

The amendments to the articles adopted by Resolution no. 22804 of 6 September 2023 are highlighted in bold.

## Regulation laying down implementation rules of Legislative Decree no. 58 of February 24, 1998 on markets

Adopted by CONSOB Resolution no. 20249 of 28 December 2017 and subsequently amended with Resolutions no. 21028 of 3 September 2019, Resolution no. 21339 of 29 April 2020, Resolution no. 21536 of 15 October 2020, Resolution no. 21624 of 10 December 2020 and Resolution no. 22804 of 6 September 2023 <sup>1</sup>

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1. The CONSOB Resolution and the annexed Regulation are published in the Official Journal (*Gazzetta Ufficiale*, hereinafter also O.J.) no. 1 of 2 January 2018 and in CONSOB, fortnightly *Bollettino* no. 12.2, December 2017. CONSOB Resolution no. 20249 of 28 December 2017 enters into force the day after its publication in the O.J. and applies as of 3 January 2018, except for the provisions of the transitional provisions of paragraph 2 of the art. 2 of the same resolution. Resolution no. 21028 of 3 September 2019 is published in O.J. no. 212 of 10.9.2019; it is in force from the day following its publication in the Official Journal. Resolution no. 21339 of 29 April 2020 is published in the O.J. no. 117 of 8.5.2020; it is in force from the day following its publication in the Official Journal. Resolution no. 21536 of 15 October 2020 is published in O.J. no. 263 of 23.10.2020; it is in force from the day following its publication in the Official Journal. Resolution no. 21624 of 10 December 2020 is published in the O.J. no. 317 of 22.12.2020; it enters into force on 1.7.2021. Resolution no. 22804 of 6 September 2023 is published in the O.J. no. 216 of 15.9.2023 and in CONSOB, fortnightly *Bollettino* no. 9.1, September 2023; it is in force from the day following its publication in the Official Journal.

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## PART I COMMON PROVISIONS

### Article 1 (Legal basis)

1. This Regulation is adopted pursuant to the following articles: art. 62-*quater*, paragraph 2, letter *a*); art. 64, paragraph 4; art. 64-*bis*, paragraph 6; art. 64-*ter*, paragraph 9; art. 65, paragraph 2; art. 65-*quater*, paragraph 5; art. 65-*sexies*, paragraphs 7 and 8, art. 65-*septies*, paragraph 1; art. 66-*bis*, paragraph 2; art. 67-*ter*, paragraphs 3, 6 and 8-*bis*; art. 68, paragraph 1; art. 68-*ter*, paragraph 2; art. 68-*quater*, paragraph 4; art. 70, paragraph 4; art. 71, paragraph 2, art. 74, paragraph 2; art. 76, paragraph 2; art. 78, paragraph 1; art. 79-*bis*, paragraph 4; art. 79-*ter*, paragraph 4; art. 79-*ter*.1, paragraph 2; art. 90-*sexies*, paragraph 4; art. 180, paragraph 1, letter *c*); art. 181, paragraph 2; art. 187-*ter*, paragraph 7; and art. 187-*novies* of Legislative Decree no. 58 of February 24, 1998.

### Article 2 (Definitions)

1. In this Regulation the «Consolidated Law» refers to Italian Legislative Decree no. 58 of February 24, 1998.

2. For the purposes of this Regulation:

- a)* an activity is regarded as strategic for ordinary business management when: *i)* it concerns operational profiles of the trading venue or organisational profiles of the related operator, i.e. the functions or duties that the corporate system assigns to the operator; *ii)* any anomaly in its performance or failure to perform the activity would compromise the trading venue operator's sound and prudent management, i.e. their ability to continue guaranteeing their own compliance or the compliance of the operated markets with the conditions and obligations set forth by the Consolidated Law, this Regulation and the relevant and directly applicable provisions of the European Union. The operational functions and the critical operational functions referred to in art. 6, paragraphs 2 and 6 of Delegated Regulation (EU) 2017/584 shall always be regarded as strategic activities;
- b)* the following terms have the following meaning:
  - i)* «operational functions» are the functions referred to in art. 6, paragraph 2, of Delegated Regulation (EU) 2017/584;
  - ii)* «critical operational functions» are the operational functions referred to in art. 6, paragraph 6, of Delegated Regulation (EU) 2017/584.

3. For the purposes of this Regulation, the definitions set forth in the Consolidated Law, in Regulation (EU) no. 600/2014 and in the relevant and directly applicable provisions of the European Union apply.

## **PART II**

### **TRADING VENUES**

#### **Title I**

#### **Regulation of trading venues**

##### **Chapter I**

##### **Requirements of operators of the regulated market**

###### Article 3

*(Financial resources)*

1. Operators of regulated markets, upon receiving their authorisation and continuously afterwards, shall have financial resources available that are sufficient to ensure proper operation of each of their operated markets, according to the nature and size of the transactions completed on these markets, as well as the size and level of the risks to which they are exposed.
2. In addition, operators of regulated markets shall have financial resources that are proportionate to the risks arising from the possible performance of other activities; operators managing multilateral trading facilities (MTFs) or organised trading facilities (OTFs) shall also take into account the number and characteristics of the systems they operate as well as the size of the transactions completed in them.
3. For the purposes of calculating the financial resources referred to in paragraphs 1 and 2, operators of regulated markets shall in any case have the following:
  - a) net equity, including share capital, reserves, and undistributed profits, at least equal to the operating costs borne on a six-monthly basis, with reference to data from the last financial statements statutorily audited with no remarks;
  - b) immediately liquidable assets equal to the estimate of the potential loss that would be incurred under stressed but plausible market conditions, calculated according to a risk-based approach that takes into account operational risks as well as any other risk to which the individual regulated market and its operator are actually exposed.

