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Regarding the provisions quoted in the response below, as far as possible, hyperlinks to these provisions (in the respective language or, if available, in English) are set out in Document CESR/04-075 for each country.

IMPORTANT NOTICE

In the interest of transparency and to inform interested parties, CESR has published the following (together the “Tables”):

- *the Correspondence Tables on the CESR Standards for Investor Protection (Ref. CESR/03-416b to 423b, CESR/03-134/Country);*
- *the Correspondence Tables on the CESR Standards for Alternative Trading Systems (Ref. CESR/03-415b, CESR/03-135/Country);*
- *the Synthesis Tables (Ref. CESR/03-427b and CESR/03-432b);*
- *the List of Alternative Trading Systems currently operating in Member States¹ (Ref. CESR/03-497b);*
- *the explanatory notes and caveats attached to the Tables.*

The Tables were produced by the Members of CESR¹ within the constraints of and solely for the purposes of the CESR Review Panel process of monitoring the status of implementation of the CESR Standards for Investor Protection² and the CESR Standards for Alternative Trading Systems³ in Member States.

The Tables have no legal effect; they do not present any interpretation of, or definitive position on, existing law or regulation in any jurisdiction. The Tables should not be relied upon for any purpose other than the purpose for which they were prepared. In particular, they should not be relied upon as a substitute for, or as guidance on, any aspect of the regulatory system of any Member State or as a defence in supervisory activities or enforcement proceedings; and they cannot be used to restrict competent authorities in taking regulatory or enforcement actions.

The information set out in the Tables is the response of each Member’s self-assessment. For this reason, the content of the Tables regarding a particular Member State has been prepared solely by the relevant Member on a best-efforts basis. (In a next step, the CESR Review Panel is going to conduct a common and collective peer exercise in reviewing the responses from all Members.) In case of discrepancy between the tables containing the responses from all CESR Members and the tables containing the individual responses from a particular CESR Member, the latter should be referred to.

The Tables provide a “snap shot” and will be up-dated on a regular basis to take account of regulatory developments in Member States. Therefore, they cannot be considered as fully finalised or definitive reflections of regulatory provisions in Member States. The Tables should also be read in light of current and future developments in the formulation of the proposed Directive on Markets in Financial Instruments (“ISD2”) and the future Level 2 implementing measures, and without prejudice to the position of any Member State in those developments.

For a more detailed account of the process, methodology and first, interim results, please see the “First Interim Report” by the Review Panel (Ref. CESR/03-414b).

¹ For reasons of simplicity, the term “Member” in this context refers to all participants in the Review Panel, i.e. CESR Members, CESR Observers, and the Polish securities regulators; this applies to the term “Member State” accordingly.

² “A European Regime of Investor Protection - The Harmonization of Conduct of Business Rules” (Ref. CESR/01-014d, April 2002) and “A European Regime of Investor Protection – The Professional and the Counterparty Regimes” (Ref. CESR/02-098b, July 2002).

³ Ref. CESR/02-086b, July 2002.

Correspondence Table on Standards for Investor Protection
(Ref. CESR/01-014d and CESR/02-098b)

ITALY

A CONDUCT OF BUSINESS RULES FOR THE “RETAIL REGIME”

1. STANDARDS AND RULES OF GENERAL APPLICATION

1.1 GENERAL

Standard /Rule	Implementing authority(ies)	Implementing measure ⁴	Comments
<p><i>1. An investment firm must at all times act honestly, fairly and professionally in accordance with the best interests of its customers and the integrity of the market.</i></p>	<p>CONSOB</p>	<p align="center">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...);</p> <p align="center">○○○</p> <p align="center">Article 26, paragraph n. 1, of Consob Regulation 11522 of 1 July 1998 <i>(General rules of conduct)</i></p> <p>1. Authorized intermediaries, in the interest of investors and the integrity of the securities market, shall:</p> <p>a) operate independently and according to the principles and general rules of the Consolidated Law; b) comply with the rules for the functioning of the markets in which they operate; (...)</p>	
<p><i>2. An investment firm must have and must employ effectively the resources and procedures that are necessary for the proper performance of its business activities, including back-up procedures and systems so as to reasonably ensure that investment services can be provided without interruption.</i></p>	<p>CONSOB</p>	<p align="center">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>(...)</p> <p>d) have resources and procedures, including internal control mechanisms,</p>	

⁴ Any derogation to the application of the implementing measures should be mentioned.

		<p>likely to ensure the efficient provision of services;</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 56, paragraph n. 2, of Consob Regulation 11522 (Internal procedures)</p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to:</p> <p>a) ensure the orderly and correct supply of services;</p> <p>b) reconstruct the times and types of action taken in supplying services; (...)</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">CONSOB COMUNICAZIONE DI/30396 OF 21 APRIL 2000 Subject: Online trading and rules of conduct</p> <p>(...)</p> <p>- SYSTEM EFFICIENCY: intermediaries that provide online trading services must equip themselves with IT systems that will enable them, taking into account the volume of business they may be required to handle, to carry out orders given by investors promptly, as laid down in Article 26.1d) of Consob Regulation 11522/1998. Since Article 21.1d) of Legislative Decree 58/1998 requires intermediaries "<i>to have resources and procedures ... capable of ensuring the efficient provision of services</i>", it may be advisable for them to conclude agreements with Internet providers and other companies involved in the process so as to ensure the operational efficiency of the service supplied. In order to cope with outages, temporary or otherwise, the Commission recommends that intermediaries should put efficient alternative procedures in place so that investors can continue to trade. Article 30.2c) of Consob Regulation 11522/1998 requires intermediaries to specify these alternative procedures and the manner of using them in their contracts with customers.</p> <p>Moreover, every precaution must be taken to ensure that the automated systems in use guarantee the maximum confidentiality of data transmitted over the Internet. (...).</p>	
<p>3. An investment firm must ensure that any persons or entities with which it is undertaking authorisable investment business are authorised to conduct that business by the relevant regulator.</p>	<p>CONSOB</p>	<p style="text-align: center;">Article 33, paragraph n. 1, of Consob Regulation 11522 (Reception and transmission of orders)</p> <p>1. In supplying the service of receiving and transmitting orders, authorized intermediaries shall transmit the orders they receive promptly to other intermediaries authorized to engage in dealing or placement, and to EU and non-EU intermediaries authorized in their home country to supply the service of dealing or placement.</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 46, paragraph n. 1 and 2, of Consob Regulation 11522 (Delegation of management)</p> <p>1. Without prejudice to the provisions of Article 37, authorized intermediaries may give, by means of a contract in writing, management</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

		<p>mandates to third parties authorized to supply asset management services on an individual basis.</p> <p>2. Mandates may be given to EU intermediaries authorized in their home country to supply portfolio management services on an individual basis; they may also be given to non-EU intermediaries authorized in their home country to supply such services, provided agreements exist between Consob and the competent authorities of the country in which they are located.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 53, paragraph n. 1 and 2, of Consob Regulation 11522 <i>(Delegation of management)</i></p> <p>1. Asset management companies may entrust, for the collective investment undertakings they manage and by means of a contract in writing, other asset management companies or intermediaries authorized to supply the service of portfolio management on an individual basis with specific investment choices within the framework of asset allocation criteria they define from time to time.</p> <p>2. Mandates may be given to EU intermediaries authorized in their home country to supply collective asset management services or portfolio management services on an individual basis; they may also be given to non-EU intermediaries authorized in their home country to supply such services provided agreements exist between Consob and the competent authorities of the country in which they are located.</p>	
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<p><i>4. Investment firm that outsources functions retains full responsibility for the outsourced activity and must ensure that the providers of such outsourcing are able to perform these functions reliably, professionally and in the best interests of its customers.⁵</i></p>	<p>CONSOB BANK OF ITALY</p>	<p>Bank of Italy regulation of 4 August 2000 Title III – Supervision; Chapter II - Administrative and accounting procedures and internal control mechanisms</p> <p>Paragraph 2, n. 2.2) Internal Controls</p> <p>The Bank of Italy maintains the right to assess – having considered the principles of promptness, reliability and efficiency – hypothesis of delegation to third parties of the internal control function of the investment firms, after consulting the Consob on matters falling within the scope of that Authority.</p> <p>Paragraph 5 Delegation of business functions to third parties</p> <p>The investment firms – in order to carry out some non core business functions (such as data processing, market analysis, tax and financial analysis, filing and processing of paper documents etc...) – may use third-party services, considering that the investment firm’s competent bodies remain responsible for the regular execution of the delegated tasks.</p> <p style="text-align: center;">ooo</p> <p>See above also rule n. 3.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
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1.2. CONFLICTS OF INTEREST AND INDUCEMENTS

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments

⁵ This standard is not intended to interfere with relevant provisions on civil liability, applicable at national level.

<p>5. An investment firm must take all reasonable steps to ensure that conflicts of interest between itself and its customers and between one customer and another are identified and then prevented or managed in such a way that the interests of customers are not adversely affected. For these purposes the investment firm must establish an internal independence policy, including Chinese walls as appropriate.</p>	<p>CONSOB BANK OF ITALY</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must: (...) c) organize themselves in such a way as to minimize the risk of conflicts of interest and, where such conflicts arise, act in such a way as to ensure transparency and the fair treatment of customers; ○○○</p> <p>Article 27, paragraph n. 1, of Consob Regulation 11522 (Conflicts of interest)</p> <p>1. Authorized intermediaries shall be on the alert for conflicts of interest. ○○○</p> <p>Article 56, paragraph n. 3 and 4, of Consob Regulation 11522 (Internal procedures)</p> <p>3. Authorized intermediaries, <i>inter alia</i> in order to minimize the risk of conflicts of interest, shall establish internal procedures aimed at ensuring that exchanges of information do not occur between the sectors of the company that must be kept separate in accordance with the regulation issued by the Bank of Italy pursuant to Article 6(1a) of the Consolidated Law.</p> <p>4. Intermediaries authorized to supply portfolio management services on an individual basis, asset management companies and SICAVs, <i>inter alia</i> in order to minimize the risk of conflicts of interest, shall establish internal procedures aimed at preventing exchanges of information with other group companies that supply the services of dealing, reception and transmission of orders or placement or the non-core services referred to in Articles 1(6d) and 1(6e) of the Consolidated Law. ○○○</p> <p>Bank of Italy regulation of 4 august 2000 Title III – Supervision; Chapter II – 4. Rules relating to administrative and accounting procedures</p> <p>The service of management on a client-by-client basis of investment portfolios (hereinafter “<i>portfolio management</i>”) shall be kept separate from the other investment services and activities of the intermediary.</p> <p>The portfolio management may be provided jointly with the service of investment advice concerning financial instruments.</p> <p>For this purpose the investment firm must comply with the following rules:</p> <p>a) administrative rules: - personnel assigned to portfolio management shall act independently and shall not have hierarchical relationships with the other sectors of activity of the investment firm;</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
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		<p>- portfolio management shall not have hierarchical relationships – especially with reference to technical, operational and decision-making autonomy - with the other sectors of activity of the investment firm, included those providing other investment services;</p> <p>- relationships between portfolio management and other services shall begin at the exclusive initiative and under the responsibility of the former;</p> <p>b) accounting rules:</p> <p>- the records, included electronic ones, of the portfolio management structure shall be guarded to prevent the personnel of other sectors of the intermediary from accessing;</p> <p>- the financial instruments’ transactions between the portfolio management sector and the other business sectors shall be displayed in specific internal records.</p> <p>The aforementioned rules of separation shall not apply to the operational sectors of the investment firm charged solely with the contact of the customers and only if such activity is performed without discretionary powers.</p> <p>Compliance with the aforementioned rules of administrative and accounting separation does not prevent the investment firms from centralizing the administrative procedure of the general services (such as, for instance, the back office services) and the general accounting function.</p>	
<p>7. Where conflicts of interest cannot be reasonably avoided or managed with the internal independence policy, an investment firm must not undertake business with or on behalf of a customer where it has directly or indirectly a conflicting interest, including any such interest arising from intra-group dealings, joint provision of more than one service or other business dealings of the investment firm or any affiliated entity, unless it has previously disclosed to the customer the nature and extent of its interest, either in writing or by telephone and recorded by the firm and the customer has expressly agreed to engage in such business with the investment firm. Where possible, this disclosure must be given at the beginning of the customer relationship; otherwise it must be given prior to the customer entering into any relevant transaction.</p>	<p>CONSOB</p>	<p>Article 27, paragraph n. 2 and 3, of Consob Regulation 11522 <i>(Conflicts of interest)</i></p> <p>2. Authorized intermediaries may not carry out transactions with or on behalf of their clients where they have directly or indirectly a conflicting interest, including any such interest arising from intragroup dealings, the joint provision of more than one service or other business dealings of their own or of group companies, unless they have previously informed the investor in writing of the nature and extent of their interest in the transaction and the investor has expressly agreed in writing to the carrying out thereof. Where the transaction is concluded by telephone, compliance with the foregoing information requirements and the issue of the related authorization by the investor must be evidenced by a recording on magnetic tape or an equivalent medium.</p> <p>3. Where, for the purpose of complying with the requirements referred to in paragraph 2, authorized intermediaries use printed forms, these must indicate in a graphically highlighted manner that the transaction involves a conflict of interest.</p> <p>Article 45, paragraph n. 3 and 4, of Consob Regulation 11522 <i>(Conflicts of interest in portfolio management)</i></p> <p>3. The provisions of Article 27 shall not apply to transactions involving conflicts of interest arising from intragroup dealings or the joint provision of more than one service where such transactions concern financial</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities. in order:</p> <ul style="list-style-type: none"> • to clarify the specific obligations arising from the general principles laid down in the provisions at present in force and • to extend to other activities the obligation whereby conflict of interests have to be disclosed in the initial contract

		<p>instruments other than those referred to in paragraph 1, provided the nature of each conflict is described in the contract and the investor has expressly authorized the transactions in the contract. The financial instruments included in the portfolio of each individual investor as a result of such transactions may not exceed 25% of the portfolio's value. Transactions that result in such limit being exceeded may be carried out, provided each transaction complies with the provisions of Article 27. No financial instrument included in the portfolio of an individual investor pursuant to the provisions of this paragraph may exceed 5% of its value.</p> <p>4. The provisions of Article 27 shall not apply to transactions involving authorized intermediaries in conflicts of interest arising from business dealings of their own or of group companies, provided the nature of each conflict is described in the contract and the investor has expressly authorized the transactions in the contract.</p>	
<p><i>6. An investment firm, its members of the board, directors, partners, employees and tied-agents may offer or receive inducements only if they can reasonably assist the firm in the provision of services to its customers. Where inducements are received disclosure of such inducements must be made to the customer.</i></p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p style="text-align: center;">ooo</p> <p>Article 27, paragraph n. 2, of Consob Regulation 11522 (Conflicts of interest)</p> <p>2. Authorized intermediaries may not carry out transactions with or on behalf of their clients where they have directly or indirectly a conflicting interest, including any such interest arising from intragroup dealings, the joint provision of more than one service or other business dealings of their own or of group companies, unless they have previously informed the investor in writing of the nature and extent of their interest in the transaction and the investor has expressly agreed in writing to the carrying out thereof. Where the transaction is concluded by telephone, compliance with the foregoing information requirements and the issue of the related authorization by the investor must be evidenced by a recording on magnetic tape or an equivalent medium.</p> <p>Article 49, paragraph n. 2, of Consob Regulation 11522 (Conflicts of interest)</p> <p>2. Asset management companies and SICAVs shall identify the cases in which the contractual conditions agreed with the persons who supply services to such companies conflict with the interests of the collective investment undertakings they manage and ensure:</p> <p>a) that the assets of collective investment undertakings are not burdened with otherwise avoidable costs or excluded from the enjoyment of otherwise accruable benefits;</p> <p>b) that investors are informed in the prospectus of the sources of income or other benefits accruing from the service of collective management to the</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force and, in particular, to define the scope of these provisions and extend explicitly to other services the obligations at present applying to collective asset management companies to disclose inducements. .</p>

asset management company or the SICAV that do not derive directly from collective investment undertakings in the form of management commissions.

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**Article 58, paragraph n. 1, of Consob Regulation 11522
(Internal code of conduct)**

1. Authorized intermediaries, asset management companies and SICAVs shall adopt and comply with a self-regulatory code of conduct, *inter alia* by referring to those of the professional associations connected with the services supplied. Such code, in accordance with the prescriptions of the Consolidated Law, shall establish the rules of conduct for the members of the administrative and control bodies, employees, financial salesmen and collaborators with reference to at least:

- a) the obligation to protect data of a confidential nature obtained from investors or which such persons possess in view of their functions;
- b) the procedures established for carrying out personal transactions involving financial instruments;
- c) the procedures for handling relationships with investors who intend to employ agents or appointees for the purpose of concluding contracts or executing transactions where such persons are directors, members of the board of auditors, employees, collaborators or financial salesmen of the intermediary;
- d) the prohibition to receive benefits from third parties that could lead to conduct contrary to the interests of investors or of the person on whose behalf they act.

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CONSOB RESOLUTION 14015/2003

Provisions concerning requirements for the transmission of data and information and documents and records by authorized intermediaries and stockbrokers

Article 2 (Italian investment firms)

m) Agreements with intermediaries

Italian investment firms shall transmit information on agreements with Italian and foreign intermediaries referred to in the forms contained in Annex 4, within 30 days of their conclusion, amendment or termination.

Italian investment firms shall report, by 31 March of each year with reference to the previous year, the gross and net amounts of funds raised and the commissions received by means of placement and door-to-door selling, using the forms contained in Annex 6 (this information is not required for so-called "bankassurance products" or for the services of reception and transmission of orders; net fund-raising does not have to be reported for insurance products).

Italian investment firms shall report agreements regarding the provision of the services of portfolio management on an individual basis, trading and reception and transmission of orders with management companies of Italian and foreign collective investment undertakings and intermediaries

		<p>engaged in the reception and transmission of orders that provide for the investment firm to receive inducements, within 30 days of the conclusion, amendment and termination thereof. To this end they shall use the forms contained in Annex 5.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">CONSOB RESOLUTION N. DI/99004451 OF 25 JANUARY 1999: <i>SOFT COMMISSION AGREEMENTS</i></p> <p>... omissis ...</p> <p>Asset management companies and sicavs, regarding the provision of the service of collective portfolio management, shall not transmit orders to traders with whom they reached a soft commission agreement, except as follows:</p> <ul style="list-style-type: none"> - the only benefits that can be received from the aforementioned agreements be goods and services that can reasonably help managers to provide the service in favour of the managed assets on behalf of whom the transactions are ordered and that are really used to this purpose; - the trader must guarantee to the portfolio manager the best execution's condition; - the portfolio manager must check that the contractual terms and procedures of the supply of the service of dealing cannot reasonably permit that the transactions carried out for the managed assets are closed to comparatively not interesting conditions; - in the transactions where the trader acts for own account, the portfolio manager must verify that the commission paid according to the terms of the agreement be sufficient to cover the value of the services that the portfolio manager can use and the price of the service of dealing itself. <p>... omissis ...</p>	
<p>8. Where inducements are permitted an investment firm must act in the best interest of the customer and inform the customer at the beginning of the relationship, which may give rise to conflicts of interest between itself and its customers, about the investment firm's policy on inducements and at least once a year in writing of the relevant details of such inducements.</p>	<p>CONSOB</p>	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...)</p> <p style="text-align: center;">Article 27, paragraph n. 2, of Consob Regulation 11522 <i>(Conflicts of interest)</i></p> <p>2. Authorized intermediaries may not carry out transactions with or on behalf of their clients where they have directly or indirectly a conflicting interest, including any such interest arising from intragroup dealings, the joint provision of more than one service or other business dealings of their own or of group companies, unless they have previously informed the investor in writing of the nature and extent of their interest in the transaction and the investor has expressly agreed in writing to the carrying out thereof. Where the transaction is concluded by telephone, compliance with the foregoing information requirements and the issue of</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field:</p> <ul style="list-style-type: none"> • to clarify the specific obligations arising from the general principles laid down in the provisions at present in force and • and extend explicitly to other services the obligations at present applying to collective asset management companies to inform clients in writing, at least once a year, of the relevant details of inducements

		<p>the related authorization by the investor must be evidenced by a recording on magnetic tape or an equivalent medium.</p> <p style="text-align: center;">Article 49, paragraph n. 2, of Consob Regulation 11522 <i>(Conflicts of interest)</i></p> <p>2. Asset management companies and SICAVs shall identify the cases in which the contractual conditions agreed with the persons who supply services to such companies conflict with the interests of the collective investment undertakings they manage and ensure:</p> <p>a) that the assets of collective investment undertakings are not burdened with otherwise avoidable costs or excluded from the enjoyment of otherwise accruable benefits;</p> <p>b) that investors are informed in the prospectus of the sources of income or other benefits accruing from the service of collective management to the asset management company or the SICAV that do not derive directly from collective investment undertakings in the form of management commissions.</p>	
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1.3 COMPLIANCE AND CODE OF CONDUCT

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<p><i>9. An investment firm must take all reasonable measures to ensure that the firm and its members of the board, directors, partners, employees and tied-agents at all time act in accordance with the best interests of its customers and the integrity of the market by establishing and implementing adequate compliance policies and procedures, including an independent compliance function and an internal code of conduct.</i></p>	<p>CONSOB BANK OF ITALY</p>	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must: (...) d) have resources and procedures, including internal control mechanisms, likely to ensure the efficient provision of services;</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 56, paragraph n. 1 and 2, of Consob Regulation 11522 <i>(Internal procedures)</i></p> <p>1. For the purposes of this regulation, procedure shall mean the set of internal rules and instruments adopted for the supply of services. 2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to:</p> <p>a) ensure the orderly and correct supply of services; b) reconstruct the times and types of action taken in supplying services; c) ensure adequate internal monitoring of the activities of the personnel involved and financial salesmen.</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 57, paragraph n. 1 of Consob Regulation 11522 <i>(Internal controls)</i></p> <p>1. Authorized intermediaries, asset management companies and SICAVs</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

		<p>shall establish an internal control function. °°°</p> <p style="text-align: center;">Article 58, paragraph n. 1, of Consob Regulation 11522 (Internal code of conduct)</p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall adopt and comply with a self-regulatory code of conduct, <i>inter alia</i> by referring to those of the professional associations connected with the services supplied. Such code, in accordance with the prescriptions of the Consolidated Law, shall establish the rules of conduct for the members of the administrative and control bodies, employees, financial salesmen and collaborators with reference to at least:</p> <p>a) the obligation to protect data of a confidential nature obtained from investors or which such persons possess in view of their functions;</p> <p>b) the procedures established for carrying out personal transactions involving financial instruments;</p> <p>c) the procedures for handling relationships with investors who intend to employ agents or appointees for the purpose of concluding contracts or executing transactions where such persons are directors, members of the board of auditors, employees, collaborators or financial salesmen of the intermediary;</p> <p>d) the prohibition to receive benefits from third parties that could lead to conduct contrary to the interests of investors or of the person on whose behalf they act.</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Bank of Italy regulation of 4 august 2000</p> <p style="text-align: center;">Title III – Supervision; Chapter II - Administrative and accounting procedures and internal control mechanisms</p> <p>2. Internal Controls.</p> <p>The investment firms shall establish an internal control function that shall perform its activity autonomously and without having hierarchical relationships with the operational sectors of the intermediary itself; the board of directors of the investment firm shall fix precisely the tasks of such function, having regard, at least, to the following criteria:</p> <p>1) the internal control function shall be in charge of verifying and ensuring compliance with the laws and regulations related to the provision of investment services, whether for own account or for customer account. The function shall especially control:</p> <ul style="list-style-type: none"> - compliance with prudential regulation; - compliance with conduct of business rules to be observed in dealings with investors; - compliance with internal procedures for the supply of investment services; - compliance with the administrative and accounting rules of separation; - fit and proper enforcement of the separation of assets 	
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		<p>rules;</p> <ul style="list-style-type: none"> - fit and proper enforcement of the accounting procedures; - fit and proper enforcement of the procedures concerning the flows of information between the various sectors of the company; - the adequacy and reliability of the company's information system in relation to the services provided. <p>In particular, for the purpose of ensuring the functionality and efficiency of the general information system of the intermediary, the process relating to the production, administration and distribution of the information shall be periodically verified by the internal control bodies, especially to:</p> <ul style="list-style-type: none"> - ascertain and eliminate incidental irregularities and/or redundancies; - control the adequacy of the outputs, with reference either to quality or promptness, to the needs of the customers; - control the correspondence of the administrative and accounting procedures to the criteria of fit and proper conservation of the accountability; <p>2) if the investment firm supplies activities that involve the assumption of risks for own account, the internal control function shall have the power to verify the efficiency of the risk control system.</p> <p>The internal control function shall periodically report the results of its activity to the board of directors and the board of auditors.</p> <p>The Bank of Italy maintains the right to assess – having considered the principles of promptness, reliability and efficiency – hypothesis of delegation to third parties of the internal control function of the investment firms, after consulting the Consob on matters falling within the scope of that Authority.</p>	
<p>11. The persons responsible for the compliance function must have the necessary expertise, resources, authority and must have full access to all relevant information enabling them to perform their duties. They must perform their monitoring duties independently of all persons and activities subject to their monitoring.</p>	<p>CONSOB BANK OF ITALY</p>	<p>Article 57, paragraph n. 2 of Consob Regulation 11522 (Internal controls)</p> <p>2. Responsibility for the internal control function shall be assigned to a person not having hierarchical relationships with the persons responsible for the sectors of activity subject to control. He or she shall perform the activity autonomously and independently and report the results objectively and impartially.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Bank of Italy regulation of 4 august 2000 Title III – Supervision; Chapter II - Administrative and accounting procedures and internal control mechanisms</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

		<p>2. Internal Controls. See above rule n. 9.</p>	
<p>12. A summary of the results of the monitoring must be reported to the senior management of the investment firm and to the internal or external auditors. The investment firm must report these results, together with remedies adopted, to the competent authority at least once a year.</p>	<p>CONSOB</p>	<p>Article 57, paragraph n. 4, 5 and 6 of Consob Regulation 11522 (Internal controls)</p> <p>4. In order to carry out the tasks referred to in paragraph 3, the person responsible for the internal control function shall keep a register in which he or she shall promptly record the service, the matters investigated, the duration of such investigations, the period to which they refer, the findings, the proposals made and any decisions taken by the persons responsible for the various sectors of the company or competent company bodies.</p> <p>5. The person responsible for the internal control function shall report the results of his or her activity to the board of directors and the board of auditors. In the event that serious irregularities are discovered, he or she shall report them immediately to the board of auditors, which shall notify Consob and the Bank of Italy of the irregularities discovered without delay in accordance with Article 8.3 of the Consolidated Law.</p> <p>6. The person responsible for the internal control function shall transmit to the board of directors and the board of auditors, on an ordinary basis at least once a year on the occasion of the examination of the annual accounts, a report on the investigations carried out during the year. The report shall cover, separately for each service, the matters investigated, the related findings, the proposals made and any decisions taken by the persons responsible for the sectors of the company's organization or the company's competent governing bodies. In addition, the report shall contain, with account also being taken of the complaints received, an overall assessment of the circumstances observed, and the schedule of investigations planned for the subsequent year. Within the scope of their respective authority, the board of directors and the board of auditors shall formalize their comments and decisions concerning the report received.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">CONSOB RESOLUTION 14015/2003 <i>Provisions concerning requirements for the transmission of data and information and documents and records by authorized intermediaries and stockbrokers</i></p> <p>Article 2 (Italian investment firms) ... omissis ... g) <i>Annual report on the checks carried out and the annual schedule of planned checks, prepared by the head of the internal control function</i></p> <p>Italian investment firms shall transmit, together with the report referred to at letter b), the report on the checks carried out during the year, the results thereof and any proposals made -- <i>inter alia</i> in the light of an overall assessment of the findings, with account taken of the external auditor's evaluation of the reliability of the internal controls -- and the annual schedule of planned checks referred to in Article 57.6 of Consob</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force .</p>

		<p>Regulation 11522/1998, prepared by the head of the internal control function. Italian investment firms shall attach the comments and decisions of the board of directors and the board of auditors pursuant to Article 57.6 of Consob Regulation 11522/1998.</p> <p><i>h) Half-yearly report of the head of the internal control function concerning the outcome of complaints, any shortcomings found and the proposals for overcoming them</i></p> <p>Italian investment firms shall transmit the half-yearly report of the head of the internal control function describing, for each service performed, the overall situation with regard to the complaints received, any shortcomings found and the proposals for overcoming them in accordance with Article 59.4 of Consob Regulation 11522/1998, within 60 days of the end of each half-year. The report must contain at least the information specified in Annex 10. Italian investment firms shall attach the comments and decisions of the board of directors and the board of auditors pursuant to Article 59.4 of Consob Regulation 11522/1998.</p>	
<p>13. An investment firm must ensure that the competent authority is informed, without undue delay, of serious breaches of the conduct of business rules. In assessing whether the breaches are serious, an investment firm must take into account the impact on regulatory goals and on the capacity to provide services, their frequency, the damages suffered by customers.</p>	<p>CONSOB BANK OF ITALY</p>	<p>Article 8, paragraph n. 3, 4, 5 and 6, of Legislative decree n. 58/1998 (Reporting requirements)</p> <p>3. The board of auditors shall inform the Bank of Italy and Consob without delay of all the acts or facts it finds in the performance of its duties that may constitute a management irregularity or a violation of the provisions governing the activity of SIMs, asset management companies and SICAVs.</p> <p>4. Firms engaged to audit the accounts of SIMs, asset management companies and SICAVs shall notify the Bank of Italy and Consob without delay of the acts or facts found in the performance of the engagement that may constitute a serious violation of the provisions governing the activity of the audited companies, jeopardize the continued existence of the undertaking or result in an adverse opinion or a qualified opinion on the annual accounts or interim statements of collective investment undertakings or a disclaimer.</p> <p>5. Paragraphs 3 and 4 shall also apply to the boards of auditors and the firms appointed to audit the accounts of companies that control or are controlled by SIMs, asset management companies or SICAVs as defined in Article 23 of the Banking Law.</p> <p>6. Paragraphs 3, 4 and 5 shall apply to banks only with regard to the provision of investment services.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>14. The compliance function must:</p> <ul style="list-style-type: none"> - regularly verify the adequacy of policies and procedures to ensure compliance with the regulations on investment services; - provide advisory assistance and support to the various business areas of the investment firm on problems concerning compliance with the regulations on investment services. 		<p>Article 57, paragraph n. 3 of Consob Regulation 11522 (Internal controls)</p> <p>3. The internal control function shall:</p> <ul style="list-style-type: none"> a) continuously verify the suitability of internal procedures and ensure compliance with the Consolidated Law and the related implementing regulations; b) control compliance with internal procedures; c) control compliance with the internal code of conduct referred to in 	

		<p>Article 58; d) keep the register of complaints referred to in Article 59; e) provide advisory assistance to the various sectors of the company on problems concerning the supply of services, conflicts of interest and the conduct to be adopted in consequence. ○○○</p> <p style="text-align: center;">Bank of Italy regulation of 4 august 2000 Title III – Supervision; Chapter II - Administrative and accounting procedures and internal control mechanisms</p> <p>2. Internal Controls. See above standard n. 9.</p>	
<p><i>10. An investment firm must be able to demonstrate that it has not acted in breach of the conduct of business rules and the internal code of conduct and that its organization, policies and procedures facilitate such compliance.</i></p>	<p>CONSOB BANK OF ITALY</p>	<p style="text-align: center;">Article 23, paragraph n. 6, of Legislative decree n. 58/1998 <i>(Contracts)</i></p> <p>6. In actions for damages in respect of injury caused to the customer in the performance of investment services or non-core services, the burden of proof of having acted with the due diligence required shall be on the authorized persons. ○○○</p> <p style="text-align: center;">Article 56, paragraph n. 2, of Consob Regulation 11522 <i>(Internal procedures)</i></p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to: a) ensure the orderly and correct supply of services; b) reconstruct the times and types of action taken in supplying services; c) ensure adequate internal monitoring of the activities of the personnel involved and financial salesmen. ○○○</p> <p style="text-align: center;">Article 58, paragraph n. 1, of Consob Regulation 11522 <i>(Internal code of conduct)</i></p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall adopt and comply with a self-regulatory code of conduct, <i>inter alia</i> by referring to those of the professional associations connected with the services supplied. Such code, in accordance with the prescriptions of the Consolidated Law, shall establish the rules of conduct for the members of the administrative and control bodies, employees, financial salesmen and collaborators with reference to at least: a) the obligation to protect data of a confidential nature obtained from investors or which such persons possess in view of their functions; b) the procedures established for carrying out personal transactions involving financial instruments; c) the procedures for handling relationships with investors who intend to employ agents or appointees for the purpose of concluding contracts or executing transactions where such persons are directors, members of the board of auditors, employees, collaborators or financial salesmen of the intermediary; d) the prohibition to receive benefits from third parties that could lead to</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

		<p>conduct contrary to the interests of investors or of the person on whose behalf they act.</p> <p style="text-align: center;">Bank of Italy regulation of 4 august 2000 Title III – Supervision; Chapter II - Administrative and accounting procedures and internal control mechanisms</p> <p>2. Internal Controls. See above standard n. 9.</p>	
<p>15. An investment firm must keep records relevant for the purpose of demonstrating compliance with the conduct of business rules, for a period of five years in order to enable the competent authority to verify compliance with these rules. Tape recording of orders must be kept for a period of one year.</p>	CONSOB	<p style="text-align: center;">Article 56, paragraph n. 2, of Consob Regulation 11522 (Internal procedures)</p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to:</p> <p>a) ensure the orderly and correct supply of services;</p> <p>b) reconstruct the times and types of action taken in supplying services;</p> <p>c) ensure adequate internal monitoring of the activities of the personnel involved and financial salesmen.</p> <p style="text-align: center;">Article 69, paragraph n. 2, of Consob Regulation 11522 (Conservation of records and documents)</p> <p>1. Without prejudice to statutory provisions on the conservation of books and documents:</p> <p>a) the records referred to in this regulation shall be conserved for at least eight years;</p> <p>b) the confirmation notices and magnetic recordings of orders and authorizations given by telephone referred to in this regulation shall be conserved for at least two years;</p> <p>c) the contracts, correspondence and documents referred to in this regulation shall be conserved for at least five years from the date of the termination of the relationships with the investors involved.</p> <p>2. The contracts, correspondence and documents referred to in this regulation may be conserved using magnetic media, microfilm, optical or digital media or in other technically equivalent forms.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field in order to: clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>16. An investment firm must keep a register of customer complaints related to the provision of the investment services and the measures taken for their resolution and must regularly verify whether complaints are adequately processed.</p>	CONSOB	<p style="text-align: center;">Article 59 of Consob Regulation 11522 (Complaints)</p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall establish and keep an electronic register in which the essential elements of complaints made in writing by investors shall be promptly recorded.</p> <p>2. The register of complaints, kept by the person responsible for the internal control function, must contain at least the following information:</p> <p>a) the identity of the investor who lodged the complaint and that of the service to which the complaint refers;</p> <p>b) the identity of the employee, collaborator or financial salesman to whom the investor was assigned for the supply of the service, and the organizational unit to which such person belongs and the head thereof;</p> <p>c) the dates on which the complaint was lodged and received;</p> <p>d) the reasons for the complaint;</p>	

		<p>e) the sums of money and the value of the financial instruments belonging to the investor held in total by the intermediary; f) the economic injury alleged by the investor or estimated on the basis of the contents of the complaint; g) the dates of any correspondence with the investor prior to the outcome of the complaint; h) a summary appraisal of the complaint and its outcome; i) the date of the notification of the outcome of the complaint.</p> <p>3. Authorized intermediaries, asset management companies and SICAVs shall deal with complaints promptly. The final outcome of a complaint, containing the intermediary's decisions, shall be notified in writing to the investor, as a rule within 90 days of its receipt.</p> <p>4. Within forty days from the end of each half-year the person responsible for the internal control function shall transmit to the board of directors and the board of auditors a report describing, for each service supplied, the overall situation with regard to the complaints received. Where the analysis and appraisal of the complaints received in the half-year show that overall they were due to organizational and/or procedural shortcomings, the person responsible for the internal control function shall describe the shortcomings and proposals for remedying them in a special section of the report. Within the scope of their respective authority, the board of directors and the board of auditors shall formalize their comments and decisions concerning the report received.</p>	
<p>17. An investment firm must establish a code of conduct for members of the board, directors, partners, employees and tied-agents. The code of conduct must contain:</p> <ol style="list-style-type: none"> a) the rules and procedure to meet the obligation to protect data of a confidential nature; b) the rules and procedures for carrying out personal transactions involving financial instruments; c) the rules and procedures governing the business relationship with customers in order to ensure that the persons referred to above, in particular where a conflict of interest may arise, always act in the best interests of customers, and that such persons do not take advantage of any confidential information; d) the investment firm's policy on conflicts of interest and inducements. 	<p>CONSOB</p>	<p>Article 58, paragraph n. 1, of Consob Regulation 11522 (Internal code of conduct)</p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall adopt and comply with a self-regulatory code of conduct, <i>inter alia</i> by referring to those of the professional associations connected with the services supplied. Such code, in accordance with the prescriptions of the Consolidated Law, shall establish the rules of conduct for the members of the administrative and control bodies, employees, financial salesmen and collaborators with reference to at least:</p> <ol style="list-style-type: none"> a) the obligation to protect data of a confidential nature obtained from investors or which such persons possess in view of their functions; b) the procedures established for carrying out personal transactions involving financial instruments; c) the procedures for handling relationships with investors who intend to employ agents or appointees for the purpose of concluding contracts or executing transactions where such persons are directors, members of the board of auditors, employees, collaborators or financial salesmen of the intermediary; d) the prohibition to receive benefits from third parties that could lead to conduct contrary to the interests of investors or of the person on whose behalf they act. <p>2. Authorized intermediaries, asset management companies and SICAVs shall comply with the self-regulatory codes adopted by the professional</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field in order:</p> <ul style="list-style-type: none"> • to clarify the specific obligations arising from the general principles laid down in the provisions at present in force and • require that the internal code of conduct contains explicit reference to the firm's policy on conflict of interests and inducements.

		associations to which they belong. 3. Authorized intermediaries, asset management companies and SICAVs shall refrain from behaving and shall control that their employees, collaborators and financial salesmen do not behave in a way that endangers, is deemed to endanger or is indicative of a situation that endangers the savings of the public or the market.	
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1.4. COLD CALLING ⁶

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<i>18. For the purpose of protecting customers from undue pressure to enter into a contract, cold calls can only be made to potential customers in accordance with the rules set out below.</i>	CONSOB	<p align="center">Article 30 of Legislative decree n. 58/1998 <i>Door-to-door selling</i></p> <p>1. Door-to-door selling shall mean the promotion and placement with the public of: a) financial instruments in a place other than the registered office or the establishments of the issuer, the offeror or the person appointed to carry out the promotion or placement; b) investment services in a place other than the registered office or the establishments of the provider, promoter or seller of the service.</p> <p>2. Such activities shall not constitute door-to-door selling where they involve professional investors as defined in a regulation issued by Consob after consulting the Bank of Italy.</p> <p>3. Door-to-door selling of financial instruments may be carried on by: a) persons authorized to perform the service referred to in Article 1(5c); b) Italian management companies, harmonized management companies and SICAVs, exclusively for units and shares of collective investment undertakings.</p> <p>4. Investment firms, banks, financial intermediaries entered in the special register provided for in Article 107 of the Banking Law, Italian management companies and harmonized management companies may engage in door-to-door selling of their own investment services. Where such selling involves services provided by other intermediaries, investment firms and banks must be authorized to perform the service referred to in Article 1(5c).</p> <p>5. Investment firms and banks may engage in door-to-door selling of products, other than financial instruments and investment services, the characteristics of which shall be established in a regulation issued by Consob after consulting the Bank of Italy.</p> <p>6. The enforceability of contracts for the placement of financial instruments or the management of individual portfolios concluded outside</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

⁶ These rules are without prejudice to any provisions of EU law governing the means whereby or conditions under which an investment firm or its tied-agent may initiate unsolicited contacts with a prospective customer.

