

**DECREE LAW NO 22 OF 25 MARCH 2019,
converted into Law 41 of 20 May 2019, as amended**

**URGENT MEASURES TO ENSURE THE SAFETY, FINANCIAL
STABILITY AND INTEGRITY OF THE MARKETS AND TO SAFEGUARD
THE HEALTH AND THE FREEDOM OF RESIDENCE OF ITALIAN AND
UK CITIZENS IN THE EVENT THAT THE UK WITHDRAWS FROM THE
EUROPEAN UNION**

Text of Decree Law 22 of 25 March 2019 (published in the *Gazzetta Ufficiale della Repubblica Italiana* – Serie generale – no. 71 of 25 March 2019), aligned with Law 41 of 20 May 2019 (published on page 1 of the aforementioned *Gazzetta*), entitled: ‘Conversion into law, with amendments, of Decree Law 22 of 25 March 2019, containing urgent measures to ensure the safety, financial stability and integrity of the markets and to safeguard the health and the freedom of residence of Italian and UK citizens in the event that the UK withdraws from the European Union’.

CHAPTER II

MEASURES TO ENSURE FINANCIAL STABILITY

Section 1

Measures in the event of the withdrawal of the United Kingdom without an agreement

Article 2. Subject matter and scope

1. This Section contains the transitional provisions applicable in the event of the withdrawal of the United Kingdom without an agreement.
2. For the purposes of this Section the following definitions apply:
 - a) ‘UK bank’ shall mean a bank having its registered office in the United Kingdom of Great Britain and Northern Ireland;
 - b) ‘UK investment firm’ shall mean an investment firm having its registered office in the United Kingdom of Great Britain and Northern Ireland;
 - c) ‘UK insurance undertaking’ shall mean an insurance undertaking having its registered office in the United Kingdom of Great Britain and Northern Ireland;
 - d) ‘UK insurance, reinsurance or ancillary insurance intermediary’ shall mean any insurance, reinsurance or ancillary insurance intermediary residing or having a registered office in the United Kingdom of Great Britain and Northern Ireland;
 - e) ‘UK payment institution’ shall mean a payment institution having its registered office in the United Kingdom of Great Britain and Northern Ireland;
 - f) ‘UK electronic money institution’ shall mean an electronic money institution having its registered office in the United Kingdom of Great Britain and Northern Ireland;
 - g) ‘UK fund manager’ shall mean the manager of a collective investment undertaking (CIU) having its registered office in the United Kingdom of Great Britain and Northern Ireland;
 - h) ‘UK CIU’ shall mean a CIU domiciled in the United Kingdom of Great Britain and Northern Ireland;

- i) 'UK trading venue' shall mean a trading venue having its registered office in the United Kingdom of Great Britain and Northern Ireland;
- l) 'date of withdrawal' shall mean the effective date of the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union in the absence of an agreement under Article 50 of the Treaty on European Union;
- m) 'transition period' shall mean the period between the date of withdrawal and the end of the eighteenth month following the date of withdrawal;
- n) 'competent authority' shall mean the national authority for a given sector, taking account of the competencies assigned under current legislation;
- o) 'Consolidated Law on Banking' shall mean Legislative Decree 385/1993;
- p) 'Consolidated Law on Finance' shall mean Legislative Decree 58/1998;
- q) 'Code of Private Insurance' shall mean Legislative Decree 209/2005;

3. Unless otherwise provided in this Decree Law, the definitions set out in Article 1 of the Consolidated Law on Banking, in Article 1 of the Consolidated Law on Finance and in Article 1 of the Code of Private Insurance shall apply herein.

Article 3. Provision of services and activities in Italy by UK entities after the date of withdrawal

1. UK banks that, at the date of withdrawal, are carrying out in Italy the activities subject to mutual recognition pursuant to Article 1(2)(f) of the Consolidated Law on Banking may continue to carry out the same activities in Italy during the transition period, provided that they have previously notified the Bank of Italy, except as provided for in paragraph 2.

2. UK banks that, at the date of withdrawal, are carrying out in Italy the activity of collecting savings under the freedom to provide services, may continue to perform this activity in Italy during the transition period provided that they have previously notified the Bank of Italy, and only to the extent necessary to manage the relationships established before the date of withdrawal, without the possibility of entering into new contracts or renewing existing ones, even tacitly.