###### Article 4

*(Related and instrumental activities)*

1. Notwithstanding art. 64, paragraph 7, of the Consolidated Law, operators of regulated markets can carry out the following activities as related and instrumental to the organisation and management of regulated markets:
  - a) preparation, management, maintenance and marketing of software, hardware and data communications networks related to trading systems as well as order and data transmission systems;
  - b) processing, distribution and marketing of data concerning the financial instruments

traded in the markets and data on the markets;

- c) creation and management of matching and routing systems for transactions concerning financial instruments;
- d) promotion of the image of the market, including through dissemination of information concerning the market and issuers, as well as any other activity aimed at developing the market;
- e) management of multilateral facilities for monetary deposit exchange;
- f) preparation, management and maintenance of information circuits allowing the persons authorised to trading on their own behalf, executing orders for clients as well as receiving and transmitting orders, to view and input trading conditions for financial instruments that do not permit conclusion of the contract through the circuit;

2. Operators of regulated markets can take shareholdings in companies whose main or exclusive activities are those described in paragraph 1. They can also acquire shareholdings in central counterparties (CCPs) and central securities depositories (CSDs), as well as in companies that directly or indirectly manage regulated markets, MTFs or OTFs, as well as in companies licensed to provide the service of receiving and transmitting orders where the activity consists of preparing and managing information circuits for entering terms of trading for financial instruments that do not allow the conclusion of the contract by means of the same circuit<sup>2</sup>.

#### Article 5

*(Significant influence and details of the prospective purchasers)*<sup>3</sup>

1. Pursuant to art. 64-bis of the Consolidated Law and this Regulation, significant influence means the influence determined by direct or indirect shareholding in the ordinary share capital with voting rights equal to or higher than 5%. In companies whose bylaws allow increases in voting rights or provide for the issuance of shares with multiple voting rights, share capital means the total number of voting rights.

1-bis. Communications of any intention to acquire or dispose of a shareholding in the capital of the market operator or the entity which, even indirectly, controls it, as provided for by article 64-bis, paragraph 4, of the Consolidated Law, shall be promptly transmitted to CONSOB or to Banca d'Italia for the wholesale regulated markets for government bonds; The communication concerning the acquisition intention shall contain at least the information indicated in Annex 1, in order to allow Consob, or Banca d'Italia for the wholesale regulated markets for government bonds pursuant to article 62-quater, paragraph 2, letter c), of the Consolidated Law, to carry out the assessments indicated in paragraph 5 of the aforementioned article 64-bis, prior to finalising the transaction<sup>4</sup>.

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2 Paragraph thus amended by art. 1 of Resolution no. 21028 of 3.9.2019, which replaced the second sentence.

3 Heading thus amended by art. 1 of Resolution no. 21536 of 15.10.2020, which inserted the words: "and details of the prospective purchasers".

4 Subsection added by art. 1 of Resolution no. 21536 of 15.10.2020.

Article 6  
*(Requirements of the administrative body)*

1. All members of the administrative body of the operator of a regulated market shall commit sufficient time to perform their duties, according to paragraphs 2 to 6.
2. The number of directorships that a member of the administrative body can hold at the same time at any legal entity, shall be proportionate to their personal circumstances as well as the nature, size and complexity of the activities of the operator of the regulated market.
3. The members of the administrative body of operators of regulated markets that are significant in terms of their size, internal organisation and the nature, the scope and complexity of their activities shall not simultaneously hold positions exceeding more than one of the following combinations:
  - a) one executive directorship with two non-executive directorships;
  - b) four non-executive directorships.
4. Executive or non-executive directorships held within the same group or in companies where the operator of the regulated market owns a qualifying holding, as defined in art. 15, paragraph 1, of the Consolidated Law, shall be considered to be one single directorship.
5. CONSOB may authorise members of the administrative body to hold one additional non-executive directorship in relation to paragraph 3 above, and regularly informs the European Securities and Markets Authority (ESMA) of such authorisations. For wholesale trading venues for government bonds, authorisation shall be issued by Banca d'Italia. To obtain the authorisation referred to in paragraph 4, the member of the administrative body who intends to hold one additional non-executive directorship, shall submit the related application to CONSOB, whereas operators of wholesale trading venues for government bonds shall submit their applications to Banca d'Italia. The application for authorisations must be submitted at least 30 working days before taking up directorship and must include the information referred to in art. 24, paragraph 5, as well as any useful information for assessing the applicant's personal circumstances and the nature, size and complexity of the activities of the operator of the regulated market. If upon verification of said circumstances the requirement set forth in paragraph 1 is found not to be met then the authorisation shall be denied.
6. The limit set on the number of executive directorships that a member of the administrative body can hold do not apply to executive directorships at organisations whose main objectives are not of a commercial nature.
7. Each member of the administrative body shall act with independence of mind in order to effectively assess and, when needed, contest the decisions of the senior management, as well as to effectively control and monitor the decision-making process.
8. For the purposes of meeting the requirements set forth in the previous paragraphs as well as in art. 64-ter, paragraphs 2 and 3, of the Consolidated Law, the concepts of "sufficient time commitment", "collective knowledge, skills and experience", "independence of mind", "adequate



human and financial resources" and "diversity" shall be taken into account, as defined by ESMA in implementation of art. 45, paragraph 9, of Directive 2014/65/EU.

Article 7  
(Nomination committee)

1. The nomination committee referred to in art. 64-ter, paragraph 4, of the Consolidated Law, shall:

- a) identify and recommend, for approval by the administrative body or the shareholders' meeting, candidates to fill any vacancy occurring in the administrative body, in the situation referred to in art. 2386, paragraph 1, of the Italian Civil Code;
- b) periodically, and at least on a yearly basis, assess the structure, size, composition and performance of the administrative body and make recommendations to the administrative body with regard to any changes;
- c) periodically, and at least on a yearly basis, assess the knowledge, skills and experience of each individual member of the administrative body as well as of the administrative body as a whole, and report to the administrative body accordingly;
- d) periodically, and at least on a yearly basis, review the administrative body's policy for selection and appointment of members to the senior management and make recommendations to the administrative body.

2. For performing the duties specified in paragraph 1, letter a), the nomination committee shall assess the balance of skills, knowledge, diversity and experience within the administrative body. To this end, the nomination committee shall:

- a) prepare a description of the roles and of the capabilities required, and calculate the time commitment expected;
- b) identify a target for gender representation in the administrative body and in order to achieve this, develop a policy aimed at increasing the number of members of the underrepresented gender in the administrative body.

3. In performing its functions, the nomination committee shall, to the extent possible and on an ongoing basis, take account of the need to ensure that the administrative body's decision making is not dominated by an individual or a small group of individuals in a manner that is detrimental to the interests of the operator of the regulated market.

4. In performing its duties, the nomination committee may use all types of resources it considers appropriate, including external advice.

5. The operator of the regulated market and the nomination committee must take account of a wide range of characteristics and skills when selecting members to be appointed to the administrative body. To this end, they shall establish a policy for promoting diversity within the administrative body.