		<p>the registered office or sold via telemarketing pursuant to Article 32 shall be suspended for a period of seven days beginning on the date of subscription by the investor. Within that period the investor may notify his withdrawal from the contract at no expense and without any compensation for the financial salesman or the authorized person. This possibility shall be mentioned in the forms given to the investor. The same rules shall apply to contract proposals effected outside the registered office or via telemarketing pursuant to Article 32.</p> <p>7. Failure to indicate the right of withdrawal in forms shall result in the nullity of the related contracts, which may be enforced only by the customer.</p> <p>8. Paragraph 6 shall not apply to public offerings of shares with voting rights or other financial instruments permitting such shares to be acquired or subscribed for, provided the shares or financial instruments are traded in regulated markets in Italy or other EU countries.</p> <p>9. This article shall also apply to financial products different from financial instruments and the products referred to in Article 100(1f).</p> <p>Article 32 of Legislative decree n. 58/1998 (Telemarketing of investment services and financial instruments)</p> <p>1. Telemarketing techniques shall mean techniques of contacting customers, other than advertising, which do not involve the simultaneous physical presence of the customer and the offeror or a person appointed by the offeror.</p> <p>2. Consob, after consulting the Bank of Italy, may issue a regulation, in conformity with the principles established in Article 30, on the telemarketing of financial instruments other than those specified in Article 100(1f), specifying also the cases in which authorized persons must use financial salesmen.</p>	
<p>19. Cold calls may only be made by persons employed by, or appointed as tied-agent⁷ by an investment firm. Responsibility for the competence and activities of such persons rests with the firm.</p>	<p>CONSOB</p>	<p>Article 31, paragraph n. 3, of Legislative decree n. 58/1998 (Financial salesmen)</p> <p>3. The authorized person who gives the charge shall be jointly and severally liable for losses caused to third parties by a financial salesman, including cases where such losses are the consequence of a criminal offence which has resulted in conviction.</p> <p style="text-align: center;">ooo</p> <p>Article 36, paragraph n. 1, of Consob Regulation 11522 (Door-to-door selling)</p> <p>1. In performing the activity of door-to-door selling of financial instruments, investment services and financial products governed by Article 30 of the Consolidated Law, authorized intermediaries shall use financial salesmen to:</p> <p>(...);</p>	

⁷ This is without prejudice to the applicability of professional requirements, imposed at national level.

		°°° Article 76, of Consob Regulation 11522 <i>(Financial salesmen)</i>	
		<p>1. In distance marketing based on means of distance communications that permit individualized communication and immediate interaction with investors, authorized persons must use financial salesmen.</p> <p>2. The obligation to use financial salesmen shall not apply where the activity referred to in paragraph 1 is performed at the initiative of investors, provided such initiative has not been solicited with messages addressed to them personally.</p>	
20. An investment firm cold calling customers may do so only between the hours of 9.00 a.m. and 9.00 p.m. Monday to Saturday (local time for the customer) and excluding local national holidays.	CONSOB		Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to implement this rule in detail
21. The identity of the person making the cold call, the investment firm on whose behalf the person is acting, and the commercial purpose of the cold call must be explicitly identified at the beginning of any conversation with the consumer. The caller must also make reference to the frozen period (see par. 24) during which orders may not be executed.	CONSOB	Article 36, paragraph n. 1, of Consob Regulation 11522 <i>(Door-to-door selling)</i> <p>1. In performing the activity of door-to-door selling of financial instruments, investment services and financial products governed by Article 30 of the Consolidated Law, authorized intermediaries shall use financial salesmen to:</p> <p>a) obtain and supply information and deliver copies of the documents referred to in Articles 28 and 29.3;</p> <p>b) deliver to investors before the signing of the document for the purchase or subscription of financial instruments or other financial products a copy of the prospectus or other information documents, where prescribed, or of the contracts for the supply of investment services;</p> <p>c) explain to investors:</p> <ul style="list-style-type: none"> - before they sign an order form for the purchase or subscription of financial instruments or other financial products or a contract for the supply of investment services, the essential elements of the transaction, service or product, with special reference to the related costs and capital risks; - the right provided for in Article 30.6 of the Consolidated Law; 	
		°°° Article 30, paragraph n. 6, of Legislative decree n. 58/1998 <i>(Door-to-door selling)</i>	
		<p>6. The enforceability of contracts for the placement of financial instruments or the management of individual portfolios concluded outside the registered office or sold via telemarketing pursuant to Article 32 shall be suspended for a period of seven days beginning on the date of subscription by the investor. Within that period the investor may notify his withdrawal from the contract at no expense and without any compensation for the financial salesman or the authorized person. This possibility shall be mentioned in the forms given to the investor. The same</p>	

		<p>rules shall apply to contract proposals effected outside the registered office or via telemarketing pursuant to Article 32.</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 96, paragraph n. 1, 3 and 4 of Consob Regulation 11522 <i>(Rules of presentation and conduct towards investors)</i></p> <p>1. On the occasion of the first contact, salesmen shall:</p> <p>a) give investors a copy of a declaration drawn up by the authorized intermediary setting out its identification data, the details of its entry in the register and the personal identification data of the salesman, and the address to which the declaration of withdrawal referred to in Article 30.6 of the Consolidated Law is to be sent;</p> <p>b) give investors a copy of a document conforming to the model in Annex 8.</p> <p>3. Salesmen shall fulfil the obligations to inform investors clearly and completely and verify that they have understood the essential features of the proposed transaction with regard not only to the related costs and capital risks but also to its suitability in relation to their situation.</p> <p>4. In distance marketing:</p> <p>a) the information and clarifications that salesmen must provide to the investor or acquire from the latter shall be provided or acquired in a clear and comprehensible way using procedures appropriate to the characteristics of the means of distance communication employed;</p> <p>b) the documents that salesmen must deliver to or acquire from investors may be transmitted using means of distance communication, provided the latter's characteristics are compatible with such transmission and allow the addressee to store the documents on a permanent medium.</p>	
<p>22. The person making the cold call is also required to establish whether the potential customer wishes the cold call to proceed or not. An investment firm must abide by a request from the customer either to end the cold call and/or not to cold call again.</p>	<p>CONSOB</p>	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p style="text-align: center;">Article 74 of Consob Regulation 11522 <i>(Limits on the use of means of distance communications)</i></p> <p>1. Distance marketing may not be performed and, where already initiated, must be immediately discontinued towards investors who explicitly declare their objection to the initiation or continuation thereof.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>23. An investment firm must not exert undue pressure on a potential customer during the course of a cold call and must be able to demonstrate that this is not the case, for example, by recording any such telephone calls.</p>	<p>CONSOB</p>	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 56, paragraph n. 2, of Consob Regulation 11522</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force..</p>

		<p align="center"><i>(Internal procedures)</i></p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to:</p> <p>a) ensure the orderly and correct supply of services;</p> <p>b) reconstruct the times and types of action taken in supplying services;</p> <p>c) ensure adequate internal monitoring of the activities of the personnel involved and financial salesmen.</p> <p align="center">Article 74 of Consob Regulation 11522</p> <p align="center"><i>(Limits on the use of means of distance communications)</i></p> <p>1. Distance marketing may not be performed and, where already initiated, must be immediately discontinued towards investors who explicitly declare their objection to the initiation or continuation thereof.</p>	
24. During the period for which the customer benefits from a right of withdrawal from the contract (as determined by Article 4.a of the Distance Marketing Directive), an investment firm shall not execute any customer orders in respect of financial instruments under the contract.	CONSOB	<p align="center">Article 30, paragraph n. 6, of Legislative decree n. 58/1998</p> <p align="center"><i>(Door-to-door selling)</i></p> <p>6. The enforceability of contracts for the placement of financial instruments or the management of individual portfolios concluded outside the registered office or sold via telemarketing pursuant to Article 32 shall be suspended for a period of seven days beginning on the date of subscription by the investor. Within that period the investor may notify his withdrawal from the contract at no expense and without any compensation for the financial salesman or the authorized person. This possibility shall be mentioned in the forms given to the investor. The same rules shall apply to contract proposals effected outside the registered office or via telemarketing pursuant to Article 32.</p>	

2. INFORMATION TO BE PROVIDED TO CUSTOMERS

2.1) BASIC REQUIREMENTS

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<i>25. An investment firm must pay due regard to the information needs of its customers and communicate information to them that is fair, clear, and not misleading.</i>	CONSOB	<p align="center">Article 21, paragraph n. 1, of Legislative decree n. 58/1998</p> <p align="center"><i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>b) acquire the necessary information from customers and operate in such a way that they are always adequately informed;</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force..

		<p>(...);</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 28 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>1. Before concluding contracts for asset management or investment advice services and starting to supply investment services or related non-core services, authorized intermediaries must:(31)</p> <p>a) ask investors for information about their experience in investing in financial instruments, financial situation, investment objectives and propensity to incur risks. In the event of refusal to provide the information requested, this must be stated in the contract referred to in Article 30 or in a declaration signed by the investor;</p> <p>b) give investors a copy of the document on the general risks of investments in financial instruments referred to in Annex 3.</p> <p style="text-align: center;">Article 96, paragraph n. 3 and 4 of Consob Regulation 11522 <i>(Rules of presentation and conduct towards investors)</i></p> <p>3. Salesmen shall fulfil the obligations to inform investors clearly and completely and verify that they have understood the essential features of the proposed transaction with regard not only to the related costs and capital risks but also to its suitability in relation to their situation.</p> <p>4. In distance marketing:</p> <p>a) the information and clarifications that salesmen must provide to the investor or acquire from the latter shall be provided or acquired in a clear and comprehensible way using procedures appropriate to the characteristics of the means of distance communication employed; (...).</p>	
27. The firm must ensure that information provided to customers is clear and comprehensible. The content and purpose of the information should be easily understood and key items should be given due prominence. The method of presentation of the information must not disguise, diminish or obscure important warnings or statements.	CONSOB	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule n. 25</p> <p style="text-align: center;">Article 28, paragraph n. 1 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule 25</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force..
26. An investment firm must supply its customers on a timely basis with the information that enables them to make informed investment decisions.	CONSOB	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule n. 25</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>1. Before concluding contracts for asset management or investment advice services and starting to supply investment services or related non-core services, authorized intermediaries must: (...)</p> <p>b) give investors a copy of the document on the general risks of</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force..

		<p>investments in financial instruments referred to in Annex 3.</p> <p>2. Authorized intermediaries may not carry out or recommend transactions or supply management services until they have provided investors with adequate information on the nature, risks and implications of the transaction or service in question, knowledge of which is needed to make informed investment and disinvestment decisions.</p>	
<p>28. In supplying information on a timely basis the investment firm must take into consideration: a) the urgency of the situation and b) the time necessary for a customer to absorb and react to the information provided and c) the terms of business agreed with the customer.</p>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...);</p> <p style="text-align: center;">ooo</p> <p>Article 28, paragraph n. 1 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule 25</p> <p>Article 96, paragraph n. 1 and 3 of Consob Regulation 11522 <i>(Rules of presentation and conduct towards investors)</i></p> <p>1. On the occasion of the first contact, salesmen shall:</p> <p>3. Salesmen shall fulfil the obligations to inform investors clearly and completely and verify that they have understood the essential features of the proposed transaction with regard not only to the related costs and capital risks but also to its suitability in relation to their situation.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

2.2.) MARKETING COMMUNICATIONS ⁸

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<p>29. If an investment firm provides information in a marketing communication it must be fair, clear and not misleading.</p>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific</p>

⁸ This is without prejudice of EU or national provision requiring authorisation and/or other requirements affecting the provision of marketing services.

		<p>and the integrity of the market; (...);</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 101, of Legislative decree n. 58/1998 (Advertisements)</p> <p>1. Prior to the publication of the prospectus, public offerings may not be advertised in any way. Advertisements must be transmitted in advance to Consob.</p> <p>2. Advertisements shall comply with the guidelines laid down by Consob in a regulation having regard to the accuracy of the information and its conformity with the contents of the prospectus.</p> <p>3. Consob may:</p> <p>a) suspend the further diffusion of an advertisement as a precautionary measure for a maximum of ninety days in the event of a well-founded suspicion of violation of the provisions of this article or the related regulations;</p> <p>b) prohibit the further diffusion of an advertisement in the event of an ascertained violation of the provisions or rules referred to in subparagraph a).</p> <p>c) prohibit the making of the public offering in the event of failure to comply with the measures referred to in subparagraphs a) or b).</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 17 of Consob Regulation 11971 (General criteria for preparing advertisements)</p> <p>1. Advertisements must be clearly recognizable as such. The information contained in an advertisement must be expressed clearly and correctly and be consistent with that contained in the prospectus.</p> <p>2. The message conveyed by the advertisement must not be likely to mislead as to the features, nature and risks of the products offered and of the related investment.</p> <p>3. Following publication of the document referred to in Articles 6, 61 or 63 in the manner specified in Article 8, the offering may advertised provided the advertisements refer only to features of the issuer or of the financial products involved in the offering that have already been made public.</p> <p>4. Every advertisement must include the following warning in a manner ensuring it is immediately and easily noticed: "Read the prospectus before accepting". Where audiovisual media are used, the warning must at least be spoken.</p>	<p>obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>30. The promotional purpose of marketing communications issued by an investment firm must not be disguised.</p>	<p>CONSOB</p>	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...);</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the</p>

			provisions at present in force.
31. The information provided by an investment firm in a marketing communication must be consistent with the information it provides to its customers in the course of the provision of the investment services.	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria) See above rule n. 30	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
32. Any marketing communication must contain at least the information about the investment firm defined in points a) and b) of paragraph 36. In case of a cross border marketing communication, the information provided must in addition state that information about the firm can also be obtained from or through the competent authority of the Member State where the customer resides.	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria) See above rule n. 30	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify: <ul style="list-style-type: none"> • the specific obligations arising from the general principles laid down in the provisions at present in force and • the minimum content of marketing communications.
33. An investment firm must not use the name of the competent authority in such a way that would indicate endorsement or approval of its services.	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria) See above rule n. 30	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
34. Where a marketing communication refers to a financial instrument or an investment service it must contain at least the information referred to in points a) and d) of paragraph 40.	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria) See above rule n. 30 Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 (Communication of information between intermediaries and investors) See above rule n. 26	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify: <ul style="list-style-type: none"> • the specific obligations arising from the general principles laid down in the provisions at present in force and • the minimum content of marketing communications. .

2.3) INFORMATION ABOUT THE INVESTMENT FIRM

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<p>35. Before providing investment services an investment firm must supply adequate information about itself and the services it provides.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...);</p> <p>Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule n. 26</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>36. An investment firm must provide customers with the following information prior to the commencement of provision of investment services:</p> <ul style="list-style-type: none"> a) the identity of the investment firm, the (financial) group to which the investment firm belongs, its postal address and telephone number; b) the fact that the investment firm is authorised and/or registered and the name of the competent authority that has authorised and/or registered it; c) the functions that the investment firm performs so that the customer is able to assess the scope of the firm's responsibilities; d) the relevant compensation scheme(s); e) where such a procedure exists, a description of the mechanism(s) for settling disputes between the parties such as an out-of-court complaint and redress mechanism; f) an outline of the firm's policies in relation to conflicts of interest and inducements; g) the languages in which the customer can communicate with the investment firm. 	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 35</p> <p>Article 28, paragraph n. 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule n. 26</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field which specifies in detail the information that investment firms have to provide to their customers prior to the commencement of provision of investment services.</p>

2.4) INFORMATION ON FINANCIAL INSTRUMENTS AND INVESTMENT SERVICES

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<p><i>37. An investment firm must inform customers of the key features of investment services and financial instruments envisaged, according to the nature of such instruments and services.</i></p>	<p>CONSOB</p>	<p>Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 (Communication of information between intermediaries and investors)</p> <p>1. Before concluding contracts for asset management or investment advice services and starting to supply investment services or related non-core services, authorized intermediaries must: (...); b) give investors a copy of the document on the general risks of investments in financial instruments referred to in Annex 3.</p> <p>2. Authorized intermediaries may not carry out or recommend transactions or supply management services until they have provided investors with adequate information on the nature, risks and implications of the transaction or service in question, knowledge of which is needed to make informed investment and disinvestment decisions.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">ANNEX 3</p> <p style="text-align: center;">THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS</p> <p>This document does not describe all the risks and other important aspects of investments in financial instruments or individual portfolio management services. Its purpose is to provide some basic information on the risks connected with such investments and services.</p> <p style="text-align: center;">GENERAL ADVICE</p> <p>Before investing in financial instruments prospective investors should ask their intermediary about the nature and risks of the transactions they are preparing to carry out. Investors should conclude a transaction only if they understand its nature and the degree of exposure to risk it involves. Once the risk associated with a transaction has been assessed, before concluding the contract the investor and the intermediary must determine whether the investment is appropriate, with special reference to the investor's net assets, investment goals and experience in investing in financial instruments. (...).</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 30, paragraph n. 1 and 2 of Consob Regulation 11522 (Contracts with investors)</p> <p>1. Authorized intermediaries may not supply investment services except on the basis of a contract in writing; a copy of the contract shall be given to the investor.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

		<p>2. The contract with the investor must: a) specify the services provided and their characteristics; (...).</p>	
<p>40. The information provided to customers can be delivered using standard documentation but must include the following as a minimum:</p> <ol style="list-style-type: none"> a description of the main characteristics⁹ of the instrument/service, including the nature of the financial commitment, whether the instruments involved are traded on a regulated market or not and the risks involved; price, including commissions, fees and other charges, relating to the transaction, the instrument or service; arrangements for payment and performance; details on any cancellation rights or rights of reflection that may apply. 	<p>CONSOB</p>	<p>Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>1. Before concluding contracts for asset management or investment advice services and starting to supply investment services or related non-core services, authorized intermediaries must: (...);</p> <p>b) give investors a copy of the document on the general risks of investments in financial instruments referred to in Annex 3.</p> <p>2. Authorized intermediaries may not carry out or recommend transactions or supply management services until they have provided investors with adequate information on the nature, risks and implications of the transaction or service in question, knowledge of which is needed to make informed investment and disinvestment decisions.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">ANNEX 3</p> <p style="text-align: center;">THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS</p> <p>This document does not describe all the risks and other important aspects of investments in financial instruments or individual portfolio management services. Its purpose is to provide some basic information on the risks connected with such investments and services.</p> <p style="text-align: center;">GENERAL ADVICE</p> <p>Before investing in financial instruments prospective investors should ask their intermediary about the nature and risks of the transactions they are preparing to carry out. Investors should conclude a transaction only if they understand its nature and the degree of exposure to risk it involves. Once the risk associated with a transaction has been assessed, before concluding the contract the investor and the intermediary must determine whether the investment is appropriate, with special reference to the investor's net assets, investment goals and experience in investing in financial instruments. (...).</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 30, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>1. Authorized intermediaries may not supply investment services except on the basis of a contract in writing; a copy of the contract shall be given to the investor.</p> <p>2. The contract with the investor must: a) specify the services provided and their characteristics;</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

⁹ If the customer envisages undertaking transactions in derivatives, the information provided must include an explanation of their characteristics (especially the leverage effect, the duration of the contract, the liquidity and volatility of the market), a description of their underlying parameters (e.g. equities/interest rates/currencies), and the method to be used to execute the customer's transactions (in particular, whether on a regulated market or not).

		<p>b) establish the period of validity of the contract and the procedure for renewing it, and the procedure for modifying the contract;</p> <p>c) specify the procedures by means of which the investor may give orders and instructions;</p> <p>d) establish the frequency, type and content of the documentation to be sent to the investor to report on the activity carried out;</p> <p>e) specify and regulate, with reference to contracts for trading and the reception and transmission of orders, the procedures for providing and replenishing the means for carrying out or guaranteeing the transactions ordered, with the means provided for carrying out transactions involving derivative financial instruments and warrants indicated separately;</p> <p>f) specify any other contractual conditions agreed with the investor for the supply of the service.</p>	
<p>38. An investment firm must communicate clearly and precisely to the customer all the charges relating to the services or instruments envisaged and how the charges are calculated.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>Article 23, paragraph n. 2, of Legislative decree n. 58/1998 <i>(Contracts)</i></p> <p>2. Any clause which refers to usage for the determination of the fee payable by customers or any other amount charged to them shall be null. In such cases, nothing shall be payable.</p> <p style="text-align: center;">ooo</p> <p>Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>1. Before concluding contracts for asset management or investment advice services and starting to supply investment services or related non-core services, authorized intermediaries must:</p> <p>(...);</p> <p>b) give investors a copy of the document on the general risks of investments in financial instruments referred to in Annex 3.</p> <p>2. Authorized intermediaries may not carry out or recommend transactions or supply management services until they have provided investors with adequate information on the nature, risks and implications of the transaction or service in question, knowledge of which is needed to make informed investment and disinvestment decisions.</p> <p>Article 30, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>1. Authorized intermediaries may not supply investment services except on the basis of a contract in writing; a copy of the contract shall be given to the investor.</p> <p>2. The contract with the investor must:</p> <p>(...);</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

		<p>f) specify any other contractual conditions agreed with the investor for the supply of the service.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">ANNEX 3</p> <p style="text-align: center;">THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS</p> <p>Paragraph n. 4.2) Commissions and other charges Before starting to invest, investors should obtain detailed information regarding all the commissions, expenses and other charges that will be payable to the intermediary. Such information must in any case be stated in the investment service contract. Investors must always remember that such charges will be subtracted from any gains on transactions whereas they will be added to any losses.</p>	
<p>41. The information to be disclosed to customers on commissions, charges and fees must contain:</p> <p>a) the basis or amount of the charges for transactions, products or services, detailing, where appropriate, the percentage or rate applicable, the frequency with which it is applied, any maximum or fixed minimum fees and, where the commission or fee must be paid in foreign currency, the currency involved;</p> <p>b) if various investment firms are to be involved in a transaction or service, an estimate of the other fees that will be payable.</p>		<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 38</p> <p style="text-align: center;">Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule 38</p> <p style="text-align: center;">Article 30, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>1. Authorized intermediaries may not supply investment services except on the basis of a contract in writing; a copy of the contract shall be given to the investor. 2. The contract with the investor must: (...); f) specify any other contractual conditions agreed with the investor for the supply of the service.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">ANNEX 3</p> <p style="text-align: center;">THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS</p> <p>Paragraph n. 4.2) Commissions and other charges Before starting to invest, investors should obtain detailed information regarding all the commissions, expenses and other charges that will be payable to the intermediary. Such information must in any case be stated in the investment service contract. Investors must always remember that such charges will be subtracted from any gains on transactions whereas they will be added to any losses.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>42. In order to give a fair and adequate description of the investment service or financial instrument, an investment firm must avoid accentuating the potential benefits of an investment service or financial instrument without also giving a fair indication of the risks.</p>	<p style="text-align: center;">CONSOB</p>	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 38</p> <p style="text-align: center;">Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule 38</p> <p style="text-align: center;">Article 18 of Consob Regulation 11971 <i>(Description of past yields and other data)</i></p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

		<p>1. Advertisements reporting past yields of a proposed investment must:</p> <p>a) specify the period to which the calculation of the yield refers;</p> <p>b) indicate clearly the risk profile associated with the yield;</p> <p>c) compare the yield with the benchmark indicated in the prospectus or notified pursuant to Article 27.4;</p> <p>d) show such yields net of tax and, where this is not possible, specify that they are gross of tax;</p> <p>e) specify that there is no guarantee of obtaining equal yields in the future.</p> <p>2. Advertisements reporting the results of statistics, research or data processing or referring thereto must specify the sources.</p>	
43. The fair and adequate description of a compound product must contain all the relevant characteristics of the composite instruments including, for example, the different services involved, the duration of the product, whether the instrument involves credit, the interest due, etc.	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 38</p> <p>Article 28, paragraph n. 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>2. Authorized intermediaries may not carry out or recommend transactions or supply management services until they have provided investors with adequate information on the nature, risks and implications of the transaction or service in question, knowledge of which is needed to make informed investment and disinvestment decisions.</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force
44. The information on financial instruments and investment services must not state or imply that the performance of services or of the investment is guaranteed unless there is a legally enforceable arrangement to meet in full an investor's claim under the guarantee. Sufficient detail about the guarantor and the guarantee must be provided to enable the investor to make a fair assessment of the guarantee.	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 38</p> <p>Article 18 of Consob Regulation 11971 <i>(Description of past yields and other data)</i></p> <p>1. Advertisements reporting past yields of a proposed investment must:</p> <p>a) specify the period to which the calculation of the yield refers;</p> <p>b) indicate clearly the risk profile associated with the yield;</p> <p>c) compare the yield with the benchmark indicated in the prospectus or notified pursuant to Article 27.4;</p> <p>d) show such yields net of tax and, where this is not possible, specify that they are gross of tax;</p> <p>e) specify that there is no guarantee of obtaining equal yields in the future.</p> <p>2. Advertisements reporting the results of statistics, research or data processing or referring thereto must specify the sources.</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to implement this rule in detail.

<p>45. When information provided refers to a particular tax treatment the investment firm must advise the customer that the tax treatment depends on his personal situation and is subject to change and that he may wish to obtain independent tax advice.</p>		<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 38</p> <p>Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule 38</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field in order to:</p> <ul style="list-style-type: none"> clarify the specific obligations arising from the general principles laid down in the provisions at present in force and inform the customer that he or she may request an independent tax advice.
<p>39. If information provided by an investment firm refers either to the past performance or to a forecast of the future performance of a financial instrument or investment service, this information must be relevant to the instrument or service being promoted and the source of the information must be stated.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 38</p> <p>Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule 38</p> <p>Article 18 of Consob Regulation 11971 <i>(Description of past yields and other data)</i></p> <p>See above rule n. 44</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field in order to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>46. If a reference to historical performance of investment services or financial instruments is made, it must be clearly expressed that the figures refer to the past, and that they may not constitute reliable guidance as to the performance of these services and instruments in the future.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 38</p> <p>Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule 38</p> <p>Article 18 of Consob Regulation 11971 <i>(Description of past yields and other data)</i></p> <p>See above rule n. 44</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>47. The use of simulated returns is prohibited. If the information refers to actual returns based on past performance:</p> <ol style="list-style-type: none"> the reference period must be stated and must not be less than one year; where returns relate to more than one year, they must either be reduced to a compound annual rate or stated separately as annual returns; where a compound annual return is presented for more than one year, a reference period of five years must be used provided the relevant data are available. If the relevant data are not available over a reference period of five years (e.g. because the financial 	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 38</p> <p>Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule 38</p> <p>Article 18 of Consob Regulation 11971 <i>(Description of past yields and other data)</i></p> <p>See above rule n. 44</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to:</p> <ul style="list-style-type: none"> clarify the specific obligations arising from the general principles laid down in the provisions at present in force and obligations to which they have to comply when providing information about actual returns based on past performance.