3. Without prejudice to the provisions of Article 6(2), UK banks and UK investment firms that, at the date of withdrawal, are carrying out in Italy investment services and activities, with or without ancillary services, under the freedom to provide services may continue to provide the same activities in Italy only to eligible counterparties and to professional clients as defined respectively in Article 6(2-*quinquies*)(a), and 6(2-*sexies*)(a), of the Consolidated Law on Finance, as well as - exclusively for the management of life cycle events of derivatives contracts not subject to clearing by a central counterparty and existing at the date of withdrawal, even when this involves the modification of such contracts or the entering into of new contracts within the limits set out in Article 62 of Decree Law 112/2008, converted, as amended, into Law 133/2008 – to Regions, to the autonomous Provinces of Trento and of Bolzano and to local authorities, until the adoption of a decision by the European Commission pursuant to Article 47(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, and in any case not beyond the transition period, provided that they have previously notified the competent authorities.

4. Without prejudice to the provisions of Article 6(2), UK banks and UK investment firms that, at the date of withdrawal, are carrying out investment services and activities, with or without ancillary

services, in Italy under the right of establishment through branches may continue to provide the same activities in Italy during the transition period, provided that they have previously notified the competent authorities.

5. UK electronic money institutions that, at the date of withdrawal, are operating in Italy under the right of establishment through branches may continue to operate in Italy in the same manner during the transition period, provided that they have previously notified the Bank of Italy.

6. The notification to the competent authorities shall be submitted at least 3 working days before the date of withdrawal, in accordance with the procedures established by the competent authorities. Without prejudice to the provisions of paragraph 7, UK banks and UK investment firms, that, at the date of entry into force of this decree, are authorised to participate in government bond auctions, may continue to perform the services and activities referred to in paragraph 1, with the exception of the activity of collecting deposits or other funds with repayment obligations, and those referred to in paragraphs 3 and 4 without having to submit a notification.

7. The banks, investment firms and electronic money institutions referred to in paragraphs 1 to 5 that intend to operate in Italy beyond the transition period shall submit to the competent authorities, no later than six months after the start of the transition period, the request for authorisation to carry out the related activities or for the establishment of an Italian legal entity, in accordance with the provisions of the Consolidated Law on Finance and the Consolidated Law on Banking.

8. Without prejudice to the provisions of paragraphs 1 to 5, the banks, investment firms and electronic money institutions referred to therein shall comply with the banking and financial provisions applicable to them on the day prior to the date of withdrawal.

9. In order to ensure compliance with the provisions of this decree, the competent authorities shall, vis-a-vis the UK banks, UK investment firms and UK electronic money institutions that continue to operate in Italy during the transition period, exercise the powers conferred to them by law over non-EU intermediaries, including those concerning the prevention, resolution and management of crises.

Article 4. Termination of services and activities provided in Italy by entities from the United Kingdom

1. UK payment institutions, UK fund managers and UK CIUs operating in Italy, as well as UK electronic money institutions operating in Italy under the freedom to provide services or through agents or affiliated parties, and UK banks and UK investment firms carrying out investment services under the freedom to provide services to retail clients and professional-upon-request clients as defined respectively in Article 1(1)(m-*duodecies*) and in Article 6(2-*quinquies*)(b) and 6(2-*sexies*)(b) of the Consolidated Law on Finance, shall cease their activities by the date of withdrawal. In order to avoid any detriment to clients, this shall not apply to the activities necessary for the orderly termination of existing relationships, which shall be completed as promptly as possible and in any case no later than six months following the date of withdrawal, consistent with the notice period for the termination of contracts. During this six-month period, the entities referred to in this Article shall continue the activities carried out prior to the date of withdrawal only with regard to the management of relationships existing at the date of withdrawal, without the possibility of entering into new contracts or renewing existing ones, even tacitly.

2. Within fifteen days of the date of withdrawal, the entities referred to in paragraph 1 shall communicate to clients, to other parties with whom they have relations in the provision of services and to the competent authorities any measures taken to ensure the orderly termination of their activity.

