

Decree-Law No. 25 of 17 March 2023 coordinated with Conversion Law No. 52 of 10 May 2023
on: "*Urgent provisions on the issuance and circulation of certain digital financial instruments and the simplification of the FinTech experimentation*"¹

The amendments brought about by Conversion Law No. 52 of 10 May 2023 are highlighted in bold/italics.

TABLE OF CONTENTS

Chapter I - Definitions and scope of application

- Article 1 - Definitions
- Article 2 - Scope of application

Chapter II - Common provisions for the issuance and circulation of digital instruments

- Article 3 - Issuance and transfer of digital financial instruments
- Article 4 - Requirements of the registers for digital circulation
- Article 5 - Effects of entry in the register
- Article 6 - Enforceable objections
- Article 7 - Right to attend general meetings and exercise voting rights
- Article 8 - Payment of dividends, interest and repayment of capital
- Article 9 - Creation of liens
- Article 10 - Corporate books
- Article 11 - Rules applicable in case of banks or investment firms acting in their own name and on behalf of clients
- Article 12 - Issuance information in the register
- Article 13 - Obligations of the party responsible for the register and of the DLT SS or DLT TSS operator
- Article 14 - Transition strategy
- Article 15 - Changes in form and circulation system
- Article 16 - Replacement of a digital financial instrument
- Article 17 - Supervision of means of access to digital financial instruments

Chapter III - Digital financial instruments not registered with a DLT TSS or a DLT SS

- Article 18 - Issuance of digital financial instruments not registered with a DLT TSS or a DLT SS
- Article 19 - List of parties responsible for the registers for digital circulation
- Article 20 - Entry in the list
- Article 21 - Cancellation and suspension from the list
- Article 22 - Significant parties responsible for the register
- Article 23 - Obligations of the party responsible for the register
- Article 24 - Requirements of the party responsible for the register
- Article 25 - Disclosure obligations to Consob
- Article 26 - Liability system
- Article 26-bis - Anti-money laundering regulations

Chapter IV - Supervision of the regulation on issuance and circulation in digital form

- Article 27 - Powers of Consob and the Bank of Italy

¹ Decree-Law No. 25 of 17.3.2023 was published in the Official Gazette - General Series - no. 65 of 17.3.2023 (in force since 18.3.2023). Conversion Law No. 52 of 10.5.2023 with amendments was published in the Official Gazette - General Series - no. 112 of 15.5.2023 (in force since 16.5.2023).

Article 28 - Implementing provisions

Chapter V - Provisions on the application of Regulation (EU) 2022/858

Article 29 - Competent authorities pursuant to Regulation (EU) 2022/858

Chapter VI - Sanctions

Article 30 - Sanctions

Chapter VII - Amendments to the Consolidated Law on Finance and Final Provisions

Article 31 - Amendments to article 1 of the Consolidated Law on Finance

Article 32 - Final Provisions

Chapter VIII - Simplification of the FinTech experiment

Article 33 - Measures to simplify the FinTech experiment

Chapter IX - Financial and final provisions

Article 34 - Financial provisions

Article 35 - Entry into force

Chapter I

Definitions and scope of application

Article 1

Definitions

1. For the purposes *of Chapters II to VII of this Decree* the following shall apply:

- a) "digital form": means the fact that certain financial instruments exist only as entries in a digital circulation register;
- b) "distributed ledger technology" or "DLT": means the technology as defined in article 2, point 1), of **Regulation (EU) 2022/858 of the European Parliament and of the Council**, of 30 May 2022;
- c) "digital financial instruments": means the financial instruments referred to in article 2, paragraph 1, of this Decree entered in a digital circulation register;
- d) "digital circulation register" or "register": means a register as defined in article 2, point 2), of **Regulation (EU) 2022/858** used for the issuance of digital financial instruments pursuant to this Decree;
- e) "issuer": means an entity that issues or intends to issue digital financial instruments;
- f) "DLT market infrastructure": means DLT MTF, a DLT SS or a DLT TSS;
- g) "DLT MTF": means DLT Multilateral Trading Facilities as defined in article 2, point 6), of **Regulation (EU) 2022/858**;
- h) "DLT SS": means a DLT settlement system, as defined in article 2, point 7), of **Regulation (EU) 2022/858**;
- i) "DLT TSS": means a DLT trading and settlement system, as defined in article 2, point 10), of **Regulation (EU) 2022/858**;
- j) "DLT market infrastructure operator": means an investment firm, market operator or CSD specifically authorised in accordance with **Regulation (EU) 2022/858** to operate DLT MTF, a DLT SS or a DLT TSS;
- k) "DLT SS or DLT TSS operator": means the CSD, investment firm or market operator specifically authorised in accordance with **Regulation (EU) 2022/858** to operate a DLT SS or a DLT TSS;
- l) "party responsible for the register": means the issuer, or the third party identified as the party responsible for the register by the issuer, registered in the list referred to in article 19, paragraph 1;
- m) "TUF": means the Consolidated Law of the provisions on financial intermediation referred to in

Legislative Decree No. 58 of 24 February 1998;

n) "TUB": means the Consolidated Law on banking and lending referred to in No. 385 of 1 September 1993;

o) "supervised entities": means the central depositories, banks, investment firms, operators, intermediaries registered in the register envisaged in article 106 of the Consolidated Law on Banking, payment institutions, electronic money institutions, operators of wholesale markets for government bonds, authorised pursuant to the Consolidated Law on Banking or the Consolidated Law on Finance;

p) "group": means the banking group referred to in article 60 of the Consolidated Law on Banking, the group of investment firms referred to in article 11 of the Consolidated Law on Finance, the group of financial intermediaries registered under article 106 of the Consolidated Law on Banking, the group of insurance or reinsurance companies referred to in article 210 of the *private insurance code, pursuant to* Legislative Decree No. 209 of 7 September 2005;

q) "crisis management procedure": means the *termination or* compulsory administrative or court-ordered *liquidation* procedure;

r) "insurance or reinsurance companies": means the companies referred to in article 1, paragraph 1, points t) and cc), of the *code referred to in* Legislative Decree No. 209 of 7 September 2005;

s) "bank": means *the entity* referred to in article 4, section 1, point 1), of *Regulation (EU) No. 575/2013* of the European Parliament and of the Council of 26 June 2013;

t) "central securities depositories" or "CSDs": means the entities referred to in article 2, section 1, point 1), of Regulation (EU) No. 909/2014 *of the European Parliament and of the Council of 23 July 2014*;

u) "MTF": means the multilateral trading facilities referred to in article 1, paragraph 5-octies, point a), of the Consolidated Law on Finance;

v) "operators": means the entities referred to in article 1, paragraph 1, point q-bis), of the Consolidated Law on Finance.

v-bis) "established in Italy": means the entities that have their registered office, branch or secondary office in the territory of the Republic.

