Annual Report 2018

Rome, 31 March 2019





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Annual Report 2018

Consob activity

I	Markets supervision	5
II	Supervision of issuers and audit firms	19
	Supervision of corporate disclosure	31
IV	Supervision of intermediaries	39
V	Inspection activity and sanctions	49
VI	Regulatory activity	59
VII	Investor protection	63
VIII	Back-office activities and international cooperation	69

Contents

77

Annual Report 2018

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Consob activity

Markets supervision

1 Domestic trading venues

1.1 The stock market

At the end of 2018, the main stock market indicators were down compared to the previous year. The FTSE MIB index recorded a decline of 16 percent. Total market capitalisation decreased by 15 percent compared to 2017, reaching around 542 billion euros. The incidence of capitalisation on GDP has fallen from 40 to 33.5 percent (Tab. 1).

Tab. 1 Main indicators of equity markets operated by Borsa Italiana

(amounts in billions of euro)

	2012	2013	2014	2015	2016	2017	2018
MTA							
capitalisation ¹	364	445	480 ¹	570	522	634	536
of which Ftse Mib shares (%)	84.5	80.0	80.6	78.7	79.4	76.9	74.5
as % of GDP	23.3	27.5	29.7	35.1	31.6	39.6	33.1
trading volumes	487	526	702	792	615	606	604
no. of domestic listed companies	249	243	239	236	234	237	240
no. of listed companies ²	2	6	7	10	7	12	12
of which IPO	1	2	5	8	3	7	4
no. of revoked companies ³	10	12	11	13	9	9	9
dividend yield ratio ⁴	4.2	3.1	3.0	2.7	3.4	2.9	3.9
price-earnings ratio ⁵	13.9	20	18.9	23.7	19.1	17.7	11
AIM Italia-MAC							
capitalisation	0.6	1.2	2.0	2.9	2.9	5.6	6.6
trading volumes		0.1	0.3	0.8	0.3	2.0	2.4
no. of listed companies	27	36	57	74	77	95	113
of which IPO	5	15	21	18	11	24	26

Source: Borsa Italiana, Bloomberg, Thomson Reuters Datastream. Year-end data. ¹ Data refer to companies first listed on MTA. Data referred to domestic companies prior to 2014 are not comparable with following years data, following Borsa Italiana reclassification of MTA listed companies starting 1 January 2015. ² Figures referred to newly admitted companies following IPO, company division, merger and companies previously listed on a different market. ³ Figures referred to companies revoked following takeover bid, merger, change of listing market and other provisions of Borsa Italiana Regulation. ⁴ The dividend yield ratio represents the expected return on distributed profits. Percentage values relative to Datastream index of companies listed on Italian market calculated on current prices and expected dividends. ⁵ The price-earnings ratio is an indicator of the higher or lower value attributed to listed companies by the market with reference to expected profits.

In the same period domestic companies listed on the *Mercato Telematico Azionario* (MTA) increased, albeit slightly from 237 to 240, as well as those traded on the AIM Italia-MAC market, from 95 to 113.

The traded amount decreased slightly on the MTA Domestic market, from 606 to 604 billion euros, while it exceeded the threshold of 2.4 billion euros on the AIM Italia-MAC (just under 2 billion in 2017).

In 2018, around 32 percent of the amounts traded on the MTA are attributable to operators, mainly from abroad, who use high frequency trading (HFT) techniques. The largest number of HFT operators can mainly be found on the IDEM, MTA and EtfPlus markets, while their presence on the MOT and EuroTLX is less significant.

1.2 The EtfPlus market

During 2018 the assets managed by the exchange traded products (ETPs) grew, albeit slightly compared to the previous year (+2.7 percent), reaching the threshold of 67 billion euros (Tab. 2).

	equity Etf advanced countries	Equity Etf emerging countries	Etf on bond indexes	Etf other	Etc / Etn	total	change ¹
2012	7.3	3.3	5.7	1.8	2.6	20.7	11.3
2013	11.7	2.8	8.0	2.3	1.9	26.7	29.0
2014	15.2	2.9	13.2	3.0	2.7	37.0	38.7
2015	21.1	2.5	15.8	3.9	4.3	47.6	28.6
2016	20.7	3.2	19.3	4.6	5,1	52.9	11.1
2017	24.0	4.6	24.1	6.3	6.1	65.1	23.1
2018	23.0	4.4	28.1	6.5	3.5	66.9	2.7

Tab. 2 Wealth under management invested in ETPs traded on ETFplus market (end of period data; volumes in billions of euro)

Source: calculations based on Borsa Italiana data. ¹ Percentage change on previous year. Figures for 2018 cannot be compared with 2017 because Borsa Italiana moved the negotiations of open-end UCITS (undertakings for collective investment in transferable securities) from EtfPlus market to a separate multilateral trading system named ATFund operating from 1 October 2018.

With reference to trades, the total amount traded on the EtfPlus market in 2018 reached 109 billion euros (97.6 billion in 2017). In the same period, the number of trades increased from 4.4 to 4.7 million contracts (Fig. 1).

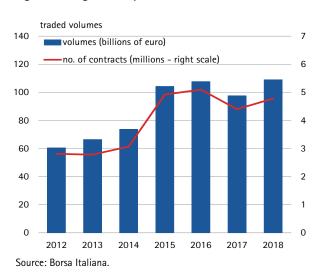
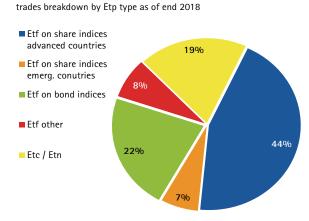


Fig. 1 Exchange traded products traded on EtfPlus market



1.3 The IDEM market

In 2018, the notional amount of derivatives traded on the IDEM market of Borsa Italiana increased by approximately 22 percent, from around 1,021 billion euros in 2017 to 1,245 billion euros, after the contraction in the previous two years, versus the stability of the amounts traded on the stock market (Fig. 2).

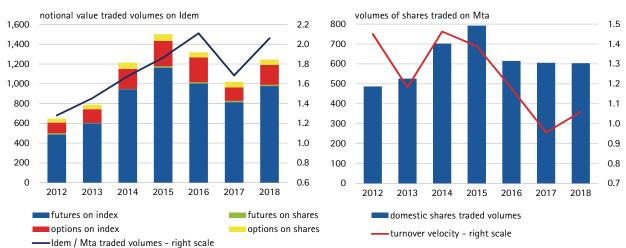


Fig. 2 Financial instruments transactions on IDEM and share transaction on MTA (billions of euro)

Source: calculations based on Borsa Italiana. 'Futures on index' include index 'minifutures'.

In 2018 the most significant trades also concerned futures and options on the FTSE MIB index, equal to approximately 977 and 200 billion notional value, respectively, while the notional volumes relating to single stock options (55 billion) and futures (12 billion) were more moderate.

With reference to the open positions, in 2018 the notional amount of the open interest was significantly higher than the previous year for all the main categories of derivatives (with the exception of index options).

1.4 The SeDeX market

Trading in covered warrants and certificates on the SeDeX market continued to decline in 2018 (approximately -7 percent compared with the previous year), continuing the downward trend that began in 2015. At the same time, origination activity, although slightly down compared to 2017, continued to be sustained, with a number of tradable instruments at the end of the year equal to 8,515 (Tab. 3).

Among the types of covered warrants and certificates, it is worth noting the growth in the number of fixed leverage issues (with substantially stable traded amounts) and of the investment type (with traded amounts down 25%). The volumes on plain vanilla instruments are in moderate decline, while those on exotic products are not significant.

As in previous years, trading is characterised by a marked concentration: the traded amount of the top five covered warrants or certificates represents approximately 45 percent of the total traded amounts.

segment and	l plain vanilla		investment leverage			exotics			total	
category	no. of issues	trading volumes	no. of issues	trading volumes	no. of issues	trading volumes	no. of issues	trading volumes	no. of issues	trading volumes
2012	2,935	6.3	1,070	2.3	667	0.9	87		4,759	9.6
2013	3,575	6.3	941	4.0	546	5.9	78		5,140	16.3
2014	3,105	6.2	827	4.1	172	14.1	69		4,173	24.4
2015	4,128	10.4	1,143	4.9	275	18.3	63		5,609	33.6
2016	4,559	7.4	1,191	3.2	891	12.5	55		6,696	23.2
2017	6,956	2.8	1,271	4.4	1,141	11.9	52		9,420	19.1
2018	5,367	2.4	1,596	3.3	1,328	12.0	224		8,515	17.7

Tab. 3 Covered warrant and certificates listed on SeDeX market

(end of period data; amounts in billions of euro)

Source: calculations on Borsa Italiana data. Rounding may cause deviation from total figure.

1.5 Bond markets

During 2018, the amount of bonds traded was down on all the main trading venues, both wholesale and retail (Tab. 4).

In particular, on the wholesale market for MTS government bonds, the trading value decreased by around 4 percent, from 1,216 to 1,164 billion euros.

Tab. 4 Bonds traded on Italian markets

(end of period data; amounts in billions of euro)

	regulated m	arkets and w	holesale MTF	Regulated markets and retail MTF						total
	MTS (gov.bonds)	BondVision1 (gov. bonds)	MTS Corporate ¹	BondVision MTF ¹ (non-gov. bonds)	BondVision Europe MTF ¹ (gov.bonds, corporate)	MOT ²	EuroTLX MTF	Hi-MTF MTF	ExtraMOT MTF	
2012	567	645	1	8	-	321	104	20	5	1,671
2013	904	804		7	-	330	90	24	5	2,164
2014	1,487	1,041		9	-	323	91	23	6	2,980
2015	1,225	1,082		36	-	277	79	19	4	2,722
2016	1,385	924		25	-	215		15		2,788
2017	1,216	856		12	-	204	56	8	2	2,354
2018	1,164	_	—	_	661	168	35	5	2	2,035

Source: calculations on MTS, Borsa Italiana and EuroTLX data. Rounding may cause deviation from total figure. ¹ From 3 January 2018 MTS Corporate and BondVision Italia trading venues are no longer operational; securities previously traded on such markets were transferred to BondVision. The latter was eventually trasformed into BondVision Europe MTF, which now hosts government and corporate bonds; trades other than dealing on own account are also hosted on BondVision Europe MTF. As a consequence MTF was classified as a non wholesale market. ² Transactions on bonds traded on EuroMOT are included.

2 Supervision of trading platforms

The trading platforms on which Consob exercises its supervisory activity also includes, in addition to regulated markets, multilateral trading facilities (MTF) and systematic internalisers (SI).

In 2018 there was a general increase in traded amounts in all multilateral equity trading facilities, but relevant amounts (exceeding one billion euros) were observed only on Borsa Italiana platforms AIM Italia-MAC and Equity MTF and on EuroTLX (Tab. 5).

In relation to systematic internalisers, the amount traded was 41 billion euros for equity instruments and 99 billion euros for bond instruments, down by 20 and 6 percent, respectively, compared to 2017.

However, the 2018 figure is not immediately comparable with that of the previous year following the change in the regulatory framework and the re-composition of the number of operators. The new MiFID II-MiFIR regime has in fact modified both the scope of application of the SI regulation and the type of relevant instruments.

The supervisory activity performed by Consob on systematic internalisers focused on the quality of the information provided at the start of the activity, in order to contribute to the definition of a detailed framework, useful to the investor, of the operating methods adopted and to increase the awareness of the operators on the scope and the obligations deriving from the new regime.

Tab. 5 Italian trading platforms

market	market segment	financial instrument	trading vo	olumes ¹	no. of tra	nsactions ²	average va transactio	
			2018	percentage change ⁴	2018	percentage change⁴	2018	percentage change⁴
regulated mar	kets							
Borsa Italiana	MTA ⁵	equities, rights	622	- 1	70,439	1	9	
	of which: MTA Domestic		604		68,405	1	9	
	MTA Foreign		18	-10	2,034	9	9	-18
	MIV	equities		3	15	-35	6	59
	MOT	bonds	168	-18	3,625	6	46	-23
	EtfPlus	listed funds	109	11	4,786	9	23	0
	IDEM ⁶	derivatives	1,245	22	36,237	6	34	13
MTS	MTS	bonds	1,164	-4	213		5,476	-4
multilateral tr	ading facilities							
Borsa Italiana	Borsa Italiana Equity 7	equities	2	36	209	6	7	16
	AIM Italia-MAC	equities	2	20	512	-9	5	25
	ExtraMot	bonds	2	-28	45	7	40	-33
	SeDeX ⁸	derivatives securised	18	-5	2,329	7	8	-11
	ATFund ⁹	funds			2		100	
MTS	BondVision Europe 10	equities	661	-24	172	-6	4,743	-19
EuroTLX Sim	EuroTLX	equities	1	61	79	74	8	-11
		bonds, certificates	35	-38	1,396	-36	25	-4
Hi-MTF Sim	order driven	equities		100	14	104	3	0
		bonds	1	-20	48	-13	17	-5
	quote driven	bonds	4	-31	82	-26	51	-7
e-MID Sim	e-MID repo	repo transactions	26	-72		- 39	63,757	-54
Systematic int	ernalisers in Italy ¹¹	equities	41	-20	2,318	-29	18	12
		other financial instruments	99	-6	261	-95	379	
	:	of which:						
		government bonds	41		35	-62	1,162	
		bonds issued by parent group	2	93	31	3	50	85
		bank bonds	52		7	-74	7,777	
		corporate bonds	1		2	128	632	

Source: Consob calculations on market data. Rounding may cause deviation from total figure. ¹ Amounts in billions of euro. ² Expressed in thousands. ³ Amount in thousands of euro. ⁴ Percentage change to previous year. ⁵ Since 11 July 2016 MTA does not include the MTA International segment anymore, now merged with the new daily trading Global Equity Market operated by Borsa Italiana Equity MTF (previously named TAH). ⁶ IDEM market includes the following segments: Equity, Idex (derivatives on commodities), and Agrex (agriculture derivatives); notional values. ⁷ Previously named Global Equity Market. ⁸ Since November 2017, SeDeX has been transformed in an MTF. ⁹ Since 1 October, the multilateral trading facility ATFund hosts the trading of open-end funds. ¹⁰ Since 3 January 2018, the MTS multilateral trading facility has been renamed BondVision Europe MTF.

In relation to trading platforms, the regulatory and organisational changes made during the year regarding the trading venues managed by MTS Spa are of particular importance.

In particular, MTS Spa, with effect from January 3, 2018, was authorised to cease the activities of the regulated markets MTS Corporate and BondVision Italia, whose trades have migrated to the MTF BondVision, renamed 'BondVision Europe MTF', with operations also extended to government securities and trading methods other than dealing on own account, and consequent qualification of the MTF as a 'non-wholesale' trading venue.

In view of the exit of the United Kingdom from the European Union, in 2018 MTS Spa also requested the authorisation in Italy for the management of the multilateral trading facilities 'MTS Cash Domestic' and 'EBM' managed by the subsidiary EuroMTS Ltd, based in the UK.

The two new MTFs were therefore placed under Italian jurisdiction, thus receiving the European MiFID II passport, with the possibility of access to them by EU operators.

As trading venues in which trading methods other than dealing on own account are also allowed, these MTFs do not fall within the definition of 'wholesale trading venues' pursuant to art. 61, par. 1, lett. *e*) of the Consolidated Law on Finance (Testo unico della finanza – TUF) and are therefore subject to the exclusive supervision of Consob, similarly to what happens for the aforementioned BondVision Europe MTF. The operational start-up of the new MTFs is expected from March 2019.

Finally, it should be noted that in December 2018 e-MID Sim Spa announced the decision to cease - with effect from January 2019 - the operation of the e-MIDER multilateral trading system, on which trading had not been recorded for some time.

3 Supervision of trading and market integrity

3.1 Supervision on transparency and orderly trading

During 2018 Consob carried out an intense supervisory activity on the changes made by managers of trading infrastructures to the regulations of the respective markets and the related implementing provisions.

Supervisory activity was carried out on the amendments to MTFs functioning rules, in order to verify their compliance with the European guidelines and in particular with the new MiFID II-MiFIR framework.

In relation to the changes to the rules governing the operation of multilateral trading facilities, the ones approved during 2018 and at the beginning of 2019 are summarised below.

With reference to transaction reporting and trading transparency obligations, in 2018 Consob launched, following the new MiFID II-MiFIR regulation, new supervisory activities on the correctness of the information transmitted, with particular reference to the monitoring of timeliness and correctness of reports to the Commission, as well as the fulfilment of preand post-trade transparency obligations.

As is known, the MiFIR Regulation has considerably extended the scope of application of the transaction reporting regime, both in terms of new trading venues and new types of financial instruments and in terms of operators other than investment companies. This led to an intense activity of operational clarifications provided to the industry, directly and through ESMA (European Securities and Markets Authority), and the adoption of a new supervisory model and related tools by Consob during 2018.

Consob also conducted a first check on a sample of about 20 intermediaries with the highest number of anomalies and/or most active (representing 68 percent of the total transaction reports sent in 2018).