## Chapter II Organisation and operation of trading venues

### Article 8 *(Market making agreements and schemes)*

1. Notwithstanding Delegated Regulation (EU) 2017/578, the trading venues shall arrange for the agreement referred to in art. 65-sexies, paragraph 3, of the Consolidated Law, to specify at least the following:
  - a) the obligations of those who, in their capacity as members, participants or clients of the trading venue, pursue a market making strategy, in terms of provision of liquidity;
  - a) any incentive (refund or other) that the trading venue offers to the persons mentioned in letter a) above, for providing liquidity to the market on a regular and predictable basis.
2. The trading venues shall continuously monitor effective compliance of the persons referred to in paragraph 1, letter a), with the agreements specified in art. 65-sexies, paragraph 3, of the Consolidated Law.
3. The trading venues shall set up and maintain effective systems, procedures and devices for regular checks aimed at identifying the persons specified in paragraph 1, letter a) above.

### Article 9 *(Operational requirements of trading venues)*

1. Notwithstanding Delegated Regulation (EU) 2017/584, the trading venues shall set up and maintain:
  - a) effective systems, procedures and devices to enable market participants to properly test the algorithms;
  - b) systems for limiting the order to trade ratio of a participant;
  - c) systems enabling the flow of orders to be slowed in the event that the risk of reaching maximum system capacity is likely to occur;
  - d) systems for limiting and monitoring the minimum trading ticks that can be executed on the market.
2. Regimes on trading ticks for financial instruments regulated by Delegated regulation (EU) 2017/588 must:
  - a) be calibrated in such a way as to mirror the liquidity profile of the financial instrument in the different markets as well as the average difference between the best selling price and the best purchasing price, taking into account the opportunity of allowing a reasonable stability in prices without unduly limiting further shrinking of the spread;

- b) properly adjust the tick size for individual financial instruments.

The application of the dimensions of the trading ticks does not prevent the trading venues from combining large size orders as identified by the Delegated Regulation (EU) 2017/587 at the midpoint of the current purchase and sale prices<sup>5</sup>.

3. The trading venues shall ensure that the parameters for trading suspension pursuant to art. 65-sexies, paragraph 2, letter d), of the Consolidated Law, are calibrated according to the requirements established by ESMA in implementation of art. 48, paragraph 13, of Directive 2014/65/EU, in such a way as to take into account the liquidity of the different categories and sub-categories of financial instruments, the market model and the categories of users, and prevent possible negative effects on the orderly performance of trading.

#### Article 10 (Outsourcing)

1. Notwithstanding Delegated Regulation (EU) 2017/584, the operators of trading venues that outsource activities of strategic significance for ordinary business management, including the operational functions and critical operational functions referred to in art. 6, paragraphs 2 and 6, of the aforementioned Delegated Regulation, shall be responsible for the outsourced functions, keep power of supervision in the hands of senior management and adopt organisational measures that are able to ensure:

- a) integration of outsourced activities into the general system of internal controls;
- b) identification of all risks related to outsourced activities and preparation of a detailed plan for the regular monitoring of said risks;
- c) adequate control procedures for outsourced activities, with identification of a function that is specifically in charge of these controls and delivers suitable reports to the administrative and control bodies;
- d) operational continuity of outsourced activities; to this purpose, they shall acquire information on the operational continuity plans and disaster recovery measures of the outsourcing service providers, assess the quality of said measures and prepare coordinated business continuity solutions.

2. Operators of trading venues shall identify the objectives of outsourcing with reference to the general corporate strategy, maintain knowledge and control of the related processes and supervise the related risks.

To this end, operators of trading venues shall have access, even directly at the premises of service providers, to relevant information on outsourced activities and assess the quality of the services provided as well as the organisational and capital adequacy of the service provider.

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<sup>5</sup> Paragraph thus modified by Article no. 1 of Resolution no. 21339 of 29.4.2020 which added the last period.

3. Agreements between operators of trading venues and outsourcing service providers shall:
- a) identify the nature, subject matter and objectives of the services, the methods and frequency for their provision and obligations on information confidentiality;
  - b) ensure respect for the provisions of paragraph 2;
  - c) provide for proper facilities to allow CONSOB and, for operators of wholesale trading venues for government bonds, Banca d'Italia to perform their supervisory activity.

Article 11  
(Fee structure)

1. Notwithstanding art. 65-sexies, paragraph 5, letter c), of the Consolidated Law, and Delegated Regulation (EU) 2017/573, trading venues:

- a) shall adopt such a fee structure that does not constitute an incentive to submit, modify or cancel orders, nor to carry out transactions in such a way as to contribute to determining abnormal trading conditions or market abuse;
- b) may adjust fees on cancelled orders based on the time for which the order was maintained, and may calibrate fees based on the financial instrument at issue;
- c) may impose higher fees on the participants that:
  - i) submit orders that are subsequently cancelled after the orders that are executed;
  - ii) use high frequency algorithmic trading and therefore have a high order to trade ratio; higher fees should be imposed in consideration of the additional load these participants generate in the system.

**Chapter III**  
**Access to trading venues**

Article 12  
(Access to markets)

1. Notwithstanding Delegated Regulation (EU) 2017/589 and Delegated Regulation (EU) 2017/584, trading venues shall establish systems and procedures aimed at ensuring, upon submission of a request for access to trading and then on a continuous basis, proper and effective monitoring of market participants' compliance with the requirements for access and permanence on the markets.

2. Trading venues that grant direct electronic access (DEA) shall have effective systems, procedures and devices in place to ensure that the DEA service can only be provided by members or participants that are Italian or EU investment firms, Italian or EU banks, or companies of third countries authorised pursuant to arts. 28 and 29-ter of the Consolidated Law, as well as to ensure that these entities:

- a) establish and apply adequate criteria regarding the suitability of persons that can be admitted to DEA;
  - b) remain responsible for orders and transactions executed using the said service with reference to the requirements set out by the Consolidated Law, this Regulation and relevant, directly applicable provisions of the European Union.
3. Trading venues shall establish adequate rules on controls and risk thresholds for transactions carried out through DEA. Trading venues shall also have systems, procedures and mechanisms that allow them:
- a) to distinguish orders and transactions made by a person who uses DEA from other orders and transactions made by a member or participant, and block said orders and transactions when needed;
  - b) to suspend or interrupt provision of DEA from a participant to a client in case of failure to comply with the provisions of paragraph 2.
4. Italian investment firms (SIM in the Italian acronym) and banks that provide DEA to a trading venue shall put in place effective controls on systems and risk so as to ensure:
- a) proper assessment and regular review of the suitability of clients that use the service;
  - b) that clients who use the service do not exceed the adequate pre-set thresholds for trading and credit;
  - c) adequate monitoring of the trading activities of clients that use the service;
  - d) implementation of adequate risk controls that prevent any transactions from generating risks to the investment firm or bank, compromising the orderly performance of trading, and from not being compliant with Regulation (EU) 596/2014 or the rules of trading venues.
5. DEA is prohibited in the absence of the controls described in paragraph 4.
6. Italian investment firms and banks that provide DEA shall ensure that the clients using this service meet the requirements set forth in this article and the rules of the trading venue. For this purpose, Italian investment firms and banks shall:
- a) check transactions in order to identify any infringement of rules, disorderly trading conditions or conduct that may involve market abuse;
  - b) ensure conclusion of a binding agreement in writing with the client on the essential rights and obligations connected with the provision of the DEA service, and ensure that, pursuant to the said agreement, the Italian investment firm or bank remain responsible for what happens on the markets by virtue of DEA.

Article 13  
*(Market making strategies)*

1. Notwithstanding Delegated Regulation (EU) 2017/578, Italian investment firms and banks that pursue market making strategies, in consideration of the liquidity, size and nature of the specific markets and the characteristics of the traded instruments, shall:

- a) perform the said activity in a continuous manner during a specific slot of the trading venue's normal trading hours – save for exceptional circumstances – with the result of providing liquidity to the trading venue in a regular and predictable manner;
- b) conclude a written, binding agreement with the trading venue, specifying at least the obligations described in letter a) above;
- c) have effective systems and controls in place that ensure fulfilment of the obligations established in the agreement described in letter b) above.

2. The provisions of paragraph 1 also apply to the entities referred to in art. 67-ter, paragraph 8, of the Consolidated Law.

Article 14  
*(Registration obligations)*

1. Italian investment firms and banks shall keep records with regard to the obligations established by the Consolidated Law, this Regulation and Delegated Regulation (EU) 2017/589 on algorithmic trading, including algorithmic trading in the framework of market making strategies, and DEA, and shall ensure that these records are sufficient to allow CONSOB to check for respect of the related requirements.

2. Italian investment firms and banks that use high frequency algorithmic trading techniques, in compliance with Delegated Regulation (EU) 2017/589, shall keep accurate and sequential records of orders submitted, modified and cancelled, as well as orders executed and on-venue quotes.

3. The provisions of paragraphs 1 and 2 also apply to the entities referred to in art. 67-ter, paragraph 8, of the Consolidated Law.

**Chapter IV**  
**Conditions for the listing of certain companies**

Article 15  
*(Conditions for the listing of shares of parent companies that control companies incorporated under and regulated by the law of countries other than EU Member States)*

1. Shares of parent companies that control companies incorporated under and regulated by the law of countries other than EU Member States can be listed on an Italian regulated market provided that the parent companies:

- a) publicly disclose the subsidiary companies' accounting statements used for preparing their consolidated financial statements, including at least their balance sheets and income statements. These accounting statements shall be disclosed by filing them at the parent companies' registered offices or by publishing them on the parent companies' websites;
- b) acquire bylaws, composition and powers of corporate bodies from the subsidiaries;
- c) ascertain that each subsidiary:
  - i) provides its parent company's auditor with the information needed for auditing both the annual and interim accounts of the parent company;
  - ii) has such an administrative and accounting system in place that regularly delivers the economic and financial data required for drafting the consolidated financial statements to the parent company's management and auditor. The parent company's supervisory body shall promptly notify CONSOB and the operator<sup>6</sup> of the regulated market of any fact and circumstance that make the system unable to comply with the aforesaid conditions.

2. The provisions of paragraph 1 do not apply to subsidiary companies that are not significant according to Title VI, Chapter II, of CONSOB Regulation adopted with Resolution no. 11971 of 1999 and subsequent amendments.

#### Article 16

*(Conditions that inhibit the listing of shares of subsidiary companies that are under the management and coordination of other companies)*

1. Shares of subsidiary companies that are under the management and coordination of other companies or entities cannot be listed on any Italian regulated market where their parent companies:

- a) have not fulfilled the publication obligations imposed by art. 2497-bis of the Italian Civil Code;
- b) have no independent negotiation capacity in their relations with clients and suppliers;
- c) have a cash pooling relationship with the company performing unitary management or another company of the group they belong to, and such a cash pooling relationship that is not in line with the corporate interest. The cash pooling relationship in line with corporate interest should be certified by the administrative body with a statement analytically stating the reasons; this declaration shall be verified by the control body;
- d) have no internal control and risk committee composed of independent directors

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<sup>6</sup> Subsection thus modified by art. 1 of resolution no. 21028 of 3.9.2019.

according to paragraph 2. Where set up, other committees recommended by codes of conduct on corporate governance promoted by operators of regulated markets or professional associations, shall also be composed of independent directors. Subsidiary companies that are under the management and coordination of another (Italian or foreign) company whose shares are listed on regulated markets are also required to set up a board of directors whose majority must be made up of independent directors. For the purposes of this letter d), directors of the company or entity responsible for the management and coordination of subsidiaries and directors of listed companies controlled by such a company or entity cannot be considered to be independent directors. Conversely, companies that have adopted the two-tier management and control system are required to set up an internal control and risk committee in the framework of the supervisory board; the said committee shall meet the following requirements: *i)* it must include at least one board member appointed by the minority (if any); *ii)* all its members shall be independent according to paragraph 2<sup>7</sup>.

2. For the purposes of this article, "independent directors" and "independent supervisory board members" shall mean:

- directors and board members fulfilling the independence requirements set forth in art. 148, paragraph 3, of the Consolidated Law, and any additional requirements identified in the procedures provided for by art. 4 of the Regulation adopted by CONSOB with Resolution no. 17221 of March 12, 2010 on transactions with related parties or any sectoral standard applicable due to the business activity the company carries out;
- if pursuant to art. 123-*bis*, paragraph 2, of the Consolidated Law, the company declares to have adopted a code of conduct promoted by the operator of a regulated market or professional associations that provides for independence requirements at least equal to those of art. 148, paragraph 3, of the Consolidated Law, then "independent directors" and "independent supervisory board members" shall mean all directors and board members that the company identifies as such pursuant to the code of conduct it has adopted.