2. Unless otherwise specified, the definitions of the Consolidated Law on Banking and the Consolidated Law on Finance apply.

Article 2

Scope of application

1. The provisions *of Chapters I, II, III and V of this Decree* apply with reference to the following categories of financial instruments:

a) the shares referred to in the fifth book, title V, chapter V, section V of the Civil Code;

b) the obligations referred to in the fifth book, title V, chapter V, section VII of the Civil Code;

c) the debt securities issued by limited liability companies pursuant to article 2483 of the Civil Code;

d) the other debt securities whose issuance is permitted under Italian law, *as well as the debt securities, governed by Italian law, issued by issuers other than Italian issuers*;

e) the deposit receipts for bonds and other debt securities of non-domiciled issuers, issued by Italian issuers;

f) the money market instruments governed by Italian law;

g) the shares or units of Italian undertakings for collective investment in transferable securities referred to in article 1, paragraph 1, point l) of the Consolidated Law on Finance.

h) *deleted*.

2. This is without prejudice to the provisions of article 3 of *Regulation (EU) 2022/858*.

Chapter II

Common provisions for the issuance and circulation of digital instruments

Article 3

Issuance and transfer of digital financial instruments

1. The issuance and transfer of digital financial instruments are executed via entries made in a digital circulation register maintained by a party responsible for the register, the operator of a DLT SS or a DLT TSS, ***the Bank of Italy or the Ministry of Economy and Finance or such other entities*** as may be identified under the regulation adopted pursuant to article 28, paragraph 2, point i).

2. Digital financial instruments issued pursuant to this Decree are not subject to the application of the obligations set forth in the implementing provisions of article 83-bis, paragraph 2, of the Consolidated Law on Finance.

Article 4

Requirements of the registers for digital circulation

1. The registers for digital circulation:

- a) guarantee the integrity, authenticity, non-repudiation, non-duplication and validity of the entries attesting ownership and transfer of digital financial instruments and the related liens;
- b) make it possible, to identify at any time, directly or indirectly, the persons/entities in whose favour the entries are made, the kind and number of digital financial instruments held by each, and also make the circulation thereof possible;
- c) allow the person/entity in whose favour the entries are made to access the entries in the register relating to their digital financial instruments at any time and to extract a copy in electronic form for all purposes envisaged by law;
- c-bis) prevent the loss or unauthorised alteration of data and entries relating to digital financial instruments for the entire duration of the entry;***
- d) allow entry of the liens of any kind on the digital financial instruments, in accordance with the provisions of article 9;
- e) guarantee accessibility by ***the "Commissione nazionale per le società e la borsa" (Consob)*** and the Bank of Italy in order to exercise their respective functions;
- f) allow identification for the purposes of article 9 of:
 - 1) the date the lien was established;
 - 2) the digital financial instruments or the type thereof;
 - 3) the nature of the lien and any additional information;
 - 4) the reason for the lien and the date of the transaction being entered;
 - 5) the quantity of digital financial instruments;
 - 6) the holder of the digital financial instruments;
 - 7) the beneficiary of the lien and, where disclosed, the existence of an agreement between the parties in order to exercise their rights;
 - 8) the date of expiry of the lien, if any.

Article 5

Effects of entry in the register

1. Following entry in the register, the person/entity in whose favour the entry is made has full and exclusive entitlement to exercise the rights relating to the digital financial instruments that are the subject thereof, in accordance with the rules governing them and the provisions of this Decree.

2. The person/entity in whose favour the entry in the register is made has title to the digital financial instruments in accordance with the relevant provisions.
3. Verification of the entitlement to exercise the rights attached to digital financial instruments is carried out by the issuer on the basis of the entries in the register.
4. Anyone who has obtained an entry in a register, in his/her favour, of a digital financial instrument, on the basis of a suitable title and in good faith, shall not be subject to claims or actions by previous holders.

Article 6 Enforceable objections

1. When the person/entity in whose favour the entry was made exercises the rights inherent to the digital financial instruments, the issuer may only raise objections that are personal to such person/entity and those common to all the other holders of the same rights.

Article 7 Right to attend general meetings and exercise voting rights

1. The right to participate in the shareholders' meeting and exercise voting rights is determined with reference to the entries in the register recorded at the end of the accounting day identified in the issuer's by-laws *or in the further manner determined with the regulation referred to in article 28, paragraph 2, point g*).

Article 8 Payment of dividends, interest and repayment of capital

1. Notwithstanding article 4 of Law No. 1745 of 29 December 1962, entitlement to payment of profits and other distributions pertaining to digital financial instruments is determined by reference to the entries in the register recorded at the end of the accounting day identified by the issuer.

Article 9 Creation of liens

1. Any lien on digital financial instruments is only created by entry in the register.
2. The party responsible for the register and the DLT SS or DLT TSS operator shall be obliged to comply with any instructions received at the time of creation of the lien with respect to the exercising of rights relating to digital financial instruments.
3. Where the register allows digital financial instruments subject to the guarantee to be replaced by other products of equal value, the date of creation of the lien for the digital financial instruments entered to replace or supplement other instruments is the same as that of the replaced or supplemented digital financial instruments. In this case, the procedure to enter the lien allows the date of individual movements to be identified. At the time of creation of the lien, written instructions in accordance with the agreements with the lien holder regarding the preservation of the integrity of the value of the lien and the exercising of rights over the digital financial instruments subject to the lien shall be given to the party responsible for the register or the DLT SS or DLT TSS operator.