<p>instrument or the investment portfolio has not existed for such a period), the returns may be measured from the issue date or the date on which the portfolio was established;</p> <p>d) where a benchmark is used to compare returns, it must be identified and its reference period must be relevant, clear and sufficient to provide a fair and balanced indication of performance of the investment service or financial instrument being promoted;</p> <p>e) if the return figures are not denominated in local currency, the currency used must be stated and reference shall be made to the currency risk for the return in local currency;</p> <p>f) the information for the comparison should be based on net performances or if it is based on gross performances commissions, fees or other charges have to be disclosed.</p>			
<p>48. The relevant provisions on actual returns shall apply to the method of calculating and presenting any future returns. Information on estimated future returns must state that these future returns are forecasts. Such forecasts must in turn be based on objective, realistic assumptions of investment returns.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 38</p> <p>Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule 38</p> <p>Article 18 of Consob Regulation 11971 <i>(Description of past yields and other data)</i></p> <p>See above rule n. 44</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force</p>
<p>49. Any estimate, forecast or promise contained in the information on financial instruments and investment services must be clearly expressed, must state the assumptions on which it is based, must be relevant and must not mislead the customer.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 38</p> <p>Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule 38</p> <p>Article 18 of Consob Regulation 11971 <i>(Description of past yields and other data)</i></p> <p>See above rule n. 44</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>50. If information provided contains comparisons, the requirement of being fair, clear and not misleading means that the comparisons must:</p> <p>a) be based either on data from attributed sources or disclosed assumptions;</p> <p>b) be presented in a fair and balanced way;</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 38</p> <p>Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule 38</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general</p>

c) take reasonable steps not to omit any fact that is material to the comparison.		<p align="center">Article 18 of Consob Regulation 11971 <i>(Description of past yields and other data)</i></p> <p>See above rule n. 44</p>	principles laid down in the provisions at present in force.
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2.5) RISK WARNINGS

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<p><i>51. An investment firm must provide its customers with risk statements that warn of the risks associated with financial instruments and transactions having regard to the customer's knowledge, experience, investment objectives and risk profile.</i></p>	CONSOB	<p align="center">Article 28, paragraphs n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>1. Before concluding contracts for asset management or investment advice services and starting to supply investment services or related non-core services, authorized intermediaries must:</p> <p>a) ask investors for information about their experience in investing in financial instruments, financial situation, investment objectives and propensity to incur risks. In the event of refusal to provide the information requested, this must be stated in the contract referred to in Article 30 or in a declaration signed by the investor;</p> <p>b) give investors a copy of the document on the general risks of investments in financial instruments referred to in Annex 3.2. Authorized intermediaries may not carry out or recommend transactions or supply management services until they have provided investors with adequate information on the nature, risks and implications of the transaction or service in question, knowledge of which is needed to make informed investment and disinvestment decisions.</p> <p align="center">ooo</p> <p align="center">ANNEX 3, of Consob Regulation 11522 THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS</p> <p>See below rule 53</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
<p>53. An investment firm must provide its customers with risk warnings as appropriate. Instances where the type of instrument or transaction envisaged makes specific risk warnings necessary include:</p> <ul style="list-style-type: none"> - financial instruments not traded on a regulated market; - transactions in illiquid financial instruments; - leveraged transactions; - financial instruments subject to high volatility in normal market conditions; - securities repurchase agreements or securities lending agreements; - transactions which involve credit, 	CONSOB	<p align="center">Article 28, paragraph n. 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>See above rule n. 51</p> <p align="center">ooo</p> <p align="center">ANNEX 3, of Consob Regulation 11522 THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS</p> <p>This document does not describe all the risks and other important aspects of investments in financial instruments or individual portfolio management services. Its purpose is to provide some basic information on the risks connected with such investments and services.</p> <p align="center">GENERAL ADVICE</p> <p>Before investing in financial instruments prospective investors should ask their intermediary about the nature and risks of the transactions they are preparing to carry out.</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

<p>margin payments or the deposit of collateral; - transactions involving foreign exchange risk.</p>		<p>Investors should conclude a transaction only if they understand its nature and the degree of exposure to risk it involves. Once the risk associated with a transaction has been assessed, before concluding the contract the investor and the intermediary must determine whether the investment is appropriate, with special reference to the investor's net assets, investment goals and experience in investing in financial instruments.</p> <p style="text-align: center;">PART "A" MEASURING THE RISK OF AN INVESTMENT IN FINANCIAL INSTRUMENTS</p> <p>In order to appreciate the risk of an investment in financial instruments, the following have to be taken into account:</p> <ol style="list-style-type: none"> 1) the variability of the price of the financial instrument; 2) its liquidity; 3) the currency in which it is denominated; 4) other factors of general risk. <p>1) Price variability The price of a financial instrument depends on numerous factors and can vary more or less markedly, according to its nature.</p> <p style="text-align: center;">1.1) Equity securities and debt securities</p> <p>To begin with, it is necessary to distinguish between equity securities (the most common securities of this type are shares) and debt securities (among the most common of which are bonds and certificates of deposit), bearing in mind that:</p> <ol style="list-style-type: none"> a) buying equity securities means becoming a member of the issuer company and participating fully in its economic risk. Investors in shares are entitled to receive the dividend distributed each year out of the profits made during the reference period as decided by the shareholders' meeting. The shareholders' meeting may, however, decide not to distribute any dividend; b) buying debt securities means becoming a lender to the company or entity that issued them and being entitled to receive the periodic interest payments stipulated in the issue rules and to repayment of the principal at maturity. <p>Other things being equal, an equity security is riskier than a debt security because the remuneration payable to its holder is tied more closely to the profitability of the issuer. The holder of debt securities, by contrast, risks not being remunerated only if the issuer is in a state of financial distress. Furthermore, in the event of bankruptcy of the issuer, holders of debt securities may participate with the other creditors in the allotment of the proceeds from the sale of the company's assets -- although such allotment usually takes place after a long delay -- whereas holders of equity securities are virtually certain not to be repaid any of their investment.</p> <p style="text-align: center;">1.2) Specific risk and generic risk</p> <p>For both equity and debt securities, risk can be ideally divided into two</p>	
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		<p>components: specific risk and generic (or systematic) risk. Specific risk depends on the characteristics of the issuer (see point 1.3) and can be substantially reduced by investors spreading their investments over securities issued by different issuers (portfolio diversification), whereas systematic risk represents the portion of the variability in the price of a security that depends on the fluctuations of the market and cannot be eliminated through diversification.</p> <p>Systematic risk on equity securities traded in an organized market stems from the variations in the market as a whole, which can be identified with the movements in the market index.</p> <p>Systematic risk on debt securities (see point 1.4) stems from fluctuations of market interest rates. The longer the residual life of securities, the greater the repercussions of such fluctuations will be on their prices (and thus on their yields). The residual life of a security at a given date is the length of time that must elapse from that date until its redemption.</p> <p>1.3) Issuer risk</p> <p>For investments in financial instruments it is essential to evaluate issuers' financial soundness and business prospects, taking account of the characteristics of the sectors in which they operate.</p> <p>It is necessary to consider that the prices of equity securities always reflect an average of market participants' expectations regarding their issuers' earnings prospects.</p> <p>In the case of debt securities, the risk that issuer companies or financial institutions may not be able to pay interest or repay principal is reflected in the rate of interest investors receive. The greater the perceived risk of the issuer, the higher the rate of interest the issuer will have to pay.</p> <p>In order to evaluate the appropriateness of the interest rate paid by a security, one needs to bear in mind the interest rates paid by the issuers that are considered to be the least risky and in particular the yield offered by government securities of equal maturity.</p> <p>1.4) Interest rate risk</p> <p>With reference to debt securities, investors need to consider that the effective rate of interest adjusts continuously to market conditions as a result of movements in the prices of the securities. The yield of debt securities will approach that incorporated in the security at the time of purchase only if investors hold them to maturity.</p> <p>If investors should have to dispose of their investments before the security matures, the effective yield may be different from that offered by the security at the time it was purchased.</p> <p>In particular, for securities for which the interest to be paid is predetermined and not modifiable during the life of the loan (fixed-rate securities), the longer the residual maturity, the greater the variability of the security's price with respect to changes in market interest rates. For example, in the case of a zero-coupon security -- a fixed-rate security that provides for payment of interest in a lump sum at the end of the period -- with a residual maturity of 10 years and a yield of 10% per annum, an increase of 1 percentage point in market rates will cause the price of the</p>	
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		<p>security to fall by 8.6%. Thus, in order to assess the appropriateness of an investment in debt securities, it is important for investors to consider whether, and at what stage, they may need to disinvest.</p> <p>1.5) The effect of investment diversification. Collective investment undertakings</p> <p>As mentioned, the specific risk of a given financial instrument can be eliminated through diversification, i.e. by investors spreading their investments over many financial instruments. However, diversification can prove costly and hard to implement for an investor with limited capital. Investors can achieve a high degree of diversification at a low cost by investing their capital in units or shares of collective investment undertakings (investment funds and open-end investment companies - SICAVs). These undertakings invest the funds paid in by savers in the various types of security provided for in their rules or investment plans. Open-end investment funds, for example, allow savers to invest or disinvest by buying or selling fund units on the basis of the theoretical value of a unit, plus or minus the relevant commissions. The theoretical value of a unit is obtained by dividing the value of the entire portfolio managed by the fund, calculated at market prices, by the number of units in circulation.</p> <p>It needs to be stressed that investments in such financial instruments may nonetheless prove risky owing to the nature of the financial instruments in which funds intend to invest (e.g. exclusively in securities issued by companies operating in a particular sector or located in certain countries) or to insufficient diversification of their investments.</p> <p>2) Liquidity</p> <p>The liquidity of a financial instrument consists in the possibility of converting it promptly into cash without losing value. A security's liquidity depends in the first place on the characteristics of the market in which it is traded. As a rule, other things being equal, securities traded in organized markets are more liquid than securities not traded in such markets. This is because the demand for and supply of securities is largely channelled into such markets, so that the prices recorded in them are more reliable indicators of financial instruments' effective value. Nevertheless, it must be borne in mind that disposing of securities traded in organized markets which are hard to access because they are located in distant countries or for other reasons may make it difficult for investors to liquidate their investments and force them to incur additional costs.</p> <p>3) Foreign currency</p> <p>Where financial instruments are denominated in currencies different from that of investors' reference currency (typically the lira for Italian investors), in order to measure the overall risk of investments, investors have to take account of the volatility of the exchange rate between the reference currency (the lira) and the foreign currency the investment is denominated in.</p> <p>Investors need to consider that the exchange rates with the currencies of</p>	
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		<p>many countries -- especially those of the developing countries -- are highly volatile, and that the behaviour of exchange rates may influence the overall result of the investment.</p> <p>4) Other factors of general risk</p> <p>4.1) Money and assets deposited</p> <p>Investors should find out about the safeguards provided for the sums of money and assets deposited for the execution of transactions, especially in the event of the intermediary's insolvency. The possibility of regaining possession of the money and assets they have deposited could be affected by specific provisions of law in force in the places where the depository is located or by the orientations of the bodies which, in insolvencies, are empowered to settle the defaulting party's claims and liabilities.</p> <p>4.2) Commissions and other charges</p> <p>Before starting to invest, investors should obtain detailed information regarding all the commissions, expenses and other charges that will be payable to the intermediary. Such information must in any case be stated in the investment service contract. Investors must always remember that such charges will be subtracted from any gains on transactions whereas they will be added to any losses.</p> <p>4.3) Transactions carried out in markets located in other jurisdictions</p> <p>Transactions carried out in markets located abroad, including transactions in financial instruments that are also traded in domestic markets, may expose investors to additional risks. The regulation of such markets may provide investors with fewer guarantees and less protection. Before carrying out any transaction in such markets, investors should find out about the rules governing the transactions. They should also bear in mind that the Italian supervisory authorities will not be able to ensure compliance with the rules in force in the jurisdiction where the transactions are carried out. Investors should therefore find out about the rules in force in such markets and the actions that can be taken with respect to such transactions.</p> <p>4.4) Electronic trade support systems</p> <p>Most electronic and call-auction trading systems are supported by computerized systems for order routing and trade checking, recording and clearing. Like all automated procedures, these systems are subject to stoppages and malfunctioning.</p> <p>The possibility for investors to be indemnified for losses deriving directly or indirectly from the above-mentioned events could be impaired by liability limitations established by system providers or markets. Investors should ask their intermediary about any such limitations of liability bearing on the transactions they are preparing to carry out.</p> <p>4.5) Electronic trading systems</p> <p>There may be differences between electronic trading systems as well as between them and call-auction systems. Orders to be executed in markets that use electronic trading systems may not be executed in accordance with investors' instructions or may remain unexecuted where a trading</p>	
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		<p>system suffers a malfunctioning or stoppage due to its hardware or software.</p> <p style="text-align: center;">4.6) Transactions executed outside organized markets</p> <p>Intermediaries may execute transactions outside organized markets. The intermediary investors choose may also act as the direct counterparty to the customer (i.e. act for own account). In transactions for execution outside organized markets it may prove difficult or impossible to liquidate a financial instrument or measure its effective value and the effective exposure to risk, especially if the instrument is not traded in any organized market.</p> <p>For these reasons such transactions involve higher risks.</p> <p>Before engaging in such activities investors should collect all the relevant information about the transactions, the applicable rules and the consequent risks.</p> <p style="text-align: center;">PART "B" THE RISKINESS OF INVESTMENTS IN DERIVATIVE FINANCIAL INSTRUMENTS</p> <p>(...)</p> <p>1) Futures</p> <p>1.1) Leverage</p> <p>Transactions in futures involve a high degree of risk. The initial margin is low (a few percentage points) in relation to the value of the contracts, and this produces "leverage". This means that a relatively small movement in market prices has a proportionally larger impact on the funds investors deposit with their intermediary: the effect can, of course, be unfavourable as well as favourable. Consequently, investors can lose all the margin they deposit initially and the additional margin deposits they have to make in order to maintain their positions. If the movements in the market are unfavourable to investors, they can be called on to deposit additional funds at short notice in order to maintain their positions in futures; if they do not make the additional deposits requested within the time limits established, their positions are likely to be liquidated at a loss and they will be charged any other liability that arises.</p> <p>(...)</p>	
<p>53. The investment firm must also, where necessary, inform the customer of risks associated with:</p> <p>a) clearing house protections (e.g. that although the performance of a transaction is sometimes 'guaranteed' by the exchange or clearing house this guarantee will not necessarily protect the customer in the event of default by the investment firm or another counterparty);</p> <p>b) suspension of trading or listing (e.g. that under certain trading conditions it may be</p>	<p>CONSOB</p>	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>(...)</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 28, paragraph n. 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force</p>

<p>impossible to liquidate a position); c) insolvency (e.g. that in the event of default of an investment firm involved with the customer's transaction, positions may be liquidated automatically and actual assets lodged as collateral may be irrecoverable).</p>		<p>2. Authorized intermediaries may not carry out or recommend transactions or supply management services until they have provided investors with adequate information on the nature, risks and implications of the transaction or service in question, knowledge of which is needed to make informed investment and disinvestment decisions. °°°</p> <p>See above rule 53 (a).</p>	
<p>52. Risk warnings must be given due prominence. They must not be concealed or masked in any way by the wording, design or format of the information provided.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria) 1. In providing investment and non-core services, authorized persons must: a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...) °°°</p> <p>Article 28, paragraphs n. 1 and 2 of Consob Regulation 11522 (Communication of information between intermediaries and investors) 1. Before concluding contracts for asset management or investment advice services and starting to supply investment services or related non-core services, authorized intermediaries must: (...) b) give investors a copy of the document on the general risks of investments in financial instruments referred to in Annex 3. 2. Authorized intermediaries may not carry out or recommend transactions or supply management services until they have provided investors with adequate information on the nature, risks and implications of the transaction or service in question, knowledge of which is needed to make informed investment and disinvestment decisions. ANNEX 3 of Consob Regulation 11522 THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS See above 53 and below 54</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force</p>
<p>54. Risk warnings about derivatives must disclose that the instrument can be subject to sudden and sharp falls in value. Where the investor may not only lose his entire investment but may also be required to pay more later, he must also be warned about this fact and the possible obligation to provide extra funding.</p>		<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria) See above rule 52 °°°</p> <p>Article 28, paragraphs n. 1 and 2 of Consob Regulation 11522 (Communication of information between intermediaries and investors) See above rule 52 ANNEX 3 of Consob Regulation 11522 THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS PART "B" THE RISKINESS OF INVESTMENTS IN DERIVATIVE FINANCIAL INSTRUMENTS Derivative financial instruments are characterized by a very high degree of risk which it is difficult for investors to assess because of the instruments' complexity. Investors should therefore conclude transactions in derivative instruments</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

		<p>only if they understand the nature and extent of the exposure to risk they entail. Investors must bear in mind that the complexity of these instruments can more easily result in unsuitable transactions being carried out.</p> <p>As a rule, trading in derivatives instruments is not suitable for many investors.</p> <p>Once the risk associated with a transaction has been assessed, the investor and the intermediary must determine whether the investment is appropriate, with special reference to the investor's net assets, investment goals and experience in investing in derivative instruments.</p> <p>Some risk characteristics of the most widespread derivative instruments are described below.</p> <p>1) Futures</p> <p>1.1) Leverage</p> <p>Transactions in futures involve a high degree of risk. The initial margin is low (a few percentage points) in relation to the value of the contracts, and this produces "leverage". This means that a relatively small movement in market prices has a proportionally larger impact on the funds investors deposit with their intermediary: the effect can, of course, be unfavourable as well as favourable. Consequently, investors can lose all the margin they deposit initially and the additional margin deposits they have to make in order to maintain their positions. If the movements in the market are unfavourable to investors, they can be called on to deposit additional funds at short notice in order to maintain their positions in futures; if they do not make the additional deposits requested within the time limits established, their positions are likely to be liquidated at a loss and they will be charged any other liability that arises.</p> <p>1.2) Orders and strategies designed to reduce risk</p> <p>Certain types of order designed to keep losses within predetermined limits may prove ineffective because particular market conditions can make it impossible to execute them. Investment strategies that use combinations of positions, such as "standard combination orders", may be just as risky as individual "long" or "short" positions.</p> <p>2) Options</p> <p>Transactions in options involve a high level of risk. Investors intending to trade options should do so only if they understand the operation of the types of contract they intend to trade (puts and calls).</p> <p>2.1) Buying an option</p> <p>Buying an option is a highly volatile investment and the probability of its expiring without any value is very high. In this case investors lose the entire price paid for the option plus commissions.</p> <p>After buying an option investors can hold it until it expires or carry out a transaction of the opposite sign, or else, for "American-style" options, exercise the option before it expires.</p> <p>Exercising an option can involve either the cash settlement of a difference or the purchase or delivery of the underlying asset. Exercising an option on futures contracts results in taking a position in futures and assuming</p>	
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		<p>the related obligations to adjust margins.</p> <p>Investors intending to buy options on an asset whose market price is very far from the price at which it would be profitable to exercise the option ("deep out of the money") should bear in mind that the possibility of their becoming profitable is remote.</p> <p>2.2) Selling an option</p> <p>Selling an option generally involves taking on a much higher risk than buying an option: in fact, the premiums option sellers receive are fixed but the losses they can incur are potentially unlimited.</p> <p>If the market price of the underlying asset moves in an unfavourable direction, option sellers are required to increase their margins in order to maintain their positions. If the option is an American-style option, the seller can be called on at any time to settle the transaction in cash or to purchase or deliver the underlying asset. If the option is on futures contracts, the seller will take a position in futures and assume the related obligations to adjust margins.</p> <p>Sellers of options can reduce their exposure to risk by holding positions in the underlying asset (securities, indices or other) corresponding to the positions associated with the options they have sold.</p> <p>3) Other risk factors common to transactions in futures and options</p> <p>In addition to the factors of general risk described in Part A, investors should also consider the following points.</p> <p>3.1) Terms and conditions of contract</p> <p>Investors should ask their intermediary about the terms and conditions of the derivative contracts they intend to buy or sell. They should pay particular attention to the conditions on which they can be forced to deliver or receive the assets underlying futures contracts and the expiry dates and procedures for exercising options.</p> <p>In certain circumstances the conditions of contract may be modified by the market supervisory authority or the clearing house in order to incorporate the effects of changes regarding the underlying assets.</p> <p>3.2) Suspension or limitation of trading and of the relationship between prices</p> <p>Particular conditions of market illiquidity or the application of certain rules in force in some markets (such as circuit breakers) can increase the risk of losses by making it impossible to carry out transactions or liquidate or offset positions. In the case of positions deriving from the sale of options, this may increase the risk of incurring a loss.</p> <p>Moreover, the relationship that normally exists between the price of the underlying asset and the derivative instrument may not hold when, for example, the futures contract underlying an option contract is subject to price limits but the option is not. The absence of a price for the underlying could make it difficult to judge the significance of the pricing of the derivative contract.</p> <p>3.3) Foreign exchange risk</p> <p>Profits and losses on contracts denominated in currencies different from</p>	
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		<p>that of investors' reference currency (typically the lira) may be affected by exchange rate movements.</p> <p>4) Transactions in derivative instruments executed outside organized markets. Swaps</p> <p>Intermediaries may execute transactions in derivative instruments outside organized markets. The intermediary to which investors give orders may also act as the direct counterparty to the customer (i.e. for own account). In transactions executed outside organized markets it may prove difficult or impossible to liquidate a position or measure its effective value and the effective exposure to risk.</p> <p>For these reasons such transactions involve higher risk.</p> <p>Furthermore, the rules applicable to such transactions may be different and offer investors less protection.</p> <p>Before engaging in such activities investors should collect all the relevant information about the transactions, the applicable rules and the consequent risks.</p> <p>4.1) Swaps</p> <p>Swaps involve a high degree of risk. There is no secondary market for these contracts, nor is there a standard form. At the most there are standardized model contracts, the details of which are usually adapted case by case. For these reasons it may prove impossible to terminate the contract before the agreed maturity without incurring high costs.</p> <p>The value of a swap is always nil at the time the contract is signed, but the swap can rapidly assume a negative (or positive) value depending on the behaviour of the parameter to which the contract is linked.</p> <p>Before signing contracts investors should be certain they understand how and how quickly variations in the reference parameter are reflected in the calculation of the differences they are to pay or receive.</p> <p>In some situations investors can be called on by their intermediary to deposit margins even before the date fixed for settling the differences.</p> <p>The counterparty's financial soundness is especially important in these contracts, since investors actually receive payment of any difference in their favour only if the counterparty is solvent.</p> <p>For contracts signed with third parties, the investor should find out about the soundness of the third party and ascertain that their intermediary will be answerable in the event of counterparty insolvency.</p> <p>If the contract is signed with a foreign counterparty, the risks associated with the execution of the contract are likely to be greater, depending on the legislation that applies.</p>	
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2.6. CUSTOMER REPORTING

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<p>55. An investment firm must ensure that a customer is provided promptly with the essential information concerning the execution of his order.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...); ○○○</p> <p>Article 61, paragraph n. 1 and 2 of Consob Regulation 11522 (Information on transactions)</p> <p>1. In supplying dealing services, authorized intermediaries shall send to investors' domiciles, for each transaction carried out and within seven working days from the execution date, a transaction confirmation notice showing separately the following information:</p> <p>a) the time, where this is relevant in relation to the manner of execution, and date of execution of the transaction;</p> <p>b) the type of transaction;</p> <p>c) the regulated market in which the transaction was carried out or the fact that it was carried out off-market;</p> <p>d) the financial instrument and the quantities involved in the transaction;</p> <p>e) the unit price applied and the total consideration;</p> <p>f) whether the investor's counterparty was the intermediary itself;</p> <p>g) the commissions and expenses charged;</p> <p>h) any tax implications;</p> <p>i) the time limit and procedure for the settlement of the transaction.</p> <p>2. In supplying the service of receiving and transmitting orders, authorized intermediaries shall send the notice referred to in paragraph 1 within seven working days from that on which execution of the order transmitted was confirmed. This provision shall not apply to orders relative to placements.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the timing of the information concerning the execution of orders.</p>

<p>58. No later than the first business day following the execution of the transaction or receipt of confirmation of execution by a third party, an investment firm must send to the customer¹⁰, by fax, mail or electronic means (provided the firm reasonably believes that the customer can store it on a permanent medium), a contract note or confirmation notice which includes the following information:</p> <ol style="list-style-type: none"> the name of the firm; the name of the customer account; the time of execution, if available, or a statement that the time of execution will be supplied on request; date of execution; the type of transaction; e.g. buy, sell, subscription etc.; the market on which the transaction was carried out or the fact that it was carried out off-market; the financial instrument and the quantities involved in the transaction; the unit price applied and the total consideration; whether the customer's counterparty was the investment firm itself or any related party; the commissions and expenses charged; the time limit and procedure for the settlement of the transaction, e.g. details (name and number) of the bank account and securities account. <p>If a transaction is not executed within one business day of receipt of the customer order, an investment firm must send a written confirmation of the order to the customer. The confirmation notice must include customer order details, date and time of reception and, where applicable, date and time of transmission.</p>	<p>CONSOB</p>	<p style="text-align: center;">Article 60 of Consob Regulation 11522 <i>(Confirmation of orders)</i></p> <ol style="list-style-type: none"> In supplying their services, authorized intermediaries shall give investors at the moment orders are received at the head office or a branch office a paper-based confirmation notice stating: <ol style="list-style-type: none"> the name of the investor; the time, where this is relevant in relation to the manner of execution, and date of reception of the order; the essential elements of the order and any accessory instructions. Authorized intermediaries shall record orders given by investors by telephone on magnetic tape or an equivalent medium. Financial salesmen appointed by authorized intermediaries to take orders by way of door-to-door selling shall give investors, at the moment orders are taken, a paper-based confirmation notice containing the information referred to in paragraph 1. Where orders are taken by telephone, financial salesmen are required to record them in the manner referred to in paragraph 2. The provisions of paragraphs 1, 2 and 3 shall also apply to the revocation of orders by investors. The provisions of this article shall also apply to orders received by asset management companies in connection with the direct placement, including by door-to-door selling, of units of investment funds that they have set up themselves or manage. They shall also apply to orders received by SICAVs in connection with the direct placement, including by door-to-door selling, of shares they themselves issued. <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 61 of Consob Regulation 11522 <i>(Information on transactions)</i></p> <ol style="list-style-type: none"> In supplying dealing services, authorized intermediaries shall send to investors' domiciles, for each transaction carried out and within seven working days from the execution date, a transaction confirmation notice showing separately the following information: <ol style="list-style-type: none"> the time, where this is relevant in relation to the manner of execution, and date of execution of the transaction; the type of transaction; the regulated market in which the transaction was carried out or the fact that it was carried out off-market; the financial instrument and the quantities involved in the transaction; the unit price applied and the total consideration; whether the investor's counterparty was the intermediary itself; the commissions and expenses charged; any tax implications; the time limit and procedure for the settlement of the transaction. In supplying the service of receiving and transmitting orders, 	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify:</p> <ul style="list-style-type: none"> the specific obligations arising from the general principles laid down in the provisions at present in force the elements of the order which have to be confirmed to the customer.
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¹⁰ The reference to "send to the customer" includes to a tied-agent, other than the firm, nominated by the customer in writing.

		<p>authorized intermediaries shall send the notice referred to in paragraph 1 within seven working days from that on which execution of the order transmitted was confirmed. This provision shall not apply to orders relative to placements.</p> <p>3. Except as provided for in paragraph 4, in supplying the service of placement, including the offer of financial instruments on a door-to-door basis, authorized intermediaries shall send the notice referred to in paragraph 1 within seven working days from that on which the placement was concluded. Where the conditions arise for a scaling down of applications resulting in a partial execution of the order received, the notice must explicitly state the fact.</p> <p>4. In supplying the service of asset management on a collective basis, asset management companies and SICAVs shall send the notice referred to in paragraph 1 within seven working days from that of the execution of subscriptions and redemptions ordered by investors. The notice shall contain information on the date of receipt of the subscription application and the means of payment, the gross amount paid and the net amount invested, the value date attributed to the means of payment, the number of shares or units allotted, the unit price at which they were subscribed and the day to which such value refers; where the subscription occurs under an accumulation plan, a summary notice may be sent every three or six months. Analogous information shall be contained in the notice referring to redemptions.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">CONSOB COMUNICACION DI/30396 OF 21 APRIL 2000</p> <p>CONFIRMATION OF ORDERS AND TRANSACTIONS AND PERIODIC REPORTS: where orders are received over the Internet, intermediaries may use the same medium to fulfil their obligation to send customers paper-based order confirmations (Article 60 of Consob Regulation 11522/1998) and transaction confirmation notices and periodic reports (Articles 61 and 62 of Consob Regulation 11522/1998), provided their systems and procedures allow recipients to download and save the documentation in a permanent form (Article 75.3 of Consob Regulation 11522/1998) and the content of each document complies with the applicable rules.</p>	
<p>59. The investment firm must notify the customer immediately if it refuses to accept or transmit an order. The firm must inform customers as soon as possible if it is unable to transmit their orders.</p>	<p>CONSOB</p>	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...);</p> <p style="text-align: center;">Article 32, paragraph n. 2 of Consob Regulation 11522 (Dealing)</p> <p>2. Refusal to execute an order must be promptly communicated to the</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to require investment firms to inform their customers in the event they are unable to transmit their orders.</p>

		investor. ○○○ Article 33, paragraph n. 5 of Consob Regulation 11522 <i>(Reception and transmission of orders)</i> 5. Refusal to transmit an order must be immediately communicated to the investor.	
<i>56. Where an investment firm has control of, or is holding assets belonging to a customer, it must arrange for proper identification and regular confirmation of such assets to the customer.</i>	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> 1. In providing investment and non-core services, authorized persons must: a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...); Article 22 of Legislative decree 58/1998 <i>(Segregation of assets)</i> 1. In providing investment and non-core services, the financial instruments and funds of individual customers held in whatever capacity by an investment firm, Italian management company, harmonized management company or financial intermediary entered in the register provided for in Article 107 of the Banking Law and the financial instruments of individual customers held in whatever capacity by a bank shall be separate assets for all intents and purposes from those of the intermediary and from those of other customers. Actions in respect of such assets may not be brought by creditors of the intermediary or on behalf of such creditors, nor by creditors of the custodian or the sub-custodian, if any, or on behalf of such creditors. Creditors of individual customers may bring actions up to the amount of the assets owned by such customers. 2. Legal and court-ordered set-off shall not apply to accounts referring to financial instruments or funds deposited with third parties and agreements may not be made for their set-off against claims of the custodian or the sub-custodian on the intermediary or the custodian. 3. Unless customers have agreed in writing, an investment firm, Italian management company, harmonized management company or financial intermediary entered in the register provided for in Article 107 of the Banking Law or a bank may not use, on its own behalf or on behalf of third parties, financial instruments belonging to customers which it holds in any capacity. Nor may an investment firm, Italian management company, harmonized management company or financial intermediary entered in the register provided for in Article 107 of the Banking Law use, on its own behalf or on behalf of third parties, liquid balances belonging to customers which it holds in any capacity. ○○○ Article 56, paragraph n. 2 of Consob Regulation 11522 <i>(Internal procedures)</i> 2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to:	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

		<p>a) ensure the orderly and correct supply of services; b) reconstruct the times and types of action taken in supplying services; (...).</p> <p>Article 62, paragraph n. 1 and 2 of Consob Regulation 11522 (Periodic reports)</p> <p>1. Contracts for the supply of dealing services or the service of receiving and transmitting orders may provide for investors to be sent a monthly report drawn up according to the model in Annex 4 instead of the transaction confirmation notices referred to in Article 61. Such reports shall be sent within fifteen working days from the closing date of the reference period.</p> <p>2. In supplying the service of portfolio management on an individual basis, authorized intermediaries shall send to customers' domiciles, at least once every three months, a report covering the reference period drawn up according to the model in Annex 5. Such reports shall be sent within fifteen working days from the closing date of the reference period.</p> <p>Resolution adopted by the Bank of Italy on July 1, 1998 on deposit and sub-deposit of clients' funds and financial instruments Not yet available in English on the Banca d'Italia web site (www.bancaditali.it)</p>	
<p>60. An investment firm must send to its customer at least once a year or as often as agreed with the customer a statement of all assets held in custody on behalf of each customer. The statement must also:</p> <p>a) identify assets which have been pledged to the firm or any third parties as collateral; b) identify assets which have been lent; c) clearly and consistently show movement of assets based on either trade date or settlement date.</p>	CONSOB	<p>Article 62, paragraphs n. 1 and 2 of Consob Regulation 11522 (Periodic reports)</p> <p>1. Contracts for the supply of dealing services or the service of receiving and transmitting orders may provide for investors to be sent a monthly report drawn up according to the model in Annex 4 instead of the transaction confirmation notices referred to in Article 61. Such reports shall be sent within fifteen working days from the closing date of the reference period.</p> <p>2. In supplying the service of portfolio management on an individual basis, authorized intermediaries shall send to customers' domiciles, at least once every three months, a report covering the reference period drawn up according to the model in Annex 5. Such reports shall be sent within fifteen working days from the closing date of the reference period.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force..</p>
<p>57. An investment firm that operates customer accounts, which include uncovered open positions, must provide regular statements of such positions.</p>	CONSOB	<p>Article 28, paragraph n. 3 of Consob Regulation 11522 (Communication of information between intermediaries and investors)</p> <p>3. Authorized intermediaries shall promptly inform investors in writing as soon as transactions in derivative instruments or warrants that they have ordered for purposes other than hedging give rise to an actual or potential loss equal to or exceeding 50% of the means provided for the purpose of carrying out and guaranteeing such transactions. The reference value of such means shall be redetermined at the time of the communication of the loss to the investor and where deposits or withdrawals are made. The new reference value shall be promptly communicated to the investor. Where deposits or withdrawals are made, the result achieved until such time shall be communicated to the investor.</p> <p>Article 62, paragraphs n. 1 and 2 of Consob Regulation 11522</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to</p> <ul style="list-style-type: none"> • clarify the specific obligations arising from the general principles laid down in the provisions at present in force and • require investment firms to provide their customers with regular statements on

		<p align="center"><i>(Periodic reports)</i></p> <p>1. Contracts for the supply of dealing services or the service of receiving and transmitting orders may provide for investors to be sent a monthly report drawn up according to the model in Annex 4 instead of the transaction confirmation notices referred to in Article 61. Such reports shall be sent within fifteen working days from the closing date of the reference period.</p> <p>2. In supplying the service of portfolio management on an individual basis, authorized intermediaries shall send to customers' domiciles, at least once every three months, a report covering the reference period drawn up according to the model in Annex 5. Such reports shall be sent within fifteen working days from the closing date of the reference period.</p>	uncovered positions..
<p>61. Where an account includes uncovered open positions¹¹, an investment firm must send to its customer a monthly statement, which includes the following:</p> <p>a) information about the options contract, e.g. market price, date of exercise, exercise price, as well as any incidental costs connected with the exercise;</p> <p>b) each payment made by the customer as a result of the margin requirements in respect of the open positions and the amount of the unrealised profit or loss attributable to open positions;</p> <p>c) the resulting profit or loss arising from positions closed during the period.</p>	CONSOB	<p align="center">Article 28, paragraph n. 3 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> See above rule 57</p> <p align="center">Article 62, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Periodic reports)</i></p> <p>1. Contracts for the supply of dealing services or the service of receiving and transmitting orders may provide for investors to be sent a monthly report drawn up according to the model in Annex 4 instead of the transaction confirmation notices referred to in Article 61. Such reports shall be sent within fifteen working days from the closing date of the reference period.</p> <p>2. In supplying the service of portfolio management on an individual basis, authorized intermediaries shall send to customers' domiciles, at least once every three months, a report covering the reference period drawn up according to the model in Annex 5. Such reports shall be sent within fifteen working days from the closing date of the reference period.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to</p> <ul style="list-style-type: none"> • clarify the specific obligations arising from the general principles laid down in the provisions at present in force and • require investment firms to provide their customers with regular statements on uncovered positions

3. THE “KNOW-YOUR-CUSTOMER STANDARD” AND THE DUTY TO CARE

3.1 INFORMATION FROM THE CUSTOMER

¹¹ Examples of uncovered open positions include:

- (1) short positions on cash instruments;
- (2) selling a call option on an investment not held in the portfolio;
- (3) unsettled sales of call options on currency in amounts greater than the portfolio's holding of that currency in cash or in readily realisable securities denominated in that currency;
- (4) transactions having the effect of 'selling' an index to an amount greater than the portfolio's holdings of designated investments included in that index.

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<p>62. Prior to providing any investment service to a customer for the first time and throughout the business relationship, an investment firm must be in possession of adequate documentation on the identity of the customer, as well as the identity and legal capacity of any representative of the customer. In addition, prior to providing any investment service the investment firm must seek to obtain from the customer information enabling an investment firm</p> <p><i>a. to determine whether the investment services envisaged are appropriate for the customer¹² and</i></p> <p><i>b. to meet any duties owing to the customer in respect of the services to be provided.</i></p>	<p>CONSOB</p>	<p>Article 28, paragraph n. 1 of Consob Regulation 11522 (Communication of information between intermediaries and investors)</p> <p>1. Before concluding contracts for asset management or investment advice services and starting to supply investment services or related non-core services, authorized intermediaries must:</p> <p>a) ask investors for information about their experience in investing in financial instruments, financial situation, investment objectives and propensity to incur risks. In the event of refusal to provide the information requested, this must be stated in the contract referred to in Article 30 or in a declaration signed by the investor; (...)</p> <p style="text-align: center;">ooo</p> <p>Article 29, paragraph n. 1 and 2 of Consob Regulation 11522 (Unsuitable transactions)</p> <p>1. Authorized intermediaries shall refrain from carrying out transactions on behalf of investors that are not suitable in terms of type, object, frequency or size.</p> <p>2. For the purposes of paragraph 1, authorized intermediaries shall take into account the information referred to in Article 28 and any other information available in relation to the services supplied.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>63. The “know-your-customer” standard applies to each investment firm having a direct business relationship with the customer with respect to investment services. However, where two or more investment firms are involved in providing an investment service and each has a direct relationship with the customer, an investment firm may rely on the information received from another of such investment firms.</p>	<p>CONSOB</p>	<p>Article 36 of Consob Regulation 11522 (Door-to-door selling)</p> <p>1. In performing the activity of door-to-door selling of financial instruments, investment services and financial products governed by Article 30 of the Consolidated Law, authorized intermediaries shall use financial salesmen to:</p> <p>a) obtain and supply information and deliver copies of the documents referred to in Articles 28 and 29.3;</p> <p>b) deliver to investors before the signing of the document for the purchase or subscription of financial instruments or other financial products a copy of the prospectus or other information documents, where prescribed, or of the contracts for the supply of investment services;</p> <p>c) explain to investors:</p> <ul style="list-style-type: none"> - before they sign an order form for the purchase or subscription of financial instruments or other financial products or a contract for the supply of investment services, the essential elements of the transaction, service or product, with special reference to the related costs and capital risks; - the right provided for in Article 30.6 of the Consolidated Law; <p>d) receive from investors:</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify:</p> <ul style="list-style-type: none"> • the specific obligations arising from the general principles laid down in the provisions at present in force and • when intermediaries can rely on information collected by other firms..

¹² This is not considered to be investment advice according to the definition of the paper.