3. Companies with listed shares that are under the management and coordination of other companies shall adapt to the provisions of paragraph 1, letter *d)*, within thirty days if they have a sufficient number of independent directors or board members; or within thirty days of the first meeting for the renewal of the board of directors or supervisory board in all other cases<sup>8</sup>.

4. The subsidiary companies with listed shares that believe they are not required to fulfil the publication obligations referred to in paragraph 1, letter *a)*, in the management report required under art. 2428 of the Italian Civil Code shall explain in detail the reasons why they believe not to be under the management and coordination of their parent company.

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<sup>7</sup> Letter thus amended by art. 2 of resolution no. 21624 of 10.12.2020 which, in the first period, replaced the words: "internal control committee" with the words: "control and risk committee" and, in the last period, replaced the words: "internal control" with the words: "control and risks".

<sup>8</sup> Paragraph thus replaced by art. 2 of resolution no. 21624 of 10.12.2020.



Article 17  
*(Conditions for the listing of shares of companies the assets  
of which exclusively consist of shareholdings)*

1. Shares of financial companies whose exclusive corporate purpose is investing in shareholdings, even minority ones, within pre-set limits, and performance of related instrumental activities, can be listed in an Italian regulated market where these companies:
  - a) publicly disclose qualitative and quantitative information on their investment policy, specifying the criteria used for managing investments and diversifying risks. Information must allow the investor to evaluate the opportunity to invest and identify the methods applied for distributing risk;
  - b) invest and manage their activities in compliance with the investment policy disclosed.
2. The companies referred to in paragraph 1 shall promptly disclose any variation in their investment policies to the public, according to the methods set out in Part III, Title II, Chapter I of the Regulation adopted by CONSOB with Resolution no. 11971 of 1999 and subsequent amendments.
3. Once listed, in their management reports and six-monthly reports the companies referred to in paragraph 1 shall provide:
  - a) information on their investment methods, in compliance with the investment policies adopted, with specific reference to risk diversification, also including a quantitative analysis for this purpose, and
  - b) a complete and significant analysis of their investment portfolios.

Article 18  
*(Final Provisions)<sup>9</sup>*

1. Companies with listed shares that acquire control of the foreign companies referred to in article 15, paragraph 1, shall comply with the provisions foreseen herein within six months of finalising the takeover<sup>10</sup>.
2. Regarding companies that have their registered offices abroad and request to be admitted to listing on an Italian regulated market, CONSOB will decide on a case by case basis whether the obligations set out in this chapter should apply to them, having regard to the legislation applicable in these companies' countries of origin, and whether to admit trading of financial instruments issued by these companies on regulated markets, or on non-EU markets recognised under art. 70, paragraph 1, of the Consolidated Law, taking into account the constraints arising from European Union legislation.

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<sup>9</sup> Letter thus amended by art. 2 of Resolution no. 21624 of 10.12.2020, which, in the first clause, replaced the words "internal control committee" with the words "control and risk committee" and, in the last clause, replaced the words "internal control" with the words "control and risk."

<sup>10</sup> Paragraph thus amended by art. 2 of Resolution no. 21624 of 10.12.2020.

3. The obligations set out in arts. 15 and 17 do not apply to foreign issuers whose financial instruments have been admitted to trading on an Italian regulated market without their authorisation.

4. The obligations set out in art. 15, paragraph 1, letter *a*), and art. 17, paragraph 1, letter *a*), and paragraph 3, do not apply to issuers whose registered offices are located in another EU Member State or to issuers from third countries that have chosen another EU Member State as their home member state for the purposes of Directive 2004/109/EC.

## **Title II**

### **Reporting and communication obligations**

#### Article 19 *(Scope of application)*

1. The reporting and communication obligations set out in this Title apply to operators of trading venues other than operators of wholesale trading venues for government bonds. Pursuant to art. 62-*quater*, paragraph 1, of the Consolidated Law, reporting and communication obligations applicable to operators of wholesale trading venues for government bonds are set out in the instructions issued by Banca d'Italia.

### **Chapter I**

#### **Requirements of operators of the regulated market**

#### Article 20 *(Request for authorisation of a regulated market)*

1. When requesting authorisation of a regulated market, the operator of the regulated market shall transmit the following to CONSOB:

- a)* its activity plan, describing the various types of activities to be performed, accounting for both favourable and unfavourable economic scenarios;
- b)* the market regulation and the regulation implementation instructions;
- c)* the overall amount and type of the immediately liquidable assets referred to in art. 3, paragraph 3, letter *b*);
- d)* an information note on projects concerning related and instrumental activities or acquisition of shareholdings pursuant to art. 21, paragraph 1;
- e)* a copy of the bylaws filed;
- f)* a copy of the shareholders register of the operator of the regulated market, according to art. 23, paragraphs 2 and 3, together with the documents required by paragraph 1, letter *a*) of the same art. 23, accompanied by the assessment reports confirming compliance

with the integrity requirements set out in art. 64-*bis*, paragraph 1, of the Consolidated Law, as an annex;

- g) any agreement on the exercise of voting rights that involves exceedance of the threshold established in art. 5, in compliance with art. 23, paragraph 5;
- h) the documentation on corporate officers and other entities referred to in art. 24, paragraphs 1 and 2;
- i) a report on the organisational structure, in line with art. 25;
- l) where the establishment of a nomination committee is required, the documents referred to in art. 26, paragraph 1;
- m) the information on market making agreements and schemes, as required by art. 36, paragraph 1;
- n) the self-assessment documents referred to in art. 37;
- o) an information note on the intention to outsource one or more activities that are strategic to ordinary business management, according to the methods provided for by art. 38, paragraph 1. In the case of critical operational functions, the request for approval referred to in art. 38, paragraph 2, shall also be transmitted together with the said information note;
- p) the fee structures to be applied;
- q) the policies, mechanisms and procedures, as well as the operational continuity plan and disaster recovery measures provided for by art. 40, paragraphs 3 and 4 respectively;
- r) the mechanisms and procedures adopted to manage volatility, and other information required by art. 41;
- s) information on the order to trade ratio referred to in art. 42;
- t) information on the co-location services referred to in art. 43;
- u) the procedures and criteria adopted for the due diligence activity referred to in art. 47, paragraph 1, outcomes of the due diligence performed on entities that intend to join the market, and a list of members and participants, including the information required by art. 47, paragraph 3;
- v) draft agreements with the post-trading infrastructures referred to in art. 46;
- z) a certificate of conformity with Delegated Regulation (EU) 2017/574 on the accuracy of business clocks.