Article 10
Corporate books

1. The issuer must comply with its obligations to update the corporate books laid down in the Civil Code, where applicable, on the basis of the entries in the register.
2. the issuer is allowed to form and maintain a shareholders' register and a bondholders' register through the digital circulation register, including by way of exception to *the methods of maintaining the register provided for* in article 2215-bis of the Civil Code, without prejudice to the provisions of the fifth paragraph of said article.

Article 11
Rules applicable in case of banks or investment firms acting in their own name and on behalf of clients

1. Where the entry in the register is made in favour of a bank or investment firm acting in its own name and on behalf of one or more clients, full and exclusive entitlement to exercise rights follows from an entry in the account opened by the client with the intermediary. Liens on digital financial instruments are created exclusively by entries in the relevant account. Insofar as they are not in conflict, the provisions of articles 83-quater, paragraph 3, and from 83-quinquies to 83-decies of the Consolidated Law on Finance shall apply, notwithstanding the provisions of articles 5 to 9 of this Decree. The issuer must comply with its obligations to update the corporate books laid down in the Civil Code, where applicable, in accordance with the regulations adopted pursuant to article 28, paragraph 2, point g).

Article 12
Issuance information in the register

1. For the purpose of issuing digital shares, the information listed under article 2354 of the Civil Code and the information relating to the limitations on transferring shares referred to in article 2355-bis of the Civil Code shall be unambiguously linked to each digital share and shall be made available electronically in a form that is accessible and searchable at any time, possibly also through the register itself.
2. For the purpose of issuing digital bonds, the information listed under article 2414 of the Civil Code, as well as the terms and conditions of issuance shall be unambiguously linked to each digital bond and shall be made available electronically in a form that is accessible and searchable at any time, possibly also through the register itself.
3. For the purpose of issuing digital debt securities issued by limited liability companies pursuant to article 2483 of the Civil Code, the terms and conditions of issuance shall be unambiguously linked to each debt security and shall be made available electronically in a form that is accessible and searchable at any time, possibly also through the register itself, as well as:
 - a) the equivalent information to that required under article 2414 of the Civil Code;
 - b) the necessary information to identify the professional investor assuming the guarantee pursuant to article 2483, second paragraph, of the Civil Code *and on the amount* thereof;
 - c) the necessary information to identify any additional guarantees **backing** the debt securities.
4. For the purpose of issuing digital debt securities other than those referred to in paragraphs 2 and 3, the provisions of paragraph 3 shall apply insofar as compatible.
5. Amendments to the terms and conditions of issuance relating to the instruments referred to in

paragraphs 2, 3 and 4 shall be promptly made available in the manner indicated in those paragraphs.

6. For the purpose of issuing digital shares or units of undertakings for collective investment in transferable securities:

a) the following information shall be unambiguously linked to each digital share, or fraction thereof, and shall be made available electronically in a form that is accessible and searchable at any time, possibly also through the register itself:

1) the provisions of article 2354, third paragraph, numbers 1), 2) and 5), and numbers 3) and 4) where applicable, of the Civil Code;

2) the company's duration;

3) the type of share, whether registered or bearer, as well as *the class and sub-fund* to which it belongs, if any;

4) the issuance and transfer limits, if any, referred to in article 2355-bis of the Civil Code;

5) the depositary;

b) the following information shall be unambiguously linked to each digital unit and shall be made available electronically in a form that is accessible and searchable at any time, possibly also through the register itself:

1) the name and registered address of the fund manager;

2) the name and type of fund;

3) the date of establishment of the fund and its duration;

4) the type of unit, whether registered or bearer, as well as *the class and sub-fund* to which it belongs, if any;

5) the face value of the units, if any;

6) the depositary;

7) the terms and conditions of issuance.

Article 13

Obligations of the party responsible for the register and of the DLT SS or DLT TSS operator

1. The party responsible for the register and the DLT SS or DLT TSS operator guarantee that the register complies with the characteristics *prescribed by this decree* and its implementing provisions.

2. The party responsible for the register and the DLT SS or DLT TSS operator guarantee:

(a) the correctness, completeness and continuous updating of the facts relating to issuance information;

(b) the integrity and security of the system, whilst also taking into account the need to combat money-laundering of the proceeds of unlawful activities, as a result of the issuance and transfer of the digital financial instruments referred to in article 3, paragraph 1, on the basis of an eligible security.

Article 14

Transition strategy

1. A clear, detailed and publicly available strategy for transferring entries from one register to another or to change the form and circulation system of the digital financial instruments shall be associated with each issuance of digital financial instruments not registered with a DLT SS or a DLT TSS, in the event that another register is not available, that is eligible for implementation in the event of termination of the register or cancellation from the list pursuant to article 21. The party responsible for the register shall assess the effectiveness of the strategy at least every six months and adopt the necessary and appropriate measures and procedures to that end.

2. Where it is not possible to implement the transfer of the entries referred to in paragraph 1, the issuer shall carry out the necessary transactions to change the form and circulation system of the digital financial instruments on the basis of the entries in the register recorded at the time of termination or cancellation, or ***on the basis of data recorded pursuant to article 23, paragraph 2, point b)***, in case of unavailability of the entries in the register. The person/entity who is entitled on the basis of the aforementioned entries will also be entitled under the new form and circulation system, in accordance with the provisions of the Civil Code or the Consolidated Law on Finance.

3. In the event of implementation of the transition strategy adopted by the DLT SS or DLT TSS operator in accordance with article 7, section 7, of ***Regulation (EU) 2022/858***, the operations necessary for the change in the form and circulation system of the digital financial instruments shall be carried out on the basis of the register entries recorded at the time of the revocation, suspension or cessation of activity. The provisions of the second sentence of paragraph 2 apply.

4. In the cases referred to in paragraph 2, the issuer shall be entitled to carry out the necessary transactions to change the form and circulation system of the digital financial instruments even if not expressly provided for in the by-laws.

Article 15

Changes in form and circulation system

1. Other than in the cases referred to in article 14, the issuer may resolve on a change in the form and circulation system of the digital financial instruments belonging to the same issue provided that the by-laws or the terms and conditions of issue so permit. The issuer shall carry out the necessary transactions for the change in form and circulation system of the digital financial instruments on the basis of the register entries recorded on the date indicated in the resolution. Article 14, paragraph 2, second sentence shall apply.