With regard to pre- and post- trade transparency profiles, particular attention was paid to the disclosure obligations implemented by trading venues and to the related costs incurred by users for access to the information as well as to the analysis of waiver of pre-trade transparency obligations and post-trading deferrals required by Italian trading venues and intermediaries.

The requests for waiver of pre-trade transparency obligations presented by Italian trading venues were also analysed and authorised. These requests were submitted to ESMA in order to allow the development of the Opinion required by the MiFIR.

Similarly, requests to defer post-trade transparency presented by Italian trading venues and intermediaries were analysed and authorised.

Finally, with the entry into force of the MiFID II-MiFIR legislation, in 2018 the Commission adopted the first measures to suspend the use of the waiver of transparency obligations on shares due to the effect of the volume cap mechanism.

Finally, with reference to the supervision of orderly trading, Consob intensified real-time monitoring of the main regulated markets, paying particular attention to situations of tension in certain segments and/or sectors and intervening with requests of information to the market platform operators aimed at promptly acquiring information and/or taking measures to contain volatility, where necessary. 3.2 Supervision of admission, suspension, exclusion and revocation of financial instruments

In 2018, Consob received 11 notices from Borsa Italiana revoking shares listed on the MTA from trading (delisting), of which nine related to domestic companies.

Consob then availed itself of the power conferred by art. 66-quater, par. 1, of the Consolidated Law on Finance, ordering, by means of resolution 20687, the temporary suspension of the securities issued or guaranteed by Banca Carige Spa (ordinary shares, savings shares and bonds) from trading on Italian regulated markets and MTFs for the session of November 12, 2018.

During 2018, Borsa Italiana adopted 20 temporary suspension measures.

It should be noted that from January 3, 2018, with the entry into force of the new MiFID II Directive, notifications to Consob for the suspension or exclusion from trading also concern, in addition to regulated markets, multilateral trading facilities (MTFs) and organised systems.

For communications regarding a delay in the disclosure of confidential information, see the following Chapter III 'Supervision on public offers and corporate disclosure'.

4 Supervision of post-trading and OTC derivatives

During 2018, two amendments were approved to the regulations governing the activity of the Italian central depository Monte Titoli (concerning, respectively, the regulation of the settlement service and the regulation of the centralised management service).

During 2018 the supervisory activity on counterparties to derivative contracts was further intensified also thanks to the availability of a new platform for accessing EMIR (European Market Infrastructure Regulation) data. The complete set of validation rules adopted by ESMA has allowed a greater control of the content and format standards of the reports with a positive impact on the overall quality of the reports.

Consob has initiated specific supervisory initiatives aimed at ascertaining the causes of the discrepancies found and the adequacy of the controls adopted to monitor the correctness of the reports. Some of the interested counterparties took corrective action immediately, others are still subject to monitoring.

With reference to the fulfilment of the clearing obligation of OTC derivative contracts pursuant to the EMIR Regulation, Consob carried out for the first time an analysis on the compliance of category I and II

counterparties with the new rules set forth in the Commission Delegated Regulations (EU) 2017/2155, (EU) 2015/2205 and (EU) 2016/592. The investigation concerned a selection of counterparties and involved the procedures adopted for the fulfilment of the clearing obligation of OTC derivative contracts.

5 Supervision of short selling

During 2018 the Commission adopted four bans on short selling, pursuant to art. 23 of the Short Selling Regulations The four bans were adopted due to the significant price decreases of the securities considered, exceeding the thresholds set by the aforementioned Regulation.

Furthermore, with resolution 20630 of October 18, 2018, the second sanction was imposed by Consob for violations of the Short Selling Regulation, specifically for a short sale on Banca MPS shares. The sanction, including the confiscation of the profit obtained from the illegal activity, amounted to about 170 thousand euros.

With regard to the net short positions (NSP) on Italian securities, during 2018 approximately 9,160 notifications of Italian shares were received, compared to 7,660 in the previous year. In 73 percent of the cases, the notifications concerned positions greater than or equal to 0.2 percent and less than 0.5 percent of the share capital of the securities concerned. The remaining 27 percent was represented by positions equal to or above the 0.5 percent threshold; these positions were therefore published daily on the Consob website.

The value of the NSPs communicated to Consob at the end of 2018 represented 1.6 percent of the capitalisation of the FTSE MIB index (compared to 2.3 percent at the end of 2017).

6 Supervision of the dissemination of company studies and ratings

6.1 Research and investment recommendations

Supervision of the dissemination of investment recommendations concerning Italian listed issuers was aimed at verifying the fairness and transparency of the information framework.

First of all, during the year, qualified entities were asked to publish seven investment recommendations (four in 2017).

Supervision of the dissemination of investment recommendations was also aimed at identifying cases worthy of further study in terms of their

fair presentation and the disclosure of the relative conflicts of interest, as well as any cases of market abuse.

From the analysis of the distribution of studies by type (monographic and non-monographic), nationality of the intermediary producing such studies, period of dissemination, type of operational judgement and degree of 'coverage' of the companies concerned, some interesting aspects emerge.

For 2018, the analysis of the investment recommendations confirms the clear prevalence of positive assessments (albeit to a lesser extent than in 2017): buy ratings (54.6 percent) prevail over hold ratings (37.3 percent) and by far over sell recommendations (7.5 percent).

With reference to the degree of coverage of companies listed on Italian regulated markets by authorised intermediaries, the number of companies subject to investment recommendations decreased from 203 in 2017 to 193 in 2018, also following public takeover bids and mergers.

6.2 Ratings

In 2018 the monitoring of the dissemination of ratings concerning listed issuers and the Italian State was aimed at verifying the fairness and transparency of the related information framework, also in order to identify cases of possible violation of European regulations to be reported to ESMA.

7 Supervision of market abuse

7.1 Prevention

Also in 2018, the monitoring of orderly market trading was mainly based on anomalous trends identified by the Commission's supervisory systems, in real time and on a deferred basis, based on the analysis of data flows received from the competent foreign authorities as well as on the use of the detailed data contained in the new transaction reporting flows available from January 3, 2018.

During 2018 Consob received 356 reports of suspicious transactions; 58 percent of which involved conduct attributable – from the first analysis – to the abuse of confidential information; 34 percent were cases of market manipulation.

As in 2017, the financial instruments subject to reporting were mainly shares (74 percent), followed by bonds (9 percent), derivatives (9 percent), ETFs, certificates and other financial instruments (6 percent) and, in the remaining cases, combinations of multiple instruments.

In order to make the supervisory action timely and consistent with the actual severity of the suspected behaviour reported, the Commission continued to implement a system for the preliminary assessment of the severity of the reports received (so-called triage) aimed at defining the timeliness of the start of the investigations to be carried out, their degree of detail and the scope of any necessary supervisory actions.

The methods for carrying out the preliminary analyses and the surveys have changed during the year in order to increase the value of the information coming from the new transaction reporting flow.

7.2 Repression

Consob has notified administrative offences in nine cases out of twenty investigations into market abuse concluded in 2018 (Tab. 6).

Tab. 6 Results of investigation	ns on market abuse
---------------------------------	--------------------

	cases of administrati offence	ve and/or criminal	cases in which no offence was found	total
		of which for insider trading		
2012	12	4	14	26
2013	13	4	9	22
2014	13	4	9	22
2015	14	10	3	17
2016	4	2	5	9
2017	6	4	4	10
2018	9	7	11	20

Source: Consob.

Of the nine aforementioned cases in which administrative offences were notified, seven related to conduct attributable to insider trading, one to operational market manipulation and one to informational market manipulation.

As a result of eight of the nine investigations that led to the notification of administrative offences, reports were also sent to the Judicial Authority because they appeared to correspond to criminal offences.

In two of the seven cases concerning insider trading, the information referred to purchase and sale orders for certain financial instruments that would have been entered in the market on behalf of, respectively, UCITS and portfolio management lines of an asset management company and a bank (Tab. 7).

Tab. 7 Type of inside information in cases of insider trading

		economic results,	assets equity	other		total	
		patrimonial and financial situation	transactions, mergers, spin-offs		of which cases of front running		
2012	4					4	
2013	1	1		2		4	
2014	1	1	1	2	1	5	
2015	1	1	1	7	1	10	
2016	1			1		2	
2017	2		1	1		4	
2018	5		1	3	2	9	

Source: Consob.

In 2018, Consob initiated administrative sanctioning proceedings for market abuse against a total of 66 natural persons, three bodies for joint liability pursuant to art. 6, par. 3, of Law 689/1981 and four bodies both for joint liability pursuant to art. 6, par. 3, of Law 689/1981 and for own liability provided for by art. 187-quinquies of the Consolidated Law on Finance (Tab. 8).

Tab. 8 Operators involved in cases of market abuse

	authorised intermediaries ¹	institutional insider ²	other ³	foreign entities	total
insider trading					
2012		2	4		6
2013	3	1	10	3	17
2014		5	4	1	10
2015	2	9	7	2	20
2016		2	12		14
2017		2	27		29
20184	1	7	56	2	66
market manipulatio	in				
2012	0	9	15	1	25
2013	2	12	12		26
2014	1	18	9	1	29
2015		7	2		9
20164		23			23
2017		1	3	2	6
2018		5	2		7

Source: Consob. ¹ Banks, Italian investment firms (SIMs), asset management companies (AMCs) and stockbrokers. ² Shareholders, directors, executive of listed companies and other institutional insiders. ³ Secondary insiders (art. 187-*bis*, par. 4 Tuf). ⁴ The figure includes a number of foreign intermediaries and their executives and employees.

In 2018, 355 requests for news, data and documents concerning market abuse were sent. The requests were sent to authorised intermediaries in 47 percent of cases, private subjects in 16 percent of cases and foreign authorities in 6 percent of cases; almost 2 percent of requests were made on behalf of foreign authorities (Tab. 9).

Tab. 9 Request for data and information on market abuse (number of addresse entities)

	authorised intermediaries ¹	listed companies and parent	private en	tities	public sector entities	foreign entities	total	
		companies or subsidiaries		of which hearings				of which on behalf of foreign entities
2012	207	9	71	30	27	50	364	40
2013	154	14	78	39	81	22	349	11
2014	173	6	37	20	63	24	303	45
2015	215	19	100	42	47	21	402	42
2016	370	21	145	58	147	49	732	59
2017	375	15	135	51	128	84	737	53
2018	166	5	58	27	104	22	355	6

Source: Consob. The data relating to the public sector entities includes Consob accesses to the website Anagrafe dei rapportl finanziari managed by Agenzia delle Entrate. ¹ Banks, Italian investment firms (SIMs), asset management companies (AMCs) and regulated markets managers.

With regard to the conclusion of investigations concerning cases of market abuse initiated in previous years, reference should be made to the following Chapter V 'Inspection activity and sanctioning measures'

7.3 Representation in court

During 2018, Consob intervened as a civil party in two new criminal proceedings concerning market abuse (both for abuse of inside information).

Furthermore, three criminal proceedings were settled at first instance in which Consob had previously been a civil party; in two cases the liability of the defendants was recognised and they were sentenced to pay damages in favour of Consob, in another case the procedure was settled with a plea bargain. In addition, four judgements were settled with the capacity to appeal; in two cases the competent Court of Appeal confirmed the first instance sentences, in the other two cases it confirmed the acquittal sentences.

Supervision of issuers and audit firms

П

1 Disclosure on the ownership structure

During 2018 the Commission received 517 communications of pursuant to art. 120 of the Consolidated Law on Finance pertaining to significant shareholdings, both equity and in financial instruments, held by companies listed on the MTA (621 in 2017; Fig. 3).

The decrease in the number of communications, already recorded in previous years, is due to the changes made to the Consolidated Law on Finance by Legislative Decree no. 25/2016, which raised the first threshold from 2 to 3 percent of the capital for companies other than SMEs.

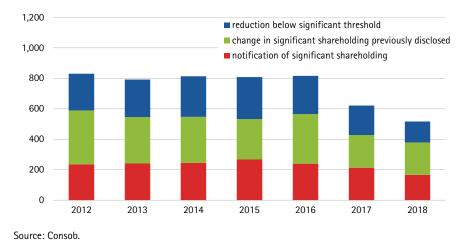


Fig. 3 Disclosure of major shareholdings in Italian listed companies

About 32 percent of communications refer to exceeding the first threshold value of the Consolidated Law on Finance (3 percent of the capital represented by voting rights; 5 percent for listed SMEs, so defined pursuant to art. 1, par. 1, lett. *w*-*quater.1*, and for subjects who can benefit from a specific exemption, mainly asset managers). Approximately 27 percent of communications refer to the reduction of investments within the same thresholds.

In 2018, the communications concerning aggregate shareholding in financial instruments amounted to 91 (101 in the previous year), while there were 25 communications from listed issuers referring to transactions on treasury shares (14 in 2017), mainly relating to buy transactions.

In line with 2017 figures, the majority of communications (60 percent) were received from foreign entities and legal entities (76 percent).

In 2018, Consob received 30 declarations of intent, made pursuant to paragraph 4-*bis* of the art. 120 of the Consolidated Law on Finance (so-called 'anti-raid rule', introduced by the Decree Law no. 148/2017, then converted with amendments by Law of December 4, 2017, no. 172).

The Commission has also received 210 communications relating to significant shareholders' agreements pursuant to art. 122 of the Consolidated Law on Finance (134 in 2017), with reference to 68 listed companies.

2 Takeover bids and exchange tender offers

In 2018, 19 bids were promoted (17 bids in the strict sense and two purchase obligations pursuant to art. 108 of the Consolidated Law on Finance). The figure, slightly up on the previous year (17 bids promoted), confirms the growth trend started in 2016: in the last three years the total number of bids was 62, more than double compared to the 28 bids of the previous three-year period (Tab. 10).

The increase in the value of the bids was particularly significant, with an amount collected in 2018 amounting to just over 14 billion euros (almost six times the value collected in 2017). This growth is largely attributable to the extraordinary scope of the Luxottica bid (the largest bid in the last ten years, with around 9 billion euros in turnover, equal to 59 percent of the total). The bids made have almost exclusively related to shares.

With particular reference to the bids concerning securities listed on the MTA or traded on the AIM, 15 transactions were structured as takeover bids, one (Luxottica) as exchange tender offer with shares listed on a foreign regulated market as consideration and two (Fullsix and Vittoria Assicurazioni) as takeover bids and exchange tender offers with both listed and unlisted shares as consideration. All bids promoted on shares have been full takeover bids. Nine bids were mandatory (plus two cases of purchase obligation pursuant to art. 108 of the Consolidated Law on Finance) and seven were voluntary (Tab. 11).

In nine cases takeover bids were aimed at acquisition of control of the company.

offering company	company object of takeover bid	period	kind of offer			amounts ¹	weight ²
ORDINARY SHARES							
Hitachi Rail Italy Invest.	Ansaldo STS	17/12/18-18/01/19	commitment to buy		full	140.5	1.0
EssilorLuxottica	Luxottica	29/10/18-28/11/18	exchange offer	mandatory	full	8,928.4	63.5
Progetto Co-Val	Mittel	17/09/18-12/10/18	takeover bid	mandatory	full	65.6	0.5
2i Towers	Ei Towers	27/08/18-05/10/18	takeover bid	voluntary	full	1,611.0	11.5
Fenice ³	Zephyro	20/08/18-01/10/18	takeover bid	mandatory	full	33.9	0.2
A2A e Lario Reti Holding	Acsm- Agam	20/08/18-07/09/18	takeoverbid	voluntary	full	64.9	0.5
Orizzonti Holding	Fullsix	06/08/18-10/09/18	takeover bid	mandatory	full	4.7	
Vittoria Capital	Vittoria Ass.ni	23/07/18-24/08/18	takeover/ exchange bids	voluntary	full	384.5	2.7
Pluto Italia (Playtech)	Snaitech	26/06/18-23/07/18	takeover bid	mandatory	full	18.2	0.1
Trinity Invest. (Attestor)	Banca Intermobiliare	28/05/18-22/06/18	takeover bid	mandatory	full	0.6	
Time for Ticket	Best Union Company	21/05/18-08/06/18	commitment to buy		full	1.7	
Crédit Agricole Cariparma ⁴	Cassa Risp. San Miniato	09/04/18-18/05/18	takeover bid	voluntary	full	2.0	
Crédit Agricole Cariparma ⁴	Cassa Risparmio Cesena	09/04/18-18/05/18	takeover bid	voluntary	full	4.1	
Crédit Agricole Cariparma ⁴	Cassa Risparmio Rimini	09/04/18-18/05/18	takeover bid	voluntary	full	1.9	
Co. Stamp Srl ³	Modelleria Brambilla	03/04/18-23/04/18	takeover bid	mandatory	full	11.3	0.1
RIg Italia Holding	Yoox Net A-Porter Group	19/03/18-09/05/18	takeover bid	voluntary	full	2,631.5	18.7
Quarantacinque	Cad It	12/03/18-06/04/18	takeover bid	voluntary	full	24.8	0.2
Lavaredo Spa	Prelios	05/02/18-02/03/18	takeover bid	mandatory	full	50.0	0.4
ABS BONDS							
Banca Monte Paschi Siena	Casaforte	29/10/18-16/11/18	takeover bid	voluntary	full	72.2	0.5
					total	14,051.6	100.0

Tab. 10 Takeover bids and exchange tender offers in 2018

Source: Consob. Takeover bids and exchange tender offers launched in 2018. ¹ Amounts in millions of euro. ² Percentage on total amount. ³ The offer refers to shares negotiated on AIM. ⁴ Takeover bid on unlisted shares (plus warrant).