		<ul style="list-style-type: none"> - order forms for the purchase or subscription of financial instruments or other financial products and contracts they have signed; - means of payment, financial instruments or other financial products in compliance with the provisions of the regulation referred to in Article 31.6 of the Consolidated Law; - instructions regarding the services supplied; - requests to disinvest from the financial instruments or other financial products subscribed or purchased and declarations of withdrawal from contracts; - requests to transfer or withdraw financial instruments or other financial products or sums of money. <p>2. The provisions of paragraph 1 shall also apply to the door-to-door selling of non-core services and open pension funds by investment firms;</p> <p>3. Selling to professional investors referred to in Article 31.2 shall not constitute door-to-door selling.</p>	
<p>64. An investment firm must obtain evidence of the identity of its customers in accordance with national laws and regulations implementing the provisions of Council Directive 91/308 on the prevention of the use of the financial system for the purpose of money laundering. Until such evidence is obtained, an investment firm must not provide any investment services to the customer concerned.</p>	<p>CONSOB BANK OF ITALY</p>	<p style="text-align: center;">Decree Law 143 of 3 May 1991</p> <p>Urgent provisions to limit the use of cash and bearer instruments in transactions and prevent the use of the financial system for purposes of money laundering (ratified with amendments by Law 197 of 5 July 1991 and subsequently amended by Legislative Decree 153 of 26 May 1997 Legislative decree n. 143/1991.</p> <p style="text-align: center;">Article 2</p> <p style="text-align: center;"><i>(Identification and registration requirements)</i></p> <p>1. Article 13 of Decree Law 625 of 15 December 1979, ratified with amendments by Law 15 of 6 February 1980, as replaced by Article 30.1 of Law 55 of 19 March 1990, shall be replaced with the following:</p> <p>Article 13 - 1. Any person who carries out transactions involving the transmission or transfer of means of payment of whatsoever type in an amount of more than twenty million lire at any of the below must be identified by the staff responsible therefore and must indicate in writing, under his own personal responsibility, the complete identifying particulars of the person, if any, on whose behalf the transaction is carried out:</p> <ul style="list-style-type: none"> a) general government offices, including post offices; b) credit institutions; c) securities firms; d) commission dealers authorized to operate in the area contiguous with the floor of a stock exchange; e) stockbrokers; f) companies authorized to market securities door to door; g) securities investment fund management companies; h) trust companies; i) insurance companies and institutions; l) Monte Titoli S.p.A.; m) intermediaries whose primary object or, in any case, primary activity is one of the following: lending in whatsoever form, including financial 	

		<p>leasing; acquisition of holdings; trading in foreign exchange; collection, payment and funds transfer services, also by means of the issue and management of credit cards.</p> <p>2. The provisions of paragraph 1 shall also apply when, owing to the nature and procedures of the transactions set up, there is reason to believe that several transactions effected at different times within a certain period of time, even if individually below the threshold amount specified in paragraph 1, nonetheless constitute parts of a single transaction.</p> <p>3. For the purposes of applying paragraph 2, the persons referred to in subparagraphs a) to m) of paragraph 1 must make available to the responsible staff technical instruments permitting the transactions carried out by the customer at the same office of the entity or institution during the week preceding the day of the transaction to be known in real time.</p> <p>4. The date and payment details of the transaction, the amount of the individual means of payment, complete identifying particulars and the identity document of the person effecting the transaction, as well as complete identifying particulars of any person on whose behalf the transaction is carried out, must be easily retrievable and always filed within thirty days in a single data bank of the public or private person with whom the transaction is carried out. Intermediaries referred to in paragraph 1 shall be required to identify transactions effected in cash by means of a special code. For insurance companies and institutions, the time limit shall elapse from the day they receive the data from their agents and other independent collaborators, who in their turn must forward the data within thirty days. With effect from 1 January 1992, the data relating to cash transactions in amounts of more than twenty million lire shall be integrated with the tax number, when attributable, of the person carrying out the transaction and that of the person, if any, on whose behalf the transaction is carried out. From 1 January 1992 onwards, the same data are to be acquired at the time every account, deposit or other continuing relationship is set up. For accounts, deposits and continuing relationships in existence at the above-mentioned date, such data are to be fully integrated by 31 December 1992. Insurance companies and institutions shall acquire the tax number within the time limits indicated above; with reference exclusively to relationships already in existence, the tax number shall be acquired only where the total amount of premiums exceeds twenty million lire a year. The data referred to in this paragraph may be used for tax purposes in accordance with the provisions in force.</p> <p>5. The data bank shall be set up and managed on a computerized basis and must be updated and structured in ways that will facilitate searches. The procedures for acquiring and filing data, as well as the standards and computer compatibilities to be observed, will be laid down with a decree of the Minister of the Treasury, to be issued by 30 June 1992 and</p>	
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		<p>published in the <i>Gazzetta Ufficiale</i>. Until the establishment of the above-mentioned data bank, which must take place within six months of the publication of the decree, the information referred to in paragraph 4 must be contained in a special register.</p> <p>6. The records referred to in paragraphs 4 and 5 shall be retained for ten years.</p> <p>7. Unless the act constitutes a more serious crime, staff responsible for the transaction that infringe the provisions of the preceding paragraphs shall be punished by a fine of between five million and twenty-five million lire.</p> <p>8. Unless the act constitutes a more serious crime, executors of transactions who fail to provide the identifying particulars of the person, if any, on whose behalf they effect the transaction or who provide false particulars shall be punished by imprisonment for a term of between six months and one year and by a fine of between one million and ten million lire.</p>	
65. An investment firm must seek to obtain information on the customer's knowledge and experience ¹³ in the investment field, his investment objectives and risk profile, ¹⁴ his financial situation/capacity and any trading restrictions applicable to the customer. The extent of the information required will vary according to the standards laid down in paragraph 62, second subparagraph.	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>(...);</p> <p>Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>1. Before concluding contracts for asset management or investment advice services and starting to supply investment services or related non-core services, authorized intermediaries must:</p> <p>a) ask investors for information about their experience in investing in financial instruments, financial situation, investment objectives and propensity to incur risks.</p> <p>(...).</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
66. An investment firm shall be entitled to rely on the information provided by the customer, unless it is manifestly inaccurate or incomplete or the firm is aware that the information is inaccurate or incomplete. In this case paragraph 69 applies.	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>(...);</p> <p>Article 29, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Unsuitable transactions)</i></p> <p>1. Authorized intermediaries shall refrain from carrying out transactions</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force..

¹³ Information on the customer's investment knowledge and experience includes the types of services, transactions and products the customer is familiar with and his trading history, i.e. the nature, volume, frequency and timeframe of his transactions.

¹⁴ Information on the customer's investment objectives and risk profile includes the temporal horizon of the customer's future investments, as well as his preferences regarding risk-taking and recurrent income.

		<p>on behalf of investors that are not suitable in terms of type, object, frequency or size.</p> <p>2. For the purposes of paragraph 1, authorized intermediaries shall take into account the information referred to in Article 28 and any other information available in relation to the services supplied.</p>	
<p>67. An investment firm must take reasonable care to keep the customer profile under review, also taking into consideration the development of the relationship between the investment firm and the customer. The customer must be advised that he should inform the investment firm of any major changes affecting his investment objectives, risk profile, financial situation/capacity, trading restrictions, or the identity or capacity of his representative. Should the firm become aware of a major change in the situation previously described by the customer, it must request additional information.</p>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...);</p> <p style="text-align: center;">ooo</p> <p>Article 56, paragraph n. 2 of Consob Regulation 11522 <i>(Internal procedures)</i></p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to:</p> <p>a) ensure the orderly and correct supply of services; (...)</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to:</p> <ul style="list-style-type: none"> • clarify the specific obligations arising from the general principles laid down in the provisions at present in force and.. • require investment firm to request customers to keep the relevant information up-to-date.
<p>68. An investment firm must draw up and implement appropriate written internal policies and procedures to keep and update all documents required for customer identification and profile, as well as records of customer addresses and telephone/fax numbers.</p>	CONSOB	<p>Article 56, paragraph n. 2 of Consob Regulation 11522 <i>(Internal procedures)</i></p> <p>See above rule n. 67</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to:</p> <ul style="list-style-type: none"> • clarify the specific obligations arising from the general principles laid down in the provisions at present in force and.. • require investment firm to request customers to keep the relevant information up-to-date.
<p>69. An investment firm must warn the customer that any refusal to supply information may adversely affect the ability of the investment firm to act in the best interest of the customer. If a customer refuses to supply information the investment firm must warn him in writing that this may adversely affect the ability of the investment firm to act in his best interest.</p>	CONSOB	<p>Article 28, paragraph n. 1 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>1. (...)</p> <p>a) ask investors for information about their experience in investing in financial instruments, financial situation, investment objectives and propensity to incur risks. In the event of refusal to provide the information requested, this must be stated in the contract referred to in Article 30 or in a declaration signed by the investor;</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to:</p> <ul style="list-style-type: none"> • clarify the specific obligations arising from the general principles laid down in the provisions at present in force and • require investment firms to inform customers that refusal to

			supply information might adversely affect its ability of to act in his or her best interest.
70. The customer should not be invited not to provide information.	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...);</p> <p>Article 28, paragraph n. 1 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> See above rule 69</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

3.2 THE INVESTMENT FIRM'S DUTY TO CARE FOR THE CUSTOMER ¹⁵

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<i>72. When an investment firm provides investment advice to the customer, it must have reasonable grounds to believe, in light of the information disclosed to it by the customer and the information available to it, including the information arising from the customer relationship, that this investment advice is suitable for him. The investment firm must communicate the reasons why the advice is considered to be in the best interest of the customers at the time the advice is given.</i>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...);</p> <p>Article 29, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Unsuitable transactions)</i></p> <p>1. Authorized intermediaries shall refrain from carrying out transactions on behalf of investors that are not suitable in terms of type, object, frequency or size.</p> <p>2. For the purposes of paragraph 1, authorized intermediaries shall take into account the information referred to in Article 28 and any other information available in relation to the services supplied.</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

¹⁵ After having obtained the information from the customer according to chapter 3.1., the extent of an investment firm's duty to care for the customer depends on the nature of the investment service to be provided: where the service to be provided is a full hand-holding service of transmission or execution of order par. 72-76 apply; where the service to be provided is the pure transmission or execution of orders (This implies that no investment advice is provided and that suitability will not be tested on a transaction-by-transaction-basis) par. 74, 76 and 77 apply.

<p>73. Before accepting an order an investment firm must take reasonable care to verify that the order is suitable for the customer in light of the information disclosed to it by the customer and the information available to it, including the information arising from the customer relationship.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must: a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...);</p> <p>Article 29, paragraph n. 1 and 2 of Consob Regulation 11522 (Unsuitable transactions)</p> <p>See above rule n. 72</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>75. Where an investment firm receives an order regarding a transaction that it considers – in the light of the information disclosed to it by the customer and the information available to it, including the information arising from the customer relationship – not suitable¹⁶ for the customer, it must advise the customer accordingly and provide appropriate information on the transaction, including any necessary risk warning. The investment firm may transmit or execute the order only if the customer nonetheless confirms his intention to proceed with the transaction in writing or by telephone and recorded, and provided that such confirmation contains an explicit reference to the warning received.</p>		<p>Article 29, paragraph n. 1 and 2 of Consob Regulation 11522 (Unsuitable transactions)</p> <p>3. Where an authorized intermediary receives instructions from an investor relative to an unsuitable transaction, it shall inform the investor of the fact and state the reasons why it is not advisable to carry out the transaction. Where the investor nonetheless intends to proceed with the transaction, the authorized intermediary may carry it out only on the basis of an order given in writing or, in the case of orders given by telephone, recorded on magnetic tape or an equivalent medium in which explicit reference is made to the warning received.</p>	
<p>74. An investment firm must take reasonable care to verify that the customer has sufficient financial resources to settle the proposed transaction.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must: a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...);</p> <p style="text-align: center;">ooo</p> <p>Article 29, paragraph n. 1 of Consob Regulation 11522 (Unsuitable transactions)</p> <p>1. Authorized intermediaries shall refrain from carrying out transactions on behalf of investors that are not suitable in terms of type, object, frequency or size.</p> <p style="text-align: center;">ooo</p> <p>Article 56, paragraph n. 2 of Consob Regulation 11522 (Internal procedures)</p> <p>2. Authorized intermediaries, asset management companies and SICAVs</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

¹⁶ A transaction may be considered unsuitable for a customer, *inter alia*, because of the instrument involved (e.g. derivatives), because of the type of transaction (e.g. sale of options), because of the characteristics of the order (e.g. size or price specifications) or because of the frequency of the customer's trading.

		shall establish procedures serving to: a) ensure the orderly and correct supply of services; (...)	
76. An investment firm may accept an order without having taken reasonable steps to verify the immediate availability of the funds (securities) necessary for carrying out the related purchase (sale) only if an adequate credit facility has been agreed on beforehand.		Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria) 1. In providing investment and non-core services, authorized persons must: a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...);	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
77. Where the service to be provided is the pure transmission or execution of orders (either through a special distribution channel, in individual cases or generally) the customer must be made aware of this fact prior to the transaction taking place for the first time. On the basis of the information obtained from the customer on opening the account, the investment firm will define an appropriate service including investment parameters, i.e. types of instruments, types of transactions and types of orders, and inform the customer accordingly. Where the investment firm receives an order regarding a transaction, which is not in line with the defined investment parameters, it must warn the customer accordingly and provide appropriate information on the transaction, including any necessary risk warning(s). The investment firm may transmit or execute the order only if the customer nonetheless confirms his intention to proceed with the transaction in writing or by telephone and recorded, and provided that such confirmation contains an explicit reference to the warning received.	CONSOB	Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria) 1. In providing investment and non-core services, authorized persons must: a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...); Article 29, paragraph n. 1 and 3 of Consob Regulation 11522 (Unsuitable transactions) 1. Authorized intermediaries shall refrain from carrying out transactions on behalf of investors that are not suitable in terms of type, object, frequency or size. 3. Where an authorized intermediary receives instructions from an investor relative to an unsuitable transaction, it shall inform the investor of the fact and state the reasons why it is not advisable to carry out the transaction. Where the investor nonetheless intends to proceed with the transaction, the authorized intermediary may carry it out only on the basis of an order given in writing or, in the case of orders given by telephone, recorded on magnetic tape or an equivalent medium in which explicit reference is made to the warning received. ○○○ Article 30, paragraph n. 1 of Consob Regulation 11522 (Contracts with investors) 1. Authorized intermediaries may not supply investment services except on the basis of a contract in writing; a copy of the contract shall be given to the investor. 2. The contract with the investor must: a) specify the services provided and their characteristics; (...); c) specify the procedures by means of which the investor may give orders and instructions; (...); f) specify any other contractual conditions agreed with the investor for the supply of the service.	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force..

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(...)

SUITABILITY: The obligation to assess the suitability of individual transactions provided for in Article 29 of Consob Regulation 11522/1998 continues to apply where the investment service is supplied on line.⁽⁷⁾ The article in question requires intermediaries to assess the suitability of transactions in the light of investors' profiles by putting in place and using automated procedures that take account of the objective features of transactions and the subjective profiles of investors. Intermediaries are not exonerated from fulfilling this obligation even where investors have refused to supply information on their financial situation, investment objectives and propensity to incur risks. In such cases the assessment is to be made -- in compliance with the general principles of correctness, diligence and transparency -- on the basis of all the information in intermediaries' possession (e.g. customers' age, job and presumable propensity to incur risk in the light of their past trading, and market conditions).

Where an intermediary receives an order to carry out a transaction it deems unsuitable, the obligation established by Article 29.3 of Consob Regulation 11522/1998 to inform the investor and explain why the transaction is unsuitable applies even when the trading service is provided on line. Intermediaries may nonetheless fulfil their suitability obligations over the Internet, provided they give customers the information required by the rules in a sufficiently clear and evident manner. In the same way, the obligation established in the second part of the same article that "*where the investor nonetheless intends to proceed with the transaction, the intermediary may carry it out only on the basis of an order given in writing or, in the case of orders given by telephone, recorded on magnetic tape or an equivalent medium in which explicit reference is made to the warning received*" is to be understood, not as precluding use of the Internet to confirm unsuitable transactions, but as meaning that where customers use the Internet to give instructions to proceed with unsuitable transactions, the procedure put in place by the intermediary must require them to give explicit and knowing confirmation of their intention to proceed and oblige them to acknowledge receipt of the warning about the unsuitability of the transactions they have ordered. Moreover, it is indispensable that the procedure should not have confirmation of unsuitable orders as the default setting. Naturally, intermediaries must arrange for appropriate records to be kept in unalterable form of customers' knowing confirmation of unsuitable orders and for customers to have access to them, in accordance with Articles 69 and 28.5 of Consob Regulation 11522/1998.

4. CUSTOMER AGREEMENTS

4.1) BASIC CUSTOMER AGREEMENT

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<p><i>78. Prior to providing any investment service, an investment firm must enter into a signed written agreement with the customer setting out the rights and obligations of the parties, a description of the services to be provided, and all other items of information necessary for the proper understanding and performance of the agreement.</i></p>	<p>CONSOB</p>	<p>Article 23, paragraph n. 1, of Legislative decree n. 58/1998 (Contracts)</p> <p>1. Contracts for the provision of investment services or non-core services shall be reduced to writing and a copy given to customers. Consob, after consulting the Bank of Italy, may establish in a regulation that, for justified technical reasons or in relation to the professional nature of the contracting parties, certain types of contract may or must be concluded in a different form. Failure to comply with the prescribed form shall render the contract null and void.</p> <p style="text-align: center;">ooo</p> <p>Article 30, of Consob Regulation 11522 (Contracts with investors)</p> <p>1. Authorized intermediaries may not supply investment services except on the basis of a contract in writing; a copy of the contract shall be given to the investor.</p> <p>2. The contract with the investor must:</p> <ul style="list-style-type: none"> a) specify the services provided and their characteristics; b) establish the period of validity of the contract and the procedure for renewing it, and the procedure for modifying the contract; c) specify the procedures by means of which the investor may give orders and instructions; d) establish the frequency, type and content of the documentation to be sent to the investor to report on the activity carried out; e) specify and regulate, with reference to contracts for trading and the reception and transmission of orders, the procedures for providing and replenishing the means for carrying out or guaranteeing the transactions ordered, with the means provided for carrying out transactions involving derivative financial instruments and warrants indicated separately; f) specify any other contractual conditions agreed with the investor for the supply of the service. <p>3. The provisions of this article shall not apply to the supply of the following services:</p>	

		<p>a) placement services, including door-to-door selling and distance marketing;</p> <p>b) non-core services, except for those of financing investors and providing investment advice concerning financial instruments.</p>	
<p>79. The customer agreement must be clear and easily understandable by the customer.</p>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>(...);</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force</p>
<p>80. The customer agreement must contain the following items as a minimum:</p> <p>a) the identity, postal address and telephone number of each of the parties;</p> <p>b) the names of any persons authorised to represent the customer for the purposes of the agreement, in particular the names of the natural persons authorised to represent the customer who is a legal entity;</p> <p>c) the investment firm's general terms of business for investment services and any particular terms agreed between the parties concerning, e.g. margin requirements or potential obligations where securities may be purchased on credit</p> <p>d) a general description of the investment services, including custody, offered by the investment firm and the types of financial instruments to which such services relate;</p> <p>e) the types of orders and instructions that the customer may place with the investment firm, the medium/media for sending them (e.g. by telephone, E-mail or post) and the alternative medium to be used when normal media are unavailable;</p> <p>f) the information to be given by the investment firm to the customer regarding the performance of services including the medium/media for sending the information and the type,</p>	CONSOB	<p>Article 30, paragraph n. 2 of Consob Regulation 11522 (Contracts with investors)</p> <p>2. The contract with the investor must:</p> <p>a) specify the services provided and their characteristics;</p> <p>b) establish the period of validity of the contract and the procedure for renewing it, and the procedure for modifying the contract;</p> <p>c) specify the procedures by means of which the investor may give orders and instructions;</p> <p>d) establish the frequency, type and content of the documentation to be sent to the investor to report on the activity carried out;</p> <p>e) specify and regulate, with reference to contracts for trading and the reception and transmission of orders, the procedures for providing and replenishing the means for carrying out or guaranteeing the transactions ordered, with the means provided for carrying out transactions involving derivative financial instruments and warrants indicated separately;</p> <p>f) specify any other contractual conditions agreed with the investor for the supply of the service.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">CONSOB COMUNICAZIONE DI/30396 OF 21 APRIL 2000</p> <p>CONCLUSION OF CONTRACTS: as the law stands today, contracts for the provision of investment services must normally be concluded in writing and may therefore be concluded over the Internet only where it is possible to use digital signatures as provided for in Presidential Decree 513 of 10 November 1997 implementing Article 15.2 of Law 59 of 15 March 1997. The same holds for all other matters that the law requires to be reduced to writing;</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field which specifies in detail the information to be provided in the contract.</p>

<p>frequency and rapidity of the information to be given e.g. regarding order execution or portfolio evaluation;</p> <p>g) details of the investment firm's fees and prices for investment services, including information on how they are to be calculated, the frequency with which they are to be charged and the manner of payment;</p> <p>h) the name of the competent authority which has authorised the investment firm;</p> <p>i) the law applicable to the contract, as ascertained to the best of the knowledge of the firm or as agreed between the parties;</p> <p>j) the duration of the agreement and the procedures for amending, renewing, terminating or withdrawing from it;</p> <p>k) where such a procedure exists, a description of the mechanism for settling disputes between the parties such as an out-of-court complaint and redress mechanism;</p> <p>l) the actions that the investment firm shall or may take in the event the customer does not honour his obligations (e. g. payment of money due to the investment firm), in particular whether the investment firm is allowed to dispose of any of the customer's assets, the timeframe for doing so and the information to be given to the customer in such circumstances;</p> <p>m) the languages in which the customer can communicate with the investment firm.</p>			
<p>81. Rather than containing all the above items itself, the contract may refer to other documents containing certain of them, e.g. the general terms of business, the types of investment services offered, the types of orders and information to be sent by the parties and the fee schedule, provided that all the contractual documents so referred to are provided to the customer prior to the signing of the contract.</p>			<p>In any case these contractual documents form part of the contract.</p>

<p>82. Where a custody service related to the other services provided by the firm to the customer is provided, either directly by the investment firm party to the contract with the customer or indirectly by another investment firm, the contract must contain at least a brief indication of the rights and obligations of the parties, including the provisions relating to the exercise of voting rights attaching to the securities held.</p>	<p>CONSOB</p>	<p>Article 30, paragraph n. 2 of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>2. The contract with the investor must: a) specify the services provided and their characteristics; (...).</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field which specifies in detail the information to be provided in the contract.</p>
<p>83. The contract must state that any modification of the agreement by the investment firm, e.g. regarding fees, requires the prior notification of the customer, and the contract must provide a sufficient opportunity for the customer to terminate the agreement.</p>	<p>CONSOB</p>	<p>Article 30, paragraph n. 2 of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>2. The contract with the investor must: (...); b) establish the period of validity of the contract and the procedure for renewing it, and the procedure for modifying the contract; (...).</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field which specifies in detail the information to be provided in the contract.</p>
<p>84. A copy of the agreement signed by the customer (and any related contractual documents) must be kept by the investment firm for the duration of the customer relationship and for at least five years after the end of the relationship; a copy must be provided to the customer immediately after signing, and at any time subsequently on request.</p>	<p>CONSOB</p>	<p>Article 23, paragraph n. 1, of Legislative decree n. 58/1998 <i>(Contracts)</i></p> <p>1. Contracts for the provision of investment services or non-core services shall be reduced to writing and a copy given to customers. (...).</p> <p style="text-align: center;">°°°</p> <p>Article 30, paragraph n. 1 of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>1. Authorized intermediaries may not supply investment services except on the basis of a contract in writing; a copy of the contract shall be given to the investor.</p> <p style="text-align: center;">°°°</p> <p>Article 69, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Conservation of records and documents)</i></p> <p>1. Without prejudice to statutory provisions on the conservation of books and documents: (...) c) the contracts, correspondence and documents referred to in this regulation shall be conserved for at least five years from the date of the termination of the relationships with the investors involved. 2. The contracts, correspondence and documents referred to in this regulation may be conserved using magnetic media, microfilm, optical or digital media or in other technically equivalent forms.</p> <p style="text-align: center;">°°°</p> <p>Article 28, paragraph n. 5 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i></p> <p>5. Authorized intermediaries shall promptly make available documents and recordings in their possession concerning investors who apply for them, against reimbursement of the expenses actually incurred.</p>	

4.2) CUSTOMER AGREEMENT INVOLVING TRADING IN DERIVATIVES

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<p>85. <i>Prior to providing the services of reception/transmission and/or execution of orders involving derivatives, a customer agreement containing the relevant provisions of the basic customer agreement as well as certain additional provisions specific to trading in derivatives must be signed between the parties.</i></p>	CONSOB	<p>Article 23, paragraph n. 1, of Legislative decree n. 58/1998 <i>(Contracts)</i></p> <p>1. Contracts for the provision of investment services or non-core services shall be reduced to writing and a copy given to customers. (...).</p> <p>Article 30, paragraph n. 1 of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>1. Authorized intermediaries may not supply investment services except on the basis of a contract in writing; a copy of the contract shall be given to the investor.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field which specifies in detail the information to be provided in the contract.</p>
<p>86. In addition to the relevant items of the basic customer agreement, where the firm provides services involving derivatives, the customer agreement must contain:</p> <ul style="list-style-type: none"> - the type(s) of instruments and transactions envisaged, - the obligations of the investment firm with respect to the transactions envisaged, in particular its reporting and notice obligations to the customer, - the obligations of the customer with respect to the transactions envisaged, in particular his financial commitments toward the investment firm and the time allowed for honouring such commitments, - an appropriate warning calling to the customer's attention the risks involved in the transactions envisaged. 	CONSOB	<p>Article 30, paragraph n. 2 of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>2. The contract with the investor must:</p> <ul style="list-style-type: none"> a) specify the services provided and their characteristics; b) establish the period of validity of the contract and the procedure for renewing it, and the procedure for modifying the contract; c) specify the procedures by means of which the investor may give orders and instructions; d) establish the frequency, type and content of the documentation to be sent to the investor to report on the activity carried out; e) specify and regulate, with reference to contracts for trading and the reception and transmission of orders, the procedures for providing and replenishing the means for carrying out or guaranteeing the transactions ordered, with the means provided for carrying out transactions involving derivative financial instruments and warrants indicated separately; f) specify any other contractual conditions agreed with the investor for the supply of the service. 	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field which specifies in detail the information to be provided in the contract.</p>
<p>87. The contract must mention the types of transactions envisaged, in particular whether the customer intends to undertake transactions giving rise to contingent liabilities, the types of instruments envisaged, in particular whether they are traded on a regulated market or not, and it must refer to the documentation on such instruments provided by the investment firm to the customer for information purposes.</p>	CONSOB	<p>Article 30, paragraph n. 2 of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>See above rule 86</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field which specifies in detail the information to be provided in the contract</p>
<p>88. The contract must provide for the immediate confirmation of derivatives transactions and the</p>	CONSOB	<p>Article 61, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Information on transactions)</i></p>	<p>Consob has already published for consultation a revision of its</p>

<p>immediate notice to the customer of his payment obligations as they arise, as well as the procedures to be used for such confirmation and notice.</p>		<p>1. In supplying dealing services, authorized intermediaries shall send to investors' domiciles, for each transaction carried out and within seven working days from the execution date, a transaction confirmation notice showing separately the following information: (...).</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 56, paragraph n. 2 of Consob Regulation 11522 (Internal procedures)</p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to:</p> <p>a) ensure the orderly and correct supply of services; (...)</p>	<p>regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the timing of the information concerning the execution of orders .</p>
<p>89. The contract, or the documentation referred to in the contract, must provide adequate information on any margin requirements or similar obligations, regardless of the source of such rules and requirements, e.g. an exchange or clearing house, or the investment firm itself. This document must indicate how margin will be calculated and charged, the assets (cash, securities, etc.) accepted as margin, the frequency of margin calls and the timetable for the delivery or payment of margin by the customer to the investment firm. The contract must require immediate notification to the customer of any change in margin rules.</p>	<p style="text-align: center;">CONSOB</p>	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; b) acquire the necessary information from customers and operate in such a way that they are always adequately informed;</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 (Communication of information between intermediaries and investors)</p> <p>1. Before concluding contracts for asset management or investment advice services and starting to supply investment services or related non-core services, authorized intermediaries must:</p> <p>a) ask investors for information about their experience in investing in financial instruments, financial situation, investment objectives and propensity to incur risks. In the event of refusal to provide the information requested, this must be stated in the contract referred to in Article 30 or in a declaration signed by the investor; b) give investors a copy of the document on the general risks of investments in financial instruments referred to in Annex 3.</p> <p>2. Authorized intermediaries may not carry out or recommend transactions or supply management services until they have provided investors with adequate information on the nature, risks and implications of the transaction or service in question, knowledge of which is needed to make informed investment and disinvestment decisions.</p> <p style="text-align: center;">Article 30, paragraph n. 2 of Consob Regulation 11522 (Contracts with investors)</p> <p>2. The contract with the investor must:</p> <p>a) specify the services provided and their characteristics; b) establish the period of validity of the contract and the procedure for renewing it, and the procedure for modifying the contract; c) specify the procedures by means of which the investor may give orders and instructions;</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field which specifies in detail the information to be provided in the contract</p>

		<p>d) establish the frequency, type and content of the documentation to be sent to the investor to report on the activity carried out;</p> <p>e) specify and regulate, with reference to contracts for trading and the reception and transmission of orders, the procedures for providing and replenishing the means for carrying out or guaranteeing the transactions ordered, with the means provided for carrying out transactions involving derivative financial instruments and warrants indicated separately;</p> <p>f) specify any other contractual conditions agreed with the investor for the supply of the service.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">ANNEX 3 of Consob Regulation 11522 THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS PART "B" THE RISKINESS OF INVESTMENTS IN DERIVATIVE FINANCIAL INSTRUMENTS</p> <p>See above: rule 54.</p>	
<p>90. The warning given to the customer should reflect the transactions envisaged, in particular where potential losses may exceed the amounts invested, as well as the experience, knowledge and financial situation/capacity of the customer or type of customer involved, and should be given due prominence in the contract.</p>	<p>CONSOB</p>	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>b) acquire the necessary information from customers and operate in such a way that they are always adequately informed;</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 28, paragraphs nn. 2, 3 and 4 of Consob Regulation 11522 (Communication of information between intermediaries and investors)</p> <p>2. Authorized intermediaries may not carry out or recommend transactions or supply management services until they have provided investors with adequate information on the nature, risks and implications of the transaction or service in question, knowledge of which is needed to make informed investment and disinvestment decisions.</p> <p>3. Authorized intermediaries shall promptly inform investors in writing as soon as transactions in derivative instruments or warrants that they have ordered for purposes other than hedging give rise to an actual or potential loss equal to or exceeding 50% of the means provided for the purpose of carrying out and guaranteeing such transactions. The reference value of such means shall be redetermined at the time of the communication of the loss to the investor and where deposits or withdrawals are made. The new reference value shall be promptly communicated to the investor. Where deposits or withdrawals are made, the result achieved until such time shall be communicated to the investor.</p> <p>4. Authorized intermediaries shall promptly inform investors in writing where the assets entrusted to them for management have diminished in value as a result of actual or potential losses by 30% or more of the total</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force</p>

		<p>value of the assets under management at the beginning of each year or, if later, at the date on which the relationship began, taking into account any deposits or withdrawals. An analogous communication must be made at the time of every further diminution equal to or exceeding 10% of such value.</p> <p style="text-align: center;">Article 30, paragraph n. 2 of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>See above rule 89</p> <p style="text-align: center;">○○○</p> <p style="text-align: center;">ANNEX 3 of Consob Regulation 11522 THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS PART "B" THE RISKINESS OF INVESTMENTS IN DERIVATIVE FINANCIAL INSTRUMENTS</p> <p>See above: rule 54.</p>	
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5.- DEALING REQUIREMENTS

5.1) RECEPTION AND TRANSMISSION OF CUSTOMER ORDERS

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<i>91. An investment firm must record and process customer orders in accordance with the customer's instructions and in such a way as to facilitate best execution.</i>	CONSOB	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>(...).</p> <p style="text-align: center;">○○○</p> <p style="text-align: center;">Article 26, paragraph n.1 of Consob Regulation 11522 <i>(General rules of conduct)</i></p> <p>1. Authorized intermediaries, in the interest of investors and the integrity of the securities market, shall:</p> <p>a) operate independently and according to the principles and general</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force

		<p>rules of the Consolidated Law; b) comply with the rules for the functioning of the markets in which they operate; c) refrain from any conduct that might benefit one investor at the expense of another; d) carry out orders given by investors promptly; e) acquire a knowledge of own and third-party financial instruments, services and products other than investment services they provide that is adequate in relation to the type of service to be performed; f) operate so as to keep down the costs borne by investors and to obtain the best possible result from each investment service, taking into account the level of risk chosen by the investor.°°°</p> <p>Article 33, paragraph n.1 of Consob Regulation 11522 <i>(Reception and transmission of orders)</i></p> <p>1. In supplying the service of receiving and transmitting orders, authorized intermediaries shall transmit the orders they receive promptly to other intermediaries authorized to engage in dealing or placement, and to EU and non-EU intermediaries authorized in their home country to supply the service of dealing or placement.</p>	
<p>93. An investment firm must ensure that, prior to their transmission for execution, orders given by customers are clear and precise and include the following:</p> <ul style="list-style-type: none"> a) the name of the customer and of any person acting on his behalf, b) the date and time of the order, c) the financial instrument to be traded, d) the size of the order, e) the nature of the order, e.g., subscription, buy, sell, exercise etc., f) any other relevant details and particular instructions from the customer for the order to be properly transmitted and executed, e.g. limit orders, validity period and market of execution; g) the account for which the order has to be executed. 	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <ul style="list-style-type: none"> a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; b) acquire the necessary information from customers (...). <p style="text-align: center;">°°°</p> <p>Article 56, paragraph n. 2 of Consob Regulation 11522 <i>(Internal procedures)</i></p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to:</p> <ul style="list-style-type: none"> a) ensure the orderly and correct supply of services; <p style="text-align: center;">°°°</p> <p>Article 60, paragraph n. 1 of Consob Regulation 11522 <i>(Confirmation of orders)</i></p> <p>1. In supplying their services, authorized intermediaries shall give investors at the moment orders are received at the head office or a branch office a paper-based confirmation notice stating:</p> <ul style="list-style-type: none"> a) the name of the investor; b) the time, where this is relevant in relation to the manner of execution, and date of reception of the order; c) the essential elements of the order and any accessory instructions. <p style="text-align: center;">°°°</p> <p>Article 63, paragraph n. 4 of Consob Regulation 11522 <i>(Recording of orders and transactions)</i></p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

		<p>4. The recording procedures must allow searches and retrievals to be made at any time by financial instrument, type of transaction, investor, counterparty, financial salesman, employee, date and time, market of execution and investment service.</p>	
<p>94. An investment firm must record orders immediately, documenting and verifying all relevant items of proper execution.</p>		<p>Article 63, paragraph n. 1, 2 and 5 of Consob Regulation 11522 (Recording of orders and transactions)</p> <p>1. Authorized intermediaries shall electronically record, not later than the day after that of reception, the essential elements of orders sent by investors. In the case of the service of portfolio management on an individual basis, intermediaries shall electronically record, at the moment of their transmission, the essential elements of orders issued on behalf of investors. Intermediaries shall also record, in the same manner and with the same time limits, instructions revoking previously imparted orders.</p> <p>2. Authorized intermediaries shall electronically record the essential elements of transactions, including those carried out for own account, not later than the day after that of execution.</p> <p>5. Asset management companies and SICAVs shall electronically record:</p> <p>a) not later than the day after that of reception, the essential elements of subscription and redemption orders received from investors and, not later than the day after that of execution, the conditions at which such orders were executed. The recording procedures must allow searches and retrievals to be made at any time by individual collective investment undertaking or sector, type of transaction, investor, intermediary that transmitted the order, financial salesman, and date and time.</p> <p>b) at the moment of transmission, the essential elements of orders issued on behalf of the collective investment undertakings managed and, not later than the day after that of execution, the essential elements of the transactions carried out. The recording procedures must allow searches and retrievals to be made at any time by individual collective investment undertaking or sector, type of transaction, investor, intermediary that transmitted the order, financial salesman, and date and time.</p>	
<p>95. An investment firm must keep a record of telephone orders on magnetic tape or an equivalent medium. Investment firms must duly inform the customer that the conversation will be recorded.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p style="text-align: center;">○○○</p> <p>Article 60, paragraph n. 2 and 3 of Consob Regulation 11522</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