2. An issuer of financial instruments originally subject to a different circulation system may resolve to convert them into digital financial instruments as referred to in this decree, provided that the by-laws, or the terms and conditions of issue, so permit and that all the financial instruments belonging to the same issue are converted.

Article 16

Replacement of a digital financial instrument

1. Any person entitled pursuant to article 5 who notifies the party responsible for the register or the DLT SS or DLT TSS operator that he/she cannot dispose of the digital financial instruments shall be entitled to obtain, at his/her own expense, a new entry in his/her favour, to replace the original entry.

2. As from the time of the new entry, the original entry will cease to produce the effects envisaged in articles 5, 6, 7, 8 and 9.

Article 17

Supervision of means of access to digital financial instruments

1. ***Unless*** otherwise provided for by further legal provisions, the means of access to digital financial instruments ***including*** in the form of private cryptographic keys, may be controlled ***exclusively*** by the holder of the digital financial instrument, or by the party responsible for the register, the DLT market infrastructure operator, banks and investment firms on behalf of the holder of the digital financial instrument.

Chapter III

Digital financial instruments not registered with a DLT TSS or a DLT SS

Article 18

Issuance of digital financial instruments not registered with a DLT TSS or a DLT SS

1. The issuance of digital financial instruments is permitted only on registers maintained by parties responsible registered in the list mentioned in article 19.
2. Each issuance is entered on a single digital circulation register. A single party responsible for the register is associated with each register.
3. On the occasion of each issuance, the issuer:
 - a) notifies Consob of its characteristics and the relevant party responsible for the register, as well as such further information as may be identified in the regulation referred to in article 28, paragraph 2, point f);
 - b) makes available the information referred to in Article 23, paragraph 3, to subscribers.
4. The provisions *of this chapter* do not apply to the Bank of Italy and the Ministry of Economy and Finance.

Article 19

List of parties responsible for the registers for digital circulation

1. The following may be entered on the list of parties responsible for the registers for digital circulation, as laid down in article 20:
 - a) banks, investment firms and market operators established in Italy;
 - b) financial intermediaries registered in the register referred to in article 106 of the Consolidated Law on Banking, payment institutions, electronic money institutions, operators and insurance or reinsurance companies established in Italy and provided that the activity is carried out exclusively with reference to digital financial instruments issued by them or by members of the group to which they belong established in Italy;
 - c) issuers with their registered office in Italy, other than those referred to in points a) and b), who intend to act as parties responsible for the register exclusively with respect to digital instruments issued by them;
 - d) persons/entities established in Italy other than those referred to under points a), b) and c);
 - e) the entities identified in the regulation referred to in article 28, paragraph 2, point m).
2. Italian central depositories which intend to act as the party responsible for the register on an ancillary basis shall automatically be entered on the list, subject to authorisation pursuant to articles 16 and 19 of ***Regulation (EU) No. 909/2014***. Authorisation ***is granted subject to an assessment of compliance with the requirements*** set out in article 20, paragraph 3, of this Decree.
3. The activity of the party responsible for the register can only be started after entry on the list. The start of the activity is promptly notified to Consob, as well as to the Bank of Italy in the case of supervised entities, or ***the Insurance Supervisory Authority (IVASS)*** in the case of insurance or reinsurance companies.
4. Banks and investment firms established in Italy and the members of the relevant group to which they belong may not provide the services and activities referred to in article 1, paragraph 5, points a) and c), of the Consolidated Law on Finance with respect to digital financial instruments entered in their registers.

Article 20
Entry in the list

1. Consob shall assess the completeness of the application for registration within twenty working days of its submission.
2. Consob shall enter the applicant in the list referred to in article 19 within ninety days of receiving a complete application for registration, ***after verifying possession of the requirements and in accordance with the procedure set forth in paragraphs 3 to 6.***
3. For all the persons/entities referred to in article 19, paragraph 1, Consob shall verify compliance with the following requirements:
 - a) the suitability of the register for which they intend to assume the responsibility of ensuring compliance with the requirements of article 4;
 - b) the presence of the mechanisms and devices referred to in article 23, paragraph 2;
 - c) the suitability of the transition strategy referred to in article 14;
 - d) possession of any further requirements identified in the regulation referred to in article 28, ***paragraph 2, point e)***;
 - e) the submission of an illustrative technical report on the initiative, including:
 - 1) an indication of the categories of financial instruments referred to in article 2 that can be entered in the register;
 - 2) a description of the payment methods, if any, envisaged to enable transactions on digital financial instruments, including through interaction with other registers, services or systems;
 - 3) an indication of any third parties that the party responsible for the register intends to use and the activities carried out by them.
4. For the persons/entities referred to in article 19, paragraph 1, points c) and d), Consob shall also verify compliance with the following requirements:
 - a) the status of public limited company and ***an initial capital*** of at least 150,000 euro in case of a ***company with its registered office in Italy***, or equivalent requirements in case of companies with their registered office in a Member State ***of the European Union*** other than Italy;
 - b) having their financial statements audited by an external independent auditor ***or an audit firm*** entered in the special register referred to in article 6 of Legislative Decree No. 39 of 27 January 2010;
 - c) the requirements set out in article 24, paragraph 3;***
 - (d) transmission of a copy of the by-laws and proof of registration with the national companies' register.
5. In addition to the provisions of paragraphs 1, 2, 3 and 4, for the persons/entities referred to in article 19, paragraph 1, point d), Consob shall also verify compliance with the ***further*** requirements referred to in article 24, as well as the stipulation, in the corporate purpose, of the activity of party responsible for the register.
6. For the persons/entities referred to in article 19, paragraph 1, point e), Consob shall verify compliance with the requirements identified in the regulation referred to in article 28, paragraph 2, point m).
7. Consob shall promptly inform the Bank of Italy, in case of supervised entities, or the Insurance Supervisory Authority (IVASS), in case of insurance or reinsurance companies, of the commencement of a registration procedure and of its final decision.
8. Consob shall transmit the information to the Bank of Italy received for the purpose of inclusion in

the list from all the persons/entities referred to in article 19, paragraph 1, concerning the requirements referred to in paragraph 3.