Tab. 11 Takeover bids and exchange tender offers on ordinary shares

	mandatory bids (full)			non mar	ndatory bids	total	of which				
	acquisition of control	consolidation	commitment to buy	full	partial		AIM	unlisted	competing	aimed at delisting	takeover bid/ exchange offer
2015	4			2 ¹		6				4	
2016	10			3	1	14			4	9	1
2017	6		1	7 ²	2	16	2			9	4 ²
2018	9		2	7		18	2	3		11	3

Source: Consob. ¹ The mandatory takeover bid on Pirelli&C spa shares went alongside a full voluntary bid on saving shares. ² The voluntary full takeover bid on Borgosesia Spa shares refers to ordinary and savings shares. The figure does not include an exchange tender offer declared ineffective.

Of the remaining bids, four were motivated by investment purposes, also associated with the need to strengthen the equity of the bank that promoted the bid and to liquidate minority share / bondholders.

In one case, the bid involved a project to reorganise the ownership structure; five bids (three voluntary and two mandatory) were carried out for the purpose of delisting.

In addition to these last five cases, the delisting purpose was indicated in the bid document as a future initiative in a further six transactions, for a total number of 11 bids. Considering only the 13 bids on shares listed on the MTA, 77 percent of such bids had delisting as a future objective / scheme (50 percent in 2017). Of the two bids on shares traded on the AIM, one was aimed at delisting (Tab. 12).

Tab. 12 Takeover bids and exchange tender offers on ordinary shares for delisting purpose

Offer	company object of takeover/exchange bid	voluntary / mandatory	delisting	amounts ¹
Takeover bids exchange tender offer	rs on ordinary shares for delistin	ng purpose in 2016		8,080.9
Takeover bids exchange tender offer	rs on ordinary shares for delistin	ng purpose in 2017		6,754.2
Takeover bids exchange tender offer	rs on ordinary shares for delistin	ng purpose in 2018		33,959.8
Hitachi Rail Italy Investments	Ansaldo STS	commitment to buy	yes ³	2,540.0
EssilorLuxottica	Luxottica	mandatory	yes ³	24,573.0
2i Towers	Ei Towers	voluntary	yes	1,611.0
Fenice	Zephyro	mandatory	yes	105.7
Vittoria Capital	Vittoria Ass.ni	voluntary	yes	943.3
Pluto Italia (Playtech)	Snaitech	mandatory	yes	412.7
Trinity Investments (Attestor)	Banca Intermobiliare	mandatory	no	35.0
Time for Ticket	Best Union Company	commitment to buy	yes	36.0
RIg Italia Holding	Yoox Net A-Porter Group	voluntary	yes	3,497.4
Quarantacinque	Cad It	voluntary	no ²	47.6
Lavaredo Spa	Prelios	mandatory	yes	158.2

Source: Consob. ¹ Market capitalisation based on the bid price (millions of euro). Where the takeover bid has not been launched yet, amounts are calculated at current values. ² Delisting took place after the takeover bid. ³ Delisting took place in 2019.

Looking at the success rate of delisting projects (from MTA to AIM), in 2018 the revocation of listings was effectively achieved in nine out of 11 bids (four out of nine in the previous year).

During 2018, the impact of delistings at the system level was very significant. Of the ten public takeover bids promoted on the MTA in 2018, eight were followed by delisting, for a total capitalisation of approximately 33.8 billion euros.

As regards the participation rate for each bid, there was a significant growth in the median value, equal to 76.8 percent in 2018 (50.6 percent in 2017 (Tab. 13).

Tab. 13 Takeover bid subscription

bidder	target company	bid type		% subscribed ¹	one year ¹ premium
2i Towers	Ei Towers	takeover bid	voluntary	97.4	15.4
Vittoria Capital	Vittoria Ass.ni	takeover/exchange bid	voluntary	94.2	15.7
Rlg Italia Holding	Yoox Net A-Porter Group	takeover bid	voluntary	93.8	43.2
Fenice	Zephyro	takeover bid	mandatory	84.6	36.8
EssilorLuxottica	Luxottica	exchange bid	mandatory	81.6	6.3
Orizzonti Holding	Fullsix	takeover/exchange bid	mandatory	80.5	-36.0
Co. Stamp Srl	Modelleria Brambilla	takeover bid	mandatory	76.8	-21.6
Quarantacinque	Cad It	takeover bid	voluntary	60.7	23.8
Progetto Co-Val	Mittel	takeover bid	mandatory	68.9	4.8
Pluto Italia (Playtech)	Snaitech	takeover bid	mandatory	59.0	35.4
A2A e Lario Reti Holding	Acsm-Agam	takeover bid	mandatory	54.1	11.7
Trinity Investments (Attestor)	Banca Intermobiliare	takeover bid	mandatory	6.7	-31,3

Source: Consob. Commitments to buy and offers on securities other than shares are excluded. 1 In percentage of the quantitaty offered.

Guidelines on takeover / exchange bids – Questions and Communications

During 2018, three transactions, albeit exceeding the relevant threshold value pursuant to art. 106 of the Consolidated Law on Finance, have benefited from an exemption from the takeover bid obligation.

During 2018, Consob also provided a response to a question concerning the applicability of the squeeze-out right pursuant to art. 111 of the Consolidated Law on Finance in the event of a shareholder exceeding the 95 percent threshold of the share capital of a listed company following purchases of securities made in blocks, also significant pursuant to and for the purposes of art. 108, par. 2 of the Consolidated Law on Finance.

3 Supervision of transactions with related parties

In 2018, the supervision of transactions with related parties was again the core of the supervisory activity carried out to avoid expropriation, in order to protect shareholders and other stakeholders.

As in the previous two-year period, in a preventive perspective, in 2018 Consob carried out assessments on the mapping of subjects/entities as related parties in companies affected by changes in the corporate structure following particularly dilutive capital increases.

Again with a view to preventive supervision, when examining the prospectus for admission to listing, particular attention was paid to the possession of the requisite of independence of both the directors qualified as such and of the statutory auditors, as well as to compliance of the internal procedures on transactions with related parties with the Consob Regulation.

On one occasion, a sanctioning procedure was initiated for failure to publish the information document in relation to a transaction of major significance with a related party consisting of a commercial agreement between the issuer and a related company.

With reference to the more general issue of transactions with potential conflict of interest, Consob continued its supervisory activity started in 2017 on a transaction with potential conflict of interest which, although not classifiable as with related parties, was in any case influenced by interests in potential conflict with that of the company; in particular, the transaction approval process was monitored and the information framework provided to the market was requested to be supplemented.

A total of 62 information documents were published in 2018 for transactions of major significance with related parties. These were mainly transfers of assets, such as company branches, equity investments and real estate, or financing operations that involved the listed company and its reference shareholders (Tab. 14).

object	counterparty						
	directors / companies related to directors	controlling or relevant shareholders	subsidiary or associate company	total			
supply of goods and services, sponsoring, investment		7	2	9			
financing		19	3	22			
capital transactions		7		7			
transfer of assets	2	18	4	24			
total	2	51	9	62			

Tab. 14 Material related party transactions disclosed by Italian listed companies in 2018

Source: Consob.

In addition, in 2018 Consob received communications regarding the conclusion of 21 transactions of major importance which, as they were ordinary and concluded at conditions equivalent to market or standard conditions, benefited from the exclusion from the application of the obligation to publish an information document.

4 Supervision of corporate governance and internal supervisory bodies

In the course of 2018 the phenomenon of submitting competing lists aimed at appointing the majority of the members of the board of directors was accentuated. In some companies there has been a promotion of proxy fights, submitted regarding the revocation and/or appointment of the board of directors.

As a consequence of very serious governance issues - under careful scrutiny of both Banca d'Italia and ECB - Consob carried out continuous supervision of a bank issuer (Banca Carige Spa), through hearings with top managers and frequent information requests. In some cases, requests have been made to disclose to the public information pertaining to governance such as the reasons underlying the liability actions brought against previous directors.

In other contexts Consob's supervisory activity mainly concerned the fairness and transparency of the information provided on the occasion of proxy fights as well as the smooth running of the shareholders' meeting.

Significant areas for improvement remain with reference to the assessment of the independence of the directors who have declared to be independent and of the statutory auditors. In this context, preventive supervision was carried out both on issuers and interested parties, so that the latter were aware of the fact that accurate communication to the competent bodies of both professional and equity relationship existing or exchanged with the company and/or the controlling shareholder is preliminary to a proper and efficient assessment of independence.

The 2018 meeting season was characterised by the growing participation of institutional investors, particularly in companies with higher capitalisation. Larger institutional investors or those with a stronger stewardship vocation are increasingly active in direct communication with companies for a number of issues, including corporate governance. In addition, investors have shown increasing interest in issuers' approach to social and environmental issues.

As usual, Consob's staff took part, as a hearing officer, in some of the shareholders' meetings concerning the renewal of corporate bodies, resolutions on the subject of recapitalisation and changes to by-laws relevant to governance.

On all areas of corporate governance, Consob spoke with the supervisory bodies to verify the performance of supervisory duties, both preventively and on ongoing basis, and in order to make more timely detection of critical issues or areas for improvement in governance.

In 2018 the supervisory bodies made eight reports of irregularities, found following their own assessments, relating to the internal control system and the organisational structure, to transactions with related parties, to transactions involving conflicts of interest and to other significant corporate transactions, the possession of the requisite of independence of directors and criminally relevant facts.

Consob verified that the composition of the corporate bodies as resulting from the renewal of the shareholders' meeting and from the continuous changes due to the resignation of directors or statutory auditors was in line with the legislation on gender quotas.

First application of rules on non-financial information

The first application of the new rules on non-financial information, introduced by Legislative Decree no. 254/2016 (see the following Chapter VI 'Regulatory activity'), highlighted how for several companies sustainability, far from being exclusively a matter of compliance on social and environmental issues, has been correctly assessed as an integral part of the control and risk management systems and as a strategic choice for the issuer to increase its competitiveness, create value in the medium to long term and increasingly attract institutional investors.

In September 2018, following the provisions of the Regulation implementing Legislative Decree no. 254/2016, Consob disclosed on its website the list of subjects who have published mandatory or voluntary non-financial declarations (NFD), and have sent it to Consob in the period from January 1 to August 31, 2018.

In October 2018, with Resolution 20644, Consob set out the parameters to identify the NFDs published in 2018 to be analysed on a sample basis pursuant to art. 6 of the Consob Regulation concerning NFDs.

Specifically, considering that the information contained in the NFDs can also be relevant for the purpose of monitoring financial reporting, a group of issuers with listed shares subject to financial disclosure supervision pursuant to art. 89-quater of the Issuers' Regulation was identified, taking into account the sector to which they belong, the number of companies that have published the NFD for each sector and the companies that, due to the selected production and organisational structures, present NFDs of significant interest for synergic supervision on both non-financial and financial information.

Always in compliance with the obligations provided for by Legislative Decree no. 254/2016, in 2018, audit firms released the first certifications on the published NFDs.

5 Supervision of audit firms

At the end of 2018, there were 46 (36 in 2017) audit firms and independent auditors authorised to perform statutory audit of public interest entities (PIE) and entities subject to intermediate regime (ESIR) which, pursuant to current legislation, fall under the supervision of Consob; among these 26 audit firms, 18 independent auditors and the two Federations of Trentino Alto Adige Cooperatives (six independent auditors). The number of PIEs and ESIRs is approximately 1,450.

The audit market remains highly concentrated: approximately 88 percent of the legal audits of the annual and consolidated accounts of issuers with listed shares were assigned to four large audit firms (KPMG, PricewaterhouseCoopers, Ernst & Young and Deloitte & Touche, the so-called Big Four), in line with 2017.

During 2018 audit firms and independent auditors sent Consob the information required by art. 14 of Regulation (EU) no. 537/2014, relating to the turnover generated for the activity carried out on PIEs at group level in the period July 1, 2017 – June 30, 2018.

During 2018, audit firms and independent auditors also sent Consob the information required by art. 16, par. 3 of Regulation (EU) no. 537/2014, to identify the independent auditors and audit firms for which, in the calendar year 2018, the turnover from the audit of PIEs was less than 15 percent of the total turnover from PIE audits at national level (Tab. 15).

		big four		medium-sized companies		small-sized companies		total	
		no. of appointments	market share ¹	no. of appointments	market share ¹	no. of appointments	market share ¹	no. of appointments	market share1
2	013	211	87	30	12	3	1	244	100
2	014	207	86	26	11	8	3	241	100
2	015	211	91	12	5	8	4	231	100
2	016	203	88	23	10	4	2	230	100
2	017	204	89	18	8	7	3	229	100
2	018	202	88	18	8	9	4	229	100

Tab. 15 Breakdown of Italian listed companies by independent audit firm

Source: Consob. 1 Percentage value.

independent audit firm

In 2018, there was an overall decrease of more than 15 percent in the cases of early termination of the audit assignments of PIEs and ESIRs, which fell from 105 in 2017 to 89. This decrease was mainly determined by a significant decrease (by 18 percent) in the cases of consensual termination (Tab. 16).

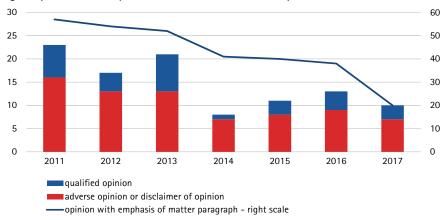
Tab. 16 Cases of dismissal of independent auditors

	dismissal	consensual termination	resignation
2013	37	45	3
2014	32	16	6
2015	24	62	2
2016	27	37	7
2017	36	67	2
2018	32	55	2

Source: Consob.

With regard to the opinions expressed by the audit firms on the annual and consolidated financial statements of Italian listed issuers for 2017, a reduction in the cases of impossibility to express an opinion and qualified opinions is apparent (Fig. 4).

Fig. 4 Opinions issued by audit firms on Italian listed companies financial statements



Source: audit firms reports. Data refer to different types of opinion or remark that can also relate to a single issuer.

2018 was the first year of application of the new audit report framework. The audit reports are therefore structured on the basis of the new ISA (Italy) 700 auditing principles for all the statutory audit tasks and ISA (Italy) 701 'Communication of the key aspects of the audit in the independent auditor's report'.

Quality inspections and enforcement activities

In 2018, the first quality control carried out as part of a joint inspection with the United States Public Company Accounting Oversight Board (PCAOB) on a large audit firm, to which the final report, containing the results of the inspections carried out and the recommendations to be adopted within the established deadlines, was sent. The inspection was carried out

Annual Report 2018 Supervision of issuers and audit firms using the methodology also adopted by other Member States, the 'Common Audit Inspection Methodology' (CAIM), developed within the Committee of European Auditing Oversight Bodies (CEAOB).

In the course of 2018, in order to facilitate the understanding of the operating procedures of the audit committees, the CEAOB developed a questionnaire aimed at standardising and facilitating the process of gathering information from the same audit committees.

In 2018, quality inspections were carried out on two small audit companies to which the final report, containing the results and recommendations to be adopted within the established deadlines, was sent.

In the last months of 2018, a further joint inspection was launched with the PCAOB on another large audit firm, which is expected to be completed in 2019. Checks were also initiated, through specific requests for information, on the quality inspection procedures for two medium-sized audit firms.

Supervision of audit firms and independent auditors also concerned enforcement activities which, as a result of the assessments carried out on the procedures for the performance of the statutory audit assignments on specific cases, led to the launch of a sanctioning procedure concluded in December 2018 with the issue of a measure against an audit firm for irregularities established in relation to the work performed on a bank.

Again in 2018, two other sanctioning proceedings were concluded, initiated in the previous year, following which measures were issued against two audit firms for work carried out, once again, on bank financial statements.

At the request of the PCAOB, formulated within the international cooperation agreements stipulated with the US supervisory authority on auditors, Consob has also provided the latter with the necessary support to carry out investigations on Italian audit firms registered with the same Authority.

Within the sphere of the supervisory activity carried out with reference to quality inspections, enforcement as well as for the purposes of international cooperation with other supervisory authorities, a total of 29 requests for information and/or hearings were carried out with independent auditors (19 in during 2017), exercising the powers assigned by artt. 20 and 22 of the Legislative Decree no. 39/2010, and art. 26 of EU Regulation no. 537/2014.