2. The operator of the regulated market that has already obtained authorisation for a regulated

market and requests authorisation for a new regulated market shall transmit CONSOB the documents referred to in paragraph 1, letters a), b), c), i), m), n), o), p), q), r), s), t), u) and v).

3. The operator of the regulated market that intends to renounce authorisation shall previously transmit CONSOB all information required to verify that market transparency, orderly performance of trades and investor protection are not compromised.

#### Article 21

##### *(Notices on related and instrumental activities)*

1. Operators of regulated markets shall provide CONSOB with prior information on projects concerning related instrumental activities and on the intention to acquire shareholdings referred to in article 4, paragraph 2. This information shall also include evidence of the organisational measures adopted to keep separate the different areas of operation and of the procedures adopted to identify clearly and manage potential conflicts of interest<sup>11</sup>.

2. Operators of regulated markets shall notify CONSOB of the date when they plan to start performing said related and instrumental activities, as well as of the fact that they have acquired the aforesaid shareholdings.

#### Article 22

##### *(Notices on amendments to the bylaws)*

1. The operator of a regulated market that intends to amend its bylaws shall notify CONSOB of the proposed amendments after their approval by the administrative body and at least 20 days before their official and final approval by the company's general meeting. To this purpose, the operator of the regulated market shall send the following to CONSOB:

- a) a report explaining the contents and aims of the amendment proposed;
- b) the text of the bylaw with the amendments to be made duly highlighted.

2. Any amendment to the bylaws of operators of the regulated market that has been approved by the shareholders meeting shall be notified to CONSOB so that it can carry out the verifications required by art. 64, paragraph 5, of the Consolidated Law. After registration in the company register, the operator of the regulated market shall promptly send CONSOB a copy of the bylaw filed.

#### Article 23

##### *(Notices on holdings in capital)*

1. Operators of regulated markets shall promptly notify CONSOB of the following:

- a) acquisition of holdings that enable them to exert significant influence pursuant to art. 5, together with a copy of the minutes of the administrative body's meeting mentioning the documents taken into account in order to prove compliance with the integrity

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<sup>11</sup> Paragraph thus replaced by art. 1 of Resolution no. 21028 of 3.9.2019.

requirements under art. 64-*bis*, paragraph 1, of the Consolidated Law;

- b) any variation, be it an increase or decrease, in the holdings referred to in letter a);
- c) any change in the shareholders' register, also specifying the number of shares with voting rights held by each individual shareholder and the corresponding percentage of shares with voting rights held out of the total number of shares with voting rights.

2. Without prejudice to paragraph 1, letter b), when transmitting documents related to their financial statements, operators of regulated markets shall notify CONSOB, on a yearly basis, of the updated version of the shareholders' register, specifying the number of shares with voting rights held by each individual shareholder and the corresponding percentage of shares with voting rights held out of the total number of shares with voting rights.

3. If the bylaws of the operator of the regulated market provide for the issuance of shares with multiple voting rights, pursuant to art. 2351 of the Italian Civil Code, or allow loyalty shares pursuant to art. 127-*quinquies* of the Consolidated Law, any reference to shares shall be intended as a reference to voting rights.

4. Operators of regulated markets shall publish the updated version of their shareholders' register on their websites on a yearly basis as well as anytime a change occurs in the persons that exert a significant influence on the operation of the regulated market.

5. Any agreement on the exercise of voting rights that gives a total of voting rights higher than the threshold specified in art. 5 shall be notified to both the operator of the regulated market and CONSOB, also indicating the content and purposes of the agreement. Such a notice shall also be given upon any subsequent change.

#### Article 24

*(Notices on corporate officers and persons that actually direct the activities and operations of the regulated market)*

1. On the occasion of any subsequent change, the operator of the regulated market shall promptly notify CONSOB of the following:

- a) the identity of the persons performing management, direction and control functions, as well as of the persons that actually direct the market's activities and operations;
- b) for each individual director:
  - i) the number of directorships held, distinguishing executive directorships from non-executive directorships;
  - ii) any directorship held within the same group or in companies in which the operator of the regulated market holds a shareholding;
  - iii) any executive directorships held at organisations that do not primarily pursue commercial objectives.

2. Within 30 working days, the operator of the regulated market shall send CONSOB a copy of the minutes of the meeting of the shareholders or of the administrative body in which resolutions appointing corporate officers were adopted. The said minutes must mention the documents taken into account in order to prove compliance with the requirements set out in art. 64-*ter* of the Consolidated Law, the corrective measures adopted for managing conflicts of interest, as well as the resolutions delegating powers under art. 2381, paragraphs 2, of the Italian Civil Code.
3. CONSOB, when considered appropriate, may require the operator of the regulated market to show documents proving possession by the latter of the requirements set out in art. 64-*ter* of the Consolidated Law.
4. The operator of the regulated market shall promptly notify CONSOB of any shortcomings relating to the requirements set out in art. 64-*ter*, paragraph 1, of the Consolidated Law, and the consequent adoption of the relevant disqualification measure.
5. For the purposes of being authorised to hold an additional non-executive directorship as per art. 6, paragraph 5, the member of the administrative body shall give CONSOB a list of both the executive and non-executive directorships they are currently holding, as well as the following information of the said additional non-executive directorship:
  - a) term of office start date;
  - b) expected term of office;
  - c) the name of the company;
  - d) the category of the company;
  - e) the accounting data of the company, with reference to separate financial statements or, if the law requires the company's approval of the financial statements, the consolidated financial statements;
  - f) a description of interests or financial and non-financial relationships between the company and the market operator;
  - g) information on the minimum time commitment (both yearly and monthly) required from the person for the purposes of the said directorship at the company.
6. Notwithstanding paragraph 1, on a yearly basis, when transmitting documents related to its financial statements, the operator of the regulated market shall notify CONSOB of the (updated) composition of its corporate bodies and a summary of the offices referred to in paragraph 1, letter b) held by individual members of the administrative body.

