observed and the procedures to be respected by the administration in carrying out these functions during the financial year 2012;

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 2012, loan issuance transactions indicated in the same article will be determined by the Director General Head of "Directorate II" (hereinafter referred to as "Director of Directorate II").

"Directorate II" may issue Government bonds of all the types in use on financial markets, with fixed or floating interest rates. It may also temporarily issue tranches of existing loans to allow recourse to repurchase agreements or other transactions in use in standard financial procedures, in order to promote market efficiency.

Article 2

Funding limits

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

The bonds may be of any duration; in their determination one must reconcile 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, "Directorate II" will issue loans so that, at the end of the 2012 financial year, the quota of short-term bonds remains between 5 and 15% of the total nominal value of outstanding Government bonds at that date, the quota of "nominal" fixed-rate bonds between 55 and 75%, the quota of "nominal" floating bonds between 5 and 15%; moreover, "real" bonds linked to Eurozone inflation and zero-coupon Treasury bonds should not be greater than 10 and 8% respectively. The sum of loans issued on foreign markets, net of reimbursements, must not exceed 30% of total net issues.

Furthermore, "Directorate II" may also, in accordance with the procedures of the present decree, allocate bonds for specific purposes, foreseen by the law.

Article 3

Public debt restructuring transactions

The main goal of public debt restructuring transactions will be, based on available information and market conditions, to hold down the total cost of debt having taken into consideration the need to protect against market and re-financing risks, as well as the proper functioning of the Government bonds secondary market.

Exchange transactions, buybacks or anticipated reimbursements of bonds and any other financial transactions, aimed at restructuring public debt, permitted by article 3 of DPR no. 398/2003 cited in the preamble, will be determined by the “Director of Directorate II”.

“Directorate II” may perform buyback or anticipated reimbursements of bonds up to a maximum amount equal to 40% of the nominal outstanding amount of each issue.

“Directorate II” may also perform exchange transactions, accepting as payment for the bonds being issued, Government bonds of any duration.

By virtue of article 3, paragraph 2, of the cited DPR no. 398 of 2003, payments resulting from the operations of the present article may also breach what has been established by article 24, paragraph 2, of the Law of 31 December 2009, no. 196, considering the objective conditions that are in fact connected to such activity.

Article 4

Risk containment of restructuring transactions

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

In evaluating the credit-worthiness of the aforementioned institutions, reference will be made to the evaluations of the principal rating agencies among those that assess credit merit as per Regulation (EC) no. 1060/2009 of 16 September 2009, as amended.

The “Director of Directorate II” will sign the agreements relative to the restructuring transactions performed with these same financial institutions.

Only “Specialists in Government Bonds”, as defined by article 23 of Ministerial Decree no. 216 of 22 December 2009, will be allowed to participate in exchange, buyback or anticipated reimbursement transactions.

Article 5

Agreements connected with funding activities

The “Director of Directorate II”, furthermore, will sign the ISDA framework contracts, that will exist between the Ministry of Economy and Finance and the financial institutions that engage in transactions of derivative instruments, in addition to any connected agreement, that is preliminary to or is a consequence of debt management.

Article 6

Management operations of the availability account

The management operations of the “availability account” mentioned in the ministerial decrees of 29 July 2011 and 25 October 2011, cited in the preamble, will be determined by the “Director of Directorate II”, or, in case of their absence or impediment, by another director of “Directorate II” delegated by the same, even as an exception to what has been decided by the cited ministerial decree of 25 October 2011.

Article 7

Decrees of approval and verification

The decrees approving the agreements cited in the preceding articles 4 and 5, as well as those verifying the outcome of public debt management and liquidity management transactions mentioned in article 6, will be signed by the “Director of Directorate II”.

Article 8

Obligation of communication

“Directorate II” will provide the Minister’s Cabinet Office with regular communications of the financial transactions conducted by virtue of the present decree, indicating the particular financial data of each; these communications may also make use of computers.

“Directorate II” will provide the Minister with advance notice of those transactions that, by their nature, relate to the political-administrative functions specific to Government bodies; in addition, should particular needs in debt management make it necessary to infringe 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, 22 December 2011

THE MINISTER