In 2018, the process of drawing up the 'Code of ethics for independent auditors' was concluded by the joint technical committee, in which the representatives of the profession, Consob and the MEF participate. The Code contains the principles of professional ethics, confidentiality and professional secrecy.

Supervision of corporate disclosure III

1 Supervision of public offerings and admission to trading of equity instruments

In 2018, 29 prospectuses were approved, of which 15 were for admission to trading and 11 related to rights issues of listed companies; the Commission has also issued two equivalence judgements (Tab. 17).

Tab. 17 Supervision of public offerings and admission to trading of equity instruments	
(number of prospectuses)	

	2012	2013	2014	2015	2016	2017	2018
admissions to listing of shares 1	2	5	10	16	13	15	15
of which: through public offering	2	3	9	13	6	2	
rights issue ²	7	11	17	9	4	7	11
other offerings ³		1					1
unlisted securities offerings of Italian issuers ⁴	24	10	19	15	6	2	2
judgements of equivalence	7	6	2	4	5	3	2
to	tal 41	33	48	44	<i>28</i> °	26	31

Source: Consob. Figures do not include the offerings cancelled following the decision to forgo the listing before the approval of the prospectus; cases where the offering to institutional investor failed thus inhibiting the access to the market, offerings forgone following a M&A operation. ¹ Data refer to transactions which received the authorisation to file the listing prospectus. ² Capital increase in listed companies (including warrants and convertible bonds). ³ The figure relates to public or private offerings for sale or subscription (not for listing purposes), and employee stock option plans; it does not include offerings involving the recognition of foreign prospectuses. ⁴ Including prospectuses relating to issuers of widely distributed securities, issuers of non-widely distributed shares and newly founded banks; it does not include bonds, covered warrants, certificates, and employee stock option plans. ⁵ Total amount does not include 3 registration documents pursuant to art. 5, par. 5, Issuers' Regulation, that not were completed with the summary note and the information note during the year.

Ten of the 15 cases of admission to trading of shares involved first admission onto the regulated market of companies' ordinary shares. In particular, six operations refer to transfers from the multilateral trading system (AIM Italia) to the regulated market (MTA), in order to benefit from greater liquidity on listed securities and higher visibility on national and international markets. The remaining four operations, carried out by companies that operate at an international level and in sectors with high growth potential (high tech or health care), involved an offering reserved exclusively for institutional investors, which made it possible to achieve the requirement of the minimum float required by the Borsa Italiana regulation for admission purposes. None of the aforementioned operations has been accompanied by an offering to the general public, confirming the trend observed on the market in recent years.

The cases of admission to trading of new shares of issuers already listed refer in particular to capital increase operations (also rights issues) aimed at financing industrial investment and company integration projects or growth projects through external lines (an increase compared to 2017). Recapitalisation operations continued for issuers in situations of severe financial stress in the context of debt restructuring and company reorganisation projects (in addition to corporate bond offers aimed at refinancing the existing debt as shown in (Tab. 18).

In 2018 the Issuers' Regulation was adapted to the new provisions of the Consolidated Law on Finance that distinguish between a first phase of admission to listing and a second phase of admission to trading.

Furthermore, in January 2019, following the entry into force of the amendments to the Issuers' Regulations regarding issuers of financial instruments held to a considerable extent by the general public, Consob updated the list, listing 56 companies on the basis of communications received from issuers.

2 Supervision of public offerings and admission to trading of non-equity instruments

As part of the supervisory activity concerning the completeness, consistency and comprehensibility of the information provided in the prospectuses concerning non-equity EU financial instruments, in 2018, 57 measures were issued for the approval of documents relating to bond issues, of which 23 base prospectuses, two prospectuses and 32 registration documents and supplements (Tab. 18).

In addition, 24 prospectuses relating to certificates (one prospectus, nine base prospectuses, three registration documents and 11 supplements) were approved during the year and six related to the admission to listing of warrants.

Finally, Consob approved two UCITS prospectuses out of a total of 431, the remaining 429 referring to open-end UCITS not subject to prior approval by the Authority.

With regard to non-equity financial products placed by credit institutions, the progressive reduction in volumes was confirmed during 2018 (approximately 9.3 billion euros against 10.3 billion euros in 2017), as was the number of securities offered (457, based on domestic prospectuses also relating to the previous year, compared to almost 740 in 2017; Fig. 5).

Tab. 18 Supervision of public offerings and admission to trading of non-equity instruments (number of prospectuses)

		2012	2013	2014	2015	2016	2017	2018
bonds		535	517	313	272	146	86	57
of which:	base prospectuses	286	196	148	117	58	30	23
	prospectuses	7	3	8	8	3	1	2
	registration documents and supplements	242	327	157	147	85	55	32
covered w	varrant and certificates	52	104	58	33	46	43	24
admission	to listing of warrants			1	1		4	6
UCITS 1		415	478	537	424	412	417	431
	total	1,002	1,009	909	730	604	550	518

Source: Consob. ¹ The figure includes public offering of Italian mutual funds and SICAV shares, admission to listing of units of Italian closed-end funds and financial instruments issued by foreign management companies; it also includes distributed harmonised foreign UCITS funds. It is noteworthy that: i) from 1 July 2009, no prior authorisation is required for the publication of prospectuses for open-end Italian UCITS; ii) the 1 July 2011 marked the entry into force of a new notification procedure between the authorities of the originator member state and Consob, pursuant to article 93 of Directive 2009/65/EC and Regulation EU 584/2010.



Fig. 5 Bonds, certificates and covered warrants offered by Italian banks by type of prospectus (domestic prospectuses)

In the context of the offerings subject to the ordinary regime, the reduction in the value placed concerned only securitised derivative financial instruments such as certificates, whose volumes amounted to around 3.9 billion euros (approximately -13% compared to 2017; Fig. 6). In the same period, the value placed in the bond segment remained substantially stable around 3.7 billion euros, against a total number of securities placed that almost halved.

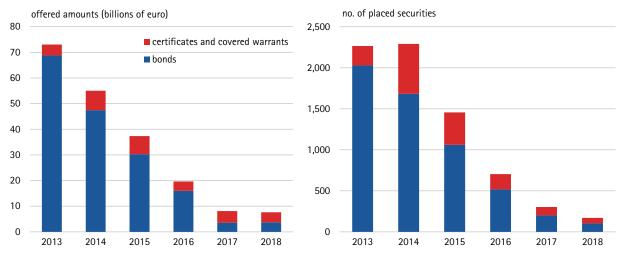


Fig. 6 Bond, certificates and covered warrants offered by Italian banks (domestic prospectuses)

Source: Consob. Data refer to offers pursuant artt. 94 et seq. of Consolidated Law on Finance.

With regard to the financial structure of the debenture loans issued by banks, fixed-rate issues prevailed (just over two thirds of the total in terms of volumes placed, 45 percent in numerical terms). As in 2017, there were no public offerings regarding subordinated bonds (Fig. 7).

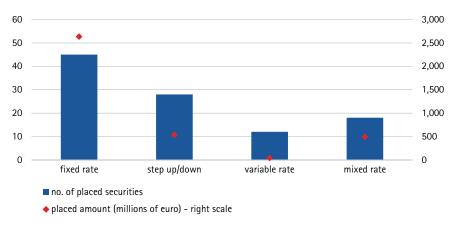


Fig. 7 Bank bond issues authorised by Consob: breakdown by bond category (in billions of euro)

Source: Consob.

During 2018, Consob verified the documentary completeness and the validity of the approval certificate for 527 documents approved by EU authorities (493 in 2017) and notified by them to Consob, pursuant to Directive 2003/71/EC (Prospectus Directive). These documents consist of 122 base prospectuses, 22 prospectuses (stand alone) and 383 supplements (Fig. 8).

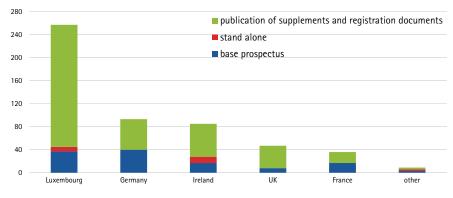


Fig. 8 Offer to the public and admission to trading of non-equity financial instruments – passported instruments in 2018

Source: Consob. 'Other' includes The Netherlands, Austria and Liechtenstein.

During 2018, four subjects (seven in 2017) were authorised to proceed, within the limits previously communicated, with five issues of Titoli di risparmio dell'economia meridionale (ten in 2017).

Supervision of Key Information Documents

In 2018, Consob received approximately 387 thousand Key Information Documents (KIDs); of these notifications 27 thousand refer to new products or products issued before January 1, 2018 and still marketed during the year, the rest refer to updates to KIDs relating to products already notified (updates).

Notifications were received from 354 subjects (manufacturers), both Italian and foreign, of which banks accounted for over 70 percent.

In the area of supervisory activity, specific attention was paid to contracts for difference (CDF), as financial products characterised by high complexity and risk, also subject to restrictive measures from ESMA.

3 Supervision of corporate information

As part of its supervisory activity on corporate disclosure and ownership structures, Consob formulated 414 information requests pursuant to art. 115 of the Consolidated Law on Finance and 19 requests for publication of data and news pursuant to art. 114 of the Consolidated Law on Finance, while in five cases the Commission resolved on the exemption of issuers from the disclosure of data and news pursuant to art. 114, par. 6, of the Consolidated Law on Finance (Tab. 19).

Tab. 19 Supervision of corporate disclosure and ownership structure

	2012	2013	2014	2015	2016	2017	2018
request of information pursuant to art. 115, TUF ¹	570	691	633	502	448	539	414
request to publish data and information pursuant to art. 114, TUF ²	128	171	106	89	65	28	19
waiver of disclosure of data and information pursuant to art. 114, par. 6, TUF	1	17	5				5
delays in disclosure pursuant to art. 114, par. 3, TUF	6	13		3			
request for immediate publication of researches when there are rumours, pursuant to art 69-novies of Issuers' Regulation		9	29	14	11	4	7
delay in disclosure of inside information pursuant to art. 17, par. 4 and par. 5 of Market Abuse Regulation	_	_	_	_	70	264	362
written reprimand		2	10	6	3	3	5
challenges of financial statements	1	1	1			1	
non-compliance proceedings pursuant to art. 154-ter, par. 7, TUF	10	5	5	2	1	1	3
reports to the judiciary	8	13	18	8	22	10	5

Source: Consob. TUF (Testo unico della finanza) stands for Consolidated Law on Finance. ¹ The figure includes information requests on ownership structure. The figure referred to 2014 includes requests for information related to the approval of takeover bids and exchange tender offer documents. ² The figure for 2012 includes a request for supplementary information concerning related-party transactions.

Authorised subjects have also been requested, pursuant to art. 69 – *novies*, par. 2, of the Issuers' Regulation, to publish seven investment recommendations. The Commission has also sent five letters of warning and initiated three non-compliance proceedings pursuant to art. 154-*ter*, par. 7, of the Consolidated Law on Finance.

During the year the Commission also received 362 communications of delay in the dissemination of confidential information by issuers with shares traded on the MTA and on the AIM, pursuant to art. 17, par. 4, of Regulation (EU) no. 596/2014 concerning market abuse.

The information subject to delay mainly concerned extraordinary transactions (58 percent of cases), followed by the approval of accounting/financial data, business or incentive plans, changes in governance, offering/redemption of bonds.

In five cases the Commission decided to report facts ascertained in the course of its activity, potentially relevant from a criminal point of view, to the Judicial Authority.

3.1 Accounting information

The supervision of financial and accounting information of listed companies is carried out on a sample of companies, as required by artt. 118-*bis* of the Consolidated Law on Finance and 89-*quater* of the Issuers' Regulation, in line with the ESMA guidelines on enforcement, aimed at ensuring a uniform approach in the supervisory activity of national authorities (ESMA Guidelines on enforcement of financial information).

Each year ESMA identifies the priority aspects to be considered in the preparation of the financial statements of listed companies. With the document 'European common enforcement priorities for 2017 IFRS financial statements' of October 27, 2017 (ECEP), in particular, it indicated some supervisory priorities for the 2017 financial statements. These priorities influenced the determination of the parameters underlying the risk based selection of the supervisory sample, as required by paragraph 3 of art. 89*quater* of the Issuers' Regulation.

In the course of 2018, the regulation on non-financial declarations and on diversity (NFD, introduced by Legislative Decree no. 254/2016 and Directive 2014/95 / EU,) was implemented through the publication of Consob Regulation 20267 of January 19, 2018. art. 6 of this Regulation establishes, similarly to the provisions of art. 89-quater of the Issuers' Regulation for financial reporting, that the supervision of non-financial declarations shall be carried out on a selection of companies made annually based on a series of parameters that must be set by Consob by a specific resolution. On October 25, 2018, Consob resolution 20644 established these parameters for declarations relating to 2017, the first to be subject to supervision.

Also in 2018, the Commission has decided to subject certain listed companies to specific periodic disclosure requirements, based on the powers conferred by art. 114 of the Consolidated Law on Finance. These obligations are audited when issuers' accounting documents are published (financial statements and half-yearly reports), in order to take into account the evolution of the situation faced by the companies.

3.2 Banking and insurance sector

Consob's supervisory activity on the accounting information of bank issuers was very intense, due both to the application of important regulatory changes and to the negative impacts that the depreciation of government bonds in the portfolios of Italian banks caused, in particular, on capital levels and the cost of funding.

With reference to the first point, it is recalled that on January 1, 2018 the new international accounting standard on financial instruments IFRS 9 entered into force, replacing the previous IAS 39 principle, which dictated the classification and measurement rules for financial instruments since the introduction, in 2005, of the obligation to prepare financial statements in compliance with international accounting standards.

In particular, the Commission has paid significant attention to the methods for determining significant increases in credit risk and to the expected credit losses estimation model (ECL), a subject previously discussed by the Financial Institutions Task Force (FITF), established by ESMA's Corporate Reporting Standing Committee (CRSC).

Consob also carefully assessed the content of some important regulatory changes and their potential effect on the NPL market in Italy: the European Commission's calendar provisioning proposal, as well as the Addendum to the NPL guidelines published in 2017 by the ECB and requests for coverage on NPL stocks contained in the latest supervisory review and evaluation process decisions (SREP).

With reference to the increased market volatility mainly depending on the widening of the spread between the yields of Italian and German government bonds, in consideration of the negative impacts of this increase on the financial situation of banks, Consob reminded listed banks about the information regarding exposure to sovereign risk to be included in the financial reports drawn up on the basis of IAS/IFRS international accounting standards (as indicated by ESMA in document no. 226 published July 28, 2011).

In November 2018, the EBA published the results of the stress test on the major European banks. In view of the publication of the results of the stress tests, and the subsequent results of the SREP processes conducted by the prudential authorities for 2018, Consob called the attention of listed banks to compliance with the transparency rules concerning the financial information to be provided to the public on the results of the aforementioned years.

With regard to insurance companies, from May 2018 pressure on domestic sovereign debt and the increase in the Btp-*Bund* spread led to a fall in the overall market value of the assets of listed issuers operating in the insurance sector (consisting of almost one third Italian government bonds) and a decline in the solvency ratios, which fell on average from 223 percent at the end of 2017 to 177 percent at the end of June 2018.

During the year, the 2018 stress test exercises were carried out by the European Insurance and Pension Authority (EIOPA) – in cooperation with the European Systemic Risk Committee (ESRB) and the competent national supervisory bodies – on a sample of 42 European insurance groups.

The results of the stress tests, published in aggregate form on December 14, 2018, indicate an adequate capitalisation of the European and Italian insurance market.

With regard to the evolution of the relevant accounting legislation, in 2018 operators were focused on the new international accounting standard IFRS 17, published in May 2017, which will replace the current IFRS 4 standard with completely new rules on insurance contracts.

Supervision of intermediaries IV

1 Subjects authorised to provide investment services

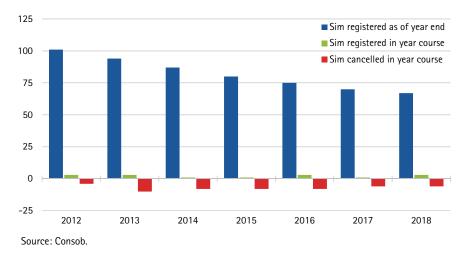
At the end of 2018 the number of banks authorised to provide investment services amounted to 449 (Tab. 20). The figure, down 5 percent compared to 2017, is in line with the trend recorded in recent years and also reflects the concentration and consolidation processes that have affected banking institutions following streamlining and crisis management.