9. The decision on registration is taken, after consultation with the Bank of Italy, in case of banks, investment firms and operators of wholesale markets for government bonds that intend to act as parties responsible for the register with respect to digital financial instruments of third-party issuers other than their group members.

10. In order to assess the suitability of the register to ensure compliance with all the requirements of this Decree, Consob may request an audit and appoint an independent auditor for this purpose. The party submitting the application bears the costs of the audit.

Article 21

Cancellation and suspension from the list

1. Consob deletes the parties responsible for the registers for digital circulation from the list upon the occurrence of one of the following conditions:

- (a) the activity of party responsible for the register has not been started within 12 months of registration on the list;
- b) express waiver of registration;
- c) compulsory administrative liquidation, voluntary liquidation or forced liquidation procedures are initiated;
- d) the interruption of the activity of the person/entity responsible is ascertained for a period defined with the regulation referred to in article 28, paragraph 2, point o), according to the criteria laid down in said regulation;
- e) registration was obtained by making false declarations;
- f) loss of one or more of the requirements on the basis of which registration took place;
- g) other conditions identified with the regulation referred to in article 28, **paragraph 2, point o)**.

2. Consob shall promptly inform the Bank of Italy, in case of supervised entities, or IVASS, in case of insurance or reinsurance companies, of the beginning of the cancellation proceeding and of its final decision.

3. Consob shall adopt the cancellation measure after consultation with the Bank of Italy when the conditions set out in paragraph 1, points d) to f) are met, and the activity of the party responsible for the register is carried out by:

- a) banks, investment firms or operators of wholesale markets for government bonds, that carry on the activity of party responsible for the register with respect to digital financial instruments of third-party issuers other than the members of their group;
- b) significant parties responsible for the register referred to in article 22.

4. In the event of cancellation from the list, Consob may promote the agreements necessary to ensure implementation of the transition strategy referred to in article 14, and may order the transfer of such entries to a register other than the one identified in the transition strategy, subject to the consent of the relevant party responsible. If the transfer of entries cannot be implemented, Consob shall supervise the issuer's activity referred to in article 14, paragraph 2.

5. In cases where the cancellation order is adopted following the launch of a crisis management proceeding, the implementation of the transition strategy referred to in article 14 or, when necessary, the transfer to a register other than the one identified in the transition strategy may also be carried out as an exception to the ordinary rules of the proceeding.

6. In the event of suspension from the list of a party responsible for the register, asking that party for issuances after the date of suspension is prohibited.

Article 22

Significant parties responsible for the register

1. Consob, in agreement with the Bank of Italy, may identify the parties responsible for the register referred to in article 19, paragraph 1, point d), that are significant pursuant to the criteria identified with the regulation referred to in article 28, paragraph 4, point a).

Article 23

Obligations of the party responsible for the register

1. The parties responsible for the register shall act in a transparent, diligent and fair manner.
2. In addition to the provisions of article 13, the parties responsible for the register shall adopt appropriate mechanisms and devices:
 - a) to prevent the use of digital financial instruments by persons other than those entitled to do so;
 - b) for business continuity and business recovery, including external information security;
 - c) **to ensure** that the overall number of digital financial instruments constituting a single issue cannot be changed.
3. The parties responsible for the register shall make a document available to the public, in an electronically accessible form and searchable at any time, containing information on the operating methods of the digital circulation register and the mechanisms to safeguard its operation, including the transition strategy referred to in article 14.

Article 24

Requirements of the party responsible for the register

1. Individuals performing administration, management and control functions for the parties responsible for the register referred to in article 19, paragraph 1, point d), must be suitable for the task. For this purpose, the **corporate** officers must meet the **requirements of integrity** set out in the rules referred to in article 13, paragraph 3, point a), of the Consolidated Law on Finance. The provisions of paragraph 5 of the same article apply.
2. The parties responsible for the register referred to in article 19, paragraph 1, point d), shall have a clear organisational structure with well-defined, transparent and consistent lines of responsibility, effective **internal controls and information and communication technology (ICT)** systems, effective outsourcing policies, and appropriate administrative and accounting procedures to ensure compliance with this Decree, including by staff.
3. The parties responsible for the register referred to in article 19 paragraph 1, points c) and d) shall have effective policies in place for the identification, prevention, management and transparency of conflicts of interest and shall take out an insurance policy, or other appropriate form of guarantee, to cover any liability for damages that may arise from their assumption of the role of parties responsible for the register.
4. For the purposes of the suitability assessment referred to in paragraph 1, the corporate officers of the parties responsible for the register referred to in article 19, paragraph 1, point d), identified as

significant pursuant to article 22, shall also meet the professional and independence requirements, satisfy the criteria of competence and fairness and devote the necessary time to the effective performance of their duties, in accordance with the provisions of article 13, paragraph 3, of the Consolidated Law on Finance. The requirements of this paragraph shall apply to appointments subsequent to the identification of the significant person/entity responsible for the register.

Article 25

Disclosure obligations to Consob

1. ***The body performing the control function*** of the parties responsible for the register referred to in article 19, paragraph 1, point d), shall inform Consob without delay of all ***acts or facts*** of which it becomes aware in the course of its duties, which may constitute an irregularity in the management or a breach of the rules governing the activity of the party responsible for the register. Regardless of the system of administration and control adopted, the by-laws of the party responsible for the register assign the relevant tasks and powers to the body performing the control function.

2. The persons entrusted with the statutory audit of the accounts of the parties responsible for the register referred to in article 19, paragraph 1, point d) shall notify Consob without delay of any acts or facts, discovered whilst carrying out the assignment, which may constitute a serious breach of the rules governing the activities of the audited companies or which may affect the continuity of the business or result in an adverse opinion, a qualified opinion or a declaration of inability to express an opinion on the financial statements.

3. In case of parties responsible for the register identified as significant pursuant to article 22, the communications envisaged in paragraphs 1 and 2 shall also be sent to the Bank of Italy.