3. The provisions referred to in paragraphs 1 and 2 shall apply, insofar as they are compatible, to the UK banks, UK electronic money institutions and UK investment firms referred to in Article 3, paragraphs 1 to 5, in cases where: a) they have not submitted the notifications pursuant to Article 3; b) they have not submitted the requests for authorisation pursuant to Article 3. In the case of letter b), the six-month period referred to in paragraph 1 of this article shall start from the deadline for the submission of the requests for authorisation.

4. By way of derogation from the provisions laid down in paragraph 3, UK banks and UK investment firms may continue to manage the life cycle events of derivatives contracts not subject to clearing by a central counterparty, even when this involves changing the contracts or entering into new contracts, as follows:

a) in the absence of the notification pursuant to Article 3, paragraphs 3 and 4, only with regard to contracts existing at the date of withdrawal, for the six months following that date;

b) in the absence of the request for authorisation pursuant to Article 3, paragraph 7, only with regard to contracts existing at the end of the period allotted for the presentation of such requests, for the six months following that date.

5. For any loans granted by the entities referred to in paragraphs 1 and 3 in the exercise of the activities reserved by law that they previously carried out, the termination of the activity does not change the timing and method of payment of interest or repayment of capital by clients.

Article 5. Provision of services and activities by Italian entities in the United Kingdom after the date of withdrawal

1. Without prejudice to Article 6(1), banks, investment firms, payment institutions, electronic money institutions, asset management companies, variable- and fixed-capital investment firms, managers of EuVECA funds, EuSEFs and ELTIFs, and financial intermediaries entered in the register provided for by Article 106 of the Consolidated Law on Banking, that have a registered office in Italy and that, at the date of withdrawal, operate in the United Kingdom, may continue to operate during the transition period, subject to notification to the competent authorities, in compliance with the provisions established by the United Kingdom.

2. The competent authorities shall be notified at least 3 working days prior to the date of withdrawal in the manner provided for by the competent authorities.

3. The intermediaries referred to in paragraph 1 may continue to operate in the United Kingdom beyond the transition period provided that, at least 12 months prior to the end of the transition period, they submit to the competent authorities the authorisation request for the provision of the related activities.

3-bis. The entities referred to in paragraph 1 that, by the date of withdrawal, have already submitted to the competent authorities an authorisation request for the provision of the related activities are not subject to the requirements of paragraphs 2 and 3.

Article 6. Business activities of Italian trading venues and of UK trading venues after the date of withdrawal

1. Italian operators of trading venues may continue to carry out their activities in the United Kingdom during the transition period, allowing access to operators established therein that are already members of or participants in the trading venue at the date of withdrawal, provided that, by the date of withdrawal, an application has been submitted for the trading venue for the extension of

market operations in the United Kingdom pursuant to Articles 26, 29 or 70 of the Consolidated Law on Finance, in compliance with the provisions laid down in the United Kingdom and so long as they continue to comply with the sectoral European legislation.

2. Operators of UK trading venues may continue to carry out their activities in Italy during the transition period and to allow access to operators established therein that are already members of or participants in the trading venue at the date of withdrawal, provided that they submit, pursuant to Articles 28, 29-*ter* or 70 of the Consolidated Law on Finance, an application for the extension of market operation in Italy by the date of withdrawal and so long as they continue to comply with the sectoral European legislation.

Article 7. Alternative dispute resolution

1. The banks referred to in Article 3(1) and 2(2) and in Article 4(3), the payment institutions referred to in Article 4(1) and the electronic money institutions referred to in Article 3(5) and in Article 4(1) and 4(3) of this Decree Law shall continue to adhere to the alternative dispute resolution systems referred to in Article 128-*bis* of the Consolidated Law on Banking.

2. The entities referred to in paragraph 1 that operate in Italy under the freedom to provide services may choose not to adhere to the alternative dispute resolution systems referred to in Article 128-*bis* of the Consolidated Law on Banking provided they adhere or are subject to a foreign alternative dispute resolution system that is a member of the Fin-Net network endorsed by the European Commission. In this case, these entities shall notify the Bank of Italy of the alternative dispute resolution system to which they adhere or are subject in their home country.

3. The banks and investment firms referred to in Article 3(4) and the entities subject to the provisions of Article 4(1) and 4(2) shall continue to adhere to the alternative dispute resolution systems referred to in Article 32-*ter* of the Consolidated Law on Finance during the transition period of eighteen months and six months, respectively, provided for under the referenced Articles.