		<p align="center">(Confirmation of orders)</p> <p>2. Authorized intermediaries shall record orders given by investors by telephone on magnetic tape or an equivalent medium.</p> <p>3. Financial salesmen appointed by authorized intermediaries to take orders by way of door-to-door selling shall give investors, at the moment orders are taken, a paper-based confirmation notice containing the information referred to in paragraph 1. Where orders are taken by telephone, financial salesmen are required to record them in the manner referred to in paragraph 2.</p>	
96. Before transmitting orders on behalf of several beneficiaries on an aggregated basis, an investment firm must pre-assign such orders in order to ensure that they can identify and match the orders with the relevant customer at any time.	CONSOB	<p align="center">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p align="center">Article 33, paragraph n. 2 and 3 of Consob Regulation 11522 (Reception and transmission of orders)</p> <p>2. Orders shall be transmitted in the same order as they are received; in no circumstances may orders of the opposite sign be offset nor, except as provided for in paragraph 3, may orders be batched.</p> <p>3. In the case of orders to buy or sell, authorized intermediaries may, when transmitting them to the dealing intermediary, batch individual orders received from investors where that is compatible with the nature of the orders and the operating procedures of the market in which they are to be executed do not involve the formation of prices for individual trades. In no case may orders issued by intermediaries for own account be batched with those issued by investors.</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
97. An investment firm must transmit orders promptly and sequentially and must take all reasonable care to transmit orders in a way to facilitate their best execution, taking into account all relevant details of the process of transmission, e.g. the size and characteristics of the order.	CONSOB	<p align="center">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p align="center">Article 26, paragraph n.1 of Consob Regulation 11522 (General rules of conduct)</p> <p>1. Authorized intermediaries, in the interest of investors and the integrity of the securities market, shall:</p> <p>a) operate independently and according to the principles and general rules of the Consolidated Law; b) comply with the rules for the functioning of the markets in which they operate; c) refrain from any conduct that might benefit one investor at the expense of another; d) carry out orders given by investors promptly; e) acquire a knowledge of own and third-party financial instruments.</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

		<p>services and products other than investment services they provide that is adequate in relation to the type of service to be performed; f) operate so as to keep down the costs borne by investors and to obtain the best possible result from each investment service, taking into account the level of risk chosen by the investor.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 33, paragraph n.1 of Consob Regulation 11522 (Reception and transmission of orders)</p> <p>1. In supplying the service of receiving and transmitting orders, authorized intermediaries shall transmit the orders they receive promptly to other intermediaries authorized to engage in dealing or placement, and to EU and non-EU intermediaries authorized in their home country to supply the service of dealing or placement.</p>	
<p><i>92. An investment firm must ensure that the firm and its members of the board, directors, partners, employees and tied-agents do not use the information they possess on customers orders to the disadvantage of customers' interest.</i></p>	<p>CONSOB</p>	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p>c) organize themselves in such a way as to minimize the risk of conflicts of interest and, where such conflicts arise, act in such a way as to ensure transparency and the fair treatment of customers, (...).</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 58, paragraph n.1, 2 and 3 of Consob Regulation 11522 (Internal code of conduct)</p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall adopt and comply with a self-regulatory code of conduct, <i>inter alia</i> by referring to those of the professional associations connected with the services supplied. Such code, in accordance with the prescriptions of the Consolidated Law, shall establish the rules of conduct for the members of the administrative and control bodies, employees, financial salesmen and collaborators with reference to at least:</p> <p>a) the obligation to protect data of a confidential nature obtained from investors or which such persons possess in view of their functions; b) the procedures established for carrying out personal transactions involving financial instruments; c) the procedures for handling relationships with investors who intend to employ agents or appointees for the purpose of concluding contracts or executing transactions where such persons are directors, members of the board of auditors, employees, collaborators or financial salesmen of the intermediary; (...).</p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall comply with the self-regulatory codes adopted by the professional</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

		<p>associations to which they belong.</p> <p>3. Authorized intermediaries, asset management companies and SICAVs shall refrain from behaving and shall control that their employees, collaborators and financial salesmen do not behave in a way that endangers, is deemed to endanger or is indicative of a situation that endangers the savings of the public or the market.</p>	
<p>98. An investment firm must take all reasonable steps to refrain from transmitting orders for its own account or the account of its members of the board, directors, partners, employees and tied-agents before those of customers in identical or better conditions than the latter (“front running”).</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p>c) organize themselves in such a way as to minimize the risk of conflicts of interest and, where such conflicts arise, act in such a way as to ensure transparency and the fair treatment of customers, (...).</p> <p style="text-align: center;">ooo</p> <p>Article 58, paragraph n.1, 2 and 3 of Consob Regulation 11522 (Internal code of conduct)</p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall adopt and comply with a self-regulatory code of conduct, <i>inter alia</i> by referring to those of the professional associations connected with the services supplied. Such code, in accordance with the prescriptions of the Consolidated Law, shall establish the rules of conduct for the members of the administrative and control bodies, employees, financial salesmen and collaborators with reference to at least:</p> <p>a) the obligation to protect data of a confidential nature obtained from investors or which such persons possess in view of their functions; b) the procedures established for carrying out personal transactions involving financial instruments; c) the procedures for handling relationships with investors who intend to employ agents or appointees for the purpose of concluding contracts or executing transactions where such persons are directors, members of the board of auditors, employees, collaborators or financial salesmen of the intermediary; (...).</p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall comply with the self-regulatory codes adopted by the professional associations to which they belong.</p> <p>3. Authorized intermediaries, asset management companies and SICAVs shall refrain from behaving and shall control that their employees, collaborators and financial salesmen do not behave in a way that endangers, is deemed to endanger or is indicative of a situation that endangers the savings of the public or the market.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

<p>99. An investment firm, which aggregates orders, must pre-assign such orders prior to transmitting them.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must: a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p>Article 33, paragraph n. 2 and 3 of Consob Regulation 11522 <i>(Reception and transmission of orders)</i></p> <p>2. Orders shall be transmitted in the same order as they are received; in no circumstances may orders of the opposite sign be offset nor, except as provided for in paragraph 3, may orders be batched.</p> <p>3. In the case of orders to buy or sell, authorized intermediaries may, when transmitting them to the dealing intermediary, batch individual orders received from investors where that is compatible with the nature of the orders and the operating procedures of the market in which they are to be executed do not involve the formation of prices for individual trades. In no case may orders issued by intermediaries for own account be batched with those issued by investors.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>100. An investment firm may transmit orders for its own account and for its customers account on an aggregated basis when it is clearly in accordance with the best interest of the customer and provided that the best execution standard is respected.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must: a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p>Article 33, paragraph n. 2 and 3 of Consob Regulation 11522 <i>(Reception and transmission of orders)</i></p> <p>2. Orders shall be transmitted in the same order as they are received; in no circumstances may orders of the opposite sign be offset nor, except as provided for in paragraph 3, may orders be batched.</p> <p>3. In the case of orders to buy or sell, authorized intermediaries may, when transmitting them to the dealing intermediary, batch individual orders received from investors where that is compatible with the nature of the orders and the operating procedures of the market in which they are to be executed do not involve the formation of prices for individual trades. In no case may orders issued by intermediaries for own account be batched with those issued by investors.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force</p>
<p>101. In the case of orders in connection with public offers of securities, an investment firm may transmit such orders provided that they offer the relevant prospectus to the customer or informs the customer where it is available.</p>	<p>CONSOB</p>	<p>Article 13, paragraph n. 1 of Consob Regulation 11971 <i>(Implementation of the offering)</i></p> <p>1. The offeror and the intermediaries engaged to make the placement or acting in the latter's interest shall deliver a copy of the prospectus or summary note, accompanied by any supplementary notices and supplements, free of charge upon request. In the case referred to in Article 6.3, the periodic financial statements published after the preparation of the document on the issuer used for the public offering shall be delivered</p>	

		<p>or made available in electronic form.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 33, paragraph n. 4 of Consob Regulation 11522 <i>(Reception and transmission of orders)</i></p> <p>4. In the case of orders in connection with placements, authorized intermediaries may transmit such orders to the intermediaries handling the placement provided:</p> <p>a) delivery to the investor of the prescribed information document is ensured;</p> <p>b) procedures are adopted that ensure observance by the placing intermediary of the allotment criteria established for the offer.</p>	
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5.2) EXECUTION OF ORDERS

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<p><i>102. An investment firm must take all care to obtain the best possible result for the customer with reference to price, costs born by the customer, size, nature of the transactions, time of reception of order, speed and likelihood of execution and trading venue taking into account the state of the relevant market(s). The relevant market(s) shall be deemed to be the market(s) offering the most favourable trading conditions also in terms of transparency, liquidity and clearing and settlement arrangements in connection with the envisaged transaction. If the investment firm executes in another trading venue, it must be able to demonstrate to the customer that this was done in accordance with his best interest.</i></p>	CONSOB	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>(...).</p> <p style="text-align: center;">Article 32, paragraph n. 3 and 4 of Consob Regulation 11522 <i>(Dealing)</i></p> <p>3. Without prejudice to the provisions of the regulation referred to in Article 25.2 of the Consolidated Law, authorized intermediaries shall carry out transactions for own or customer account at the best possible conditions with reference to the time, size and nature of the transactions. In determining the best possible conditions consideration shall be given to the price paid or received and the other costs borne directly or indirectly by the investor.</p> <p>4. The requirements referred to in paragraph 3 shall be considered satisfied where the transaction is carried out:</p> <ul style="list-style-type: none"> - during official trading hours, as defined in the regulation referred to in Article 25.2 of the Consolidated Law, in a regulated market; - outside official trading hours, as defined in the regulation referred to in Article 25.2 of the Consolidated Law, in a regulated market or an organized trading system. <p style="text-align: center;">Article 8 of Consob Regulation 11768/1998 <i>(Exemptions from requirement to execute trades in regulated markets)</i></p> <p>1. Authorized intermediaries may execute trades in financial instruments or have them executed outside regulated markets provided that:</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force</p>

		<p>a) the customer has authorized the intermediary in advance to execute trades or have them executed outside regulated markets;</p> <p>b) execution of trades outside regulated markets allows a better price to be obtained for the customer.</p> <p>2. In the case of orders transmitted by telephone, the authorization referred to in paragraph 1a) may be given orally provided the intermediary retains suitable proof thereof as part of its procedures.</p> <p>3. The authorization referred to in paragraph 1a) must be given for individual transactions.</p> <p>4. Authorized intermediaries may execute trades in financial instruments or have them executed in organized trading systems referred to in Article 78 of the Consolidated Law outside trading hours of the regulated markets even in the absence of the conditions referred to in paragraphs 1, 2 and 3.</p>	
104. An investment firm acting as principal in relation to a customer order must inform the customer accordingly beforehand and must be in a position to justify the price at which the transaction is executed, with reference to the prices and volumes in the relevant market(s), where appropriate, or the presumed value determined on the basis of objective elements, e.g. mark-to-market.	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>(...).</p> <p>Article 32, paragraph n. 5 of Consob Regulation 11522 <i>(Dealing)</i></p> <p>5. In supplying the service of dealing for own account, authorized intermediaries shall inform the investor at the time of receiving the order of the price at which they are prepared to buy or sell the financial instruments and execute the trade upon receiving the investor's consent; they may not charge any commission on the price agreed.</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force
105. An investment firm must take all reasonable steps to refrain from executing orders for its own account or the account of its members of the board, directors, partners, employees and tied-agents before those of customers in identical or better conditions than the latter ("front running").	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>(...).</p> <p>c) organize themselves in such a way as to minimize the risk of conflicts of interest and, where such conflicts arise, act in such a way as to ensure transparency and the fair treatment of customers,</p> <p>(...).</p> <p style="text-align: center;">ooo</p> <p>Article 58, paragraph n.1, 2 and 3 of Consob Regulation 11522 <i>(Internal code of conduct)</i></p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall adopt and comply with a self-regulatory code of conduct, <i>inter alia</i> by referring to those of the professional associations connected with the services supplied. Such code, in accordance with the prescriptions of the</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

		<p>Consolidated Law, shall establish the rules of conduct for the members of the administrative and control bodies, employees, financial salesmen and collaborators with reference to at least:</p> <p>a) the obligation to protect data of a confidential nature obtained from investors or which such persons possess in view of their functions;</p> <p>b) the procedures established for carrying out personal transactions involving financial instruments;</p> <p>(...)</p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall comply with the self-regulatory codes adopted by the professional associations to which they belong.</p> <p>3. Authorized intermediaries, asset management companies and SICAVs shall refrain from behaving and shall control that their employees, collaborators and financial salesmen do not behave in a way that endangers, is deemed to endanger or is indicative of a situation that endangers the savings of the public or the market.</p>	
<p>103. An investment firm must ensure that orders are executed in accordance with the instructions from the customer.</p>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>(...).</p> <p style="text-align: center;">ooo</p> <p>Article 32, paragraph n. 1 of Consob Regulation 11522 <i>(Dealing)</i></p> <p>1. In performing dealing services, authorized intermediaries shall execute orders according to the time priority of their reception.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>106. An investment firm must execute orders promptly and sequentially, unless the characteristics of the order and/or prevailing market conditions make this impossible or require otherwise in the interest of the customer.</p>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>(...).</p> <p style="text-align: center;">ooo</p> <p>Article 26, paragraph n.1 of Consob Regulation 11522 <i>(General rules of conduct)</i></p> <p>1. Authorized intermediaries, in the interest of investors and the integrity of the securities market, shall:</p> <p>(...);</p> <p>b) comply with the rules for the functioning of the markets in which they operate;</p> <p>d) carry out orders given by investors promptly;</p> <p>(...).</p> <p style="text-align: center;">ooo</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

		<p align="center">Article 32, paragraph n. 1 of Consob Regulation 11522 <i>(Dealing)</i></p> <p>1. In performing dealing services, authorized intermediaries shall execute orders according to the time priority of their reception.</p>	
107. Customer orders may be matched internally only if such offsetting is clearly in accordance with the best interest of the customers involved and provided that the best execution standard is respected.	CONSOB	<p align="center">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p align="center">ooo</p> <p align="center">Article 32, paragraph n. 1 of Consob Regulation 11522 <i>(Dealing)</i></p> <p>1. In performing dealing services, authorized intermediaries shall execute orders according to the time priority of their reception.</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
108. If an investment firm aggregates orders, it must pre-assign such orders prior to executing them.	CONSOB	<p align="center">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p align="center">ooo</p> <p align="center">Article 32, paragraph n. 1 of Consob Regulation 11522 <i>(Dealing)</i></p> <p>1. In performing dealing services, authorized intermediaries shall execute orders according to the time priority of their reception.</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
109. The price received or paid by the customer shall be identified separately from the fees and costs to the customer.	CONSOB	<p align="center">Article 32, paragraph n. 5 and 6 of Consob Regulation 11522 <i>(Dealing)</i></p> <p>5. In supplying the service of dealing for own account, authorized intermediaries shall inform the investor at the time of receiving the order of the price at which they are prepared to buy or sell the financial instruments and execute the trade upon receiving the investor's consent; they may not charge any commission on the price agreed.</p> <p>6. In supplying the service of dealing for customer account, the price received or paid by the customer shall be exclusively that received or paid by the intermediary, without prejudice to the charging of commissions and expenses.</p> <p align="center">ooo</p> <p align="center">Article 61, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Information on transactions)</i></p> <p>1. In supplying dealing services, authorized intermediaries shall send to investors' domiciles, for each transaction carried out and within seven working days from the execution date, a transaction confirmation notice showing separately the following information:</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

		(...); e) the unit price applied and the total consideration; (...); g) the commissions and expenses charged; (...).	
110. An investment firm must inform customers of relevant risks or impediments for the proper execution of the orders. If, due to market conditions, or for any other reason, an order cannot be executed according to the instructions given by the customer, an investment firm must ensure that the customer is duly informed as soon as possible.	CONSOB	<p align="center">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>b) acquire the necessary information from customers and operate in such a way that they are always adequately informed;</p> <p>(...).</p> <p align="center">ooo</p> <p align="center">Article 61, paragraph n. 1, of Consob Regulation 11522 <i>(Information on transactions)</i></p> <p>1. In supplying dealing services, authorized intermediaries shall send to investors' domiciles, for each transaction carried out and within seven working days from the execution date, a transaction confirmation notice showing separately the following information: (...).</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

5.3) POST- EXECUTION OF ORDERS

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<i>111. An investment firm must ensure the proper and speedy recording, allocation and distribution of executed transactions.</i>	CONSOB	<p align="center">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p align="center">ooo</p> <p align="center">Article 63 of Consob Regulation 11522 <i>(Recording of orders and transactions)</i></p> <p>1. Authorized intermediaries shall electronically record, not later than the day after that of reception, the essential elements of orders sent by investors. In the case of the service of portfolio management on an individual basis, intermediaries shall electronically record, at the moment of their transmission, the essential elements of orders issued on behalf of investors. Intermediaries shall also record, in the same manner and with the same time limits, instructions revoking previously imparted orders.</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force..

		<p>2. Authorized intermediaries shall electronically record the essential elements of transactions, including those carried out for own account, not later than the day after that of execution.</p> <p>3. Intermediaries shall record in an analogous manner the orders they give and the transactions they carry out for the purpose of dealing with errors in recording, transmitting or executing orders.</p> <p>4. The recording procedures must allow searches and retrievals to be made at any time by financial instrument, type of transaction, investor, counterparty, financial salesman, employee, date and time, market of execution and investment service.</p> <p>5. Asset management companies and SICAVs shall electronically record:</p> <p>a) not later than the day after that of reception, the essential elements of subscription and redemption orders received from investors and, not later than the day after that of execution, the conditions at which such orders were executed. The recording procedures must allow searches and retrievals to be made at any time by individual collective investment undertaking or sector, type of transaction, investor, intermediary that transmitted the order, financial salesman, and date and time.</p> <p>b) at the moment of transmission, the essential elements of orders issued on behalf of the collective investment undertakings managed and, not later than the day after that of execution, the essential elements of the transactions carried out. The recording procedures must allow searches and retrievals to be made at any time by individual collective investment undertaking or sector, type of transaction, investor, intermediary that transmitted the order, financial salesman, and date and time.</p> <p>6. The procedures must ensure that records cannot be altered; corrections must be appropriately evidenced.</p>	
<p>113. An investment firm must record the essential elements of transactions, including those carried out for its own account, immediately after their execution. An investment firm must record in an analogous manner the orders they give and the transactions they carry out for the purpose of remedying errors made in recording, transmitting or executing orders.</p>	<p>CONSOB</p>	<p>Article 63, paragraph n.1, 2, 3 and 5 of Consob Regulation 11522 <i>(Recording of orders and transactions)</i></p> <p>1. Authorized intermediaries shall electronically record, not later than the day after that of reception, the essential elements of orders sent by investors. In the case of the service of portfolio management on an individual basis, intermediaries shall electronically record, at the moment of their transmission, the essential elements of orders issued on behalf of investors. Intermediaries shall also record, in the same manner and with the same time limits, instructions revoking previously imparted orders.</p> <p>2. Authorized intermediaries shall electronically record the essential elements of transactions, including those carried out for own account, not later than the day after that of execution.</p> <p>3. Intermediaries shall record in an analogous manner the orders they give and the transactions they carry out for the purpose of dealing with errors in recording, transmitting or executing orders.</p> <p>5. Asset management companies and SICAVs shall electronically record:</p> <p>a) not later than the day after that of reception, the essential elements of subscription and redemption orders received from investors and, not later than the day after that of execution, the conditions at which such orders were executed. The recording procedures must allow searches and</p>	

		<p>retrievals to be made at any time by individual collective investment undertaking or sector, type of transaction, investor, intermediary that transmitted the order, financial salesman, and date and time.</p> <p>b) at the moment of transmission, the essential elements of orders issued on behalf of the collective investment undertakings managed and, not later than the day after that of execution, the essential elements of the transactions carried out. The recording procedures must allow searches and retrievals to be made at any time by individual collective investment undertaking or sector, type of transaction, investor, intermediary that transmitted the order, financial salesman, and date and time.</p>	
114. An investment firm must ensure that once a transaction is executed it is promptly allocated to the account of the relevant customer(s).	CONSOB	<p>Article 63, paragraph n.1 and 5 of Consob Regulation 11522 (Recording of orders and transactions)</p> <p>1. Authorized intermediaries shall electronically record, not later than the day after that of reception, the essential elements of orders sent by investors. In the case of the service of portfolio management on an individual basis, intermediaries shall electronically record, at the moment of their transmission, the essential elements of orders issued on behalf of investors. Intermediaries shall also record, in the same manner and with the same time limits, instructions revoking previously imparted orders.</p> <p>5. Asset management companies and SICAVs shall electronically record:</p> <p>a) not later than the day after that of reception, the essential elements of subscription and redemption orders received from investors and, not later than the day after that of execution, the conditions at which such orders were executed. The recording procedures must allow searches and retrievals to be made at any time by individual collective investment undertaking or sector, type of transaction, investor, intermediary that transmitted the order, financial salesman, and date and time.</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
<i>112. Where orders for own and customer accounts have been aggregated, the investment firm must not allocate the related trades in any way that is detrimental to any customer. If such an aggregated order is only partially executed, allocation to customers must take priority over allocation to the investment firm.</i>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>Article 33, paragraph n. 2 and 3 of Consob Regulation 11522 (Reception and transmission of orders)</p> <p>2. Orders shall be transmitted in the same order as they are received; in no circumstances may orders of the opposite sign be offset nor, except as provided for in paragraph 3, may orders be batched.</p> <p>3. In the case of orders to buy or sell, authorized intermediaries may, when transmitting them to the dealing intermediary, batch individual orders received from investors where that is compatible with the nature of the orders and the operating procedures of the market in which they are to be executed do not involve the formation of prices for individual trades. In no case may orders issued by intermediaries for own account be batched with those issued by investors.</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

<p>115. Where an order has been executed in several tranches, the investment firm must inform the customer about the price of execution of each tranche, unless the customer requests an average price. If customer orders have been aggregated and such an aggregated order has been partially executed, the investment firm must allocate the related trade on a proportional basis, unless the firm has a different allocation policy and the customers involved have been informed accordingly prior to the execution. An investment firm must have procedures in place to prevent that reallocation of principal transactions executed along with customers transactions on an aggregated basis give unfair preference to the investment firm or to any of its customers for whom it deals.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
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6. INDIVIDUAL DISCRETIONARY PORTFOLIO MANAGEMENT

In addition to the foregoing standards and rules, additional provisions apply to the service of individual portfolio management.

6.1. CUSTOMER AGREEMENTS FOR DISCRETIONARY PORTFOLIO MANAGEMENT

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<p><i>116. Prior to the provision of any discretionary portfolio management service, a customer agreement containing the relevant provisions of the basic customer agreement mentioned above, as well as certain additional provisions specific to portfolio management must be signed between the parties.</i></p>	<p>CONSOB</p>	<p>Article 23, paragraph n. 1, of Legislative decree n. 58/1998 <i>(Contracts)</i></p> <p>1. Contracts for the provision of investment services or non-core services shall be reduced to writing and a copy given to customers. Consob, after consulting the Bank of Italy, may establish in a regulation that, for justified technical reasons or in relation to the professional nature of the contracting parties, certain types of contract may or must be concluded in a different form.⁽²²⁾ Failure to comply with the prescribed form shall</p>	

		<p>render the contract null and void.</p> <p style="text-align: center;">Article 24, of Legislative decree n. 58/1998 (Management of investment portfolios)</p> <p>1. The following rules shall apply to the management of investment portfolios:</p> <p>a) contracts shall be reduced to writing;</p> <p>b) customers may give binding instructions concerning the operations to be carried out,</p> <p>c) investment firm, asset management companies and banks may not, except in the case of specific written instructions, enter into obligations on behalf of customers that commit them for amounts greater than the assets under management;</p> <p>d) customers may withdraw from contracts at any time, without prejudice to the right of withdrawal of the investment firm, asset management company or bank under Article 1727 of the Civil Code;</p> <p>e) the power to exercise voting rights attaching to financial instruments under management may be conferred on an investment firm, bank or asset management company by way of a proxy granted for each shareholders' meeting in compliance with the limits and procedures established in a regulation adopted by the Minister of the Treasury after consulting the Bank of Italy and Consob;</p> <p>f) execution of the engagement may be delegated for the entire portfolio or parts thereof to persons authorized to provide investment portfolio management services, subject to written authorization of the customer.</p> <p>2. Agreements in conflict with the provisions of this article shall be null and void, nullity may be enforced only by the customer.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 30, paragraphs 1 and 2, of Consob Regulation 11522 (Contracts with investors)</p> <p>See below rule 80 and 84, respectively</p> <p style="text-align: center;">Article 37, of Consob Regulation 11522 (Contracts with investors)</p> <p>See below rule 118</p>	
<p>118. Instead of the items referred to in paragraph 80.e) , the customer agreement must contain:</p> <p>a) the management objective(s) and any specific constraints on discretionary management,</p> <p>b) the types of financial instruments that may be included within the portfolio and the types of transactions that may be carried out in such instruments, including any related limits.</p>	<p>CONSOB</p>	<p style="text-align: center;">Article 37, of Consob Regulation 11522 (Contracts with investors)</p> <p>1. In addition to what is established in Article 30, contracts with investors must:</p> <p>a) specify the characteristics of the management account;</p> <p>b) expressly identify the transactions the intermediary may not carry out without the prior authorization of the investor; where there are no restrictions, expressly state this circumstance;</p> <p>c) with reference to financial derivative instruments, state whether such instruments may be used for purposes other than that of hedging risks associated with positions under management;</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

<p>In addition to the above, the customer agreement must contain:</p> <ul style="list-style-type: none"> c) without prejudice of paragraph 121, the benchmark against which performance will be compared, d) the basis on which the instruments are to be assessed at the date of valuation, e) details regarding the delegation of the management function where this is permitted. 		<ul style="list-style-type: none"> d) state whether the intermediary is authorized to delegate the performance of the mandate received, specifying any limits and conditions to which the authorization is subject and, where such delegation does not concern the entire portfolio, the financial instruments and the sectors or markets for which the authorization is given. e) specify that the investor may withdraw from the contract at any time or order the transfer or withdrawal of all or part of his or her assets without incurring any penalty. <p>2. Contracts with investors must also state whether and to what extent the intermediary is authorized to make use of leverage in relation to the characteristics of the management account chosen. Where the use of leverage is admitted, the contract must specify the upper limit of losses beyond which the intermediary is required to reduce leverage to one and contain the warning that a leverage greater than one may lead, in the event of negative management results, to losses in excess of the assets entrusted for management and consequently that the investor may end up indebted to the intermediary.</p> <p>3. From the time of withdrawal from a contract authorized intermediaries may not carry out management transactions involving the assets under management unless they are necessary to conserve such assets. They may also carry out any orders given by the investor and not yet carried out unless such orders have already been revoked.</p>	
<p>119. The contract must indicate the objectives and the level of risk agreed upon, and any particular constraints on discretionary management resulting from the customer's personal circumstances as referred to in paragraph 62 or his request to exclude certain types of investments (certain business sectors for example).</p>	<p>CONSOB</p>	<p style="text-align: center;">Article 38, of Consob Regulation 11522 <i>(Characteristics of a management account)</i></p> <p>1. Characteristics of a management account shall mean:</p> <ul style="list-style-type: none"> a) the categories of financial instrument in which the assets under management may be invested and any related limits; b) the types of transactions the intermediary may carry out with reference to such financial instruments; c) the maximum leverage the intermediary may use; d) the benchmark against which to compare the return on the management account. <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 39, of Consob Regulation 11522 <i>(Categories of financial instruments)</i></p> <p>1. For the purpose of defining the characteristics of a management account, the following shall be distinct categories of financial instruments:</p> <ul style="list-style-type: none"> a) debt securities; b) equity securities and securities convertible into equity securities; c) units/shares of collective investment undertakings d) derivative financial instruments; e) structured securities. <p>2. Within the above-mentioned categories, the following shall be general parameters for differentiating financial instruments:</p> <ul style="list-style-type: none"> a) currency of denomination; 	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

		<p>b) traded on regulated markets; c) geographical area; d) category of issuer (sovereign, supranational organization, corporate); e) industrial sector.</p> <p>3. The following shall be specific parameters for differentiating financial instruments:</p> <p>a) with reference to debt securities: 1. the duration; 2. the rating obtained from independent credit rating agencies;</p> <p>b) with reference to equity securities: the market value of the issuer;</p> <p>c) with reference to units/shares of collective investment undertakings: 1. the conformity of the undertaking with the provisions of Community law; 2. the volatility;</p> <p>d) with reference to derivative financial instruments not used for hedging purposes and to structured securities: the payoff.</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 40, of Consob Regulation 11522 <i>(Types of transactions)</i></p> <p>1. For the purpose of defining the characteristics of a management account, the following shall be distinct types of transactions: a) cash purchases and sales; b) forward purchases and sales; c) short sales; d) traditional options (compravendite a premio); e) stock loans and stock exchange repos (operazioni di riporto); f) repos.</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 41, of Consob Regulation 11522 <i>(Leverage)</i></p> <p>1. Where the leverage is greater than one, the intermediary shall enter into obligations on behalf of the investor that exceed the assets under management.</p> <p>2. For the purpose of defining the characteristics of a management account, leverage shall mean the ratio of the market value of the net positions in financial instruments and the value of the assets entrusted for management, calculated using the methods established for the quarterly reports referred to in Annex 5.</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 42, of Consob Regulation 11522 <i>(Benchmarks)</i></p> <p>1. For the purpose of defining the characteristics of a management account, the intermediary shall indicate a benchmark to the investor that</p>	
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		<p>is consistent with the risks associated with the account against which to compare the results of the account.</p> <p>2. Such benchmark must be based on financial indicators produced by third parties and in common use.</p>	
<p>120. If an investment firm is mandated to invest in any of the following types of instruments or to undertake any of the following types of transactions, the contract must state so explicitly and provide adequate information on the scope of the investment firm's discretionary authority regarding these instruments and transactions:</p> <ul style="list-style-type: none"> - financial instruments not traded on a regulated market, - illiquid or highly volatile financial instruments, - leveraged transactions, - securities repurchase agreements or securities lending agreements, - transactions involving credit, margin payments or deposit of collateral, - transactions involving foreign exchange risk. 	CONSOB	<p style="text-align: center;">Article 37, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>1. In addition to what is established in Article 30, contracts with investors must:</p> <p>a) specify the characteristics of the management account; (...);</p> <p>2. Contracts with investors must also state whether and to what extent the intermediary is authorized to make use of leverage in relation to the characteristics of the management account chosen. Where the use of leverage is admitted, the contract must specify the upper limit of losses beyond which the intermediary is required to reduce leverage to one and contain the warning that a leverage greater than one may lead, in the event of negative management results, to losses in excess of the assets entrusted for management and consequently that the investor may end up indebted to the intermediary.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 41, of Consob Regulation 11522 <i>(Leverage)</i></p> <p>1. Where the leverage is greater than one, the intermediary shall enter into obligations on behalf of the investor that exceed the assets under management.</p> <p>2. For the purpose of defining the characteristics of a management account, leverage shall mean the ratio of the market value of the net positions in financial instruments and the value of the assets entrusted for management, calculated using the methods established for the quarterly reports referred to in Annex 5.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>121. For information purposes with respect to the customer, the contract must indicate an appropriate benchmark, based on financial indicators produced by third parties and in common use, that is consistent with management objectives and against which the future results are to be compared. Where it is not feasible to establish such a benchmark in view of specific customer objectives, this must be stated clearly in the contract and an alternative measure of performance must be indicated.</p>	CONSOB	<p style="text-align: center;">Article 37, paragraph n. 1 of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>1. In addition to what is established in Article 30, contracts with investors must:</p> <p>a) specify the characteristics of the management account; (...);</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 38, of Consob Regulation 11522 <i>(Characteristics of a management account)</i></p> <p>1. Characteristics of a management account shall mean:</p> <p>(...);</p> <p>d) the benchmark against which to compare the return on the management account.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>122. The contract must state whether the financial instruments are to be valued at bid/ask or offer or</p>	CONSOB	<p>ANNEX 5 of Consob Regulation 11522 REPORT ON THE SERVICE OF PORTFOLIO MANAGEMENT</p>	<p>In order to guarantee a uniform and transparent pricing of financial</p>

<p>mid-market price, including any relevant currency exchange rates, and, where relevant, by reference to indicators such as yield curves or other pricing models or the methodology to be used to value unlisted equities.</p>		<p style="text-align: center;">METHODS OF VALUING FINANCIAL INSTRUMENTS</p> <p>Financial instruments are to be valued using the following methods:</p> <p><i>a)</i> for financial instruments traded in regulated markets (markets of OECD countries established, organized and governed by provisions issued or approved by the competent authorities pursuant to the laws in force in the country in which such markets are located), the price is to be that recorded on the last day on which the market is open in the reference period. In the case of financial instruments traded in more than one market, the reference price is to be that of the market in which the securities are predominantly traded. Where no price is recorded on the last trading day in the reference period, the valuation methods described in subparagraph <i>b)</i> are to be used;</p> <p><i>b)</i> for financial instruments not traded in the markets referred to in subparagraph <i>a)</i>, the price is to be determined with reference to their estimated realizable value, determined on the basis of a broad range of information, objectively assessed by the authorized intermediary, on the situation of the issuer and the state of the market; for derivative financial instruments not traded in markets (so-called OTCs), the valuation must be carried out with reference to market conditions (so-called marking to market);</p> <p><i>c)</i> for securities traded on an ex-coupon basis, the price is to be stated ex-coupon with the amount of interest accrued shown separately;</p> <p><i>d)</i> for zero-coupon securities, the price is to include the interest that has accrued;</p> <p><i>e)</i> for the securities traded in the markets referred to in subparagraph <i>a)</i> of this paragraph and suspended from trading after their acquisition, the last price recorded is to be adjusted on the basis of the lower of such price and the estimated realizable price according to the prudent and reasoned judgement of the authorized intermediary. After one year from the date of the suspension measure, suspended securities are to be valued using the methods prescribed for securities not traded in regulated markets; securities acquired after their suspension are to be valued in an analogous manner;</p> <p><i>f)</i> for the units and shares issued by collective investment undertakings, the value shall be that of the last valuation recorded in the reference period;</p> <p><i>g)</i> for financial instruments denominated in foreign currencies, the price, determined for the different categories using the methods set out above, is to be translated into Italian lire using the exchange rates recorded on the closing day of the statement. For securities denominated in currencies other than <i>conto valutario</i> currencies, the value is to be determined with reference to exchange rates recorded in markets of international importance and significance.</p> <p><i>h)</i> in the case of transactions in financial instruments with deferred settlement, the price must be discounted using the riskless market interest rate for the same maturity as that of the settlement.</p>	<p>instruments, the relevant criteria have been established by Consob on a general basis.</p>
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<p>123. The contract must define a specific reporting requirement in the event of losses, defined as a marked-to-market decrease in the value of the portfolio as compared to the value of the portfolio as stated in the most recent periodic report (after neutralisation of any contributions or withdrawals). The contract must set a percentage threshold and a time period to warn the customer accordingly.</p>	<p>CONSOB</p>	<p>Article 28, paragraph n. 1 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> 4. Authorized intermediaries shall promptly inform investors in writing where the assets entrusted to them for management have diminished in value as a result of actual or potential losses by 30% or more of the total value of the assets under management at the beginning of each year or, if later, at the date on which the relationship began, taking into account any deposits or withdrawals. An analogous communication must be made at the time of every further diminution equal to or exceeding 10% of such value.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>124. If the contract provides for a variable management fee based on the performance of the management service, the method of calculation must be clearly defined in the contract.</p>	<p>CONSOB</p>	<p>Article 23, paragraph n. 2, of Legislative decree n. 58/1998 <i>(Contracts)</i> 2. Any clause which refers to usage for the determination of the fee payable by customers or any other amount charged to them shall be null. In such cases, nothing shall be payable. ○○○</p> <p>Article 28, paragraph n. 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> 2. Authorized intermediaries may not carry out or recommend transactions or supply management services until they have provided investors with adequate information on the nature, risks and implications of the transaction or service in question, knowledge of which is needed to make informed investment and disinvestment decisions.</p> <p>Article 30, paragraph n. 2 of Consob Regulation 11522 <i>(Contracts with investors)</i> 2. The contract with the investor must: (...); f) specify any other contractual conditions agreed with the investor for the supply of the service.</p> <p>ANNEX 3 of Consob Regulation 11522 THE GENERAL RISKS OF INVESTMENTS IN FINANCIAL INSTRUMENTS PART "A" MEASURING THE RISK OF AN INVESTMENT IN FINANCIAL INSTRUMENTS 4.2) Commissions and other charges Before starting to invest, investors should obtain detailed information regarding all the commissions, expenses and other charges that will be payable to the intermediary. Such information must in any case be stated in the investment service contract. Investors must always remember that such charges will be subtracted from any gains on transactions whereas they will be added to any losses.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force</p>
<p>125. The contract must provide: - that the customer may terminate the agreement with immediate effect, subject only to the completion of all transactions already commenced and the time necessary</p>	<p>CONSOB</p>	<p>Under article 1727 of the Civil Code, withdrawal from open-term contracts is conditional upon an adequate advance notice; fixed-term contracts can be unilaterally terminated before their expiration only because of a true and just cause. However, the time and modalities of the withdrawal have to allow the customer to arrange the reallocation of his</p>	