Article 26

Liability system

1. The party responsible for the register shall be liable towards the issuer for any damages arising from keeping the register, if same is a person/entity other than the party responsible for the register, and towards the party in whose favour the entries were made or should have been made, unless it proves that it had taken all appropriate measures to avoid the damage.

2. The party responsible for the register shall be liable for any damage caused to the party in whose favour the entry was made or to the investor, if a party other than the first, whether arising from false information or from information otherwise likely to mislead, or from the omission of required information, unless it proves that it has taken the necessary care to ensure the correctness and completeness of the information referred to in article 23, paragraph 3.

Article 26-bis

Anti-money laundering regulations

1. The parties responsible for the registers for digital circulation referred to in article 19, paragraph 1, points c), d) and e), fall into the category of other non-financial operators pursuant to article 3, paragraph 5, of Legislative Decree No. 231 of 21 November 2007.

2. Article 3 of Legislative Decree No 231 of 21 November 2007 is amended as follows:

a) in paragraph 5, point a) is repealed;

b) the following shall be inserted after paragraph 6:

"6-bis. Providers of services relating to companies and trusts referred to in article 1, paragraph 2, point ee), of this Decree, whose activity is reserved to operators subject to national licensing or registration systems, are among the obligated parties."

Chapter IV

Supervision of the issuance and circulation in digital form regulation

Article 27

Powers of Consob and the Bank of Italy

1. Consob and the Bank of Italy supervise compliance with the obligations and requirements applicable pursuant to this Decree and its implementing rules, in accordance with the following division of responsibilities:

a) Consob is responsible for compliance with the obligations of issuers with regard to digital issuance, transparency, the orderly performance of the activity of the party responsible for the register and investor protection;

b) the Bank of Italy is responsible for the stability and containment of risk in its various configurations limited to supervision:

1) of central depositories, operators of wholesale markets for government bonds, banks, investment firms acting as the parties responsible for the register with respect to digital financial instruments of third-party issuers other than group members;

2) of significant parties responsible for the register.

2. The objectives, responsibilities and powers of Consob and the Bank of Italy pursuant to the Consolidated Law on Finance, the Consolidated Law on Banking and directly applicable European Union provisions, remain unaffected.

3. For the purposes of paragraph 1:

a) ***with regard to the*** parties regulated under Part II and Part III of the Consolidated Law on Finance, Consob and the Bank of Italy have all the powers respectively provided for by said parts in relation to such parties;

b) ***with regard to the parties responsible for the register and issuers other than*** the parties referred to in point a), Consob and the Bank of Italy have the powers referred to in articles 6-bis, 6-ter, 7, ***7-sexies and 8***, paragraph 6-bis, of the Consolidated Law on Finance.

4. In the event of a suspected breach of the provisions of this Decree, in addition to the powers provided for in paragraph 3, Consob may ask anyone to provide data and information and to transmit deeds and documents, in the manner and within the time limits it lays down.

5. Consob:

a) assesses the suitability of the persons performing administrative, management and control functions at the parties responsible for the register referred to in article 19, paragraph 1, point d). In the event of a defect or breach, it pronounces forfeiture of the position;

b) exercises, in agreement with the Bank of Italy, the powers referred to in articles 14, 15, paragraph 2, 16 and 17 of the Consolidated Law on Finance, with reference to the shareholdings in the capital of the parties responsible for the register referred to in article 19, paragraph 1, point d), in the cases provided for in the regulations referred to in article 28, paragraph 4, point b), of this Decree.

6. Consob may, against any person who issues digital financial instruments in breach of the provisions of this Decree or maintains a digital circulation register without first being entered on the list referred to in article 19:

- (a) make such circumstance public, including as a precautionary measure;
- (b) order, including as a precautionary measure, that the breach be brought to an end.

7. Consob may, against any person who issues digital financial instruments, or maintains a digital circulation register, without first being entered on the list referred to in article 19, apply the sanction provided for in article 30, paragraph 2. ***The same sanction shall apply to persons other than those referred to in article 17 who control the means of access to digital financial instruments or who offer such a service to the holders of digital financial instruments.***

8. Consob may exercise the powers provided for in article 36, paragraph 2-terdecies, of Decree-Law No. 34 of 30 April 2019, converted, with amendments, by Law No. 58 of 28 June 2019, for the removal of the initiatives put in place by any person in the territory of the Republic, through telematic or telecommunication networks, in connection with the issuance of digital financial instruments or with the keeping of a digital circulation register in the absence of prior registration in the list referred to in article 19.

Article 28

Implementing provisions

1. Consob shall determine, by regulation to be adopted within sixty days of the date of entry into force of ***the law converting this Decree***, the principles and criteria relating to the formation and maintenance of the list referred to in article 19 and the relevant forms of publicity, also establishing different sections thereof.

2. Consob may, by regulation:

a) provide for additional limitations and conditions to those provided for ***in Chapter II*** for the issuance and circulation of digital financial instruments;

(a-bis) include in the scope of the instruments that issuers may subject to the regulation of this Decree those referred to in article 1, paragraph 1-bis, point c), of the Consolidated Law on Finance, and shares in a limited liability company, including by way of exception to the provisions in force concerning the form and circulation system of such instruments, including the provisions of articles 2468, first paragraph, 2470, from first to third paragraph, and 2471 of the Civil Code;

b) ***deleted;***

c) identify operational methods to change the form and circulation system of digital financial instruments, as well as for the conversion into digital financial instruments of instruments originally subject to a different circulation system;

d) regulate the forms and manner of submission of the application and the procedure for inclusion in the list referred to in article 19, identifying the possible causes of suspension and interruption;

e) identify further requirements for inclusion in the list referred to in article 19, including concerning the characteristics of the register, in relation to the category of the applicant, the characteristics of the digital financial instruments and the recipients of the issuance and subsequent circulation of the instruments.