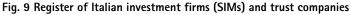
	2012	2013	2014	2015	2016	2017	2018
total number of authorised providers	744	723	692	663	603	543	516
banks							
no. of authorised providers	643	629	605	583	528	473	449
advice	617	602	583	560	510	456	419
trading on one's own account	467	461	445	421	382	338	309
trading on behalf of third parties	466	461	447	425	386	339	307
placement with prior subscription ¹	208	201	195	184	173	152	135
placement without prior subscription ¹	616	603	587	565	511	453	419
individual management	170	169	166	158	154	143	131
receipt and transmission of orders and brokerage	624	614	593	572	518	463	432
MTF management	1	1	1	2	2	2	2
average number of services per provider	4.6	4.6	5.0	4.6	4.7	4.6	4.8
investment firms							
no. of authorised providers	101	94	87	80	75	70	67
advice	92	84	77	70	64	61	57
trading on one's own account	14	15	16	15	14	14	13
trading on behalf of third parties	20	22	23	22	20	19	62
placement with prior subcription ¹	5	5	5	4	5	5	5
placement without prior subscription ¹	46	44	45	42	40	39	40
individual management	44	43	39	38	38	37	32
receipt and transmission of orders and brokerage	50	48	46	43	39	36	35
MTF management	3	3	3	3	3	3	3
average number of services per provider	2.7	2.8	2.9	3.0	3.0	3.1	3.7

Tab. 20 Authorised investment service intermediaries

Source: Consob and Bank of Italy. 1 Includes underwriting and placement based on an irrevocable commitment towards the issuer.

The same decrease also characterizes the number of Italian investment firms and trust companies authorised to provide investment services (Fig. 9).





At the end of 2018, based on the notifications received from the respective authorities of the countries of origin of the European Union, 70 EU investment companies authorised to operate in Italy through a branch (66 at the end of 2017) were registered in the relevant list. During the year there were 15 registrations and 11 cancellations.

Great Britain is the country of origin from which most of the EU investment companies authorised to operate in Italy come, through a branch (48); followed by Germany (five), France (four), Spain (four), Luxembourg (three), Ireland (two), Holland (two), Cyprus (one) and the Czech Republic (one).

The National Investor Compensation Fund, a compensation system for investors' claims against intermediaries, has so far intervened for 39 cases of insolvency (relating to 22 Italian investment firms, ten stockbrokers, five asset management companies and two banks (Tab. 21).

2 Supervision of banks and investment firms

During 2018, as part of the risk-based supervisory activity on the fairness and transparency of intermediaries, requests for data and news were sent to 87 banks and 109 Italian investment firms (of which 69 EU investment firms with branches in Italy). In 14 cases, Consob convened the corporate representatives of the operators subject to verification (13 banks and one investment firm (Tab. 22). A letter was also sent containing a reminder of to 440 banks and one Italian investment firm.

Tab. 21 National Investor Compensation Fund interventions

(as of 31 December 2018; amounts in thousands of euros)

	insolvencies ¹				
	investment firms	stock brokers	AMCs	banks	total
1997-2013	20	10	4	2	36
2014			1		1
2015					
2016	1				1
2017	1				1
2018					
no. of insolvencies	22	10	5	2	39
for which liability statements have been filed	22	10	5	2	39
no. of creditors admitted	2,773	1,008	1		3,782
amount of admitted credits ²	24,500	41,396	3,751		69,647
Fund interventions ³	9,466	11,408			20,874

Source: National Investor Compensation Fund data. ¹ Insolvencies for which the statement of liabilities was filed with effect from 1 February 1998. ² Values net of partial compensation ordered by the bodies responsible for insolvencies procedures. ³ Indemnities authorised, paid or committed against claims received.

Tab. 22 Supervision of banks, Italian investment firms (SIM) and European investment companies (number of initiatives)

	of initiatives)	banks	Italian and European investment companies
2013	request of data information pursuant to art. 8, par. 1 of TUF ¹	101	68
	convening of directors and management pursuant to art. 7, par. 1 lett. a) of TUF	20	2
	total	121	70
2014	request of data information pursuant to art. 8, par. 1 of TUF	79	25
	convening of directors and management pursuant to art. 7, par. 1 lett. a) of TUF	47	2
	total	126	27
2015	request of data information pursuant to art. 8, par. 1 of TUF	129	46
	convening of directors and management pursuant to art. 7, par. 1 lett. a) of TUF	35	1
	total	164	47
2016	request of data information pursuant to art. 8, par. 1 of TUF	132	33
	convening of directors and management pursuant to art. 7, par. 1 lett. a) of TUF	7	1
	total	139	34
2017	request of data information pursuant to art. 8, par. 1 of TUF	77	37
	convening of directors and management pursuant to art. 7, par. 1 lett. a) of TUF	14	
	total	91	37
2018	request of data information pursuant to art. 8, par. 1 of TUF	87	109
	convening of directors and management pursuant to art. 7, par. 1 lett. a) of TUF	13	1
	warnings / reminders	440	1
	total	540	111

Source: Consob. TUF (Testo unico della finanza) stands for Consolidated Law on Finance. ¹ The figure does not include a request to an auditing firm pursuant to art. 8, sec 2 of TUF (following investigation concerning an Italian investment firm).

Furthermore, during the year, 78 meetings were held with corporate representatives of banks and 13 meetings with trade associations and other authorities that dealt, among other things, with the methods according to which banks provide investment services in light of the new regulatory framework outlined by MiFID II.

The main areas of attention concerned product governance measures, the assessment of adequacy and suitability, execution only, investment advice, staff knowledge and experience requirements, incentives, conflicts of interest, best execution, cross-selling practices and information transparency towards customers on the costs and charges of investment products and services.

The preliminary activity was followed by sending to the Bank of Italy seven requests for collaboration for the extension of the inspections in progress on four banks and three Italian investment firms (pursuant to art. 10, par. 2, of the Consolidated Law on Finance (transposed by legislative decree no. 129/2017 in art. 6-*ter*, par. 5, of the Consolidated Law on Finance) and the commencement of four sanctioning proceedings against banks, which involved 48 company representatives (for the measures concluded and the sanctions approved see the following Chapter V 'Inspection activity and sanctioning measures').

In coordination with the Bank of Italy and IVASS, Consob conducted the usual verification of the possible existence of interlockers in Italian investment firms, in violation of the so-called prohibition of interlocking introduced by Decree Law of December 6, 2011, no. 201, converted into Law of December 22, 2011, no. 214.

3 Supervision of asset management companies

As usual, the supervision of asset management companies was based on the acquisition of information, through requests for data and news, meetings with company representatives and inspections.

Furthermore, following the ascertainment of cases of violation of the law concerning the correct provision of collective asset management and portfolio management services, six letters of notification were sent to one asset management company and to five of its corporate representatives.

In 2018, complex supervisory activity, including inspections, was carried out on an Asset management company with proprietary distribution channel represented by financial advisors; said company had been placed under extraordinary administration by the Bank of Italy the previous year, at the proposal of Consob. The audit is part of the supervision of Asset management companies that distribute their own products and services directly, including through financial advisors authorised to carry out door-todoor selling.

During 2018, Consob and the Bank of Italy streamlined and simplified the disclosure obligations for the management intermediaries envisaged by Consob resolution 17297 of April 28, 2010, integrating information on the marketing of own UCITS or those of third parties.

With regard to managers of UCITS (bodies falling within the scope of application of Directive 2009/65/EC), the analyses concerned the fairness of the behaviour related to the investment choices to be applied to the managed funds, also in terms of the consistency of these choices with the investment policy presented in the bid documentation.

During 2018, the real estate fund sector recorded a decrease in the number of asset management companies operating in the management of closed-end funds (from 59 to 56) and an increase in the number of real estate funds (from 494 to 501).

At the end of 2018, the net assets under management amounted to around 51 billion euros, an increase compared to the previous year. The data also indicate a gradual improvement in the average debt position of real estate funds (Tab. 23).

As part of the supervision of real estate fund management companies, due to the approaching maturities, particular attention was paid to those that manage funds intended for retail investors.

	no. of asset		net asset			percentage bro	percentage breakdown of assets				
	management companies	active funds	value (A)	assets (B)	((B-A)/B) %	property and property rights	financial instruments	securities and liquidity	other assets		
2012	58	343	31.5	53.4	41.1	88.1	4.4	3.4	4.2		
2013	55	348	32.9	55.1	40.2	87.6	4.9	3.7	3.9		
2014	55	391	37.6	58.3	35.6	86.6	5.3	4.5	3.6		
2015	53	412	40.6	60.4	32.9	86.0	5.4	4.4	4.1		
2016	54	441	44.1	64.9	32.0	85.9	5.2	5.5	3.4		
2017	59	494	49.5	73.2	32.3	86.3	5.6	4.8	3.4		
2018 ¹	56	501	51.5	75.1	31.5	85.9	5.7	5.0	3.5		

Tab. 23 Closed-end Italian real estate funds (billions of euro)

Source: calculations on funds reported data. Rounding may cause discrepancies in the total figure. ¹ Figures are updated as of 30 June 2017, as a consequence of the procrastination of the Annual Relation due data for alternative investment management companies (pursuant to art. 3, par. 1, lett. b) of d.m. n. 30/2015).

In 2018 Consob sent 22 opinions to the Bank of Italy.

During the year the Commission, as usual, analysed the bid documentation of the UCITS intended for retail investors, also to assess the consistency between the key information contained in the Key Investor Information Documents (KIID) and the more detailed information presented in the prospectus.

Furthermore, Consob examined the documentation concerning the marketing (in Italy and in the EU) of Italian reserved alternative investment funds (AIFs), pursuant to art. 43 of the Consolidated Law on Finance (altogether, 37 preliminary inquiries) and of four non-reserved AIFs, pursuant to art. 44 of the Consolidated Law on Finance.

In light of the new regulatory framework outlined by MiFID II, the transparency investigations referring to non-reserved AIFs have been supplemented by fairness checks on compliance with product governance obligations.

Moreover, pursuant to art. 93 of Directive 2009/65/EC, 622 notifications sent by foreign authorities for the marketing in Italy of units or shares of European UCITS have been checked. Notifications regarding the marketing in Italy of AIF units or shares by foreign managers (pursuant to art. 32 of Directive 2011/61/EU) amounted to 443 and 23 notifications for the marketing in Italy of European funds of venture capital companies with the name EuVECA (pursuant to Regulation (EU) no. 345/2013) and two notifications for the marketing in Italy of Italy Italy of Italy It

During 2018 the Commission carried out the usual analysis of the structure of the boards of directors of the asset management companies and the independence requirements of the directors. In particular, the composition of the boards of directors of the largest 13 banking and insurance asset management companies that manage at least one retail fund under Italian law and that, with total assets of approximately 368 billion euros, represent approximately 94% of the total assets held by open-end funds managed by Italian companies (Tab. 24).

Compared to 2017, the total number of directors decreased by five, to 98. In particular, the number of directors that could not be classified as executive or independent decreased (from 42 to 39), while the number of executive directors remained substantially stable (from 13 to 12). In addition, the cross-overs between directors of the asset management companies and those of the relevant parent company and/or other group companies also fell (from 43 to 38).

Tab. 24 Infra-group interlocking in asset management companies (number of directors)

		position	held in ass	et manage	ement compa	nies			
		executive directors	2		independe directors	ent	other directors		total
			of which:			of which:		of which:	
			chair	CEO		chair		chair	
2013	position held in parent company	5	4		3		16	4	24
	position held in other group companies	12		7	6	1	20	2	38
	no position held in other group companies	7	1	5	40	2	20	3	67
	total	24	5	12	49	3	56	9	129
2014	positions held in parent company	3	2		2		6	1	11
	position held in other group companies	11		7	4	1	27	5	42
	no position held in other group companies	8	2	5	39	2	10	2	57
	total	22	4	12	45	3	43	8	110
2015 positions held in	positions held in parent company	1		1	3	1	6	1	10
	position held in other group companies	6		6	4	1	27	6	37
	no position held in other group companies	7		7	41	3	13	3	61
	total	14		14	48	5	46	10	108
2016	positions held in parent company	1		1	2	1	8	1	11
	position held in other group companies	6		6	4	2	28	7	38
	no position held in other group companies	7		7	41	2	7	2	55
	total	14		14	47	5	43	10	104
2017	positions held in parent company	1		1	2	1	4	1	7
	position held in other group companies	5		5	5	2	26	6	36
	no position held in other group companies	7		7	41	2	12	4	60
	total	13		13	48	5	42	11	103
2018	positions held in parent company	1		1	5	1	4	1	10
	position held in other group companies	5		5	4	3	19	5	28
	no position held in other group companies	6		6	38	2	16	3	60
	total	12		12	47	6	39	9	98

Source: information sheets. Data relate to a sample based on the 15 major asset management companies (AMCs) controlled by banking or insurance groups, by volumes of assets under management in 2018; in the case of directors holding office both in the parent group and in other companies belonging to the group, the position in the former is considered prevalent. For the definition of Executive Director reference was made to article 2381 of the Italian Civil Code, while the definition of Independent Director derives from Assonime Code of Conduct.

4 Supervision of financial advisors

During 2018, the financial advisors enrolled in the Register decreased to 55,311 units (from 55,897 in the previous year). In the same period, the number of active advisors also decreased from 36,359 to 35,099 units.

Pending the start of the new regulatory framework outlined by the Stability Law for 2016 (for further details see the following paragraph), in 2018 the supervisory action on financial advisors was mainly driven, as usually, from reports by intermediaries, complaints from investors, communications from the Body for supervision and keeping of the single register of Financial Advisors (OCF), the Judicial Authority and the Judicial Police, as well as inspections at the intermediaries premises.

As always, in line with the risk-based approach adopted by Consob, the supervisory activity for financial advisors was based on objective criteria for the prior selection of subjects to be monitored, such as reports and complaints related to the violation of the sector legislation, which amounted to a total of 239 in 2018 (365 in 2017; Tab. 25).

During the year, 77 requests for data and news were made to intermediaries relating to financial advisors (126 in 2017).

Until July 1, 2018 (date after which the competence was passed to the OCF), 47 administrative-sanctioning proceedings were initiated (52 in 2017).

The most serious and recurrent types of infringements were: the acquisition of the availability of liquidity and securities pertaining to investors, often completed through the financial advisor's use of access codes to the bank dealings in the name of the investor; the communication or transmission to the investor of mendacious information or documents and, in particular, the delivery of false reports and the simulation of investment transactions; carrying out transactions not authorised by the customer.

Tab. 25 Supervision on financial advisors (number of cases)

type	reference to regulation	2017	2018
reports and complaints		365	239
requests of data, information and documents)		126	77
of which	ex art. 8, par. 1, TUF	26	13
	ex art. 31, par. 7, TUF	100	64
charges followed by administrative sanction procedures		52	47
cases without administrative sanction procedures		231	63
notification of precautionary measures	ex art. 55, par. 2, TUF	29	11
precautionary activity suspension up to 60 days	ex art. 55, par. 1, TUF	20	24
precautionary activity suspension up to 1 year	ex art. 55, par. 2, TUF	34	18
notifications to criminal courts		55	42

Source: Consob. TUF (Testo unico della finanza) stands for Consolidated Law on Finance.

With particular regard to the precautionary assessments pursuant to art. 55, par. 2, of the Consolidated Law on Finance in 2018, 11 proceedings were initiated, compared with 29 initiated in 2017 (for the procedures concluded and the sanctions resolved see the following Chapter V 'Inspection activity and sanctioning measures').

With reference to Asset management companies with proprietary distribution channel, checks also continued in 2018 on the suitability of the internal procedures for monitoring the network of financial advisors and operators' proactive guidance towards solutions capable of reducing the risk of incorrect behaviour.

5 Body for supervision and keeping of the single register of Financial Advisors (OCF)

As already mentioned, 2018 saw the implementation of the reform concerning the supervision of financial advisors, outlined by art. 9, par. 1, lett. *o*) of the 2014 European Delegation Law and by art. 1, par. 36, of the 2016 Stability Law, and implemented by the Intermediaries' Regulation approved with resolution 20307 of February 15, 2018. Among other things, the reform provided for the transfer to the OCF of the monitoring of financial advisors, previously assigned to Consob and, in the phase following the start of full operation of the Body, the performance of the supervisory activity on the Body itself by Consob.

Starting from July 2, 2018, the Commission therefore monitored the OCF's activity through the acquisition of data and information, in relation to both the investigative procedures concerning financial advisors and the preliminary inquiries for registrations to the Register of independent financial advisors and financial advice companies.

6 Supervision of equity crowdfunding portals

At December 31, 2018, 30 subjects were registered in the ordinary section of the Register of managers of equity crowdfunding portals, (20 at the end of 2017), while in the special section dedicated to banks and investment firms there were two (stable figure compared to 2017).

During the year, nine requests for data and news were made, pursuant to art. 50-quinquies, par. 6, of the Consolidated Law on Finance, to as many portal managers; in addition, 26 meetings were held with portal managers or with individuals who requested clarifications to undertake initiatives to manage equity crowdfunding portals.

Inspection activity and sanctions V

1 Inspections

In 2018, 21 inspections were started and 15 were completed, of which seven started in 2017; therefore, at the end of the year, 13 investigations were still in progress (Fig. 10).

On the basis of the current memoranda of understanding, Consob availed itself, in the access phase, of the collaboration of the special unit of Guardia di Finanza (in charge of prosecution of financial offences) in seven cases, while it received requests from the Bank of Italy to perform five inspections.