<p>to liquidate the portfolio where this is required by the customer;</p> <p>- that the investment firm may terminate the agreement subject to a two-week notice, provided however that where the portfolio cannot be liquidated (where required by the customer) within this timeframe, the agreement may be extended for the necessary additional period, and provided that where the customer so agrees after being informed of the firm's intention to terminate, the agreement may be terminated in the timeframe agreed between the parties.</p> <p>In both cases, the termination must take place on terms that are fair and reasonable for both parties.</p>		<p>or her assets to another intermediary. °°°</p> <p>Article 37, paragraph n.1 and 3 of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>1. In addition to what is established in Article 30, contracts with investors must: (...); e) specify that the investor may withdraw from the contract at any time or order the transfer or withdrawal of all or part of his or her assets without incurring any penalty.</p> <p>3. From the time of withdrawal from a contract authorized intermediaries may not carry out management transactions involving the assets under management unless they are necessary to conserve such assets. They may also carry out any orders given by the investor and not yet carried out unless such orders have already been revoked.</p>	
<p><i>117. Where the conditions for delegating management of the portfolio are met and the contract allows the investment firm to delegate this function, the contract must state that the delegator retains full responsibility for the protection of the customer's interests.</i></p>	<p>CONSOB</p>	<p>Article 37, paragraph n.1 of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>1. In addition to what is established in Article 30, contracts with investors must: (...); d) state whether the intermediary is authorized to delegate the performance of the mandate received, specifying any limits and conditions to which the authorization is subject and, where such delegation does not concern the entire portfolio, the financial instruments and the sectors or markets for which the authorization is given. °°°</p> <p>Article 46, paragraph n.1, 2 and 3 of Consob Regulation 11522 <i>(Delegation of management)</i></p> <p>1. Without prejudice to the provisions of Article 37, authorized intermediaries may give, by means of a contract in writing, management mandates to third parties authorized to supply asset management services on an individual basis.</p> <p>2. Mandates may be given to EU intermediaries authorized in their home country to supply portfolio management services on an individual basis; they may also be given to non-EU intermediaries authorized in their home country to supply such services, provided agreements exist between Consob and the competent authorities of the country in which they are located.</p> <p>3. The mandate: a) shall not exonerate or in any way limit the responsibility of the principal intermediary, which shall remain subject to the provisions of this regulation with reference to the transactions carried out by the agent intermediary; (...); c) must be in conformity with the indications provided by the investor in</p>	

		the contract; (...);	
126. If an investment firm is mandated to delegate management of any or all of the customer's assets, this must be stated in the contract and adequate information must be supplied in this regard, both to the customer and to the competent authority. The contract must also provide that the customer will be informed prior to any significant change regarding delegation of portfolio management.	CONSOB	<p style="text-align: center;">Article 37, paragraph n.1, of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>1. In addition to what is established in Article 30, contracts with investors must: (...); d) state whether the intermediary is authorized to delegate the performance of the mandate received, specifying any limits and conditions to which the authorization is subject and, where such delegation does not concern the entire portfolio, the financial instruments and the sectors or markets for which the authorization is given. (...).</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 46, paragraph n.4 of Consob Regulation 11522 <i>(Delegation of management)</i></p> <p>4. Unless specified in the contract and on the occasion of each subsequent change, the authorized intermediary shall promptly notify the investor in writing of the names and addresses of agent intermediaries before the latter start to carry out transactions.</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">CONSOB RESOLUTION 14015/2003 <i>Provisions concerning requirements for the transmission of data and information and documents and records by authorized intermediaries and stockbrokers</i></p> <p>Article 2 (Italian investment firms)</p> <p><i>D) Management mandates</i> Italian investment firms that provide the service of portfolio management on an individual basis shall transmit, within 30 days of the end of each quarter, information on the management mandates granted to third parties and those received from third parties, using the forms contained in Annex 3. ... omissis ...</p> <p>Article 3 (Italian banks) ... omissis ...</p> <p><i>h) Management mandates</i> Italian banks that provide the service of portfolio management on an individual basis shall transmit, within 30 days of the end of each quarter, information on the management mandates granted to third parties and those received from third parties, using the forms contained in Annex 3. ... omissis ...</p>	

<p>127. An investment firm may delegate the portfolio management function to another investment firm only if such delegatee firm is authorised in its home country to provide portfolio management services on an individual basis and is qualified and capable of undertaking the function in question. The mandate shall not prevent the effectiveness of supervision over the delegator, and in particular, it must not prevent the delegator from acting in the best interests of its customers. In no case the investment firm may delegate its functions to the extent that it becomes a letter box entity. Furthermore, it may so delegate to a non-EEA investment firm so authorised in its home country only if an appropriate formal arrangement between regulators enables them to exchange material information concerning both cross-border delegations and the delegatee.</p>	<p>CONSOB</p>	<p>Article 46, paragraph n.1, 2 and 3 of Consob Regulation 11522 <i>(Delegation of management)</i></p> <p>1. Without prejudice to the provisions of Article 37, authorized intermediaries may give, by means of a contract in writing, management mandates to third parties authorized to supply asset management services on an individual basis.</p> <p>2. Mandates may be given to EU intermediaries authorized in their home country to supply portfolio management services on an individual basis; they may also be given to non-EU intermediaries authorized in their home country to supply such services, provided agreements exist between Consob and the competent authorities of the country in which they are located.</p> <p>3. The mandate: (...); d) must contain clauses that, where the execution of transactions is not subject to the prior consent of the principal intermediary, require the agent intermediary to observe the investment guidelines laid down from time to time by the principal intermediary; (...).</p>	
<p>128. The delegation agreement, in writing:</p> <ol style="list-style-type: none"> a) must be revocable with immediate effect by the delegator; b) must provide for sufficient notice to be given to the delegator by the delegatee of termination of the agreement; c) must be in conformity with the indications contained in the customer agreement with the delegator; d) must require, where the execution of transactions is not subject to the prior consent of the delegator, the delegatee to observe the investment guidelines, including investment allocation criteria, laid down from time to time by the delegator; e) must be formulated so as to avoid conflicts of interest between the delegator and the delegatee; f) must provide for the delegator to receive a continuous flow of information on the transactions carried out by the delegatee permitting it to monitor effectively at any time the activity of the delegatee and to reconstruct the assets under management belonging to each customer of the delegator. 	<p>CONSOB</p>	<p>Article 46, paragraph n. 3 of Consob Regulation 11522 <i>(Delegation of management)</i></p> <p>3. The mandate:</p> <ol style="list-style-type: none"> a) shall not exonerate or in any way limit the responsibility of the principal intermediary, which shall remain subject to the provisions of this regulation with reference to the transactions carried out by the agent intermediary; b) must be for a determinate period and revocable with immediate effect by the principal intermediary; c) must be in conformity with the indications provided by the investor in the contract; d) must contain clauses that, where the execution of transactions is not subject to the prior consent of the principal intermediary, require the agent intermediary to observe the investment guidelines laid down from time to time by the principal intermediary; e) must be formulated so as to ensure compliance with the provisions on conflicts of interest with reference to the principal intermediary and the agent intermediary; f) must provide for the principal intermediary to receive a continuous flow of information on the transactions carried out by the agent intermediary permitting the exact reconstruction of the assets under management belonging to each investor. 	

6.2 PERIODIC INFORMATION

Standard /Rule	Implementing authority(ies)	Implementing measure	Comments
<i>129. An investment firm must send periodic statements to its portfolio management customers so as to enable them to assess the performance of the service.</i>	CONSOB	Article 62, paragraph n. 2 of Consob Regulation 11522 (Periodic reports) 2. In supplying the service of portfolio management on an individual basis, authorized intermediaries shall send to customers' domiciles, at least once every three months, a report covering the reference period drawn up according to the model in Annex 5. Such reports shall be sent within fifteen working days from the closing date of the reference period.	
130. Periodic statements for portfolio management customers must contain: a) a statement of the contents and valuation of the portfolio, including details of each investment held, its market value and the performance of the portfolio and the cash balance, at the beginning and at the end of the reporting period; b) a management report on the strategy implemented (to be provided at least yearly); c) the total amount of fees and charges incurred during the period and an indication of their nature; d) information on any remuneration received from a third party and details of its calculation basis; e) the total amount of dividends, interest and other payments received during the period.	CONSOB	Article 62, paragraph n. 2 of Consob Regulation 11522 (Periodic reports) See above above rule 129 ANNEX 5 of Consob Regulation 11522 REPORT ON THE SERVICE OF PORTFOLIO MANAGEMENT The report on the service of portfolio management is to consist of a summary table, a statement of cash movements, a statement of movements in financial instruments, a valuation of the portfolio belonging to the investor at the end of the reference period and a statement of the financing provided. Amounts may be expressed either in lire or euros. A complete version of this Annex is available, also in English, on Consob website (www.consob.it) As regards inducements, see also the implementing measures referred to under rules 6 and 8	.Consob has published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field in order to: <ul style="list-style-type: none">clarify the specific obligations arising from the general principles laid down in the provisions at present in force andrequire investment firms to provide their customers, in the periodic statements, with information concerning any remuneration received from a third party and details of its calculation basis
131. If the basis for valuing any of the assets in the portfolio has changed with respect to the methods described in the portfolio management agreement, these changes must be indicated in the statement along with their impact on profits and/or losses.	CONSOB	ANNEX 5 of Consob Regulation 11522 REPORT ON THE SERVICE OF PORTFOLIO MANAGEMENT METHODS OF VALUING FINANCIAL INSTRUMENTS See above rule 122	In order to guarantee a uniform and transparent pricing of financial instruments, the relevant criteria have been established by Consob on a general basis.
132. Periodic statements must include full information on any remuneration received by the investment firm or the manager from a third party that is attributable to services performed for the customer by the manager of the portfolio.	CONSOB	Article 62, paragraph n. 2 of Consob Regulation 11522 (Periodic reports) See above rule 129 ANNEX 5 of Consob Regulation 11522	.Consob has published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field in order to:

		<p align="center">REPORT ON THE SERVICE OF PORTFOLIO MANAGEMENT</p> <p>See above rule 130.</p> <p>As regards inducements, see also the implementing measures referred to under rules 6 and 8</p>	<ul style="list-style-type: none"> clarify the specific obligations arising from the general principles laid down in the provisions at present in force and require investment firms to provide their customers, in the periodic statements, with information concerning any remuneration received from a third party and details of its calculation basis
133. In case the customer has elected – in derogation to rule 58 - not to receive information on each transaction in due course carried out by the portfolio manager, the periodic statement containing details of each transaction must be provided at least every three months. Where the details of each transaction are notified after each transaction to the customer, the periodic statement may be provided only every six months.	CONSOB	<p align="center">Article 62, paragraph n. 2 of Consob Regulation 11522 <i>(Periodic reports)</i></p> <p>2. In supplying the service of portfolio management on an individual basis, authorized intermediaries shall send to customers' domiciles, at least once every three months, a report covering the reference period drawn up according to the model in Annex 5. Such reports shall be sent within fifteen working days from the closing date of the reference period.</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to introduce the possibility for investment firms to send the statements every six months where the customers has elected to receive information on each transaction.
134. Where the contract authorises a leveraged portfolio, the customer must receive a periodic statement at least once a month, including an assessment of the risks.	CONSOB	<p align="center">Article 62, paragraph n. 2 of Consob Regulation 11522 <i>(Periodic reports)</i></p> <p>See above rule 133</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to implement this rule.

6.3. MANAGEMENT REQUIREMENTS

Standard /Rule	Implementing authority (ies)	Implementing measure	Comments

<p>135. An investment firm must take all reasonable steps necessary to ensure the independence of the portfolio management function and mitigate the risk of customers' interests being harmed by any conflict of interest, in particular by providing for the strict separation of functions within the investment firm and its group.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must: (...) c) organize themselves in such a way as to minimize the risk of conflicts of interest and, where such conflicts arise, act in such a way as to ensure transparency and the fair treatment of customers; ○○○</p> <p>Article 27, paragraph n. 1, of Consob Regulation 11522 <i>(Conflicts of interest)</i></p> <p>1. Authorized intermediaries shall be on the alert for conflicts of interest. ○○○</p> <p>Bank of Italy regulation of 4 august 2000 Title III – Supervision; Chapter II – 4. Rules relating to administrative and accounting procedures</p> <p>The service of management on a client-by-client basis of investment portfolios (hereinafter “<i>portfolio management</i>”) shall be kept separate from the other investment services and activities of the intermediary.</p> <p>The portfolio management may be provided jointly with the service of investment advice concerning financial instruments.</p> <p>For this purpose the investment firm must comply with the following rules:</p> <p>a) administrative rules: - personnel assigned to portfolio management shall act independently and shall not have hierarchical relationships with the other sectors of activity of the investment firm; - portfolio management shall not have hierarchical relationships – especially with reference to technical, operational and decision-making autonomy - with the other sectors of activity of the investment firm, included those providing other investment services; - relationships between portfolio management and other services shall begin at the exclusive initiative and under the responsibility of the former;</p> <p>b) accounting rules: - the records, included electronic ones, of the portfolio management structure shall be guarded to prevent the personnel of other sectors of the intermediary from accessing; - the financial instruments’ transactions between the portfolio management sector and the other business sectors shall be displayed in specific internal records.</p> <p>The aforementioned rules of separation shall not apply to the operational</p>	
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<p>138. The structure of the investment firm, its policies and procedures must seek to ensure the independence of the portfolio management function.</p>	<p>CONSOB</p>	<p style="text-align: center;">Article 21 of legislative decree 58/1998 General criteria</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (..)</p> <p>c) organize themselves in such a way as to minimize the risk of conflicts of interest and, where such conflicts arise, act in such a way as to ensure transparency and the fair treatment of customers, d) have resources and procedures, including internal control mechanisms, likely to ensure the efficient provision of services; (...)</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 26 of Consob Regulation 11522/98 (General rules of conduct)</p> <p>1. Authorized intermediaries, in the interest of investors and the integrity of the securities market, shall:</p> <p>a) operate independently and according to the principles and general rules of the Consolidated Law; (...)</p> <p style="text-align: center;">Article 56, paragraph n. 3 and 4, of Consob Regulation 11522 (Internal procedures)</p> <p>3. Authorized intermediaries, <i>inter alia</i> in order to minimize the risk of conflicts of interest, shall establish internal procedures aimed at ensuring that exchanges of information do not occur between the sectors of the company that must be kept separate in accordance with the regulation issued by the Bank of Italy pursuant to Article 6(1a) of the Consolidated Law.</p> <p>4. Intermediaries authorized to supply portfolio management services on an individual basis, asset management companies and SICAVs, <i>inter alia</i> in order to minimize the risk of conflicts of interest, shall establish internal procedures aimed at preventing exchanges of information with other group companies that supply the services of dealing, reception and transmission of orders or placement or the non-core services referred to in Articles 1(6d) and 1(6e) of the Consolidated Law.</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Bank of Italy regulation of 4 august 2000</p>	

		<p align="center">Title III – Supervision; Chapter II –</p> <p>4. Rules relating to administrative and accounting procedures</p> <p>The service of management on a client-by-client basis of investment portfolios (hereinafter “<i>portfolio management</i>”) shall be kept separate from the other investment services and activities of the intermediary.</p> <p>The portfolio management may be provided jointly with the service of investment advice concerning financial instruments.</p> <p>For this purpose the investment firm must comply with the following rules: (...). See above rule 135.</p>	
<p><i>136. An investment firm must define investment strategies for its portfolio management services and carry out transactions in accordance with such strategies, taking into account the terms of the customer agreement.</i></p>	CONSOB	<p align="center">Article 43, paragraph n. 1 and 2, of Consob Regulation 11522 (Supply of the service)</p> <p>1. Authorized intermediaries shall formalize and conserve documents containing: <i>a)</i> the analyses and forecasts underlying the adoption of their general investment strategies; <i>b)</i> the description of the strategies adopted.</p> <p>2. Authorized intermediaries shall carry out transactions in accordance with the previously defined general investment strategies taking account of the information in their possession on investors and of any special instructions given by the latter.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>139. The investment firm must maintain records of its investment strategies, as well as the analyses and forecasts underlying them.</p>	CONSOB	<p align="center">Article 43, paragraph n. 2, of Consob Regulation 11522 (Supply of the service)</p> <p>1. Authorized intermediaries shall formalize and conserve documents containing: <i>a)</i> the analyses and forecasts underlying the adoption of their general investment strategies; <i>b)</i> the description of the strategies adopted.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p><i>137. The transactions carried out by the portfolio manager, both individually and as a whole, must be exclusively motivated by the interests of the customer and in accordance with agreed management objectives.</i></p>	CONSOB	<p align="center">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must: <i>a)</i> act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...) <i>c)</i> organize themselves in such a way as to minimize the risk of conflicts of interest and, where such conflicts arise, act in such a way as to ensure transparency and the fair treatment of customers;</p> <p align="center">ooo</p> <p align="center">Article 26 of Consob Regulation 11522/98 (General rules of conduct)</p> <p>1. Authorized intermediaries, in the interest of investors and the integrity of the securities market, shall:</p>	

		<p>a) operate independently and according to the principles and general rules of the Consolidated Law; (...) Article 43, paragraph n. 2, of Consob Regulation 11522 <i>(Supply of the service)</i></p> <p>2. Authorized intermediaries shall carry out transactions in accordance with the previously defined general investment strategies taking account of the information in their possession on investors and of any special instructions given by the latter.</p>	
<p>140. The investment firm must ensure that its orders are executed as efficiently as possible and in particular that:</p> <ul style="list-style-type: none"> a) orders issued are immediately recorded by the firm; b) transactions executed are recorded and the portfolios affected are adjusted as quickly as possible; c) the portfolios affected and the relevant amounts are determined, or objectively determinable, no later than the time at which the order is issued and cannot be changed, except for the purposes of rectifying an error, after the execution of the order, regardless of whether the order relates to one or more accounts. 	<p>CONSOB</p>	<p>Article 43, paragraph n. 1 and 2, of Consob Regulation 11522 <i>(Supply of the service)</i></p> <p>3. Authorized intermediaries shall assign orders separately to each investor before transmitting them to the person entrusted with their execution.</p> <p>4. Authorized intermediaries shall require the transactions they order on behalf of investors to be carried out at the best possible conditions with reference to the time, size and nature of the transactions and monitor that such conditions are effectively achieved. In determining the best possible conditions, consideration shall be given to the price paid or received and the other costs borne directly or indirectly by the investor. The conditions referred to in this paragraph shall be deemed to be satisfied where the transactions are carried out:</p> <ul style="list-style-type: none"> - during official trading hours, as defined in the regulation referred to in Article 25.2 of the Consolidated Law, in a regulated market; - outside official trading hours, as defined in the regulation referred to in Article 25.2 of the Consolidated Law, in a regulated market or an organized trading system. <p style="text-align: center;">ooo</p> <p>Article 63, paragraph n.1 of Consob Regulation 11522 <i>(Recording of orders and transactions)</i></p> <p>1. Authorized intermediaries shall electronically record, not later than the day after that of reception, the essential elements of orders sent by investors. In the case of the service of portfolio management on an individual basis, intermediaries shall electronically record, at the moment of their transmission, the essential elements of orders issued on behalf of investors. Intermediaries shall also record, in the same manner and with the same time limits, instructions revoking previously imparted orders.</p> <p>2. Authorized intermediaries shall electronically record the essential elements of transactions, including those carried out for own account, not later than the day after that of execution.</p> <p>3. Intermediaries shall record in an analogous manner the orders they give and the transactions they carry out for the purpose of dealing with errors in recording, transmitting or executing orders.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

B. CONDUCT OF BUSINESS RULES FOR THE “PROFESSIONAL REGIME”

1. STANDARDS OF GENERAL APPLICATION

1.1 GENERAL

Standard	Implementing authority(ies)	Implementing measure	Comments
<p><i>1. An investment firm must at all times act honestly, fairly and professionally in accordance with the best interests of its customers and the integrity of the market.</i></p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...)</p> <p>Article 26, paragraph n. 1, of Consob Regulation 11522 <i>(General rules of conduct)</i></p> <p>1. Authorized intermediaries, in the interest of investors and the integrity of the securities market, shall:</p> <p>a) operate independently and according to the principles and general rules of the Consolidated Law; b) comply with the rules for the functioning of the markets in which they operate; (...)</p>	
<p><i>2. An investment firm must have and must employ effectively the resources and procedures that are necessary for the proper performance of its business activities, including back-up procedures and systems so as to reasonably ensure that investment services can be provided without interruption.</i></p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must: (...)</p> <p>d) have resources and procedures, including internal control mechanisms, likely to ensure the efficient provision of services; ○○○</p> <p>Article 56, paragraph n. 2, of Consob Regulation 11522 <i>(Internal procedures)</i></p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to:</p> <p>a) ensure the orderly and correct supply of services; b) reconstruct the times and types of action taken in supplying services; (...)</p> <p>○○○</p> <p>COMUNICATION DI/30396 OF 21 APRIL 2000 Subject: Online trading and rules of conduct</p> <p>(...)</p>	

		<p>- SYSTEM EFFICIENCY: intermediaries that provide online trading services must equip themselves with IT systems that will enable them, taking into account the volume of business they may be required to handle, to carry out orders given by investors promptly, as laid down in Article 26.1d) of Consob Regulation 11522/1998. Since Article 21.1d) of Legislative Decree 58/1998 requires intermediaries "<i>to have resources and procedures ... capable of ensuring the efficient provision of services</i>", it may be advisable for them to conclude agreements with Internet providers and other companies involved in the process so as to ensure the operational efficiency of the service supplied. In order to cope with outages, temporary or otherwise, the Commission recommends that intermediaries should put efficient alternative procedures in place so that investors can continue to trade. Article 30.2c) of Consob Regulation 11522/1998 requires intermediaries to specify these alternative procedures and the manner of using them in their contracts with customers.</p> <p>Moreover, every precaution must be taken to ensure that the automated systems in use guarantee the maximum confidentiality of data transmitted over the Internet. (...).</p>	
<p>3. An investment firm must ensure that any persons or entities with which it is undertaking authorisable investment business are authorised to conduct that business by the relevant regulator.</p>	<p>CONSOB</p>	<p>Article 33, paragraph n. 1, of Consob Regulation 11522 (Reception and transmission of orders)</p> <p>1. In supplying the service of receiving and transmitting orders, authorized intermediaries shall transmit the orders they receive promptly to other intermediaries authorized to engage in dealing or placement, and to EU and non-EU intermediaries authorized in their home country to supply the service of dealing or placement.</p> <p style="text-align: center;">ooo</p> <p>Article 46, paragraph n. 1 and 2, of Consob Regulation 11522 (Delegation of management)</p> <p>1. Without prejudice to the provisions of Article 37, authorized intermediaries may give, by means of a contract in writing, management mandates to third parties authorized to supply asset management services on an individual basis.</p> <p>2. Mandates may be given to EU intermediaries authorized in their home country to supply portfolio management services on an individual basis; they may also be given to non-EU intermediaries authorized in their home country to supply such services, provided agreements exist between Consob and the competent authorities of the country in which they are located.</p> <p style="text-align: center;">ooo</p> <p>Article 53, paragraph n. 1 and 2, of Consob Regulation 11522 (Delegation of management)</p> <p>1. Asset management companies may entrust, for the collective investment undertakings they manage and by means of a contract in writing, other asset management companies or intermediaries authorized to supply the</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

		<p>service of portfolio management on an individual basis with specific investment choices within the framework of asset allocation criteria they define from time to time.</p> <p>2. Mandates may be given to EU intermediaries authorized in their home country to supply collective asset management services or portfolio management services on an individual basis; they may also be given to non-EU intermediaries authorized in their home country to supply such services provided agreements exist between Consob and the competent authorities of the country in which they are located.</p>	
<p><i>4. Investment firm that outsources functions retains full responsibility for the outsourced activity and must ensure that the providers of such outsourcing are able to perform these functions reliably, professionally and in the best interests of its customers.¹⁷.</i></p>	<p>CONSOB BANK OF ITALY</p>	<p>Bank of Italy regulation of 4 august 2000 Title III – Supervision; Chapter II - Administrative and accounting procedures and internal control mechanisms</p> <p>Paragraph 2, n. 2.2) Internal Controls</p> <p>The Bank of Italy maintains the right to assess – having considered the principles of promptness, reliability and efficiency – hypothesis of delegation to third parties of the internal control function of the investment firms, after consulting the Consob on matters falling within the scope of that Authority.</p> <p>Paragraph 5 Delegation of business functions to third parties</p> <p>The investment firms – in order to carry out some non core business functions (such as data processing, market analysis, tax and financial analysis, filing and processing of paper documents etc...) – may use third-party services, considering that the investment firm’s competent bodies remain responsible for the regular execution of the delegated tasks.</p> <p style="text-align: center;">ooo</p> <p>See above also rule 3.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

1.2. CONFLICTS OF INTEREST AND INDUCEMENTS

Standard	Implementing authority(ies)	Implementing measure	Comments

¹⁷ This standard is not intended to interfere with relevant provisions on civil liability, applicable at national level.

<p>5. An investment firm must take all reasonable steps to ensure that conflicts of interest between itself and its customers and between one customer and another are identified and then prevented or managed in such a way that the interests of customers are not adversely affected. For these purposes the investment firm must establish an internal independence policy, including Chinese walls as appropriate. Where conflicts of interest cannot be reasonably avoided or managed with the internal independence policy, the conflict of interest must be disclosed to the customer.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must: (...) c) organize themselves in such a way as to minimize the risk of conflicts of interest and, where such conflicts arise, act in such a way as to ensure transparency and the fair treatment of customers;</p> <p style="text-align: center;">ooo</p> <p>Article 27, of Consob Regulation 11522 (Conflicts of interest)</p> <p>1. Authorized intermediaries shall be on the alert for conflicts of interest. 2. Authorized intermediaries may not carry out transactions with or on behalf of their clients where they have directly or indirectly a conflicting interest, including any such interest arising from intragroup dealings, the joint provision of more than one service or other business dealings of their own or of group companies, unless they have previously informed the investor in writing of the nature and extent of their interest in the transaction and the investor has expressly agreed in writing to the carrying out thereof. Where the transaction is concluded by telephone, compliance with the foregoing information requirements and the issue of the related authorization by the investor must be evidenced by a recording on magnetic tape or an equivalent medium. 3. Where, for the purpose of complying with the requirements referred to in paragraph 2, authorized intermediaries use printed forms, these must indicate in a graphically highlighted manner that the transaction involves a conflict of interest.</p> <p>Article 31 paragraph n. 1, of Consob Regulation 11522 (Relationships between intermediaries and special categories of investor)</p> <p>1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: Articles 27, 28, 29, 30, paragraph 1, except for management services, and paragraphs 2 and 3, 32, paragraphs 3, 4 and 5, 37, except for paragraph 1(d), 38, 39, 40, 41, 42, 43, paragraph 5(b), paragraph 6, first sentence, and paragraphs 7(b) and 7(c), 44, 45, 47.1, 60, 61 and 62.</p> <p>Article 56, paragraph n. 3 and 4, of Consob Regulation 11522 (Internal procedures)</p> <p>3. Authorized intermediaries, <i>inter alia</i> in order to minimize the risk of conflicts of interest, shall establish internal procedures aimed at ensuring that exchanges of information do not occur between the sectors of the company that must be kept separate in accordance with the regulation issued by the Bank of Italy pursuant to Article 6(1a) of the Consolidated Law.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to require investment firms to disclose conflict of interests to professional clients.. Still professional clients can opt, already at present, for the level of protection afforded to retail customers.</p>
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		4. Intermediaries authorized to supply portfolio management services on an individual basis, asset management companies and SICAVs, <i>inter alia</i> in order to minimize the risk of conflicts of interest, shall establish internal procedures aimed at preventing exchanges of information with other group companies that supply the services of dealing, reception and transmission of orders or placement or the non-core services referred to in Articles 1(6d) and 1(6e) of the Consolidated Law.	
<i>6. An investment firm, its members of the board, directors, partners, employees and tied-agents may offer or receive inducements only if they can reasonably assist the firm in the provision of services to its customers. Where inducements are received disclosure of such inducements must be made to the customer on his request.</i>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p>See also the implementing measures provided for in connection with rule 6 on the retail regime.</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force and, in particular, to define the scope of these provisions and extend explicitly to other services the obligations at present applying to collective asset management companies to disclose inducements.

1.3 COMPLIANCE AND CODE OF CONDUCT

Standard	Implementing authority(ies)	Implementing measure	Comments
<i>7. An investment firm must take all reasonable measures to ensure that the firm and its members of the board, directors, partners, employees and tied-agents at all time act in accordance with the best interests of its customers and the integrity of the market by establishing and implementing adequate compliance policies and procedures, including an independent compliance function and an internal code of conduct..</i>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must: (...)</p> <p>d) have resources and procedures, including internal control mechanisms, likely to ensure the efficient provision of services; ○○○</p> <p>Article 56, paragraph n. 1 and 2, of Consob Regulation 11522 (Internal procedures)</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to require investment firms to disclose conflict of interests to professional clients.

		<p>1. For the purposes of this regulation, procedure shall mean the set of internal rules and instruments adopted for the supply of services.</p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to:</p> <p>a) ensure the orderly and correct supply of services;</p> <p>b) reconstruct the times and types of action taken in supplying services;</p> <p>c) ensure adequate internal monitoring of the activities of the personnel involved and financial salesmen.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 57, paragraph n. 1 of Consob Regulation 11522 <i>(Internal controls)</i></p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall establish an internal control function.</p> <p style="text-align: center;">Article 57, paragraph n. 1 of Consob Regulation 11522 <i>(Internal code of conduct)</i></p> <p>See above rule 9 of the retail regime Bank of Italy regulation of 4 august 2000</p> <p style="text-align: center;">Title III – Supervision; Chapter II - Administrative and accounting procedures and internal control mechanisms</p> <p>See above rule 9 of the retail regime</p>	
<p><i>8. An investment firm must be able to demonstrate that it has not acted in breach of the conduct of business rules and the internal code of conduct and that its organization, policies and procedures facilitate such compliance.</i></p>	<p>CONSOB</p>	<p style="text-align: center;">Article 23, paragraph n. 6, of Legislative decree n. 58/1998 <i>(Contracts)</i></p> <p>6. In actions for damages in respect of injury caused to the customer in the performance of investment services or non-core services, the burden of proof of having acted with the due diligence required shall be on the authorized persons.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 56, paragraph n. 2, of Consob Regulation 11522 <i>(Internal procedures)</i></p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to:</p> <p>a) ensure the orderly and correct supply of services;</p> <p>b) reconstruct the times and types of action taken in supplying services;</p> <p>c) ensure adequate internal monitoring of the activities of the personnel involved and financial salesmen.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 58, paragraph n. 1, of Consob Regulation 11522 <i>(Internal code of conduct)</i></p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall adopt and comply with a self-regulatory code of conduct, <i>inter alia</i> by referring to those of the professional associations connected with the services supplied. Such code, in accordance with the prescriptions of the Consolidated Law, shall establish the rules of conduct for the members of the administrative and control bodies, employees, financial salesmen and collaborators with reference to at least:</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to require investment firms to disclose conflict of interests to professional clients.</p>

		<p>a) the obligation to protect data of a confidential nature obtained from investors or which such persons possess in view of their functions;</p> <p>b) the procedures established for carrying out personal transactions involving financial instruments;</p> <p>c) the procedures for handling relationships with investors who intend to employ agents or appointees for the purpose of concluding contracts or executing transactions where such persons are directors, members of the board of auditors, employees, collaborators or financial salesmen of the intermediary;</p> <p>d) the prohibition to receive benefits from third parties that could lead to conduct contrary to the interests of investors or of the person on whose behalf they act.</p> <p style="text-align: center;">Bank of Italy regulation of 4 august 2000 Title III – Supervision; Chapter II - Administrative and accounting procedures and internal control mechanisms</p> <p>2. Internal Controls. See above standard 10 of the retail regime.</p>	
<p><i>9. The persons responsible for the compliance function must have the necessary expertise, resources, authority and must have full access to all relevant information enabling them to perform their duties. They must perform their monitoring duties independently of all persons and activities subject to their monitoring.</i></p>	<p>CONSOB BANK OF ITALY</p>	<p style="text-align: center;">Article 57, paragraph n. 2 of Consob Regulation 11522 (Internal controls)</p> <p>2. Responsibility for the internal control function shall be assigned to a person not having hierarchical relationships with the persons responsible for the sectors of activity subject to control. He or she shall perform the activity autonomously and independently and report the results objectively and impartially.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Bank of Italy regulation of 4 august 2000 Title III – Supervision; Chapter II - Administrative and accounting procedures and internal control mechanisms</p> <p>2. Internal Controls. See above rule n. 8.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to require investment firms to disclose conflict of interests to professional clients.</p>
<p><i>10. A summary of the results of the monitoring must be reported to the senior management of the investment firm and to the internal or external auditors. The investment firm must report these results, together with remedies adopted, to the competent authority at least once a year.</i></p>	<p>CONSOB</p>	<p style="text-align: center;">Article 57, paragraph n. 4, 5 and 6 of Consob Regulation 11522 (Internal controls)</p> <p>4. In order to carry out the tasks referred to in paragraph 3, the person responsible for the internal control function shall keep a register in which he or she shall promptly record the service, the matters investigated, the duration of such investigations, the period to which they refer, the findings, the proposals made and any decisions taken by the persons responsible for the various sectors of the company or competent company bodies.</p> <p>5. The person responsible for the internal control function shall report the results of his or her activity to the board of directors and the board of auditors. In the event that serious irregularities are discovered, he or she shall report them immediately to the board of auditors, which shall notify Consob and the Bank of Italy of the irregularities discovered without delay in accordance with Article 8.3 of the Consolidated Law.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to require investment firms to disclose conflict of interests to professional clients.</p>