The definition of the characteristics of the register may include the prescription of minimum requirements for its interoperability with other registers;

f) regulate the manner and content of the notification referred to in article 18, paragraph 3, point a), as well as the cases of inapplicability and exemption;

g) provide for further methods of determining the relevant accounting day pursuant to article 7 and adopt implementing provisions for the provisions referred to in article 11;

h) regulate control of the means of access to digital financial instruments as provided for in article 17, notwithstanding the provisions of ***Regulation (EU) 2022/858***;

i) provide for exemption from all or part of the requirements and obligations laid down in ***Chapter III***

in relation to certain types of issuance, taking into account the categories of parties that can subscribe to and acquire digital financial instruments and the characteristics of the issuance;

j) provide for the minimum content of the information concerning the operational methods of the digital circulation register and the measures to safeguard its operation as set out in the document envisaged in article 23, paragraph 3;

k) taking into account the principle of proportionality, provide for implementing provisions of articles 14 and 23;

l) provide for implementing provisions of article 24, *including those* for the application of:

1) robust corporate governance arrangements;

2) effective policies for the identification, prevention, management and transparency of conflicts of interest;

3) exemptions, including partial ones, from the obligations and *the requirements laid down in said article 24*;

4) prudential requirements in lieu of insurance or equivalent guarantees for the parties responsible for the register referred to in article 19, paragraph 1, point d);

m) identify the parties referred to in article 19, paragraph 1, point e), as well as the provisions of this Decree that are applicable to them;

n) provide for additional disclosure and reporting obligations for issuers, parties responsible for the registers and operators of DLT market infrastructures, including to investors;

o) determine the grounds for suspension and the further grounds for cancellation for the purposes of article 21, and lay down the criteria to define the possible cancellation referred to in article 21, paragraph 1, point d).

3. The provisions referred to in paragraph 2, points b), e), f), g), h), i), k), m), *n) and o)*, shall be adopted in agreement with the Bank of Italy. The provisions referred to *in paragraph 2, point l)*, shall be adopted in agreement with the Bank of Italy only with regard to the significant parties responsible for the register.

4. Consob, in agreement with the Bank of Italy, by regulation:

a) may lay down implementing provisions for article 22, identifying amongst other things the significance criteria for the activity of the parties responsible for the register. The criteria may refer, inter alia, to:

1) the number of issuers whose instruments are entered in the register;

2) the number, amount and characteristics of the issuances entered in the register;

3) the operational and organisational complexity of the party responsible for the register and its size;

4) the interaction with other registers, payment services or systems, technological or network infrastructures referred to in article 146 of the Consolidated Law on Banking, banking or financial intermediaries;

b) may determine the cases in which the rules provided for in articles 14 to 16 of the Consolidated Law on Finance are to be applied to the shareholdings in the parties responsible for the register referred to in article 19, paragraph 1, point d), identified as significant.

Chapter V

Provisions on the application of *Regulation (EU) 2022/858*

Article 29

Competent authorities under *Regulation (EU) 2022/858*

1. Consob and the Bank of Italy are the competent authorities pursuant to Regulation (EU) 2022/858 in accordance with the provisions of paragraphs 2 to 7.

2. The specific authorisation to operate a DLT MTF pursuant to article 8 of **Regulation (EU) 2022/858** shall be adopted:

a) by the Bank of Italy, in agreement with Consob, in all cases of wholesale DLT MTFs of government bonds;

b) by Consob, where the applicant is an operator of a regulated market trading venue, except in the case referred to in point a);

c) in all other cases:

1) by the Bank of Italy, in agreement with Consob, when the applicant simultaneously applies for authorisation pursuant to article 19, paragraph 4, of the Consolidated Law on Finance or article 20-bis.1 of the Consolidated Law on Finance, or is already authorised pursuant to said articles;

2) by Consob, in agreement with the Bank of Italy, when the applicant simultaneously applies for authorisation pursuant to article 19, paragraph 1, of the Consolidated Law on Finance, or is already authorised pursuant to said article.

3. The specific authorisation to operate an DLT SS pursuant to article 9 of **Regulation (EU) 2022/858** shall be adopted by Consob, in agreement with the Bank of Italy.

4. The specific authorisation to operate an DLT TSS pursuant to article 10 of **Regulation (EU) 2022/858** shall be adopted:

a) by the Bank of Italy, in agreement with Consob, in cases of wholesale DLT TSS of government bonds;

b) by Consob, in agreement with the Bank of Italy, in all other cases.

5. The exemptions referred to in articles 4, 5 and 6 of **Regulation (EU) 2022/858**, when not granted with the initial specific authorisation measure, shall be authorised with a specific measure adopted in accordance with the same procedure as the one provided for in paragraphs 1 to 4.

6. Supervision of DLT market infrastructures is exercised by Consob and the Bank of Italy according to the responsibilities, with the powers and having regard to the purposes respectively assigned to the authorities in Part III of the Consolidated Law on Finance with reference to:

a) the MTFs, insofar as the DLT MTFs are concerned;

b) the central securities depositories, insofar as the DLT SS are concerned;

c) the wholesale trading venues of government bonds, for the wholesale DLT MTFs for government bonds;

d) the wholesale trading venues of government bonds and the central securities depositories, for the wholesale DLT TSSs for government bonds;

e) the MTFs and central securities depositories, with respect to the DLT TSSs other than those referred to in point d).

7. The powers and attributions of Consob, the Bank of Italy and the Ministry of Economy and Finance over investment firms, banks, trading venues and their operators, as well as central securities depositories pursuant to Part II and Part III of the Consolidated Law on Finance and the responsibilities and powers of Consob in the field of market abuse pursuant to article 187-octies of the Consolidated Law on Finance, remain unaffected.