Article 8. Protection of depositors and investors

1. The banks referred to in Article 3(1) that have branches in Italy are considered by law to adhere to the Italian deposit guarantee systems governed by Title IV, Chapter I, Section IV of the Consolidated Law on Banking, based on the provisions of their by-laws. Adherence shall be effective for all legal purposes at the date of withdrawal, including the obligation to pay contributions under Article 96.2 of the Consolidated Law on Banking in order to reach the target level referred to in Article 96.1 of such law. These banks shall complete the formalities required to adhere to the Italian deposit guarantee systems by the end of the third month following the date of withdrawal.

2. Paragraph 1 shall apply, to the extent compatible, to the banks referred to in Article 3(2), unless they submit to the Italian deposit guarantee system a statement from the UK deposit guarantee system certifying that the depositors shall continue to be protected after the date of withdrawal.

3. The banks referred to in paragraphs 1 and 2 shall provide their depositors with the disclosures required under Article 3 of Legislative Decree 30/2016 as soon as possible and in any case within 40 days of the entry into force of this Decree.

4. If a branch of an Italian bank adheres to the UK deposit guarantee system before the date of withdrawal, the Italian guarantee system shall transfer the contributions referred to in Article 96-*quater*.3(1) of the Consolidated Law on Banking only if the six-month period referred to in that paragraph has expired by that date.

5. The banks and investment firms referred to in Article 3(4) are considered by law to adhere to the Italian compensation systems governed by Article 59 of the Consolidated Law on Finance. Membership shall be effective for all legal purposes on the date of withdrawal. Banks and investment firms shall complete the formalities required for adherence to the Italian compensation systems within 30 days of the date of withdrawal, in accordance with the provisions of Article 7 of Decree No 485 of 14 November 1997 issued by the Minister of the Treasury.

6. The preceding paragraph shall apply, to the extent compatible, to UK banks and investment firms that, at the date of withdrawal, provide investment services under the freedom to provide services, unless they submit to the Italian compensation system a statement from the UK compensation system certifying that investors shall continue to be protected after the date of withdrawal.

7. The banks and investment firms referred to in paragraphs 5 and 6 shall promptly disclose to their investors the information required by the Supervisory Authority under Article 35(1)(c) of Law 128/1998 as soon as possible and in any case within 40 days of the entry into force of this Decree.

8. Paragraphs 1, 2, 3, 5, 6 and 7 shall also apply to the fund managers referred to in Article 4(1) and to banks and investment firms that cease to provide services and to perform activities pursuant to Article 4(3) of this Decree, unless they submit to the Italian compensation system a statement from the UK compensation system certifying that investors shall continue to be protected after the date of withdrawal.

Article 9. Business activities in Italy by UK insurance undertakings after the date of withdrawal

1. UK undertakings which, at the date of withdrawal, are licensed to carry out insurance business in Italy by way of freedom of establishment or freedom to provide services, according to Articles 23 and 24 respectively of the Code of Private Insurance, shall be removed, as from that date, from the list of EU undertakings per Article 26 of the Code. For the purpose of guaranteeing continuity of services to policyholders, insured parties and those entitled to insurance benefits, these undertakings shall, during the transition period, continue their business limited to the management of contracts and coverage existing at the date of withdrawal, without commencing new business or renewing existing contracts, even tacitly. The Institute for the Supervision of Insurance (IVASS) shall ensure adequate public disclosure of the temporary continuation of this activity.

2. The undertakings under paragraph 1 shall submit to IVASS, within 90 days of the entry into force of the present decree, a plan detailing the management measures for the regular and expeditious execution of the contracts and coverage existing at the date of withdrawal, including the payment of claims. IVASS may at any time require the undertaking to submit updates and integrations to the plan. If the undertaking is not able to guarantee the full implementation of the plan by the end of the transition period, it shall immediately inform IVASS, no later than 90 days before that date, by applying for an extension. The undertaking's application shall be supported by precise reasons, taking account of the structure, characteristics and duration of existing contracts and coverage over a multi-year period. IVASS shall examine the application, as well as the initiatives to be implemented for the purpose of protecting the interests of policyholders, insured parties and those entitled to insurance benefits, including by consulting the competent supervisory authority of the home state. Within fifteen days of the date of withdrawal, the undertakings referred to in paragraph 1 shall inform policyholders, insured parties and those entitled to insurance benefits of the operating regime applicable to them, including by publishing this information on their websites. The undertakings referred to in paragraph 1 shall also make this disclosure when they have already complied with the disclosure requirements set by the sectoral authorities before the date of withdrawal.