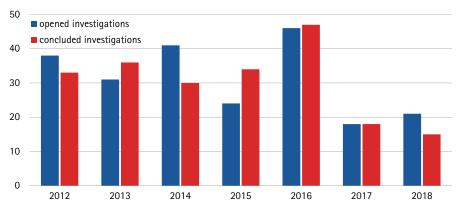


Fig. 10 Inspection activity

Source: Consob. Figures for 2016 include 16 investigations that were opened and concluded in the year course on capital strengthening of bank branches.

Of the 21 inspections carried out in 2018, six concerned the rules of conduct and transparency of intermediaries, five were related to corporate disclosure issues and one on the regulation of equity crowdfunding. In two cases, the inspections concerned audit firms, with regard to the execution of audits and to the quality control system, respectively. Furthermore, two investigations concerned the implementation of anti-money laundering measures. Finally, of the remaining five inspections, two were aimed at verifying compliance with the legislation on market abuse and market infrastructures (Regulation (EU) no. 648/2012 - EMIR; Tab. 26).

Tab. 26 Inspection activity

	intermediari products	es and	issuers and	audit firms		markets	other		
	investment services	real estate funds and retail investors	corporate disclosure	ownership structure / takeover bid	audit appointments / quality control	market abuse / EMIR ¹	crowdfunding	money laundering	other areas ²
2013	5	1	2	9	4	4		4	2
2014	11	3	1		1	16		6	3
2015	7		3		4	3		5	2
2016	23		4	8	1	2		7	1
2017	5		2		1		1	7	2
2018	5	1	5		2	2	1	2	3

Source: Consob. ¹ From 2018, data include inspections on market infrastructures. ² Figures refer to area subject to Banca d'Italia supervision other than money laundering.

The investigated entities included 12 intermediaries, two audit firms, two listed companies, two shareholders in listed companies, two subsidiaries of listed companies and an online equity crowdfunding portal manager (Fig. 11).

Fig. 11 Investigated entities



Source: Consob. The class 'listed companies' does not include listed intermediaries, which are reckoned among 'intermediaries'.

2 Supervision for the prevention of money laundering and terrorist financing

During the year, inspections regarding anti-money laundering were started against two asset management companies, at the request of the Bank of Italy (Fig. 12).

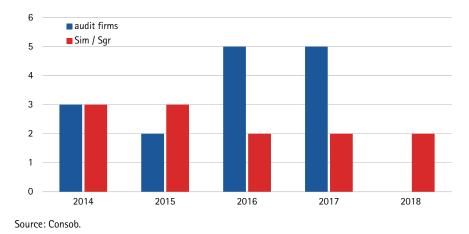


Fig. 12 Investigated entities for suspected money laundering

Following the issue of legislative decree of May 25, 2017, no. 90, transposing Directive (EU) 2015/849 (the so-called IV Anti-Money Laundering Directive), Consob has been committed, on the regulatory front, to the preparation of implementing provisions on prevention and contrast of money laundering and terrorist financing intended for independent auditors and audit firms with assignments on public interest entities and entities falling under intermediary regime, of which Consob is supervisory authority.

Due to the new features deriving from the implementation of the EU legislation and from the regulatory context of transition to a new regulatory framework, in 2018 no inspections were carried out on the subject of antimoney laundering on audit firms.

As part of the collaboration relations with the Bank of Italy and the Financial Intelligence Unit, governed by specific memoranda of understanding, evidence was submitted to these Authorities for the in-depth analyses under their respective competence regarding potentially relevant cases with a view to combating money laundering and terrorist financing.

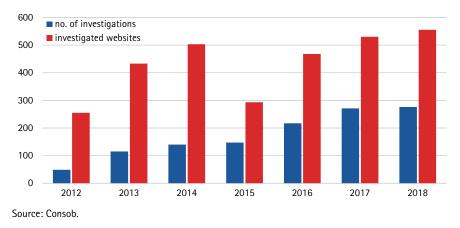
Finally, Consob has actively participated in the work of the Financial Security Committee (CSF) – established by Decree Law of October 12, 2001, no. 369, converted into Law of December 14, 2001, no. 431 – aimed at coordinating the national apparatus to prevent money laundering and terrorist financing. As part of this collaboration, Consob has, among other things, contributed to the work in progress at the Committee for the purpose of updating, pursuant to art. 14 of Legislative Decree 231/2007, the national analysis of money laundering and terrorist financing risks.

3 Investigations and measures for illegal activities

3.1 Investigations

During the year, 276 investigations were carried out relating to illegal phenomena carried out via the internet (also in the years prior to 2018) and falling within the competence of Consob, which involved analyses and investigations relating to 555 websites (Fig. 13).

Fig. 13 Investigation of websites for market abuse



As usual, most of the investigations started refer to cases of illegal financial intermediation carried out via the internet (websites, emails and social networks) or by telephone cold calling; Fig. 14).

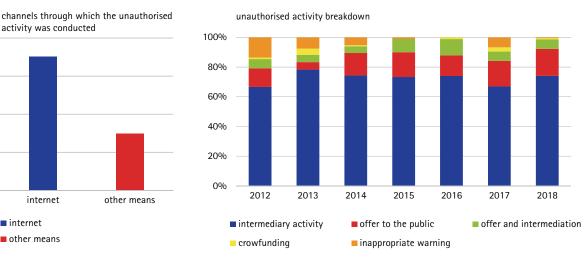


Fig. 14 Unauthorised activity

activity was conducted

internet

internet

other means

Source: Consob.

80%

60%

40%

20%

0%

A growing number of persons unauthorised to provide investment services are offering investors trading services, often in binary options or forex, based on the use of software (known as forex-robots, robo advisors, expert advisors and/or trading systems) that process 'investment decisions' and that can automatically execute orders on online trading platforms without the investor being aware of what is really happening to his/her investment.

The illegal operators resort to camouflage techniques both to avoid easy identification, frequently changing the name of the website on which they carry out the illegal activity, and to mislead investors by using a website name similar to that of authorised subjects (so-called clone websites).

In the vast majority of cases the operation of the illegal subjects conceals real scams, which Consob regularly reports to the Judicial Authorities.

As regards the object of the illegal activity, in 22 cases the illegal conduct referred to crypto-currencies. In these circumstances, the Commission intervened by adopting the enforcement measures most appropriate to the characteristics of the operations detected.

With reference to the types of illegal activity for violation of the provisions on the public offering of financial products, proposals for atypical financial investments are increasingly frequent, including those concerning 'different assets', related contracts, unspecified 'investment programmes' or those relating to self-styled crypto-currencies for which, against the payment of the amounts, even modest, required of investors, amazing returns are promised out of the market.

The cases of illegal activity for violation of the provisions on appeal to the public savings also often conceal fraudulent activities to the detriment of investors, which are subject to reporting to the Judicial Authority and are frequently also characterised by the existence of pyramidal affiliate remuneration mechanisms.

3.2 Measures

In 2018 the Commission adopted 265 initiatives to contrast illegal conduct, a figure that is up about 59 percent compared to the previous year (Tab. 27).

In particular, Consob has published nine investor protection warnings and 97 cease and desist orders referring to subjects who have operated through the internet in breach of Intermediaries' Regulation.

In addition, 131 reports were made to the Judicial Authority (88 in 2017) both for cases of illegal services and investment activities and for cases of criminal illegality connected to alleged conduct aimed at extorting the good faith of investors.

Tab. 27 Enforcement measures for unauthorised provision of investment services, unauthorised offer financial products and related advertisement

	infringement of reg investment solicitat		infringement of regu intermediaries	llations on	report to legal authorities	total	
	temporary prohibition to provide investment services ¹	prohibition to provide investment services	communications aimed at investor protection	cease and desist order			
2012	6	6	16	_	41	69	
2013	2	2	25	_	50	79	
2014	3	2	47	_	66	118	
2015	6	5	44	-	63	118	
2016	14	12	44	_	77	147	
2017	12	13	54	-	88	167	
2018	12	16	9	97	131	265	

Source: Consob. 1 The figure relative to 2014 includes an initiative which eventually resulted in the prohibition to provide investment services during 2015

4 Sanctioning measures

In 2018, 172 sanctioning procedures were completed (156 in 2017), of which 162 (151 in 2017) concluded with the application of sanctions against 445 subjects (including those sanctioned for unauthorised provision of investment services and illegal offer or for violations of the regulations on internal dealing, short selling and crowdfunding) while the remaining ten procedures were terminated.

The total amount of fines applied was approximately 23.1 million euros in 2018 (27.8 million in 2017). During the year, there was a significant increase in the accessory prohibitory sanctions, totalling 879 months (209 months in 2017) and the value of the assets subject to confiscation, equal to approximately 9.7 million euros (1.9 million euros in 2017; Fig. 15).

It should be noted that compared to the previous year, the new provisions introduced by Legislative Decree 72/2015 – which transposes Directive 2013/36/EU (CRD IV) – applicable to illicit facts carried out after March 8, 2016, found greater application. In 2018, in fact, of the 85 measures adopted overall (relating to the regulation of markets, intermediaries or issuers) in relation to companies and their corporate officers, the new legislation was applied in 33 cases.

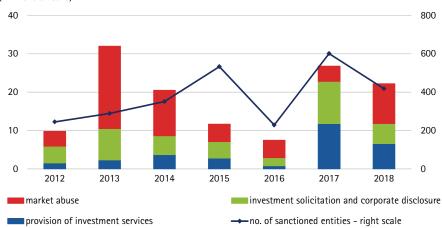


Fig. 15 Monetary sanctions imposed by Consob (millions of euro)

Source: Consob Source: Consob. ¹ Data refer to precautionary measures inflicted on advisors authorised to make door-to-door selling as of 30 November 2018. After that date, supervision on such advisors was transferred to a special body following Consob Resolution no. 20704 of November 15, 2018. The total of sanctioned entities and the total amount of monetary sanctions do not include unauthorised offer, internal dealing, short selling, transaction reporting and crowdfunding.

4.1 Measures concerning market abuse

In 2018, a total of 11 sanctions were imposed for market abuse violations (six in 2017), of which seven related to cases of abuse of confidential information and four concerning market manipulation (Tab. 28).

2012 2013	12	19				
2013			3.9	6.0	16	126
	14	26	21.6	1.8	20	231
2014	9	21	11.9	0.4	13	156
2015	20	33	4.6	0.6	31	138
2016	7	16	4.6	1.1	13	142
2017	6	16	4.0	1.2	12	112
2018 insider trading	7	33	6.9	9.4	33	365
manipulation	4	20	3.5	0.2	18	127
total	11	53	10.4	9.6	51	492

Tab. 28 Disciplinary measures for market abuse offences (millions of euro)

Source: Consob. Insider trading is punishable pursuant to art.187-*bis, quarter, quinquies* and *sexies* of the Consolidated Law on Finance (TUF); market manipulation is punishable pursuant to art. 187-*ter, quarter, quinquies* and *sexies* of the Consolidated Law on Finance (TUF). ¹ Of which 20 natural persons and 6 legal entities; the figure does not include legal entities jointly and severally liable with the authors of the violations. The figure relative to 2014 includes natural persons and legal entities punished under arts. 187-*bis,* 187-*ter,* 187-*quinquies;* it does not include 3 legal entities jointly and severally liable with the authors of the violation. The figure relative to 2015 includes natural persons and legal entities punished under arts. 187-*bis,* 187-*ter,* 187-*quinquies;* it does not include 3 legal entities jointly and severally liable with the authors of the violation. The figure relative to 2015 includes natural persons and legal entities punished under arts. 187-*bis,* 187-*ter,* 187-*quinquies* e187-*quinquiesdecies;* it does not include 7 legal entities punished under art. 187-*bis;* 187-*ter,* 187-*quinquies* e187-*quinquiesdecies;* it does not include a legal entities punished under art. 187-*bis;* 187-*ter,* 187-*quinquies* e187-*quinquies* e187-*quinquies* (3 legal entities). The figure relative to 2017 includes natural persons and legal entities punished under arts. 187-*bis;* 187-*ter* (13 natural persons) and 187-*quinquies* (3 legal entities; it does not include one entity jointly and severally liable with the authors of the violation. The figure relative to 2018 includes natural persons and legal entities punished under arts. 187-*bis;* 187-*ter* (13 natural persons) and 187-*quinquies* (3 legal entities; it does not include one entity jointly and severally liable with the authors of the violation. The figure relative to 2018 includes natural persons and legal entities punished under arts. 187-*bis;* 187-*ter* (13 natural persons) and 187-*quinquies* (3 legal entities;

4.2 Measures related to financial intermediaries and advisors

During 2018, there were a total of 13 (15 in 2017;) sanctioning measures adopted against financial intermediaries for procedural deficiencies and violations of the general rules of diligence, fairness and transparency in the provision of services and investment activities.

Tab. 29 Monetary sanctions inflicted on financial intermediaries (millions of euro)

	no. of inv	volved inte	rmediaries ¹		no. of representatives sanctioned			amount	of penalties	S		
	banks	SIMs	AMCs	total	banks	SIMs	AMCs	total	banks	SIMs	AMCs	total
2012	2	3	2	7	3	5	18	26	0.1	1.0	0.4	1.5
2013	5	3	6	14	30	17	55	102	0.8	0.2	1.3	2.3
2014	4	8	4	16	42	31	28	101	2.6	0.9	0.3	3.7
2015	8	3	7	18	121	26	74	221	1.6	0.3	0.9	2.8
2016	2	5	3	10	38	23	19	80	0.2	0.4	0.2	0.8
2017	9	5	1	15	224	47	11	282	11.0	0.7	0.1	11.8
2018	9	2	2	13	154	1	20	175	4.2	0.2	2.2	6.6

Source: Consob. Rounding may cause discrepancies in the total figure. ¹ Figures reported for investment firms include: one European investment firm not having a branch in Italy in 2013; five AMCs (three not having a branch in Italy) in 2014; two foreign investment firms in 2016; one foreign investment firms and an Italian branch of foreign investment firm in 2017.

With reference to financial advisors, in 2018 a total of 78 sanctioning measures were adopted (52 in 2017), of which 64 cancellations from the Register and 14 with temporary suspension (from a minimum of one month to a maximum of four months).

Tab. 30 Sanctions and precautionary measures inflicted on financial advisors

	sanctions						precautionary measures	report to legal authorities
	reprimand	cancellation from register	temporary suspension from register	monetary sanction	total	as a percentage of the registered advisors	temporary suspension of activity ¹	
2012		70	14	1	85	0,35	32	38
2013		44	18	1	63	0,27	20	27
2014		37	22	9	68	0,31	39	67
2015		83	39		122	0,42	30	76
2016	2	38	39	2	81	0,27	19	55
2017	1	28	23		52	0,29	54	85
2018		64	14		78	0,34	42	71

Source: Consob. ¹ Data refer to precautionary measures inflicted on advisors authorised to make door-to-door selling as of 30 November 2018. After that date, supervision on such advisors was transferred to a special body following Consob Resolution no. 20704 of November 15, 2018.

In relation to the unauthorised provision of investment services and activities as well as unauthorised door-to-door selling, in 2018 21 sanctioning measures were adopted which resulted in the application of financial penalties for a total of 648 thousand euros.

4.3 Measures relating to issuers

In 2018 the Commission took 33 sanctioning measures concerning violations in relation to issuers and public disclosure (48 in 2017), as well as three measures concerning internal dealing. The relevant financial penalties amounted to a total of 5.2 million euros (11 million euros in 2017; Tab. 31).

Tab. 31 Administrative sanctions imposed for breach of Issuers Regulation and breach of regulation on corporate and financial disclosure

1		~	```
Imil	linns	ot.	euro)
(10115	01	curoj

	no of	cases						no. of entities fined				amount of sanctions									
	initial and secondary public offers	takeover bids	corporate disclosure	relevant shareholdings and shareholders agreements	independent auditing	board of auditors responsability	total	Initial and secondary public offers	takeover bids	corporate disclosure	relevant shareholdings and shareholders agreements	(internal) auditing	board of auditors responsability	total	initial and secondary public offers	takeover bids	corporate disclosure	relevant shareholdings and shareholders agreements	independent auditing	board of auditors responsability	total
2012	5	4	18	17	5	5	54	12	10	18	25	4	14	83	0.9	0.4	0.8	1.3	0.1	0.9	4.4
2013	10	4	11	8	1	4	38	18	4	11	26	1	18	78	1.8	0.6	1.1	0.6		4.1	8.2
2014	6		12	9	5	8	40	53		13	9 ²	9	38	122	2.1		0.3	0.5	1.0	1.1	4.9
2015	5		24	4	3	12	48	22		24	4 ³	3	74	127	0.6		0.3	0.1	0.5	2.8	4.3
2016	3		10	1	6	4	24	4		10	1	6	12	33	0.2		0.3		1	0.5	2.1
2017	18		16	5	5	4	<i>48</i>	160		16	5	5	11	197	7.8		1.9	0.4	0.6	0.3	11.0
2018	21	1	1	1	6	3	33	50	1	1	4	6	8	70	3.3		0.2	0.3	1.1	0.3	5.2

Source: Consob. Rounding may cause deviation from total figure.