#### Article 25

##### *(Report on the organisational structure)*

1. In order to enable CONSOB to ascertain the continuous presence of the safeguards required

to fulfil the obligations set out in art. 65, paragraph 1, of the Consolidated Law, when transmitting documents related to its financial statements, the administrative body of the operator of the regulated market shall also send CONSOB a report on the organisational interventions put in place on the following matters:

- a) separation of operational functions and control functions, and on the management of possible conflicts of interest in the allocation of responsibilities;
- b) management control activities, with identification of duties and responsibilities, in particular regarding detection and correction of irregularities;
- c) reporting procedures for the different levels of corporate structures and for the persons that hold management and control functions, specifying information on the anomalies found and the measures adopted to correct them.

2. The report referred to in paragraph 1 must also provide information on the following matters:

- a) organisational chart and functional chart;
- b) delegation mechanisms;
- c) the structure of internal control systems;
- d) the methodologies in use to ensure respect of the regulation and proper functioning of the market, with specific reference to technological support;
- e) the safeguards aimed at ensuring the reliability and integrity of accounting and management information;
- f) an assessment of the risk control measures adopted, highlighting any shortcomings found in their functioning;
- g) the main results of the control activity actually put in place within the company and at its different levels;
- h) the organisational safeguards adopted against money laundering;
- i) the measures aimed at ensuring proper education and training of administrative body members;
- l) the organisational measures adopted to ensure respect of provisions on outsourcing of activities;
- m) the structure of relevant technological and ICT facilities for the provision of institutional services and cyber-security measures adopted;
- n) the organisational measures adopted for internal infringement reporting (whistle-blowing) according to art. 4-*undecies* of the Consolidated Law;





operator of the regulated market shall send CONSOB a report on the outcomes of the controls carried out in the areas specified in art. 25.

#### Article 28

*(Notices on matters relevant to the exercise of supervisory functions)*

1. Operators of regulated markets shall promptly notify CONSOB, including by means of requesting specific meetings, on matters relevant to the exercise of supervisory functions, e.g., planning activities, arrangements regarding alliances or cooperation agreements, projects for the acquisition of shareholdings, projects for extraordinary transactions, malfunctioning of technological and ICT facilities relevant to the trading venues managed.

#### Article 29

*(Notices on corporate events, planning and cooperation agreements)*

1. The operator of the regulated market shall send CONSOB the following:
  - a) documents proving convocations of shareholders meetings and meetings of the administrative body, with express indication of the agendas and documents to be discussed in them;
  - b) the financial statements and, if drawn up, the consolidated financial statements, within 30 days of approval by the shareholders meeting, with the meeting's minutes, the management report by the directors, the report by the control body and the report drafted by the auditing firm;
  - c) a copy of the financial statements of the subsidiary companies and a summary of the essential data of the financial statements of the associated companies.
2. The operator of the regulated market shall promptly send CONSOB the following:
  - a) corporate planning documents submitted to the administrative body, also concerning subsidiary companies, setting out the strategic objectives as well as the timelines and methods for implementation;
  - b) agreements submitted to the administrative body regarding alliances or cooperation agreements that may impact on the organisation and operation of the markets operated.

#### Article 30

*(Notices on financial resources)*

1. Any time a change occurs with respect to the information transmitted when submitting the application for authorisation of a regulated market or when MTFs and OTFs become operational, the operator of the regulated market shall notify CONSOB of the amount and type of immediately liquidable assets referred to in art. 3, paragraph 3, letter b).

## **Chapter II**

### **Obligations of operators of multilateral trading facilities (MTFs) and organised trading facilities (OTFs)**

#### Article 31 *(Notices of operators of MTFs and OTFs)*

1. Notwithstanding the Implementing Regulation (EU) 2016/824, when an MTF or OTF becomes operational, its operator shall notify CONSOB of information required by art. 20, letters *a), b), i), m), n), o), p), q), r), s), t), u), v)* and *z)*.
2. The notification obligations set out in arts. 25, 28 and 29 also apply to operators of MTFs and OTFs.

## **Chapter III**

### **Organisation and functioning of trading venues**

#### Article 32 *(Notices on amendments to the market regulation)*

1. Operators of trading venues shall send CONSOB their proposals for amendments to the market regulation and the technical implementation provisions relative to the proposed amendments or requiring prior approval, in accordance with the said regulation; the said proposals and provisions must be sent to CONSOB at least 20 working days prior to the expected date of their official approval by the competent body. To this end, the operators shall send CONSOB the following:
  - a)* an explanatory report on the contents and aims of the proposed amendments, also indicating any request for amendments from issuers, market operators and investors;
  - b)* the text of the regulation and related technical implementation provisions, with the amendments to be made duly highlighted;
  - c)* an explanatory report on the outcomes of the consultation on the proposed amendments.
2. The text approved by the competent body shall be sent to CONSOB with any amendment made duly highlighted. As for regulated markets, the text must be sent for the purposes of art. 64-*quater*, paragraph 6, of the Consolidated Law.
3. Operators of trading venues shall duly publicise the updated, unabridged text of the market regulation and related technical implementation provisions, including by publishing it on their websites.

#### Article 33 *(Periodic information on the markets operated)*

1. Within the 5<sup>th</sup> day of each month, trading venues shall send CONSOB the following information with reference to the month just ended:

- a) the list of the financial instruments admitted to trading, specifying their ISIN code, name, classification (CFI) and category/class, as well as the start and end dates of their trading on the system;
  - b) for each individual financial instrument admitted to trading, the number of contracts, the value in Euros, the number of trading days, the number of days in which at least one contract was concluded and the trading currency.
2. On the occasion of extraordinary corporate transactions that could impact the continuity of the prices of the financial instruments traded, trading venues shall disclose the adjustment coefficient adopted.

#### Article 34

##### *(Information on specific requirements for OTFs)*

1. In order to enable CONSOB to ascertain compliance with the specific requirements set out in arts. 65-*quater* and 65-*quinquies* of the Consolidated Law, and to monitor any matched principal trading activity performed, and in particular to verify that the said activity remains compliant with definition given to it in art. 1, paragraph 6-*octies*, of the Consolidated Law, and that it does not raise any conflict of interest between the operator and its clients, notwithstanding Implementing Regulation (EU) 2016/824, the operators of OTFs, shall provide CONSOB with the following information:
- a) a detailed explanation of the reasons that the facility is not and cannot operate as a regulated market, a MTF or a systematic internaliser;
  - b) a detailed description of how discretionary power will be exerted, in particular regarding the moment when an order can be withdrawn from the OTF, as well as the moment when two or more client orders will be matched to each other within the OTF, and how this matching will take place;
  - c) a detailed description of the methods with which matched principal trading is used.
2. The information required under paragraph 1 shall be transmitted upon a request for authorisation for OTF operation or the request for the verification referred to in art. 64, paragraph 7, of the Consolidated Law, as well as upon any subsequent change or when a new OTF becomes operational.