3. Starting from the date of withdrawal, policyholders may, without any additional charge, withdraw from contracts with a duration of more than one year by informing the undertaking in writing or by availing themselves of the other means of terminating the contract, and the automatic renewal clauses shall lose their effectiveness. The policyholder's withdrawal shall take effect from the expiry date of the first annual premium following the date of withdrawal.
4. During the transition period the provisions of Article 193 of the Code of Private Insurance shall continue to apply to the undertakings referred to in paragraph 1, as well as any other provisions relating to insurance applicable to them on the day before the date of withdrawal. IVASS may apply the sanctions envisaged in Title XVIII of the Code.
5. In order to ensure the exchange of information for the purpose of implementing paragraphs 1 and 2, the provisions of Article 10(8) of the Code of Private Insurance shall apply.

Article 10. Business activities in Italy by UK insurance, reinsurance or ancillary insurance intermediaries after the date of withdrawal

1. UK insurance, reinsurance or ancillary insurance intermediaries which, at the date of withdrawal, are licensed to carry out insurance business in Italy by way of freedom of establishment or freedom to provide services, according to Title IX of the Code of Private Insurance, shall cease their activities by that date and shall be removed from the list annexed to the register of intermediaries referred to in Article 109(2) of the Code. In order to avoid any detriment to policyholders, insured parties and those entitled to insurance benefits, this shall not apply to the activities necessary for the orderly termination of existing distribution relationships, which shall be completed as promptly as possible and in any case no later than six months following the date of withdrawal. During this six-month period the above intermediaries shall not commence new distribution business or renew existing contracts, even tacitly. IVASS shall provide adequate public disclosure of the temporary continuation of these activities.
2. Within fifteen days of the date of withdrawal the intermediaries referred to in paragraph 1 shall inform policyholders, insured parties and those entitled to insurance benefits of the operating regime applicable to them, including by disclosing it on their websites. The intermediaries referred to in paragraph 1 shall also make this disclosure when they have already complied with the disclosure requirements set by the sectoral authorities before the date of withdrawal.
3. During the transition period, the intermediaries referred to in paragraph 1 shall continue to be subject to the provisions of Title IX, Chapter II, Section IV of the Code of Private Insurance as well as to any other provisions relating to insurance applicable to them on the day before the date of withdrawal. IVASS may apply the sanctions envisaged in Title XVIII of the Code.

Article 11. Business activities pursued in the United Kingdom by Italian insurance and reinsurance undertakings after the date of withdrawal

1. Italian undertakings which, at the date of withdrawal, are licensed to carry out insurance or reinsurance business activities in the United Kingdom by way of freedom of establishment or freedom to provide services shall continue to carry out such activities subject to the provisions of Articles 22 and 59-*quinquies* of the Code of Private Insurance and in compliance with the provisions set by the United Kingdom.

Article 12. Provisions regarding investment limits for pension funds

1. During the transition period, for the purpose of implementing the provisions of Decree No 166 of 2 September 2014 of the Minister of Economy and Finance, investments in UK UCITSs and AIFs held by pension funds that fall within the scope of such decree on the date of the entry into force of the present decree shall be treated in the same way as investments in EU UCITSs and AIFs.

Article 13. Tax provisions

1. The national tax provisions relating to the United Kingdom's membership in the European Union shall continue to apply until the end of the transition period, including those deriving from an EU directive. The provisions arising from the implementation of EU directives and regulations on VAT and excise duties shall continue to apply, *mutatis mutandis*.

2. The Minister of Economy and Finance shall establish, by means of one or more decrees, the procedures and terms according to which paragraph 1 shall be implemented, without adding to or increasing the burden on the public finances.

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Article 24. Entry into force

1. This Decree shall enter into force on the day following its publication in the *Gazzetta Ufficiale della Repubblica Italiana* and shall be presented to Parliament for conversion into law.