Regulatory activity VI

1 Transposition of European directives and regulatory activity

The year 2018 saw Consob engaged in both the regulatory production process at primary level, as part of the usual support to the Ministry of Economy and Finance (MEF), and in the preparation of secondary regulation.

In 2018, the completion of the process of adaptation of the national legislation, through Legislative Decree of August 10, 2018, no. 107, to the provisions of Regulation (EU) no. 596/2014, on market abuse (Market Abuse Regulation – MAR), which came into effect on July 3, 2016, had a central role.

The legislative decree amended the provisions concerning the role of Consob, strengthening its investigative powers and extending the application of disclosure supervision to issuers whose financial instruments are traded on a multilateral trading system or on an Italian organised trading system, in line with the extension of the scope of application put in place by the aforementioned regulation.

Consob also provided its technical support when issuing Legislative Decree of May 21, 2018, no. 68, implementing Directive (EU) 2016/97, relating to insurance distribution.

During 2018, together with IVASS, the disclosure obligations and the rules of conduct for the distribution of insurance investment products were revised, in order to introduce a uniform secondary regulation, regardless of the distribution channel used. The coordination between the two Authorities led to the amendment of the Issuers' Regulation, eliminating the regulation on the public offering of financial products issued by insurance companies and the obligation to publish a bid prospectus for these products according to the Frameworks of the Issuers' Regulation. Following these changes, from January 1, 2019 the pre-contractual documentation relating to insurance investment products to be made available to the investor is based on two documents: the KID, governed by the PRIIPs Regulation, which illustrates the key elements of the product, and the Additional pre-contractual information document prepared by IVASS.

Consob has contributed to the preparation of Legislative Decree of February 13, 2019, no. 19, containing the amendments to the national legislation for compliance with the provisions of Regulation (EU) 2016/1011, which governs the indices used as a reference in financial instruments, financial contracts or to measure the performance of investment funds (the so-called Benchmark Regulation), as well as the Regulation (EU) 2015/2365, on the transparency of securities financing transactions and of reuse (Securities Financing Transactions Regulation – SFTR).

The Benchmark Regulation governs the production of benchmarks (or financial indices) and the contribution of input data for the determination of benchmarks, as well as the use of benchmarks in the EU territory by supervised subjects in the performance of their activities.

The decree identified Consob as the national competent authority to supervise the managers of benchmarks as well as the data contributors; in relation to the supervision of the latter, considering the relevance of some benchmarks for financial stability, Consob has been supported by the Bank of Italy for the purpose of participating in boards of supervisors. The supervision of the users of benchmarks has been divided between Consob, Bank of Italy, COVIP and IVASS, each for the sector of its competence.

The SFTR Regulation intends to implement a harmonised legal framework with regard to transparency in the use of securities financing transactions, as transactions that take place outside the regulated banking system, in sectors in which credit intermediation is carried out similarly to banking intermediation (so-called shadow banking system), a harbinger of risks and interconnection between similar markets.

With regard to the adaptation of national legislation to the SFTR, the decree intervened on the provisions introduced as a result of the adaptations required in domestic legislation by Regulation (EU) no. 648/2012 (EMIR). With regard to the new obligations prescribed by the SFTR, in line with the division of institutional duties defined with the implementation of EMIR, the Bank of Italy, Consob, IVASS and COVIP have competence over the subjects supervised by them, while Consob is the competent authority in respect of non-financial counterparties not subject to the supervision of another authority.

The decree has therefore incorporated the sanctioning system envisaged by the two European Regulations into the Consolidated Law on Finance, also providing for alternative administrative sanctions to the fine.

Furthermore, Consob has provided its technical support to the MEF during the preparation of the draft decree for the implementation of Directive (EU) 2017/828 of the European Parliament and of the Council, of May 17 2017, which amends Directive 2007/36/EC relating to the exercise of certain rights of shareholders of listed companies (Shareholder Rights Directive).

During 2018, Consob adopted the amendments to the Issuers' Regulation, in order to exercise the right, provided for by Regulation (EU) 2017/1129, concerning the identification of the threshold, between 1 million euros and 8 million euros, below which public sale or subscription bids are exempt from the obligation to publish a prospectus.

Among the various intervention options submitted to the market, based on the regulatory powers attributed by the Consolidated Law on Finance, it was decided to raise the threshold envisaged by the Issuers' Regulation for the prospectus obligation from five to eight million euros. This with a view to simplifying the regulatory framework and achieve proportionality of the obligations for the interested parties. This change made it possible to make the most of the flexibility provided by the Prospectus Regulation, with a positive impact on the reduction of costs of access to the capital market for small and medium-sized enterprises, without resulting in a significant reduction in the degree of protection for shareholders to whom the bid is addressed, taking into account both the reduced number of bids affected by the change and the new investor protection instruments recently introduced by the MiFID regulation and that can be activated even without the publication of a prospectus.

With resolution no. 20267 of January 18, 2018, Consob adopted the Regulation implementing Legislative Decree of December 30, 2016 no. 254 relating to reporting information of a non-financial nature.

The Regulation issued by Consob provides for a diversified regime for the publication and direct sending of NFDs, depending on whether the company that prepares it is listed on a regulated market or has financial instruments widely distributed among the public.

In February 2018, the activity of transposing Directive 2014/65/EU (MiFID II) into domestic legislation was completed, as well as the adaptation to the provisions of Regulation (EU) no. 600/2014 (MiFIR), in the area of investment services, with the issue of the new Intermediaries' Regulation (adopted with resolution 20307 of February 15, 2018) and the simultaneous repeal of the previous Regulation, adopted with resolution no. 16190 of October 29, 2007.

With the reform of the Regulations on intermediaries, markets and equity crowdfunding, the provision referred to in art. 4-*undecies*, par. 4 of the Consolidated Law on Finance, which regulates the systems for reporting violations in the financial sector (internal whistleblowing), was simultaneously implemented.

With Resolution no. 20570 of September 4, 2018, Consob adopted the new Regulation containing the provisions for the implementation of Legislative Decree no. 231/2007, for independent auditors and audit firms with auditing appointments on public-interest entities or on entities subject to an intermediate regime, in the matter of preventing and combating the use of the economic and financial system for money laundering purposes and terrorist financing.

2 Additional regulatory interventions

Resolution no. 20621 of October 10, 2018, implements the definition of listed small and medium size issuers, contained in the Consolidated Law on Finance, and revises the regulations applicable to issuers of financial instruments widely distributed among the public.

On the subject of market abuse, on September 21, 2018 Consob published a consultation document on proposals to modify or terminate the three accepted market practices (AMPs) – currently in force on a temporary basis pursuant to art. 13, par. 11, of the MAR regulation – in order to make them consistent with the new European and national regulatory framework deriving from the MAR, from the related delegated Regulation (EU) 2016/908 and from the Legislative Decree no. 107/2018

Between 2009 and 2012, Consob had admitted three accepted market practices, relating, respectively, to the activity of supporting market liquidity, purchase of own shares to set up a shares warehouse position and for the buyback of bonds at predetermined conditions.

On August 13, 2018, the process for issuing the new single measure on post-trading by Consob and the Bank of Italy, regulating central counterparties, central depositories and centralised management, which has replaced the measure of February 22, 2008, was concluded.

The legislative intervention was necessary following the adoption of Legislative Decree of August 12, 2016, no. 176 adapting the national legislation to Regulation (EU) no. 909/2014, relating to the improvement of securities settlement in the European Union and to central securities depositories (CSDR), and to complete the adjustment to the provisions of Regulation (EU) no. 648/2012 on OTC derivatives, central counterparties and trade data repositories (EMIR), which achieved an organic reorganisation of the post-trading discipline in the Consolidated Law on Finance.

The new regulatory text includes the provisions of the 2008 provision in line with the rules established by EMIR, CSDR and second level European regulations, or in any case not amended by the application of the aforementioned regulatory acts.

Investor protection VII

1 Financial education

Financial knowledge in Italy remains inadequate, as confirmed by the Consob Report on financial investments of Italian households for 2018. Low financial skills can make retail investors vulnerable to the complexity of the choices they are required to make every day.

These data emphasise the need to intervene in a structured way to raise the culture and quality of retail investors financial decisions. The financial education activities carried out in 2018 confirm the commitment undertaken by Consob in this area.

In line with the strategic guidelines adopted by the Committee for planning and coordinating financial education activities (hereinafter the National Committee), Consob has worked to establish a stable, sustainable and replicable service infrastructure. The Commission has dedicated itself, in particular, to training educators (such as school teachers) and to creating flexible teaching modules that can be adapted to the needs of the recipients. The evidence based approach was also strengthened, starting from behavioural analysis and interdisciplinary research for the definition of content intended for differentiated sections of the population and nontraditional educational tools (such as theatrical performances and interactive games). Finally, in line with a highly inclusive approach, the Commission is committed to constantly expanding and articulating the scope of the training activities and the subjects involved, both as promoters and as recipients.

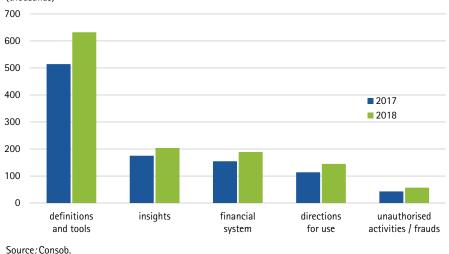
During 2018, in particular, the second edition of World Investor Week (WIW 2018) was held, promoted by IOSCO and coordinated in Italy by Consob, and the first edition of Financial Education Month, an event promoted by the National Committee.

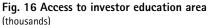
During the Financial Education Month, discussion and analysis meetings were organised in many universities, the new version of the investment simulation game developed with the University of Trento was launched on the institutional website along with the experimental project 'Finance on stage' which, in line with the edutainment approach, combines education and entertainment. Finally, the pilot project for high schools was activated in collaboration with the Regional School Office of Lombardy.

The plan of activities for the three-year period 2019-2021 aims at continuing and extending the work carried out by the Commission in recent years and upholds the basic indications of the operational programme of the National Committee, through which the national Strategy is implemented for financial as well as insurance and retirement planning education.

For the near future, it is planned to develop new modules and interactive tools for digital education and the review of the contents of the Consob website dedicated to financial education, which will continue to constitute a collection and consultation point for information materials.

During 2018, there were more than 1.2 million accesses to this area, concentrated, in particular, on the 'Basics and tools' pages that feature videos, tests and interactive tools, such as the budget planner and the simulation game developed in collaboration with the University of Trento. The game, called '*App...rendimento*' ('Learn and Earn'), allows you to simulate an investment and understand which cognitive and behavioural mistakes ('traps') can influence investors choices, jeopardising the outcomes (Fig. 16).





Consob also contributes to the ongoing debate at international level on financial education issues, actively participating in the International Network on Financial Education (INFE) of the OECD and the *Committee no. 8 on Retail Investors* of the IOSCO (IOSCO C8).

2 Complaints management

During 2018, the number of complaints received by Consob amounted to 2,866, compared to the 2,287 received in the previous year (+ 25.3 percent; Tab. 32).

Tab. 32 Complaint management

(year-end	data)
-----------	-------

	received complaints	accepted complaints	
	total	total	as a percentage of total
2014	1,506	940	62
2015	1,762	1,372	78
2016	4,354	3,907	90
2017	2,287	1,948	85
2018	2,866	2,510	88

Source: Consob. Figures may include a number of complaints still under review.

Of the complaints received, 88 percent were admissible, while the remaining part concerned matters not within the competence of Consob.

Of the 2,866 complaints, seven were classified as 'qualified', i.e. they were sent to Consob pursuant to art. 4-*undecies* and 4-*duodecies* of the Consolidated Law on Finance (whistleblowing) or pursuant to the Implementing Directive (EU) 2015/2392 relating to Regulation (EU) no. 596/2014 on market abuse.

Moving on to examine the type of entities to which the prosecutable complaints referred, as in previous years banks remain the main subject reported, with an incidence of 53 percent of the total. Furthermore, the increase in the number of complaints relating to unauthorised parties involved in investigations of misconduct is confirmed (517, compared to 493 in 2017, for a total of 629 reported subjects; Fig. 17).

With regard to the topic of the prosecutable complaints, there is a significant number of complaints received by Consob regarding investment transactions in diamonds (464 complaints) and there is a prevalence of complaints relating to anomalies in the provision of investment services or to the unauthorised provision of such services.

In detail, 1,545 reports were received concerning alleged anomalies in the provision of investment services; 634 relating to persons purported to have provided abusive investment services; 97 reports regarding corporate information (down from 276 reports in 2017).

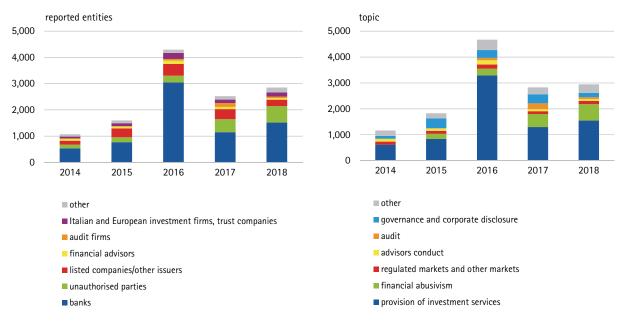


Fig. 17 Prosecutable complaints breakdown by reported entity and topic

Source: Consob. Total number of complaints may exceed the number of received complaints because each of these can refer to more than one entity/matter. With reference to involved entities, the category 'listed companies/other issuers' includes: companies issuing widely held securities, foreign issuers of securities listed in Italy and issuers of securities traded on multilateral trading facilities; 'Italian and European investment companies, trust companies' includes both European investment firms with a branch and those without a branch in Italy; 'other' includes: insurance companies, AMC, companies operating regulated markets, companies that are no more listed, foreign collective investment managers, offering entities, equity crowdfunding platform operators. The topic 'financial abusivism', introduced from January 2015, includes both the unauthorized provision of investment services, previously part of 'investment service provision', and the unauthorized offers, previously included in 'other'. The category 'other' includes the complaints referred to: company extraordinary transactions, administrative procedures of the intermediary, public offer for subscription and sale, takeover and/or exchange bid, central depository and dematerialization, equity crowdfunding.

3 The activity of the Alternative Financial Dispute Resolution Body

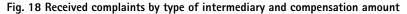
During 2018 the Alternative Financial Dispute Resolution Body (ACF) – established by Consob with resolution no. 19602/2016 and operational from January 9, 2017 – consolidated its role as a body for the out-of-court resolution of financial disputes between retail investors and intermediaries, in case of violation by the latter of the duties of diligence, fairness, information and transparency in the provision of investment services and collective asset management.

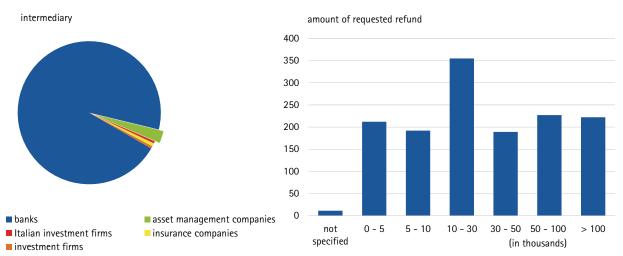
In the period between January 1, 2018 and December 31, 2018 the ACF received 1,824 appeals. The distribution of appeals on a monthly basis is more homogeneous than in the previous year when extraordinary events, such as those which occurred in the second quarter, led to a significant peak of appeals mainly for the known events of Banca Popolare di Vicenza and Veneto Banca and, on July 19, the revocation of the authorisation for the exercise of banking activity by the European Central Bank.

Even the geographical distribution of the claimants, which in 2017 reflected an imbalance to the benefit of the regions of the North-East, due to both the unequal distribution of wealth throughout the national territory and the aforementioned events of the two banks, in 2018 appears more homogeneous, with appeals equally divided between the various areas of the country.

As at December 31, 2018, a total of 88 intermediaries were involved during the year, mainly banks (Fig. 18). Since the start of the ACF's operations (January 9, 2017), a total of 137 intermediaries have received appeals.

With regard to the value of the compensation requested in the appeals deemed eligible and admissible (equal to 1,408), the maximum amount was 500 thousand euros, corresponding to the maximum threshold within which the ACF is competent; the average amount was around 59 thousand euros, while the total value of the requested refunds was just under 83 million euros.





Source: Alternative Financial Dispute Resolution Body.

In 2018 the ACF Board held 44 meetings and adopted 1,071 decisions: 828 of acceptance, in whole or in part, of the appeal and 243 of rejection. In more than 77 percent of the cases, therefore, the decision was wholly or partly favourable to the claimant, to whom compensation was recognised for a total amount of over 36 million euros, with an average of about 40 thousand euros per appeal.