Chapter VI

Sanctions

Article 30

Sanctions

1. Without prejudice to the provisions of article 187-quinquiesdecies of the Consolidated Law on Finance, the following are subject to an administrative sanction of the payment of a sum between 5,000 and 5 million euro:

- a) the party responsible for the register or the operator of a DLT SS or DLT TSS that:
 - 1) does not guarantee compliance with the requirements of the digital circulation registers established under article 4, the instructions referred to in article 9, **paragraphs 2 and 3**, and the relevant implementing provisions adopted pursuant to article 28;
 - 2) violates the obligations provided for in articles 12 and 13, as well as the relevant implementing provisions adopted pursuant to article 28;
 - 3) does not adopt the transition strategies or necessary and appropriate measures provided for in article 14, paragraph 1, **as well as the relevant implementing provisions** adopted pursuant to article 28;
 - 4) in the case referred to in article 16, paragraph 1, fails to comply with the provisions set out therein and in the relevant implementing provisions adopted pursuant to article 28;
 - 5) violates the prohibition laid down in article 21, paragraph 6, and the implementing provisions adopted pursuant to article 28;
- b) the party responsible for the register that fails to comply with article 19, paragraph 3, violates the obligations set forth in article 23 or fails to comply with the requirements set forth in article 24, **as well as with the implementing provisions** adopted pursuant to article 28;
- c) the issuer violates the obligations set forth in articles 12, 14, paragraph 2, **and** 18, paragraphs 2 and 3, or the provisions of article 21, paragraph 6, as well as the implementing provisions adopted pursuant to article 28;
- d) the issuer or the party responsible for the register fails to comply with articles 6-bis, 6-ter and 7, paragraphs 2, 2-bis, 2-ter, 3 and 3-bis, of the Consolidated Law on Finance or with the general or individual provisions issued pursuant to those articles.

2. anyone who issues digital financial instruments or keeps a digital circulation register without first being registered in the list referred to in article 19 shall be subject to an administrative sanction of the payment of a sum between 25,000 and 5 million euro.

3. The sanction provided for in article 190.1, paragraph 1, of the Consolidated Law on Finance shall apply to **the parties** indicated in article 17, for non-compliance with the implementing provisions laid down in article 28, paragraph 2, point h), and applicable to them.

4. In the event of non-compliance with the provisions referred to in article 63, section 1, of **Regulation (EU) No. 909/2014** and applicable to **investment firms (Sim)**, banks or market operators authorised to operate a TSS DLT by virtue of the specific authorisation adopted pursuant to **Regulation (EU) 2022/858**, the sanctions provided for in article 190.2 of the Consolidated Law on Finance shall apply, notwithstanding the provisions of article 190, paragraph 2, and article 190.4 of the Consolidated Law on Finance.

5. For the imposition of the sanctions provided for in paragraphs 1 to 4, the provisions of articles 194-bis, **195 and 195-bis** of the Consolidated Law on Finance shall apply. Accordingly, articles 6, with the exception of the **third and fourth paragraphs**, 10, 11 and 16 of Law No. 689 of 24 November 1981, shall not apply to the administrative sanctions set out in this Decree.

Chapter VII
Amendments to the Consolidated Law on Finance and Final Provisions

Article 31

Amendments to article 1 of the Consolidated Law on Finance

1. In article 1, paragraph 2, of the Consolidated Law on Finance, after the words "Annex I", the following is added: ", including instruments issued by means of distributed register technology".

Article 32

Final provisions

1. Until the adoption of the regulation referred to in article 28, paragraph 1, Consob shall enter the parties responsible for the register in a provisional list, *if they meet the requirements and in accordance with the procedure laid down in article 20*.

2. Within three years of the entry into force of this Decree, Consob and the Bank of Italy shall transmit an illustrative report on the market phenomenon and the results that have emerged from the application of the new digital circulation rules to the **FinTech Committee**, established at the Ministry of Economy and Finance pursuant to article 36, paragraph 2-octies, of Decree-Law No. 34 of 30 April 2019, converted, with amendments, by Law No. 58 of 28 June 2019. In this report, *the above-mentioned authorities shall indicate*, each for their own areas of responsibility, the critical issues encountered by stakeholders and *the authorities themselves*, including the assessments relating to the rules on the party responsible for the register who performs the relevant activity exclusively with reference to digital instruments issued by him/her/itself or performs the relevant activity with reference to digital instruments issued by other entities, given the specific novelty of the new subject matter, the possible limits of the rules and the regulatory interventions that may be necessary, also taking into account any subsequent developments in the European regulatory framework. *The Minister for the Economy and Finance shall forward the report referred to in the first sentence to the Chambers, giving an account of the results that have emerged*.

Chapter VIII
Simplification of the FINTECH experiment

Article 33

Measures to simplify the FinTech experiment

1. In article 36, paragraph 2-sexies, of Decree-Law No. 34 of 30 April 2019, converted with amendments by Law No. 58 of 28 June 2019, the second sentence is replaced by the following: "The performance, within the scope of the experimentation and in compliance with the limits established by the admission measures, of activities that fall within the notion of investment services and activities does not imply the performance on a habitual basis of reserved activities and, therefore, does not require the issuance of authorisations where a maximum length of six months is envisaged, except for the longer term of the experimentation, which may not exceed the maximum overall limit of eighteen months, in cases where an extension is granted that is functional to obtaining the authorisation or registration required by law for the habitual performance and in a professional capacity of the activity. In compliance with the rules laid down in the regulations referred to in paragraph 2-bis and with the purposes of the trial period, the Bank of Italy, CONSOB and IVASS, within the scope of their respective responsibilities and the matters they follow, shall adopt the measures for the admission to the trial of the activities referred to in paragraph 2-bis and any other preparatory initiative to them. The measures for admission to the experimentation establish the limits of the activity of participation in the

experimentation with regard to the type and manner of provision of the investment service, the type and number of end-users, the number of transactions, and the overall volumes of activity."

Chapter IX
Financial and final provisions

Article 34
Financial provisions

1. Any revenues deriving from the sanctions referred to in article 30 of this Decree shall be paid into the State budget in order to be reallocated to a specific chapter of the budget of the Ministry of Economy and Finance and to be allocated to initiatives aimed at increasing awareness of the rights and effectiveness of the instruments for the protection of investors, including those underwriting insurance policies. A decree of the Minister of the Economy and Finance shall establish the procedures for the use and allocation of the resources referred to in the first sentence, the management of which may be entrusted by the Ministry of the Economy and Finance to in-house companies, on the basis of a specific agreement, the costs of which shall be borne by the aforesaid resources.
2. Without prejudice to the provisions of paragraph 1, the implementation of this Decree shall not give rise to new or increased costs for public finance. The administrations concerned shall implement the tasks arising from this Decree with the human, instrumental and financial resources available under current legislation.

Article 35
Entry into force

1. This Decree shall enter into force on the day following its publication in the Official Gazette of the Italian Republic and shall be submitted to the Chambers for conversion into law.