		<p>6. The person responsible for the internal control function shall transmit to the board of directors and the board of auditors, on an ordinary basis at least once a year on the occasion of the examination of the annual accounts, a report on the investigations carried out during the year. The report shall cover, separately for each service, the matters investigated, the related findings, the proposals made and any decisions taken by the persons responsible for the sectors of the company's organization or the company's competent governing bodies. In addition, the report shall contain, with account also being taken of the complaints received, an overall assessment of the circumstances observed, and the schedule of investigations planned for the subsequent year. Within the scope of their respective authority, the board of directors and the board of auditors shall formalize their comments and decisions concerning the report received.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">CONSOB RESOLUTION 14015/2003</p> <p style="text-align: center;">Provisions concerning requirements for the transmission of data and information and documents and records by authorized intermediaries and stockbrokers</p> <p>Article 2 (Italian investment firms)</p> <p>... omissis ...</p> <p><i>g) Annual report on the checks carried out and the annual schedule of planned checks, prepared by the head of the internal control function</i></p> <p>Italian investment firms shall transmit, together with the report referred to at letter b), the report on the checks carried out during the year, the results thereof and any proposals made -- <i>inter alia</i> in the light of an overall assessment of the findings, with account taken of the external auditor's evaluation of the reliability of the internal controls -- and the annual schedule of planned checks referred to in Article 57.6 of Consob Regulation 11522/1998, prepared by the head of the internal control function. Italian investment firms shall attach the comments and decisions of the board of directors and the board of auditors pursuant to Article 57.6 of Consob Regulation 11522/1998.</p> <p><i>h) Half-yearly report of the head of the internal control function concerning the outcome of complaints, any shortcomings found and the proposals for overcoming them</i></p> <p>Italian investment firms shall transmit the half-yearly report of the head of the internal control function describing, for each service performed, the overall situation with regard to the complaints received, any shortcomings found and the proposals for overcoming them in accordance with Article 59.4 of Consob Regulation 11522/1998, within 60 days of the end of each half-year. The report must contain at least the information specified in Annex 10. Italian investment firms shall attach the comments and decisions of the board of directors and the board of</p>	
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<p><i>11. An investment firm must ensure that the competent authority is informed, without undue delay, of serious breaches of the conduct of business rules. In assessing whether the breaches are serious, an investment firm must take into account the impact on regulatory goals and on the capacity to provide services, their frequency, the damages suffered by customers.</i></p>	<p>CONSOB</p>	<p>auditors pursuant to Article 59.4 of Consob Regulation 11522/1998. Article 8, paragraph n. 3, 4, 5 and 6, of Legislative decree n. 58/1998 (Reporting requirements) 3. The board of auditors shall inform the Bank of Italy and Consob without delay of all the acts or facts it finds in the performance of its duties that may constitute a management irregularity or a violation of the provisions governing the activity of SIMs, asset management companies and SICAVs. 4. Firms engaged to audit the accounts of SIMs, asset management companies and SICAVs shall notify the Bank of Italy and Consob without delay of the acts or facts found in the performance of the engagement that may constitute a serious violation of the provisions governing the activity of the audited companies, jeopardize the continued existence of the undertaking or result in an adverse opinion or a qualified opinion on the annual accounts or interim statements of collective investment undertakings or a disclaimer. 5. Paragraphs 3 and 4 shall also apply to the boards of auditors and the firms appointed to audit the accounts of companies that control or are controlled by SIMs, asset management companies or SICAVs as defined in Article 23 of the Banking Law. 6. Paragraphs 3, 4 and 5 shall apply to banks only with regard to the provision of investment services.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to require investment firms to disclose conflict of interests to professional clients.</p>
<p><i>12. The compliance function must:</i> - <i>regularly verify the adequacy of policies and procedures to ensure compliance with the regulations on investment services;</i> - <i>provide advisory assistance and support to the various business areas of the investment firm on problems concerning compliance with the regulations on investment services.</i></p>	<p>CONSOB BANK OF ITALY</p>	<p>Article 57, paragraph n. 3 of Consob Regulation 11522 (Internal controls) 3. The internal control function shall: a) continuously verify the suitability of internal procedures and ensure compliance with the Consolidated Law and the related implementing regulations; b) control compliance with internal procedures; c) control compliance with the internal code of conduct referred to in Article 58; d) keep the register of complaints referred to in Article 59; e) provide advisory assistance to the various sectors of the company on problems concerning the supply of services, conflicts of interest and the conduct to be adopted in consequence. °°° Bank of Italy regulation of 4 august 2000 Title III – Supervision; Chapter II - Administrative and accounting procedures and internal control mechanisms 2. Internal Controls. See above rule n. 9 of the retail regime.</p>	
<p><i>13. An investment firm must keep records relevant for the purpose of demonstrating compliance with the conduct of business rules, for a period of five years in order to enable the competent authority to verify compliance with these rules. Tape recording</i></p>	<p>CONSOB</p>	<p>Article 56, paragraph n. 2, of Consob Regulation 11522 (Internal procedures) 2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to: a) ensure the orderly and correct supply of services;</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to require investment</p>

<p><i>of orders must be kept for a period of one year.</i></p>		<p>b) reconstruct the times and types of action taken in supplying services; c) ensure adequate internal monitoring of the activities of the personnel involved and financial salesmen.</p> <p style="text-align: center;">Article 69, paragraph n. 2, of Consob Regulation 11522 (Conservation of records and documents)</p> <p>1. Without prejudice to statutory provisions on the conservation of books and documents: a) the records referred to in this regulation shall be conserved for at least eight years; b) the confirmation notices and magnetic recordings of orders and authorizations given by telephone referred to in this regulation shall be conserved for at least two years; c) the contracts, correspondence and documents referred to in this regulation shall be conserved for at least five years from the date of the termination of the relationships with the investors involved. 2. The contracts, correspondence and documents referred to in this regulation may be conserved using magnetic media, microfilm, optical or digital media or in other technically equivalent forms.</p>	<p>firms to disclose conflict of interests to professional clients. .</p>
<p><i>14. An investment firm must keep a register of customer complaints related to the provision of the investment services and the measures taken for their resolution and must regularly verify whether complaints are adequately processed.</i></p>	<p>CONSOB</p>	<p style="text-align: center;">Article 59 of Consob Regulation 11522 (Complaints)</p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall establish and keep an electronic register in which the essential elements of complaints made in writing by investors shall be promptly recorded. 2. The register of complaints, kept by the person responsible for the internal control function, must contain at least the following information: a) the identity of the investor who lodged the complaint and that of the service to which the complaint refers; b) the identity of the employee, collaborator or financial salesman to whom the investor was assigned for the supply of the service, and the organizational unit to which such person belongs and the head thereof; c) the dates on which the complaint was lodged and received; d) the reasons for the complaint; e) the sums of money and the value of the financial instruments belonging to the investor held in total by the intermediary; f) the economic injury alleged by the investor or estimated on the basis of the contents of the complaint; g) the dates of any correspondence with the investor prior to the outcome of the complaint; h) a summary appraisal of the complaint and its outcome; i) the date of the notification of the outcome of the complaint. 3. Authorized intermediaries, asset management companies and SICAVs shall deal with complaints promptly. The final outcome of a complaint, containing the intermediary's decisions, shall be notified in writing to the investor, as a rule within 90 days of its receipt.</p>	

		<p>4. Within forty days from the end of each half-year the person responsible for the internal control function shall transmit to the board of directors and the board of auditors a report describing, for each service supplied, the overall situation with regard to the complaints received. Where the analysis and appraisal of the complaints received in the half-year show that overall they were due to organizational and/or procedural shortcomings, the person responsible for the internal control function shall describe the shortcomings and proposals for remedying them in a special section of the report. Within the scope of their respective authority, the board of directors and the board of auditors shall formalize their comments and decisions concerning the report received.</p>	
<p>15. An investment firm must establish a code of conduct for members of the board, directors, partners, employees and tied-agents. The code of conduct must contain:</p> <p>a) <i>The rules and procedure to meet the obligation to protect data of a confidential nature;</i></p> <p>b) <i>the rules and procedures for carrying out personal transactions involving financial instruments;</i></p> <p>c) <i>the rules and procedures governing the business relationship with customers in order to ensure that the persons referred to above, in particular where a conflict of interest may arise, always act in the best interests of customers, and that such persons do not take advantage of any confidential information;</i></p> <p>d) <i>the investment firm's policy on conflicts of interest and inducements.</i></p>	<p>CONSOB</p>	<p>Article 58, paragraph n. 1, of Consob Regulation 11522 (Internal code of conduct)</p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall adopt and comply with a self-regulatory code of conduct, <i>inter alia</i> by referring to those of the professional associations connected with the services supplied. Such code, in accordance with the prescriptions of the Consolidated Law, shall establish the rules of conduct for the members of the administrative and control bodies, employees, financial salesmen and collaborators with reference to at least:</p> <p>a) the obligation to protect data of a confidential nature obtained from investors or which such persons possess in view of their functions;</p> <p>b) the procedures established for carrying out personal transactions involving financial instruments;</p> <p>c) the procedures for handling relationships with investors who intend to employ agents or appointees for the purpose of concluding contracts or executing transactions where such persons are directors, members of the board of auditors, employees, collaborators or financial salesmen of the intermediary;</p> <p>d) the prohibition to receive benefits from third parties that could lead to conduct contrary to the interests of investors or of the person on whose behalf they act.</p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall comply with the self-regulatory codes adopted by the professional associations to which they belong.</p> <p>3. Authorized intermediaries, asset management companies and SICAVs shall refrain from behaving and shall control that their employees, collaborators and financial salesmen do not behave in a way that endangers, is deemed to endanger or is indicative of a situation that endangers the savings of the public or the market.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field in order:</p> <ul style="list-style-type: none"> • to clarify the specific obligations arising from the general principles laid down in the provisions at present in force and • require that the internal code of conduct contains explicit reference to the firm's policy on conflict of interests and inducements

2. INFORMATION TO BE PROVIDED TO CUSTOMERS

Standard	Implementing authority(ies)	Implementing measure	Comments
<p><i>16. An investment firm must pay due regard to the information needs of its customers and communicate information to them that is fair, clear, and not misleading.</i></p>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to require investment firms to disclose conflict of interests to professional clients.</p>
<p><i>17. If an investment firm provides information in a marketing communications it must be fair, clear and not misleading.</i></p>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p>See also the information provided for in connection with rule 29 of the retail regime</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to require investment firms to disclose conflict of interests to professional clients.</p>
<p><i>18. An investment firm must ensure that a customer is provided promptly with the essential information concerning the execution of his order.</i></p>	CONSOB	<p>Article 31 paragraph n. 1, of Consob Regulation 11522 (Relationships between intermediaries and special categories of investor)</p> <p>1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: Articles 27, 28, 29, 30, paragraph 1, except for management services, and paragraphs 2 and 3, 32, paragraphs 3, 4 and 5, 37, except for paragraph 1(d), 38, 39, 40, 41, 42, 43, paragraph 5(b), paragraph 6, first sentence, and paragraphs 7(b) and 7(c), 44, 45, 47.1, 60, 61 and 62.</p> <p style="text-align: center;">ooo</p> <p>Article 61, paragraph n. 1 and 2 of Consob Regulation 11522 (Information on transactions)</p> <p>1. In supplying dealing services, authorized intermediaries shall send to investors' domiciles, for each transaction carried out and within seven working days from the execution date, a transaction confirmation notice showing separately the following information:</p> <p>a) the time, where this is relevant in relation to the manner of execution, and date of execution of the transaction;</p> <p>b) the type of transaction;</p> <p>c) the regulated market in which the transaction was carried out or the fact that it was carried out off-market;</p> <p>d) the financial instrument and the quantities involved in the transaction;</p> <p>e) the unit price applied and the total consideration;</p> <p>f) whether the investor's counterparty was the intermediary itself;</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to provide a specific provision requiring investment firms to provide professional clients with information concerning the execution of their orders. Still professional clients can opt, already at present, for the level of protection afforded to retail customers.</p>

		<p>g) the commissions and expenses charged; h) any tax implications; i) the time limit and procedure for the settlement of the transaction. 2. In supplying the service of receiving and transmitting orders, authorized intermediaries shall send the notice referred to in paragraph 1 within seven working days from that on which execution of the order transmitted was confirmed. This provision shall not apply to orders relative to placements.</p>	
<p><i>19. Where an investment firm has control of, or is holding assets belonging to a customer, it must arrange for proper identification and regular confirmation of such assets to the customer.</i></p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i> See above rule 56 of the retail regime</p> <p>Article 22 of Legislative decree 58/1998 <i>(Segregation of assets)</i> See above rule 56 of the retail regime °°°</p> <p>Article 31 paragraph n. 1, of Consob Regulation 11522 <i>(Relationships between intermediaries and special categories of investor)</i> 1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: Articles 27, 28, 29, 30, paragraph 1, except for management services, and paragraphs 2 and 3, 32, paragraphs 3, 4 and 5, 37, except for paragraph 1(d), 38, 39, 40, 41, 42, 43, paragraph 5(b), paragraph 6, first sentence, and paragraphs 7(b) and 7(c), 44, 45, 47.1, 60, 61 and 62.</p> <p>Article 56, paragraph n. 2 of Consob Regulation 11522 <i>(Internal procedures)</i> See above rule 56 of the retail regime</p> <p>Article 62, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Periodic reports)</i> 1. Contracts for the supply of dealing services or the service of receiving and transmitting orders may provide for investors to be sent a monthly report drawn up according to the model in Annex 4 instead of the transaction confirmation notices referred to in Article 61. Such reports shall be sent within fifteen working days from the closing date of the reference period. 2. In supplying the service of portfolio management on an individual basis, authorized intermediaries shall send to customers' domiciles, at least once every three months, a report covering the reference period drawn up according to the model in Annex 5. Such reports shall be sent within fifteen working days from the closing date of the reference period. °°°</p> <p>Resolution adopted by the Bank of Italy on July 1, 1998 on deposit and sub-deposit of clients' funds and financial instruments Not yet available in English on the Banca d'Italia web site (www.bancaditali.it)</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to introduce a specific provision requiring investment firms to regularly confirm the assets to their professional clients. Still professional clients can opt, already at present, for the level of protection afforded to retail customers.</p>

<p><i>20. An investment firm that operates customer accounts, which include uncovered open positions, must provide regular statements of such positions.</i></p>	<p>CONSOB</p>	<p>Article 31 paragraph n. 1, of Consob Regulation 11522 (Relationships between intermediaries and special categories of investor) 1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: Articles 27, 28, 29, 30, paragraph 1, except for management services, and paragraphs 2 and 3, 32, paragraphs 3, 4 and 5, 37, except for paragraph 1(d), 38, 39, 40, 41, 42, 43, paragraph 5(b), paragraph 6, first sentence, and paragraphs 7(b) and 7(c), 44, 45, 47.1, 60, 61 and 62. °°°</p> <p>Article 28, paragraph n. 3 of Consob Regulation 11522 (Communication of information between intermediaries and investors) 3. Authorized intermediaries shall promptly inform investors in writing as soon as transactions in derivative instruments or warrants that they have ordered for purposes other than hedging give rise to an actual or potential loss equal to or exceeding 50% of the means provided for the purpose of carrying out and guaranteeing such transactions. The reference value of such means shall be redetermined at the time of the communication of the loss to the investor and where deposits or withdrawals are made. The new reference value shall be promptly communicated to the investor. Where deposits or withdrawals are made, the result achieved until such time shall be communicated to the investor.</p> <p>Article 62, paragraph n. 1 and 2 of Consob Regulation 11522 (Periodic reports)</p> <p>See above rule 19.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to introduce a specific provision requiring investment firms to provide their professional clients with regular statements on uncovered positions. Still professional clients can opt, already at present, for the level of protection afforded to retail customers.</p>

3. THE “KNOW-YOUR-CUSTOMER STANDARD” AND THE DUTY TO CARE

Standard	Implementing authority(ies)	Implementing measure	Comments
<p><i>21. Prior to providing any investment service to a customer for the first time and throughout the business relationship, an investment firm must be in possession of adequate documentation of the identity of the customer, as well as the identity and legal capacity of any representative of the customer. In addition, prior to providing any investment service the investment firm must seek to obtain from the</i></p>	<p>CONSOB</p>	<p>Decree Law 143 of 3 May 1991 Urgent provisions to limit the use of cash and bearer instruments in transactions and prevent the use of the financial system for purposes of money laundering (ratified with amendments by Law 197 of 5 July 1991 and subsequently amended by Legislative Decree 153 of 26 May 1997 Legislative decree n. 143/1991. See above rule 64 of the retail regime Article 31 paragraph n. 1, of Consob Regulation 11522</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to introduce a specific provision requiring investment firms to request information from professional</p>

<p><i>customer information enabling an investment firm a) to determine whether the investment services envisaged are appropriate for the customer and b) to meet any duties owing to the customer in respect of the services to be provided.</i></p>		<p><i>(Relationships between intermediaries and special categories of investor)</i> 1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: Articles 27, 28, 29, 30, paragraph 1, except for management services, and paragraphs 2 and 3, 32, paragraphs 3, 4 and 5, 37, except for paragraph 1(d), 38, 39, 40, 41, 42, 43, paragraph 5(b), paragraph 6, first sentence, and paragraphs 7(b) and 7(c), 44, 45, 47.1, 60, 61 and 62. °°°</p> <p>Article 28, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Communication of information between intermediaries and investors)</i> 1. Before concluding contracts for asset management or investment advice services and starting to supply investment services or related non-core services, authorized intermediaries must: a) ask investors for information about their experience in investing in financial instruments, financial situation, investment objectives and propensity to incur risks. In the event of refusal to provide the information requested, this must be stated in the contract referred to in Article 30 or in a declaration signed by the investor; b) give investors a copy of the document on the general risks of investments in financial instruments referred to in Annex 3. 2. Authorized intermediaries may not carry out or recommend transactions or supply management services until they have provided investors with adequate information on the nature, risks and implications of the transaction or service in question, knowledge of which is needed to make informed investment and disinvestment decisions. °°°</p> <p>Article 29, paragraph n. 1 and 2 of Consob Regulation 11522 <i>(Unsuitable transactions)</i> 1. Authorized intermediaries shall refrain from carrying out transactions on behalf of investors that are not suitable in terms of type, object, frequency or size. 2. For the purposes of paragraph 1, authorized intermediaries shall take into account the information referred to in Article 28 and any other information available in relation to the services supplied.</p>	<p>clients in order to evaluate the suitability of the services provided. Still professional clients can opt, already at present, for the level of protection afforded to retail customers.</p>
<p>22. When an investment firm provides investment advice to the customer, it must have reasonable grounds to believe, in light of the information disclosed to it by the customer and the information available to it, including the information from the customer relationship, that this investment advice is suitable for him.</p>	<p>CONSOB</p>	<p>Article 31 paragraph n. 1, of Consob Regulation 11522 <i>(Relationships between intermediaries and special categories of investor)</i> 1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: Articles 27, 28, 29, 30, paragraph 1, except for management services, and paragraphs 2 and 3, 32, paragraphs 3, 4 and 5, 37, except for paragraph 1(d), 38, 39, 40, 41, 42, 43, paragraph 5(b), paragraph 6, first sentence, and paragraphs 7(b) and 7(c), 44, 45, 47.1, 60, 61 and 62. °°°</p> <p>Article 29, paragraph n. 1 and 2 of Consob Regulation 11522</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field which implements this specific provision.. Still professional clients can opt, already at present, for the level of protection afforded to retail customers.</p>

		<p style="text-align: center;"><i>(Unsuitable transactions)</i></p> <p>1. Authorized intermediaries shall refrain from carrying out transactions on behalf of investors that are not suitable in terms of type, object, frequency or size.</p> <p>2. For the purposes of paragraph 1, authorized intermediaries shall take into account the information referred to in Article 28 and any other information available in relation to the services supplied.</p> <p style="text-align: center;">ooo</p>	
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4. CUSTOMER AGREEMENTS

Standard	Implementing authority(ies)	Implementing measure	Comments
<p><i>23. Prior to providing any investment service, an investment firm must enter into a signed written agreement with the customer setting out the rights and obligations of the parties.</i></p>	CONSOB	<p style="text-align: center;">Article 31 paragraph n. 1, of Consob Regulation 11522 <i>(Relationships between intermediaries and special categories of investor)</i></p> <p>1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: Articles 27, 28, 29, 30, paragraph 1, except for management services, and paragraphs 2 and 3, 32, paragraphs 3, 4 and 5, 37, except for paragraph 1(d), 38, 39, 40, 41, 42, 43, paragraph 5(b), paragraph 6, first sentence, and paragraphs 7(b) and 7(c), 44, 45, 47.1, 60, 61 and 62.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 23, paragraph n. 1, of Legislative decree n. 58/1998 <i>(Contracts)</i></p> <p>1. Contracts for the provision of investment services or non-core services shall be reduced to writing and a copy given to customers. Consob, after consulting the Bank of Italy, may establish in a regulation that, for justified technical reasons or in relation to the professional nature of the contracting parties, certain types of contract may or must be concluded in a different form. Failure to comply with the prescribed form shall render the contract null and void.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 30, of Consob Regulation 11522 <i>(Contracts with investors)</i></p> <p>1. Authorized intermediaries may not supply investment services except on the basis of a contract in writing; a copy of the contract shall be given to the investor.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to extend to all investment firms the requirement to enter into written contracts which at present applies only to portfolio management service. Still professional clients can opt, already at present, for the level of protection afforded to retail customers.</p>

		2. The contract with the investor must: (...) See above rule n. 78 of the retail regime.	
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5.- DEALING REQUIREMENTS

5.1) RECEPTION AND TRANSMISSION OF CUSTOMER ORDERS

Standard	Implementing authority(ies)	Implementing measure	Comments
24. An investment firm must record and process customer orders in accordance with the customer's instructions and in such a way as to facilitate best execution.	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p style="text-align: center;">ooo</p> <p>Article 26, paragraph n.1 of Consob Regulation 11522 <i>(General rules of conduct)</i></p> <p>1. Authorized intermediaries, in the interest of investors and the integrity of the securities market, shall:</p> <p>a) operate independently and according to the principles and general rules of the Consolidated Law; b) comply with the rules for the functioning of the markets in which they operate; c) refrain from any conduct that might benefit one investor at the expense of another; d) carry out orders given by investors promptly; e) acquire a knowledge of own and third-party financial instruments, services and products other than investment services they provide that is adequate in relation to the type of service to be performed; f) operate so as to keep down the costs borne by investors and to obtain the best possible result from each investment service, taking into account the level of risk chosen by the investor.</p> <p style="text-align: center;">ooo</p> <p>Article 33, paragraph n.1 of Consob Regulation 11522 <i>(Reception and transmission of orders)</i></p> <p>1. In supplying the service of receiving and transmitting orders, authorized intermediaries shall transmit the orders they receive promptly to other intermediaries authorized to engage in dealing or placement, and to EU and non-EU intermediaries authorized in their home country to</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

		supply the service of dealing or placement.	
<p><i>25. An investment firm must ensure that the firm and its members of the board, directors, partners, employees and tied-agents do not use the information they possess on customers orders to the disadvantage of customers' interest.</i></p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p style="text-align: center;">°°°</p> <p>Article 26, paragraph n.1 of Consob Regulation 11522 (General rules of conduct)</p> <p>1. Authorized intermediaries, in the interest of investors and the integrity of the securities market, shall:</p> <p>a) operate independently and according to the principles and general rules of the Consolidated Law; b) comply with the rules for the functioning of the markets in which they operate; c) refrain from any conduct that might benefit one investor at the expense of another; d) carry out orders given by investors promptly; e) acquire a knowledge of own and third-party financial instruments, services and products other than investment services they provide that is adequate in relation to the type of service to be performed; f) operate so as to keep down the costs borne by investors and to obtain the best possible result from each investment service, taking into account the level of risk chosen by the investor.</p> <p style="text-align: center;">°°°</p> <p>Article 33, paragraph n.1 of Consob Regulation 11522 (Reception and transmission of orders)</p> <p>1. In supplying the service of receiving and transmitting orders, authorized intermediaries shall transmit the orders they receive promptly to other intermediaries authorized to engage in dealing or placement, and to EU and non-EU intermediaries authorized in their home country to supply the service of dealing or placement.</p> <p style="text-align: center;">°°°</p> <p>Article 58, paragraph n. 1, of Consob Regulation 11522 (Internal code of conduct)</p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall adopt and comply with a self-regulatory code of conduct, <i>inter alia</i> by referring to those of the professional associations connected with the services supplied. Such code, in accordance with the prescriptions of the Consolidated Law, shall establish the rules of conduct for the members of the administrative and control bodies, employees, financial salesmen and collaborators with reference to at least:</p> <p>a) the obligation to protect data of a confidential nature obtained from investors or which such persons possess in view of their functions;</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force</p>

		b) the procedures established for carrying out personal transactions involving financial instruments; (...).	
<i>26. An investment firm must record orders immediately, documenting and verifying all relevant items of proper execution.</i>	CONSOB	<p>Article 63, paragraph n. 1, 2 and 5 of Consob Regulation 11522 <i>(Recording of orders and transactions)</i></p> <p>1. Authorized intermediaries shall electronically record, not later than the day after that of reception, the essential elements of orders sent by investors. In the case of the service of portfolio management on an individual basis, intermediaries shall electronically record, at the moment of their transmission, the essential elements of orders issued on behalf of investors. Intermediaries shall also record, in the same manner and with the same time limits, instructions revoking previously imparted orders.</p> <p>2. Authorized intermediaries shall electronically record the essential elements of transactions, including those carried out for own account, not later than the day after that of execution.</p> <p>5. Asset management companies and SICAVs shall electronically record:</p> <p>a) not later than the day after that of reception, the essential elements of subscription and redemption orders received from investors and, not later than the day after that of execution, the conditions at which such orders were executed. The recording procedures must allow searches and retrievals to be made at any time by individual collective investment undertaking or sector, type of transaction, investor, intermediary that transmitted the order, financial salesman, and date and time.</p> <p>b) at the moment of transmission, the essential elements of orders issued on behalf of the collective investment undertakings managed and, not later than the day after that of execution, the essential elements of the transactions carried out. The recording procedures must allow searches and retrievals to be made at any time by individual collective investment undertaking or sector, type of transaction, investor, intermediary that transmitted the order, financial salesman, and date and time.</p>	
<i>27. An investment firm must keep a record of telephone orders on magnetic tape or an equivalent medium. Investment firms must duly inform the customer that the conversation will be recorded.</i>	CONSOB	<p>Article 31 paragraph n. 1, of Consob Regulation 11522 <i>(Relationships between intermediaries and special categories of investor)</i></p> <p>1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: Articles 27, 28, 29, 30, paragraph 1, except for management services, and paragraphs 2 and 3, 32, paragraphs 3, 4 and 5, 37, except for paragraph 1(d), 38, 39, 40, 41, 42, 43, paragraph 5(b), paragraph 6, first sentence, and paragraphs 7(b) and 7(c), 44, 45, 47.1, <u>60</u>, 61 and 62.</p> <p style="text-align: center;">ooo</p> <p>Article 60, paragraph n. 2 and 3 of Consob Regulation 11522 <i>(Confirmation of orders)</i></p> <p>2. Authorized intermediaries shall record orders given by investors by telephone on magnetic tape or an equivalent medium.</p> <p>3. Financial salesmen appointed by authorized intermediaries to take</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field which implements this specific provision. Still professional clients can opt, already at present, for the level of protection afforded to retail customers.

		orders by way of door-to-door selling shall give investors, at the moment orders are taken, a paper-based confirmation notice containing the information referred to in paragraph 1. Where orders are taken by telephone, financial salesmen are required to record them in the manner referred to in paragraph 2.	
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5.2) EXECUTION OF ORDERS

Standard	Implementing authority(ies)	Implementing measure	Comments
<i>28. An investment firm must take all care to obtain the best possible result for the customer with reference to price, costs born by the customer, size, nature of the transactions, time of reception of order, speed and likelihood of execution and trading venue taking into account the state of the relevant market(s). The relevant market(s) shall be deemed to be the market(s) offering the most favourable trading conditions also in terms of transparency, liquidity and clearing and settlement arrangements in connection with the envisaged transaction. If the investment firm executes in another trading venue, it must be able to demonstrate to the customer that this was done in accordance with his best interest.</i>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 102 of the retail regime.</p> <p>Article 31 paragraph n. 1, of Consob Regulation 11522 <i>(Relationships between intermediaries and special categories of investor)</i></p> <p>1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: Articles 27, 28, 29, 30, paragraph 1, except for management services, and paragraphs 2 and 3, 32, paragraphs 3, 4 and 5, 37, except for paragraph 1(d), 38, 39, 40, 41, 42, 43, paragraph 5(b), paragraph 6, first sentence, and paragraphs 7(b) and 7(c), 44, 45, 47.1, 60, 61 and 62.</p> <p style="text-align: center;">ooo</p> <p>Article 32, paragraph n. 3 and 4 of Consob Regulation 11522 <i>(Dealing)</i></p> <p>3. Without prejudice to the provisions of the regulation referred to in Article 25.2 of the Consolidated Law, authorized intermediaries shall carry out transactions for own or customer account at the best possible conditions with reference to the time, size and nature of the transactions. In determining the best possible conditions consideration shall be given to the price paid or received and the other costs borne directly or indirectly by the investor.</p> <p>4. The requirements referred to in paragraph 3 shall be considered satisfied where the transaction is carried out:</p> <ul style="list-style-type: none"> - during official trading hours, as defined in the regulation referred to in Article 25.2 of the Consolidated Law, in a regulated market; - outside official trading hours, as defined in the regulation referred to in Article 25.2 of the Consolidated Law, in a regulated market or an organized trading system. 	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field which implements this specific provision. Still professional clients can opt, already at present, for the level of protection afforded to retail customers.
<i>29. An investment firm acting as principal in relation to a customer order must inform the customer accordingly beforehand and must be in a position to justify the price at which the transaction is executed, with reference to the prices and volumes in the relevant market(s), where</i>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 102 of the retail regime.</p> <p>Article 31 paragraph n. 1, of Consob Regulation 11522 <i>(Relationships between intermediaries and special categories of investor)</i></p> <p>1. Except as provided for by specific statutory provisions and unless</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field which implements this specific provision. Still

<p><i>appropriate, or the presumed value determined on the basis of objective elements, e.g. mark-to-market.</i></p>		<p>agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: Articles 27, 28, 29, 30, paragraph 1, except for management services, and paragraphs 2 and 3, 32, paragraphs 3, 4 and 5, 37, except for paragraph 1(d), 38, 39, 40, 41, 42, 43, paragraph 5(b), paragraph 6, first sentence, and paragraphs 7(b) and 7(c), 44, 45, 47.1, 60, 61 and 62.</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 32, paragraph n. 5 of Consob Regulation 11522 <i>(Dealing)</i></p> <p>5. In supplying the service of dealing for own account, authorized intermediaries shall inform the investor at the time of receiving the order of the price at which they are prepared to buy or sell the financial instruments and execute the trade upon receiving the investor's consent; they may not charge any commission on the price agreed.</p>	<p>professional clients can opt, already at present, for the level of protection afforded to retail customers.</p>
<p><i>30. An investment firm must ensure that orders are executed in accordance with the instructions from the customer.</i></p>	<p>CONSOB</p>	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 32, paragraph n. 1 of Consob Regulation 11522 <i>(Dealing)</i></p> <p>1. In performing dealing services, authorized intermediaries shall execute orders according to the time priority of their reception.</p>	
<p><i>31. An investment firm takes reasonable steps to refrain from executing orders for its own account or the account of its members of the board, directors, partners, employees and tied-agents before those of customers in identical or better conditions than the latter ("front running").</i></p>	<p>CONSOB</p>	<p style="text-align: center;">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p>c) organize themselves in such a way as to minimize the risk of conflicts of interest and, where such conflicts arise, act in such a way as to ensure transparency and the fair treatment of customers, (...).</p> <p style="text-align: center;">°°°</p> <p style="text-align: center;">Article 58, paragraph n.1, 2 and 3 of Consob Regulation 11522 <i>(Internal code of conduct)</i></p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall adopt and comply with a self-regulatory code of conduct, <i>inter alia</i> by referring to those of the professional associations connected with the services supplied. Such code, in accordance with the prescriptions of the Consolidated Law, shall establish the rules of conduct for the members of the administrative and control bodies, employees, financial salesmen and</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force</p>

		<p>collaborators with reference to at least:</p> <p>a) the obligation to protect data of a confidential nature obtained from investors or which such persons possess in view of their functions;</p> <p>b) the procedures established for carrying out personal transactions involving financial instruments;</p> <p>c) the procedures for handling relationships with investors who intend to employ agents or appointees for the purpose of concluding contracts or executing transactions where such persons are directors, members of the board of auditors, employees, collaborators or financial salesmen of the intermediary;</p> <p>(...).</p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall comply with the self-regulatory codes adopted by the professional associations to which they belong.</p> <p>3. Authorized intermediaries, asset management companies and SICAVs shall refrain from behaving and shall control that their employees, collaborators and financial salesmen do not behave in a way that endangers, is deemed to endanger or is indicative of a situation that endangers the savings of the public or the market.</p>	
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5.3) POST- EXECUTION OF ORDERS

Standard	Implementing authority(ies)	Implementing measure	Comments
<i>32. An investment firm must ensure the proper and speedy recording, allocation and distribution of executed transactions.</i>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>See above rule 111 of the retail regime</p> <p>Article 63 of Consob Regulation 11522 <i>(Recording of orders and transactions)</i></p> <p>1. Authorized intermediaries shall electronically record, not later than the day after that of reception, the essential elements of orders sent by investors. In the case of the service of portfolio management on an individual basis, intermediaries shall electronically record, at the moment of their transmission, the essential elements of orders issued on behalf of investors. Intermediaries shall also record, in the same manner and with the same time limits, instructions revoking previously imparted orders.</p> <p>2. Authorized intermediaries shall electronically record the essential elements of transactions, including those carried out for own account, not later than the day after that of execution.</p> <p>3. Intermediaries shall record in an analogous manner the orders they give and the transactions they carry out for the purpose of dealing with errors in recording, transmitting or executing orders.</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force

		<p>4. The recording procedures must allow searches and retrievals to be made at any time by financial instrument, type of transaction, investor, counterparty, financial salesman, employee, date and time, market of execution and investment service.</p> <p>5. Asset management companies and SICAVs shall electronically record:</p> <p>a) not later than the day after that of reception, the essential elements of subscription and redemption orders received from investors and, not later than the day after that of execution, the conditions at which such orders were executed. The recording procedures must allow searches and retrievals to be made at any time by individual collective investment undertaking or sector, type of transaction, investor, intermediary that transmitted the order, financial salesman, and date and time.</p> <p>b) at the moment of transmission, the essential elements of orders issued on behalf of the collective investment undertakings managed and, not later than the day after that of execution, the essential elements of the transactions carried out. The recording procedures must allow searches and retrievals to be made at any time by individual collective investment undertaking or sector, type of transaction, investor, intermediary that transmitted the order, financial salesman, and date and time.</p> <p>6. The procedures must ensure that records cannot be altered; corrections must be appropriately evidenced.</p>	
<p><i>33. Where orders for own and customers accounts have been aggregated, the investment firm must not allocate the related trades in any way that is detrimental to any customer. If such an aggregated order is only partially executed, allocation to customers must take priority over allocation to the investment firm.</i></p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>Article 33, paragraph n. 2 and 3 of Consob Regulation 11522 (Reception and transmission of orders)</p> <p>2. Orders shall be transmitted in the same order as they are received; in no circumstances may orders of the opposite sign be offset nor, except as provided for in paragraph 3, may orders be batched.</p> <p>3. In the case of orders to buy or sell, authorized intermediaries may, when transmitting them to the dealing intermediary, batch individual orders received from investors where that is compatible with the nature of the orders and the operating procedures of the market in which they are to be executed do not involve the formation of prices for individual trades. In no case may orders issued by intermediaries for own account be batched with those issued by investors.</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>

6. INDIVIDUAL DISCRETIONARY PORTFOLIO MANAGEMENT

In addition to the foregoing standards and rules, additional provisions apply to the service of individual portfolio management.