In the last months of the year, due to the entry into force of new legislation, the activity of the ACF was concentrated on the claims submitted by investors involved in the bankruptcy of two Venetian banks in liquidation and of four banks already in resolution.

On the whole, considering both the legislator-approved compensation and those that have found direct and voluntary execution on the part of the intermediaries involved from time to time, the claimants mostly received a response to their requests.

In line with last year, the appeals received mainly concerned advice services and execution of orders on behalf of customers, having regard above all to cases of breach of disclosure obligations, assessment of adequacy/appropriateness of the investment and, more in general, the efficient performance of the service for the purpose of better pursuing the interests of the investor.

Considering the data referred to above, it can be said that in 2018 the ACF continued and developed its activity consolidating the role of alternative dispute resolution body for investor protection.

The ACF is also affirming itself as an alternative jurisprudential reference point, as with its own rulings it also aims to provide guidance for the conduct of intermediaries in customer relations. In fact, the published decisions represent a compass for operators, who are required to take this into account not only, as expressly foreseen, when dealing with complaints submitted by customers, but also in order to raise the quality of the relative procedures and, above all, in the phase of negotiations in preparation for the conclusion of the contract for the provision of investment services as well as in the subsequent phase of execution.

The best practices identified by the ACF can also guide the investors themselves in order to redirect their behaviour towards greater responsibility and awareness in relations with intermediaries.

A more active role of the investor in deciding whether and how to invest his savings, on the one hand, and a more substantial compliance with the rules by intermediaries, on the other hand, are indispensable factors to trigger the change towards mutual transparency and trust.

Back-office activities and VIII international cooperation

1 Financial management

The total final expenditure for the 2018 financial year (164.9 million euros) increased by 33.2 million euros compared to the final figure of the previous year (Tab. 33).

Tab. 33 Revenues and expenditure

(year-end data; millions of euro)

items		2012	2013	2014	2015	2016	2017	2018 ²
EXPENDITURES								
current expenditure								
Commission members		2.3	1.2	0.7	0.8	1.3	1.4	1.5
staff		88.1	88.3	88.7	90.8	92.9	96.3	101.5
goods and services		16.0	16.1	13.9	13.7	14.7	14.5	15.5
property refurbishment		3.7	4.8	5.7	5.0	9.8	12.7	38.8
provisions for legal risks		1.0	0.0	0.0	0.0	0.0	1.9	3.9
other expenditures		3.0	0.3	2.5	2.7	2.8	0.8	1.2
	total current expenditure	114.1	110.7	111.5	113.0	121.5	127.6	162.4
capital expenditure		4.4	3.3	0.8	2.9	2.5	4.1	2.5
	total expenditure	118.5	114.0	112.3	115.9	124.0	131.7	164.9
REVENUES								
previous year surplus ¹		14.3	18.3	13.7	14.0	15.0	12.1	5.9
state funding		0.4	0.0	0.0	0.0	0.3	0.2	25.3
supervisory fees		108.9	98.0	99.9	108.9	108.3	111.6	148.0
other revenues		12.2	10.4	8.6	8.7	11.0	13.4	11.8
	total revenues	135.8	126.7	122.2	131.6	134.6	137.3	191.0

Source: Consob. ¹ The surplus results from the difference between total revenue and total expenditure and the difference deriving from the management of residual assets and liabilities. The 2017 surplus including the amount in the 'Fondo pluriennale vincolato' is recorded among 2018 revenues. ² Provisional data.

In particular, current expenditure (162.4 million euros) increased by 34.8 million euros, while capital expenditure (2.5 million euros) decreased by 1.6 million euros.

The increase in current expenditure is mainly linked to the increase in staff expenses and provisions for risks and charges. Capital expenditure, amounting to 2.5 million euros, is essentially attributable to the acquisition of hardware and software products.

Total revenues in 2018 (net of the 2017 budget surplus) amounted to 185.1 million euros. Of these, 148 million (80 percent) came from supervisory contributions. Contribution revenue mainly refer to the following categories: individuals who solicit public savings, issuers, intermediaries (banks, investment firms and stockbrokers), audit firms and independent auditors (Tab. 34).

Tab. 34 Fees breakdown by category of supervised entities (millions of euro)

	investment firms and stockbrokers	banks	audit firms	financial advisors	market operators ¹	issuers	UCITs ²	entities soliciting retail investment	other	total supervisory fees
2012	1.4	17.7	12.7	4.9	5.7	23.5	10.4	30.5	2.1	108.9
2013	1.5	16.2	12.5	4.7	5.2	22.5	8.8	23.9	2.7	98.0
2014	2.6	17.1	12.9	4.7	5.3	22.5	9.5	23.5	1.8	99.9
2015	2.8	17.1	12.5	4.9	5.5	27.6	11.0	25.5	2.0	108.9
2016	2.8	18.6	12.2	5.1	5.5	26.5	12.5	23.3	1.8	108.3
2017	2.9	21.1	13.0	5.5	5.5	29.3	15.0	15.9	3.4	111.6
2018	3.4	25.5	16.5	5.5	6.5	38.3	20.2	29.7	2.4	148.0

Source: Consob. ¹ Including Borsa Italiana, MTS Spa, Cassa di compensazione e garanzia Spa, Monte Titoli Spa and Organismo dei consulenti finanziari. ² Including supervisory fees payed by individual portfolio management provided by asset management companies (AMCs).

2 The internal organisational and functional set up

In 2018, in implementation of art. 22, par. 7, of the Decree Law no. 90/2014 converted into law 114/2014, Consob and the Italian Antitrust Authority (AGCM), following the agreement signed at the end of 2014 and the consequent implementing agreements of 2015-2017, signed the Agreement aimed at defining the activities and procedures to be jointly managed for the year 2018.

In November 2018, a Memorandum of Understanding was signed with the Bank of Italy and the AGCM " *for the definition of joint procurement strategies for the acquisition of works, services and supplies* ", by resorting to the specific case of joint tender pursuant to art. 37, par. 10, of Legislative Decree no. 50/2016 for all the requirements of common interest, in line with the recent provisions on public procurement, which provide for streamlining measures in the operations of the contracting authorities currently operating at national level. The MoU provides for the identification of a 'Joint Purchase Plan' for each year.

3 Human resource management

At the end of 2018 the Commission's staff stood at 664 units (55 more than in 2017). Against 13 terminations of service during the year, 68 recruitments were carried out through competitive procedures started the previous year (three graduates in economics with experience in the field of auditing, 36 graduates in economics, 24 graduates in legal disciplines and four graduates in computer science (Tab. 35).

During the year, following the termination of the manager's contract as General Secretary, a similar contract was entered into for his replacement.

	as of 31 Decembe					fixed-term	total
		permanent positi	UIIS				lolai
_		managers and middle managers	white collars	other employees	total	positions ¹	
	2012	278	276	21	575	52	627
	2013	317	232	17	566	52	618
	2014	349	198	13	560	54	614
	2015	365	180	13	558	48	606
	2016	400	183	13	596	7	603
	2017	429	159	14	602	7	609
	2018	446	203	12	661	3	664

Tab. 35 Human Resources

Source: Consob. ¹ Figures include personnel seconded to Consob from other entities.

As for smart working, during the year the number of remote working positions further increased (from 39 in 2017 to 49).

With reference to staff training, priority was given to initiatives on subjects of collective and specialist interest, with the participation of external teachers, directed at broad categories of employees. Without prejudice to the quality and continuity of the training activity, use was also made of video streaming, obtaining appreciable benefits in terms of cost reduction.

During 2018, as part of agreements with Italian universities, 20 paid internship finalised to training and orientation were offered to young people holding a recently earned graduate or postgraduate degree.

4 Information systems

In 2018, initiatives undertaken the previous year continued, aimed at increasing the efficiency of the information systems instrumental to the supervisory activity. With reference to technical projects, the creation of IT tools for the analysis of transaction reporting data was completed.

The new Agreement with Borsa Italiana was also stipulated for the supply of IT services for market surveillance (including the ARGO service): the Agreement will ensure the necessary continuity until the indirect surveillance system is implemented.

The fairness of the fees of the Agreement, was discussed with the Agency for Digital Italy.

The study of the new information analysis system contained in the KIDs of the PRIIPs (Key Information Documents of Packaged Retail and Insurance-based Investment Products) was launched, which is expected to make use of innovative artificial intelligence software technologies (machine learning and text mining) for the automatic interpretation of text semantics. The analysis of the new Prospectus Regulation is also under way in order to implement the regulatory adjustments necessary by July 2019 (date of entry into force of the new legislation).

In the IT infrastructure sector, 2018 saw the construction of important server extensions and the adoption of new engineered systems for managing databases (so called supercluster), as well as the implementation of a broad programme for updating the storage systems of networks and security systems.

Centralising ESMA's responsibility for supervisory matters will involve a greater commitment to the development of common IT systems, necessary to support the vast tasks of the European Authority and to facilitate cooperation with national authorities.

5 External relations, conferences and studies

In the context of relations with the public, during 2018 the website proved to be the main tool for institutional communication with the public: the high number of accesses, as compared to previous years, confirms the importance of the instrument for the acquisition of data and information both by operators (to whom the 'Services for operators' section is dedicated) and by students, scholars and retail investors (to whom the sections 'Consob and its activities' and 'Financial education' are devoted; Tab. 36).

Tab. 36 Number of accesses to Consob website (thousand)

section	2012	2013	2014	2015	2016	2017	2018
home page (what's new)	1,305	1,178	904	1,601	1,505	1,347	1,759
for investors	180	159	220	460	475	833	888
for supervised entities	340	271	218	380	390	413	443
for journalists	6	4	5	9,5	9	10	10
Consob	1,160	968	703	705	680	852	949
issuers	3,119	2,706	1,283	1,883	1,785	1,382	2,596
intermediaries and markets	1,088	988	771	987	957	1,200	2,000
Consob decisions / newsletter	982	891	476	531	612	732	863
regulation	2,100	1,618	730	1,436	1,341	1,621	1,567
publications and press releases	188	126	55	45	195	404	400
links to other websites	4	5	3	9	10	14	19
help and site map	10	7	4	19	57	42	40
English site	340	343	532	762	901	473	1,169
transparency ¹	_	-	168	229	241	255	182

Source: Consob processing of Google Analytics data. ¹The page 'transparency' was first published on March 2014.

As in the past, there have been numerous written requests for assistance as well as reports on events concerning corporate operations and the market. Of the total 2,400 requests received by Consob from the public and retail investors, approximately 1,340 were sent via the Integrated System for External Users (SIPE) and the form available therein (Tab. 37).

Tab. 37 Request of documents and information on Consob activity

	applicants			applications bre	akdown			
	institutional investors, intermediaries, operators	retail investors, students, other	total	resolutions, communications, prospectuses	amended laws and regulations	data and information	other	total
2012	321	1,394	1,715	183	275	801	456	1,715
2013	340	1,265	1,605	175	260	830	340	1,605
2014	346	1,254	1,600	180	258	810	352	1,600
2015	542	1,260	1,802	194	240	1,008	360	1,802
2016	548	1,502	2,050	210	230	1,160	450	2,050
2017	591	1,410	2,001	221	250	1,110	420	2,001
2018	880	1,520	2,400	240	235	1,515	410	2,400

Source: Consob.

Consob has continued to meet school and university students; since 2017 it has participated in company apprenticeship projects, hosting young people from the last three years of high school and carrying out projects in line with their study plans, in agreement with teachers.

In 2018 the Commission, as usual, has published numerous studies with which it contributes to the debate on economics, finance and law involving institutions, academia and industry.

With reference to the activity aimed at organising training meetings and conferences, in addition to the financial education schemes illustrated in the previous Chapter VII 'Investor protection', Consob has promoted multiple opportunities for discussion and analysis open to an audience of operators and experts.

6 International cooperation

In 2018 Consob committed itself to international cooperation activities with the authorities of other Member States and third countries aimed at facilitating the performance of their respective functions in the context of increasing integration of financial markets (Tab. 38).

In particular, 100 requests for assistance to foreign authorities have been made to support the Commission's activities, mainly in matters of abusive offer and intermediation activity, and market abuse. Consob also exchanged information with the ECB in relation to banks subject to the supervision of both authorities.

The requests for assistance received from EU and non-EU authorities (67) mainly concerned the assessment of the requirements of shareholders or company representatives of investment firms and other foreign intermediaries.

EU assistance is provided in compliance with the obligations deriving from EU legislation, in accordance with the ESMA Guidelines on cooperation agreements and information exchange and the multilateral agreement annexed to them which governs cooperation for supervisory and enforcement purposes. Cooperation with non-EU authorities is provided in accordance with the provisions of the IOSCO multilateral agreement, which includes 141 signatories.

Tab. 38 Exchange of	information between	Consob and fo	preign supervisory	authorities

topic	2012	2013	2014	2015	2016	2017	2018
Requests to foreign authorities							
insider trading	16	12	21	65	68	56	15
market manipulation	14	11	15	10	12	10	9
unauthorised public offerings and provision of investment services	33	42	26	27	21	26	28
transparency and corporate disclosure		2	1	1	1	23	20
relevant shareholding in listed companies and authorised intermediaries	1	1	0	1			
integrity and professional requirements	1	1	2	3	1	2	1
infringement of rules of conduct	1	8	3	3	1	2	
short sales			2	1	8	1	
requests to remote member pursuant to art. 80 MIFID II (previously art 57 MIFID)	67	97	70	51	89	38	10
provision of cross border investment services			5	8	7	11	17
tota	133	174	145	170	208	169	100
Reports to foreign authorities							
suspicious transactions	9	3	9	12	23	32	21
unsolicited assistance	-	-	20	16	23	58	15
tota	/ 9	3	29	28	46	90	36
Requests from foreign authorities							
insider trading	9	7	17	15	21	23	3
market manipulation	5	1	3	2	1	1	1
unauthorised public offerings and provisions of investment services	2	1	2	1	2	2	2
transparency and corporate disclosure				1	1		1
relevant shareholding in listed companies and authorised intermediaries							
integrity and professional requirements	30	38	65	62	43	44	45
infringement of rules of conduct	1						
short sales						1	
requests to remote member pursuant to art. 80 MIFID II (previously art 57 MIFID)	1						
audit							15
tota	/ 48	47	87	81	68	71	67
Reports received from foreign authorities							
suspicious transactions	22	41	40	59	55	95	141
unsolicited assistance	-	-	8	6	6	6	3
						0	

Source: Consob.

Contents

Annual Report 2018

Consob activity

I

Ma	arkets supervision	
1	Domestic trading venues	5
	1.1 The stock market	5
	1.2 The EtfPlus market	6
	1.3 The IDEM market	7
	1.4 The SeDeX market	8
	1.5 Bond markets	8
2	Supervision of trading platforms	9
3	Supervision of trading and market integrity	11
	3.1 Supervision on transparency and orderly trading	11
	3.2 Supervision of admission, suspension, exclusion and revocation of financial instruments	13
4	Supervision of post-trading and OTC derivatives	13
5	Supervision of short selling	14
6	Supervision of the dissemination of company studies an ratings	d 14
	6.1 Research and investment recommendations	14
	6.2 Ratings	15
7	Supervision of market abuse	15
	7.1 Prevention	15
	7.2 Repression	16
	7.3 Representation in court	18

II Supervision of issuers and audit firms

1	Disclosure on the ownership structure	19
2	Takeover bids and exchange tender offers	20
3	Supervision of transactions with related parties	23
4	Supervision of corporate governance and internal supervisory bodies	25
5	Supervision of audit firms	27

III Supervision of corporate disclosure

1	Supervision of public offerings and admission to trading of equity instruments	31
2	Supervision of public offerings and admission to trading of non-equity instruments	32
3	Supervision of corporate information	35
	3.1 Accounting information	36
	3.2 Banking and insurance sector	37

IV Supervision of intermediaries

1	Subjects authorized to provide investment services	39
2	Supervision of banks and investment firms	40
3	Supervision of asset management companies	42
4	Supervision of financial advisors	45
5	Body for supervision and keeping of the single register of Financial Advisors (OCF)	47
6	Supervision of equity crowdfunding portals	47

V Inspection activity and sanctions

1	Inspectio	ns	49				
2	Supervision for the prevention of money laundering and terrorist financing						
3	Investiga	tions and measures for illegal activities	52				
	3.1 Inve	stigations	52				
	3.2 Mea	isures	53				
4	Sanction	ing measures	54				
	4.1 Mea	sures concerning market abuse	55				
	4.2 Mea	sures related to financial intermediaries and advisors	56				
	4.3 Mea	sures relating to issuers	57				

VI Regulatory activity

1	Transposition of European directives and regulatory activity	59
2	Additional regulatory interventions	62

VII Investor protection

1	Financial education	63
2	Complaints management	65
3	The activity of the Alternative Financial Dispute Resolution Body	66

VIII Back-office activities and international cooperation

1	Financial management	69
2	The internal organisational and functional set up	70
3	Human resources management	71
4	Information systems	72
5	External relations, conferences and studies	72
6	International cooperation	74