Standard	Implementing authority(ies)	Implementing measure	Comments
<p><i>34. Prior to the provision of any discretionary portfolio management service, a customer agreement containing the relevant provisions of the basic customer agreement mentioned above, as well as certain additional provisions specific to portfolio management must be signed between the parties.</i></p>	<p>CONSOB</p>	<p>Article 23, paragraph n. 1, of Legislative decree n. 58/1998 <i>(Contracts)</i></p> <p>1. Contracts for the provision of investment services or non-core services shall be reduced to writing and a copy given to customers. Consob, after consulting the Bank of Italy, may establish in a regulation that, for justified technical reasons or in relation to the professional nature of the contracting parties, certain types of contract may or must be concluded in a different form.⁽²²⁾ Failure to comply with the prescribed form shall render the contract null and void.</p> <p style="text-align: center;">°°°</p> <p>Article 24, of Legislative decree n. 58/1998 <i>(Management of investment portfolios)</i></p> <p>1. The following rules shall apply to the management of investment portfolios:</p> <p>a) contracts shall be reduced to writing;</p> <p>b) customers may give binding instructions concerning the operations to be carried out,</p> <p>c) investment firm, asset management companies and banks may not, except in the case of specific written instructions, enter into obligations on behalf of customers that commit them for amounts greater than the assets under management;</p> <p>d) customers may withdraw from contracts at any time, without prejudice to the right of withdrawal of the investment firm, asset management company or bank under Article 1727 of the Civil Code;</p> <p>e) the power to exercise voting rights attaching to financial instruments under management may be conferred on an investment firm, bank or asset management company by way of a proxy granted for each shareholders' meeting in compliance with the limits and procedures established in a regulation adopted by the Minister of the Treasury after consulting the Bank of Italy and Consob;</p> <p>f) execution of the engagement may be delegated for the entire portfolio or parts thereof to persons authorized to provide investment portfolio management services, subject to written authorization of the customer.</p> <p>2. Agreements in conflict with the provisions of this article shall be null and void, nullity may be enforced only by the customer.</p> <p style="text-align: center;">°°°</p> <p>Article 31 paragraph n. 1, of Consob Regulation 11522 <i>(Relationships between intermediaries and special categories of investor)</i></p> <p>1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: Articles 27, 28, 29, 30, paragraph 1, except for management</p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force. Still professional clients can opt, already at present, for the level of protection afforded to retail customers.</p>

services, and paragraphs 2 and 3, 32, paragraphs 3, 4 and 5, **37, except for paragraph 1(d)**, 38, 39, 40, 41, 42, 43, paragraph 5(b), paragraph 6, first sentence, and paragraphs 7(b) and 7(c), 44, 45, 47.1, 60, 61 and 62.

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Article 30, of Consob Regulation 11522
(Contracts with investors)

1. Authorized intermediaries may not supply investment services except on the basis of a contract in writing; a copy of the contract shall be given to the investor.
2. The contract with the investor must:
 - a) specify the services provided and their characteristics;
 - b) establish the period of validity of the contract and the procedure for renewing it, and the procedure for modifying the contract;
 - c) specify the procedures by means of which the investor may give orders and instructions;
 - d) establish the frequency, type and content of the documentation to be sent to the investor to report on the activity carried out;
 - e) specify and regulate, with reference to contracts for trading and the reception and transmission of orders, the procedures for providing and replenishing the means for carrying out or guaranteeing the transactions ordered, with the means provided for carrying out transactions involving derivative financial instruments and warrants indicated separately;
 - f) specify any other contractual conditions agreed with the investor for the supply of the service.
3. The provisions of this article shall not apply to the supply of the following services:
 - a) placement services, including door-to-door selling and distance marketing;
 - b) non-core services, except for those of financing investors and providing investment advice concerning financial instruments

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Article 37, of Consob Regulation 11522
(Contracts with investors)

1. In addition to what is established in Article 30, contracts with investors must:
 - a) specify the characteristics of the management account;
 - b) expressly identify the transactions the intermediary may not carry out without the prior authorization of the investor; where there are no restrictions, expressly state this circumstance;
 - c) with reference to financial derivative instruments, state whether such instruments may be used for purposes other than that of hedging risks associated with positions under management;
 - d) state whether the intermediary is authorized to delegate the performance of the mandate received, specifying any limits and conditions to which the authorization is subject and, where such delegation does not concern the entire portfolio, the financial instruments and the sectors or markets for which the authorization is given.

		<p>e) specify that the investor may withdraw from the contract at any time or order the transfer or withdrawal of all or part of his or her assets without incurring any penalty.</p> <p>2. Contracts with investors must also state whether and to what extent the intermediary is authorized to make use of leverage in relation to the characteristics of the management account chosen. Where the use of leverage is admitted, the contract must specify the upper limit of losses beyond which the intermediary is required to reduce leverage to one and contain the warning that a leverage greater than one may lead, in the event of negative management results, to losses in excess of the assets entrusted for management and consequently that the investor may end up indebted to the intermediary.</p> <p>3. From the time of withdrawal from a contract authorized intermediaries may not carry out management transactions involving the assets under management unless they are necessary to conserve such assets. They may also carry out any orders given by the investor and not yet carried out unless such orders have already been revoked.</p>	
<p><i>35. An investment firm must take all reasonable steps necessary to ensure the independence of the portfolio management function and mitigate the risk of customers' interests being harmed by any conflict of interest, in particular by providing for the strict separation of functions within the investment firm and its group.</i></p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...);</p> <p>d) have resources and procedures, including internal control mechanisms, likely to ensure the efficient provision of services;</p> <p style="text-align: center;">°°°</p> <p>Article 26, paragraph n. 1, of Consob Regulation 11522 of 1 July 1998 <i>(General rules of conduct)</i></p> <p>1. Authorized intermediaries, in the interest of investors and the integrity of the securities market, shall:</p> <p>a) operate independently and according to the principles and general rules of the Consolidated Law;</p> <p>b) comply with the rules for the functioning of the markets in which they operate;</p> <p>c) organize themselves in such a way as to minimize the risk of conflicts of interest and, where such conflicts arise, act in such a way as to ensure transparency and the fair treatment of customers; (...).</p> <p style="text-align: center;">°°°</p> <p>Article 27, paragraph n. 1, of Consob Regulation 11522 <i>(Conflicts of interest)</i></p> <p>1. Authorized intermediaries shall be on the alert for conflicts of interest.</p> <p style="text-align: center;">°°°</p> <p>Article 56, paragraph n. 2, 3 and 4 of Consob Regulation 11522</p>	

		<p style="text-align: center;"><i>(Internal procedures)</i></p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to:</p> <p>a) ensure the orderly and correct supply of services; (...).</p> <p>3. Authorized intermediaries, <i>inter alia</i> in order to minimize the risk of conflicts of interest, shall establish internal procedures aimed at ensuring that exchanges of information do not occur between the sectors of the company that must be kept separate in accordance with the regulation issued by the Bank of Italy pursuant to Article 6(1a) of the Consolidated Law.</p> <p>4. Intermediaries authorized to supply portfolio management services on an individual basis, asset management companies and SICAVs, <i>inter alia</i> in order to minimize the risk of conflicts of interest, shall establish internal procedures aimed at preventing exchanges of information with other group companies that supply the services of dealing, reception and transmission of orders or placement or the non-core services referred to in Articles 1(6d) and 1(6e) of the Consolidated Law.</p> <p style="text-align: center;">ooo</p> <p style="text-align: center;">Bank of Italy regulation of 4 august 2000 Title III – Supervision; Chapter II – 4. Rules relating to administrative and accounting procedures</p> <p>The service of management on a client-by-client basis of investment portfolios (hereinafter “<i>portfolio management</i>”) shall be kept separate from the other investment services and activities of the intermediary.</p> <p>The portfolio management may be provided jointly with the service of investment advice concerning financial instruments.</p> <p>For this purpose the investment firm must comply with the following rules:</p> <p>a) administrative rules:</p> <ul style="list-style-type: none"> - personnel assigned to portfolio management shall act independently and shall not have hierarchical relationships with the other sectors of activity of the investment firm; - portfolio management shall not have hierarchical relationships – especially with reference to technical, operational and decision-making autonomy - with the other sectors of activity of the investment firm, included those providing other investment services; - relationships between portfolio management and other services shall begin at the exclusive initiative and under the responsibility of the former; <p>b) accounting rules:</p> <ul style="list-style-type: none"> - the records, included electronic ones, of the portfolio management structure shall be guarded to prevent the personnel of other sectors of the 	
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		intermediary from accessing; - the financial instruments' transactions between the portfolio management sector and the other business sectors shall be displayed in specific internal records. The aforementioned rules of separation shall not apply to the operational sectors of the investment firm charged solely with the contact of the customers and only if such activity is performed without discretionary powers. Compliance with the aforementioned rules of administrative and accounting separation does not prevent the investment firms from centralizing the administrative procedure of the general services (such as, for instance, the back office services) and the general accounting function. ○○○ Article 31 paragraph n. 1, of Consob Regulation 11522 <i>(Relationships between intermediaries and special categories of investor)</i> 1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: Articles 27 , 28, 29, 30, paragraph 1, except for management services, and paragraphs 2 and 3, 32, paragraphs 3, 4 and 5, 37, except for paragraph 1(d), 38, 39, 40, 41, 42, 43, paragraph 5(b), paragraph 6, first sentence, and paragraphs 7(b) and 7(c), 44, 45, 47.1, 60, 61 and 62.	
<i>36. An investment firm must send periodic statement to its portfolio management customers so as to enable them to assess the performance of the service.</i>	CONSOB	Article 62, paragraph n. 2 of Consob Regulation 11522 <i>(Periodic reports)</i> 2. In supplying the service of portfolio management on an individual basis, authorized intermediaries shall send to customers' domiciles, at least once every three months, a report covering the reference period drawn up according to the model in Annex 5. Such reports shall be sent within fifteen working days from the closing date of the reference period. ○○○ Article 31 paragraph n. 1, of Consob Regulation 11522 <i>(Relationships between intermediaries and special categories of investor)</i> 1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: Articles 27, 28, 29, 30, paragraph 1, except for management services, and paragraphs 2 and 3, 32, paragraphs 3, 4 and 5, 37, except for paragraph 1(d), 38, 39, 40, 41, 42, 43, paragraph 5(b), paragraph 6, first sentence, and paragraphs 7(b) and 7(c), 44, 45, 47.1, 60, 61 and 62.	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force. Still professional clients can opt, already at present, for the level of protection afforded to retail customers.
<i>37. The investment firm must ensure that its orders are executed as efficiently as possible and in particular that:</i>	CONSOB	Article 43, paragraph n. 3 and 4, of Consob Regulation 11522 <i>(Supply of the service)</i> 3. Authorized intermediaries shall assign orders separately to each	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998

<p>a) <i>orders issued are immediately recorded by the firm;</i></p> <p>b) <i>transactions executed are recorded and the portfolios affected are adjusted as quickly as possible;</i></p> <p>c) <i>the portfolios affected and the relevant amounts are determined, or objectively determinable, no later than the time at which the order is issued and cannot be changed, except for the purposes of rectifying an error, after the execution of the order, regardless of whether the order relates to one or more accounts.</i></p>		<p>investor before transmitting them to the person entrusted with their execution.</p> <p>4. Authorized intermediaries shall require the transactions they order on behalf of investors to be carried out at the best possible conditions with reference to the time, size and nature of the transactions and monitor that such conditions are effectively achieved. In determining the best possible conditions, consideration shall be given to the price paid or received and the other costs borne directly or indirectly by the investor. The conditions referred to in this paragraph shall be deemed to be satisfied where the transactions are carried out:</p> <ul style="list-style-type: none"> - during official trading hours, as defined in the regulation referred to in Article 25.2 of the Consolidated Law, in a regulated market; - outside official trading hours, as defined in the regulation referred to in Article 25.2 of the Consolidated Law, in a regulated market or an organized trading system. <p style="text-align: center;">ooo</p> <p style="text-align: center;">Article 63, paragraph n.1, 2 and 3 of Consob Regulation 11522 <i>(Recording of orders and transactions)</i></p> <p>1. Authorized intermediaries shall electronically record, not later than the day after that of reception, the essential elements of orders sent by investors. In the case of the service of portfolio management on an individual basis, intermediaries shall electronically record, at the moment of their transmission, the essential elements of orders issued on behalf of investors. Intermediaries shall also record, in the same manner and with the same time limits, instructions revoking previously imparted orders.</p> <p>2. Authorized intermediaries shall electronically record the essential elements of transactions, including those carried out for own account, not later than the day after that of execution.</p> <p>3. Intermediaries shall record in an analogous manner the orders they give and the transactions they carry out for the purpose of dealing with errors in recording, transmitting or executing orders.</p>	<p>on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
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C. CORE STANDARDS FOR THE “COUNTERPARTY RELATIONSHIP”

1. The “counterparty relationship”

Standard	Implementing authority(ies)	Implementing measure	Comments
<p>A « counterparty relationship » is typical of trading between investment firms and banks within themselves or with other entities which are not holding themselves out as providers of investment services but are market participants directly active in the financial market for proprietary trading. It is characterised by the absence of a “client relationship” (i.e. without any provision of service). In particular, it covers the following situations:</p> <ul style="list-style-type: none"> - transactions executed in regulated markets or other trading venues (which do not give rise to any provision of investment service to the customer) between any member admitted to trade in these markets; - transactions executed directly (over-the-counter) between investment firms or credit institutions, authorised to provide the service of dealing, and dealing either as principal or as agent; - transactions executed directly (over-the-counter) between investment firms or credit institutions and other authorised or regulated financial intermediaries, including non-ISD firms, such as commodity dealers, insurance companies, but not including collective investment schemes and management companies of such schemes, pension funds and management companies of such funds. 	<p>CONSOB</p>	<p>Article 31 of Consob Regulation 11522/1998 <i>(Relationships between intermediaries and special categories of investor)</i></p> <p>1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: Articles 27, 28, 29, 30, paragraph 1, except for management services, and paragraphs 2 and 3, 32, paragraphs 3, 4 and 5, 37, except for paragraph 1(d), 38, 39, 40, 41, 42, 43, paragraph 5(b), paragraph 6, first sentence, and paragraphs 7(b) and 7(c), 44, 45, 47.1, 60, 61 and 62.</p> <p>2. Professional investors shall mean authorized intermediaries, asset management companies, SICAVs, pension funds, insurance companies, foreign persons who, pursuant to the law in force in their home country, carry on the activities carried on by the foregoing persons, companies and entities that issue financial instruments traded in regulated markets, companies entered in the lists referred to in Articles 106, 107 and 113 of Legislative Decree 385 of 1 September 1993, financial salesmen, natural persons who document their possession of the professional qualifications referred to in the Consolidated Law for persons performing administrative, managerial or control functions in SIMs, banking foundations, and companies or legal persons possessing specific expertise and experience in matters of transactions in financial instruments expressly declared in writing by their legal representative.</p>	<p>Transactions entered into on a regulated market or another trading venue between professional investors within the meaning of Article 31 of Consob regulation 11522/1998, do not entail any “client relationship”. OTC transactions entered into between professional investors are subject to a limited set of conduct of business rules, as provided for under Article 31, paragraph 1. of Consob regulation 11522/1998. A specific “counterparty regime” for OTC transactions will be considered by Consob in the near future.</p>
<p>CESR Members are free to allow companies to be treated as “counterparties” and to define the appropriate quantitative thresholds. In case of cross-border business, if the company is located in a jurisdiction where the “counterparty regime” is not applicable to companies, the professional regime will apply to that relationship.</p>		<p>Article 31, paragraph 2, of Consob Regulation 11522/1998 <i>(Relationships between intermediaries and special categories of investor)</i></p> <p>2. Professional investors shall mean authorized intermediaries, asset management companies, SICAVs, pension funds, insurance companies, foreign persons who, pursuant to the law in force in their home country, carry on the activities carried on by the foregoing persons, companies and entities that issue financial instruments traded in regulated markets, companies entered in the lists referred to in Articles 106, 107 and 113 of Legislative Decree 385 of 1 September 1993, financial salesmen, natural persons who document their possession of the professional qualifications referred to in the Consolidated Law for persons performing administrative, managerial or control functions in SIMs, banking foundations, and companies or legal persons possessing specific expertise and experience in</p>	

		matters of transactions in financial instruments expressly declared in writing by their legal representative.	
Transactions entered into by these entities and effected through the offices of an authorised intermediary would be, by default, subject to the « professional regime ». Only those transactions undertaken by these entities for which they are direct “counterparties” and for which a specific choice to enter into a “counterparty relationship” has been made, are liable to operate subject to such a regime.	CONSOB	<p align="center">Article 31 of Consob Regulation 11522/1998 <i>(Relationships between intermediaries and special categories of investor)</i></p> <p>1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: Articles 27, 28, 29, 30, paragraph 1, except for management services, and paragraphs 2 and 3, 32, paragraphs 3, 4 and 5, 37, except for paragraph 1(d), 38, 39, 40, 41, 42, 43, paragraph 5(b), paragraph 6, first sentence, and paragraphs 7(b) and 7(c), 44, 45, 47.1, 60, 61 and 62.</p> <p>2. Professional investors shall mean authorized intermediaries, asset management companies, SICAVs, pension funds, insurance companies, foreign persons who, pursuant to the law in force in their home country, carry on the activities carried on by the foregoing persons, companies and entities that issue financial instruments traded in regulated markets, companies entered in the lists referred to in Articles 106, 107 and 113 of Legislative Decree 385 of 1 September 1993, financial salesmen, natural persons who document their possession of the professional qualifications referred to in the Consolidated Law for persons performing administrative, managerial or control functions in SIMs, banking foundations, and companies or legal persons possessing specific expertise and experience in matters of transactions in financial instruments expressly declared in writing by their legal representative.</p>	Transactions entered into on a regulated market or another trading venue between professional investors within the meaning of Article 31 of Consob regulation 11522/1998, do not entail any “client relationship”. OTC transactions entered into between professional investors are subject to a limited set of conduct of business rules, as provided for under Article 31, paragraph 1. of Consob regulation 11522/1998. A specific counterparty regime for OTC transactions will be considered by Consob in the near future.
The entities meeting one of the above mentioned criteria and willing to enter into a « counterparty relationship » have to reciprocally confirm in the contract that the transaction is executed under a « counterparty relationship ». This confirmation may be given in master agreements, where applicable to a series of transactions of the same nature.	CONSOB		A specific provision requiring counterparties to confirm to each other the regime applying to these transactions will be considered by Consob in the near future.

1. The “counterparty regime”

Standard	Implementing authority(ies)	Implementing measure	Comments
<p><i>The firm must at all times act honestly, fairly and professionally in accordance with the integrity of the market.</i></p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must: a) act diligently, correctly and transparently in the interests of (...) the integrity of the market; (...)</p> <p>Article 26, paragraph n. 1, of Consob Regulation 11522 <i>(General rules of conduct)</i></p> <p>1. Authorized intermediaries, in the interest of investors and the integrity of the securities market, shall: (...)</p> <p>b) comply with the rules for the functioning of the markets in which they operate;</p>	
<p><i>The firm must have and must employ effectively the resources and procedures that are necessary for the proper performance of its business activities.</i></p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must: (...)</p> <p>d) have resources and procedures, including internal control mechanisms, likely to ensure the efficient provision of services;</p>	
<p><i>The firm must establish an independent compliance function, aimed at ensuring that its directors, partners, employees and agents behave in accordance with the integrity of the market.</i></p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must: (...)</p> <p>d) have resources and procedures, including internal control mechanisms, likely to ensure the efficient provision of services; ○○○ ○○○</p> <p>Article 57, paragraph n. 1 of Consob Regulation 11522 <i>(Internal controls)</i></p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall establish an internal control function.</p>	
<p><i>Executive directors/senior management must take reasonable measures to ensure that the firm establishes and implements adequate compliance policies and procedures.</i></p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must: (...)</p> <p>d) have resources and procedures, including internal control mechanisms, likely to ensure the efficient provision of services;</p>	

<p><i>The firm must be able to demonstrate that it has not acted in breach of standards of market integrity and that its organisation, policies and procedures facilitate such compliance.</i></p>	<p>CONSOB</p>	<p>Article 56, paragraph n. 2, of Consob Regulation 11522 <i>(Internal procedures)</i></p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to:</p> <ul style="list-style-type: none"> a) ensure the orderly and correct supply of services; b) reconstruct the times and types of action taken in supplying services; c) ensure adequate internal monitoring of the activities of the personnel involved and financial salesmen. <p style="text-align: center;">oo</p> <p>Article 58, paragraph n. 1, of Consob Regulation 11522 <i>(Internal code of conduct)</i></p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall adopt and comply with a self-regulatory code of conduct, <i>inter alia</i> by referring to those of the professional associations connected with the services supplied. Such code, in accordance with the prescriptions of the Consolidated Law, shall establish the rules of conduct for the members of the administrative and control bodies, employees, financial salesmen and collaborators with reference to at least:</p> <ul style="list-style-type: none"> (...); b) the procedures established for carrying out personal transactions involving financial instruments; (...); 	
<p><i>The firm must keep records of all transactions executed for a period of five years.</i></p>	<p>CONSOB</p>	<p>Article 69, paragraph n. 2, of Consob Regulation 11522 <i>(Conservation of records and documents)</i></p> <p>1. Without prejudice to statutory provisions on the conservation of books and documents:</p> <ul style="list-style-type: none"> a) the records referred to in this regulation shall be conserved for at least eight years; <p style="text-align: center;">Article 10 of Consob Regulation 11768 (Recording requirements for regulated markets)</p> <p>1. Management companies shall establish electronic procedures for each of the markets they manage to record the transactions carried out therein.</p> <p>2. The records, to be preserved for a period of not less than eight years, shall make it possible to establish:</p> <ul style="list-style-type: none"> a) the identity of the intermediaries concerned; b) for markets that use electronic trading systems, the individual orders entered into the systems, including those modified, deleted or unfilled, and the date and time at which they were entered, modified or deleted; c) the type of transaction; d) the object of the transaction; e) the quantity; f) the unit price; g) the date and time of execution of the transaction. <p>3. The information referred to in paragraphs 2a) and 2b) shall be available for inspection only by the management company and Consob.</p>	

		<p>4. The electronic recording procedures shall allow Consob to carry out research at any time on each individual financial instrument, type of transaction and intermediary participating in the market.</p> <p>5. Where extraordinary corporate operations occur that are likely to cause a break in the prices of the financial instruments traded, management companies shall announce the adjustment coefficients applied.</p> <p style="text-align: center;">Article 11 of Consob Regulation 11768 (Reporting requirements for transactions involving financial instruments admitted to trading in a regulated market concluded outside such market)</p> <p>1. For each individual trade involving financial instruments admitted to trading in a regulated market concluded outside such market, intermediaries authorized to provide trading services shall disclose the following information within fifteen minutes of the time the trade was concluded:</p> <ol style="list-style-type: none"> a) the financial instrument involved; b) the date and time of execution; c) the type of transaction; d) the unit price net of any commissions; e) the quantity; f) the counterparty; g) whether the transaction was concluded for own account or for customer account. <p>2. Where the transaction was concluded between intermediaries authorized to provide trading services, the reporting requirements shall be fulfilled by the seller alone.</p> <p>3. The disclosure referred to in paragraph 1 shall be made to the management company of one of the Italian regulated markets on which the financial instrument is traded. For transactions concluded outside the daily operating hours of the regulated markets, the disclosure requirements shall be fulfilled by the intermediaries before the subsequent start of the daily operating hours of the markets in question.</p> <p>4. Intermediaries admitted to trading on one of the markets referred to in paragraph 3 shall make the disclosure to the management company of the market to which they are admitted. For transactions concluded outside the daily operating hours of that market, the disclosure requirements shall be fulfilled by the intermediaries admitted to trading before the subsequent start of the daily operating hours of the market in question.</p> <p>5. Disclosures shall be made using the means and technical procedures established by management companies in the rules referred to in Article 62 of the Consolidated Law.</p> <p>6. This article shall apply to foreign intermediaries authorized to provide trading services in Italy exclusively with respect to trades concluded with or on behalf of investors resident in Italy.</p> <p>7. This article shall not apply to trades involving:</p> <ul style="list-style-type: none"> - Italian or foreign government or government-guaranteed securities - securities issued by international organizations in which governments participate; 	
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		- odd lots. - traditional options contracts or any other derivative financial instrument.	
<i>The firm must keep record of telephone conversations concerning the transactions executed on a counterparty relationship.</i>	CONSOB		Specific record-keeping requirements applicable to transactions executed on a counterparty relationship will be introduced with the final adoption of the regulation at present under consultation.
<i>The firm must adopt and take all reasonable steps to ensure compliance with an appropriate internal code of conduct.</i>	CONSOB	<p align="center">Article 58, paragraph n. 1, of Consob Regulation 11522 (Internal code of conduct)</p> <p>1. Authorized intermediaries, asset management companies and SICAVs shall adopt and comply with a self-regulatory code of conduct, <i>inter alia</i> by referring to those of the professional associations connected with the services supplied. Such code, in accordance with the prescriptions of the Consolidated Law, shall establish the rules of conduct for the members of the administrative and control bodies, employees, financial salesmen and collaborators with reference to at least: (...); b) the procedures established for carrying out personal transactions involving financial instruments; (...);</p>	
<i>The information provided in a marketing communications must be clear and not misleading.</i>	CONSOB	<p align="center">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria)</p> <p>1. In providing investment and non-core services, authorized persons must: a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; (...).</p> <p align="center">Article 101, paragraphs 2 and 3, of Legislative decree n. 58/1998 (Advertisements)</p> <p>2. Advertisements shall comply with the guidelines laid down by Consob in a regulation having regard to the accuracy of the information and its conformity with the contents of the prospectus. 3. Consob may: a) suspend the further diffusion of an advertisement as a precautionary measure for a maximum of ninety days in the event of a well-founded suspicion of violation of the provisions of this article or the related regulations; b) prohibit the further diffusion of an advertisement in the event of an ascertained violation of the provisions or rules referred to in subparagraph a). c) prohibit the making of the public offering in the event of failure to comply with the measures referred to in subparagraphs a) or b).</p> <p align="center">○○○</p> <p align="center">Article 17 of Consob Regulation 11971</p>	

		<p style="text-align: center;"><i>(General criteria for preparing advertisements)</i></p> <p>1. Advertisements must be clearly recognizable as such. The information contained in an advertisement must be expressed clearly and correctly and be consistent with that contained in the prospectus.</p> <p>2. The message conveyed by the advertisement must not be likely to mislead as to the features, nature and risks of the products offered and of the related investment.</p> <p>3. Following publication of the document referred to in Articles 6, 61 or 63 in the manner specified in Article 8, the offering may advertised provided the advertisements refer only to features of the issuer or of the financial products involved in the offering that have already been made public.</p> <p>4. Every advertisement must include the following warning in a manner ensuring it is immediately and easily noticed: "Read the prospectus before accepting". Where audiovisual media are used, the warning must at least be spoken.</p>	
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D. CRITERIA FOR DEFINING PROFESSIONAL INVESTORS

Professional investors are those who may be deemed to possess the experience, knowledge and expertise to make their own investment decisions and properly assess the risks they incur.

1. Categories of investors who are considered to be professionals

Standard	Implementing authority(ies)	Implementing measure	Comments
<p>10. a) Entities which are required to be authorised or regulated to operate in the financial markets. The list below should be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under a European Directive, entities authorised or regulated by a Member State without reference to a European Directive, and entities authorised or regulated by a non-Member State:</p> <ul style="list-style-type: none"> • Credit institutions • Investment firms • Other authorised or regulated financial institutions • Insurance companies • Collective investment schemes and 	CONSOB	<p style="text-align: center;">Article 31 paragraph n. 2, of Consob Regulation 11522 <i>(Relationships between intermediaries and special categories of investor)</i></p> <p>2. Professional investors shall mean <i>authorized intermediaries, asset management companies, SICAVs, pension funds, insurance companies, foreign persons who, pursuant to the law in force in their home country, carry on the activities carried on by the foregoing persons, companies and entities that issue financial instruments traded in regulated markets, companies entered in the lists referred to in Articles 106, 107 and 113 of Legislative Decree 385 of 1 September 1993, financial salesmen, natural persons who document their possession of the professional qualifications referred to in the Consolidated Law for persons performing administrative, managerial or control functions in SIMs, banking foundations, and companies or legal persons possessing specific expertise and experience in matters of transactions in financial instruments expressly declared in writing by their legal representative.</i></p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to include commodity dealers in the category of professional investors.

<p>management companies of such schemes</p> <ul style="list-style-type: none"> • Pension funds and management companies of such funds <p>Commodity dealers.</p>			
<p>b) Large companies ⁽¹⁸⁾ and other institutional investors:</p> <ul style="list-style-type: none"> • large companies and partnerships meeting two of the following size requirements on a company basis: <ul style="list-style-type: none"> • balance sheet total : EUR 20.000.000, • net turnover : EUR 40.000.000, • own funds: EUR 2.000.000. • Other institutional investors whose corporate purpose is to invest in financial instruments. 	CONSOB	<p>Article 31 paragraph n. 2, of Consob Regulation 11522 <i>(Relationships between intermediaries and special categories of investor)</i></p> <p>2. Professional investors shall mean authorized intermediaries, asset management companies, SICAVs, pension funds, insurance companies, foreign persons who, pursuant to the law in force in their home country, carry on the activities carried on by the foregoing persons, companies and entities that issue financial instruments traded in regulated markets, companies entered in the lists referred to in Articles 106, 107 and 113 of Legislative Decree 385 of 1 September 1993, financial salesmen, natural persons who document their possession of the professional qualifications referred to in the Consolidated Law for persons performing administrative, managerial or control functions in SIMs, banking foundations, <i>and companies or legal persons possessing specific expertise and experience in matters of transactions in financial instruments expressly declared in writing by their legal representative.</i></p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to include large companies and institutional investors in the category of professional investors.
National and regional governments, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations.	CONSOB		Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to include these entities in the category of professional investors.
11. The entities mentioned in §10 are considered to be professionals. They must however be allowed to request non-professional treatment and investment firms may agree to provide a higher level of protection. Where the customer of an investment firm is a company or a partnership referred to in §10, the investment firm must inform it prior to any provision of services that, on the basis of the information available to the firm, the customer is deemed to be professional investor, and will be treated as such unless the firm and the customer agree otherwise. The firm must also inform the customer that he can request a variation of the terms of the agreement in order to secure a higher degree of protection.	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>Article 31 paragraph n. 1, of Consob Regulation 11522 <i>(Relationships between intermediaries and special categories of investor)</i></p> <p>1. Except as provided for by specific statutory provisions <u>and unless agreed otherwise by the parties</u>, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: (...).</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

⁽¹⁸⁾ Whilst CESR acknowledges that issuers of listed financial instruments, i.e. entities whose securities (equity instruments or other) are traded on a regulated market (within the meaning of article 1.13 of the ISD), should be treated as professional investors, Members are free to implement the categorisation of these issuers in line with the thresholds applicable to large companies and partnerships.

12. It is the responsibility of the client considered to be a professional investor to ask for a higher level of protection when it deems it is unable to properly assess or manage the risks involved.	CONSOB	<p align="center">Article 31 paragraph n. 1, of Consob Regulation 11522 <i>(Relationships between intermediaries and special categories of investor)</i></p> <p>1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: (...).</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
13. This higher level of protection will be provided when an investor who is considered to be a professional enters into a written agreement with the investment firm to the effect that it shall not be treated as a professional for the purposes of the applicable conduct of business regime. Such agreement should specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.	CONSOB	<p align="center">Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p align="center">Article 31 paragraph n. 1, of Consob Regulation 11522 <i>(Relationships between intermediaries and special categories of investor)</i></p> <p>1. Except as provided for by specific statutory provisions and unless agreed otherwise by the parties, in the relationships between authorized intermediaries and professional investors the following provisions shall not apply: (...).</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

2. Categories of investors who may be treated as professionals on request

2.1. Identification criteria

Standard	Implementing authority(ies)	Implementing measure	Comments
14. The members of CESR consider that investors other than those mentioned in § 10, including public sector bodies ⁽¹⁹⁾ and private individual investors, may also be allowed to waive some of the protections afforded by the conduct of business rules. Investment firms should therefore be allowed to treat any of the above investors as professionals provided the relevant criteria and procedure mentioned below are fulfilled. These investors	CONSOB	<p align="center">Article 31 paragraph n. 2, of Consob Regulation 11522 <i>(Relationships between intermediaries and special categories of investor)</i></p> <p>2. Professional investors shall mean authorized intermediaries, asset management companies, SICAVs, pension funds, insurance companies, foreign persons who, pursuant to the law in force in their home country, carry on the activities carried on by the foregoing persons, companies and entities that issue financial instruments traded in regulated markets, companies entered in the lists referred to in Articles 106, 107 and 113 of Legislative Decree 385 of 1 September 1993, <i>financial salesmen, natural</i></p>	

⁽¹⁹⁾ It should be noted that public sector bodies are subject to specific regulations that might prevent them from entering into certain types of transactions or opting for the professional conduct of business regime.

<p>should not, however, be presumed to possess market knowledge and experience comparable to that of the categories listed in §10.</p>		<p><i>persons who document their possession of the professional qualifications referred to in the Consolidated Law for persons performing administrative, managerial or control functions in SIMs, banking foundations, and companies or legal persons possessing specific expertise and experience in matters of transactions in financial instruments expressly declared in writing by their legal representative.</i></p>	
<p>15. Any such waiver of the protection afforded by the standard conduct of business regime shall be considered valid only if an adequate assessment of the expertise, experience and knowledge of the client, undertaken by the investment firm, gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making his own investment decisions and understanding the risks involved. The fitness test applied to managers and directors of entities licensed under European Directives in the financial field could be regarded as an example of the assessment of expertise and knowledge. In the case of small entities, the person subject to the above assessment should be the person authorised to carry out transactions on behalf of the entity.</p>	<p>CONSOB</p>	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 (General criteria) 1. In providing investment and non-core services, authorized persons must: a) act diligently, correctly and transparently in the interests of customers and the integrity of the market; Article 31 paragraph n. 2, of Consob Regulation 11522 (Relationships between intermediaries and special categories of investor) 2. Professional investors shall mean (...), <i>financial salesmen, natural persons who document their possession of the professional qualifications referred to in the Consolidated Law for persons performing administrative, managerial or control functions in SIMs, (...).</i></p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.</p>
<p>16. In the course of the above assessment, as a minimum, two of the following criteria should be satisfied:</p> <ul style="list-style-type: none"> • The investor has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters; • The size of the investor's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds 0,5 million Euro; <p>The investor works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.</p>	<p>CONSOB</p>	<p>Article 31 paragraph n. 2, of Consob Regulation 11522 (Relationships between intermediaries and special categories of investor) 2. Professional investors shall mean (...), <i>financial salesmen, natural persons who document their possession of the professional qualifications referred to in the Consolidated Law for persons performing administrative, managerial or control functions in SIMs, (...).</i></p>	<p>Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to introduce the quantitative criteria provided for by rule 16.</p>

2.2. Procedure

Standard	Implementing authority(ies)	Implementing measure	Comments
<p>17. The investors defined above may waive the benefit of the detailed rules of conduct only where the following procedure is followed:</p> <p>a) they must state in writing to the investment firm that they wish to be treated as a professional investor, either generally or in respect of a particular investment service or transaction, or type of transaction or product;</p> <p>b) the investment firm must give them a clear written warning of the protections and investor compensation rights they may lose;</p> <p>c) they must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.</p>	CONSOB		Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field which transposes this specific provision
<p>18. Before deciding to accept any request for waiver, investment firms must be required to take all reasonable steps to ensure that the client requesting to be treated as a professional investor meets the relevant requirements stated in Section II.1 above. However, if investors have already been categorised as professionals under parameters and procedures similar to those above, it is not intended that their relationships with investment firms should be affected by any new rules adopted pursuant to this paper.</p>	CONSOB	<p>Article 21, paragraph n. 1, of Legislative decree n. 58/1998 <i>(General criteria)</i></p> <p>1. In providing investment and non-core services, authorized persons must:</p> <p>a) act diligently, correctly and transparently in the interests of customers and the integrity of the market;</p> <p>b) acquire the necessary information from customers and operate in such a way that they are always adequately informed;</p> <p>(...);</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.
<p>19. Firms must implement appropriate written internal policies and procedures to categorise investors. Professional investors are responsible for keeping the firm informed about any change, which could affect their current categorisation. Should the investment firm become aware however that the investor no longer fulfils the initial conditions, which made him eligible for a professional treatment, the investment firm must take appropriate action.</p>	CONSOB	<p>Article 56, paragraph n. 2 of Consob Regulation 11522 <i>(Internal procedures)</i></p> <p>2. Authorized intermediaries, asset management companies and SICAVs shall establish procedures serving to:</p> <p>a) ensure the orderly and correct supply of services;</p> <p>(...)</p>	Consob has already published for consultation a revision of its regulation n. 11522 of 1 July 1998 on investment services in the securities field to clarify the specific obligations arising from the general principles laid down in the provisions at present in force.

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