#### Article 35

##### *(ICT facilities audit report)*

1. At least once a year, trading venue operators shall provide CONSOB with the audit plan relating to the ICT facilities relevant for the provision of institutional services, with particular reference to the security measures in place and the procedures aimed at ensuring business continuity. This audit shall be carried out by third parties or the trading venue operator's internal facilities, provided that these are different and independent from manufacturers.
2. By March, trading venue operators shall notify CONSOB of the audit findings for the previous

financial year referred to in paragraph 1. The measures taken and to be taken by the company so as to ensure the detected malfunctions are eliminated shall also be indicated, specifying relevant implementation timelines.

#### Article 36

##### *(Market making agreements and schemes)*

1. Upon any subsequent change, trading venues where participants or clients pursuing market making strategies trade, as provided for by art. 65-sexies, paragraph 3, of the Consolidated Law, shall send the following to CONSOB:

- a) a description of the content of the agreements referred to in art. 65-sexies, paragraph 3, of the Consolidated Law, specifying the parties thereto;
- b) a description of the incentives prescribed by the provisions of the European Union and relevant implementation rules, as well as the incentives they have offered on their own initiative;
- c) the mechanisms and procedures put in place to ensure the continuous monitoring of participant compliance both with the market making agreement and the market making schemes;
- d) a detailed description of the parameters used to assess exceptional conditions or stressed market conditions, as well as the procedures and methods used to provide the public with relevant information on the occurrence of such market situations.

2. Upon any subsequent change, trading venues shall notify CONSOB of the list of their market members and participants who have entered into a market making agreement, as provided for by art. 1 of Delegated Regulation (EU) 2017/578, or who have voluntarily entered into agreements with the trading venue, in support of the liquidity of financial instruments. The scope, in terms of markets and financial instruments, as well as the start and cessation date of the activity shall be indicated.

3. Trading venues shall promptly inform CONSOB, also by means of the update referred to in paragraph 2, of the withdrawal of any member or participant from a market making agreement or market making scheme.

4. Trading venues shall promptly inform CONSOB of the following:

- a) any useful evidence based on which an allegation could be made as regards the implementation of a market making strategy by a member or participant, without a market making agreement with the trading venue being concluded;
- b) any infringement of the market making agreements or schemes and the relevant steps taken.

### Article 37

#### *(Notices on the operational requirements of trading venues)*

1. By March of each year, trading venues shall send CONSOB the self-assessment document referred to in art. 2 of Delegated Regulation (EU) 2017/584, regarding their compliance with art. 65-*sexies* of the Consolidated Law and with the provisions of the abovementioned Delegated Regulation, with particular reference to:

- a) decision-making and governance mechanisms;
- b) staffing and staff skills;
- c) outsourcing of operational functions under art. 6 of said Delegated Regulation;
- d) capacity of their trading systems;
- e) provisions on business continuity;
- f) pre- and post-trade controls;
- g) procedures and provisions on physical and electronic security for protecting their systems.

2. For each subject area referred to in paragraph 1, the self-assessment document shall include:

- a) a detailed reference to the documents most recently submitted to CONSOB;
- b) any changes and interventions made in the reference year;
- c) the planned changes and relevant implementation timeline;
- d) the measures taken and to be taken so as to ensure the detected malfunctions are eliminated, specifying the relevant implementation timelines.

### Article 38

#### *(Notices on outsourcing)*

1. Trading venues shall promptly inform CONSOB of the intention to outsource activities strategically relevant to ordinary business management, except for the operational functions referred to in art. 2, paragraph 2, letter b), point i) of this Regulation. To this end, they shall send a document detailing the outsourced activities to CONSOB, also specifying:

- a) the measures taken for ensuring that the conditions referred to in art. 10 of this Regulation and art. 6 of Delegated Regulation (EU) 2017/584 are met;
- b) whether the service provider provides the same service to other trading venues;
- c) the planned timelines for completing the outsourcing procedure.

2. In the event that critical operational functions are outsourced, trading venues shall also submit, together with the documents referred to in paragraph 1, the text of the agreement for approval purposes as referred to in art. 65-sexies, paragraph 6, of the Consolidated Law and art. 6, paragraph 5, letter *b*), of Delegated Regulation (EU) 2017/584.

3. Trading venues shall promptly inform CONSOB of the outsourcing of activities with strategic relevance for ordinary business management, by sending the outsourcing agreement concluded in writing. In the event that the operational functions referred to in art. 2, paragraph 2, letter *b*), point *i*) of this Regulation are outsourced, trading venues shall also submit a document including the description of the outsourced activities, as provided for by paragraph 1, letters *a*) and *b*).

#### Article 39

##### *(Notices on the fee structure)*

1. Upon each change, trading venues shall provide CONSOB with information on the fee structure, so as to enable CONSOB to carry out the verifications referred to in Delegated Regulation (EU) 2017/573.

#### Article 40

##### *(Notices on system performance and capacity)*

1. Upon any major trading disruption which is not due to market volatility or any other significant disturbance of the connectivity, trading venues shall send an 'incident report' within two working days after the event, detailing information on:

- a)* the causes of the malfunction;
- b)* the impact of the malfunction on the orderly performance of trading;
- c)* the measures taken or to be taken and relevant timelines.

2. Should the information referred to in paragraph 1 not be available within two days after the event, trading venues must notify CONSOB of the situation and send the aforementioned information as soon as they become available.

3. Upon any subsequent change, for the purposes of enabling verification of compliance with the provisions of Delegated Regulation (EU) 2017/584, trading venues shall notify CONSOB of the policies, mechanisms and procedures implemented regarding:

- a)* real-time monitoring of their own trading systems;
- b)* throttling limits and monitoring of the concentration flow of orders;
- c)* regular review of the performance and capacity of their own trading systems;
- d)* cancellation of orders or transactions.

4. Upon any subsequent change, trading venues shall also send their business continuity plan

and disaster recovery measures to CONSOB, as referred to in Delegated Regulation (EU) 2017/584, explicitly mentioning the changes that occurred after the previously transmitted version.

#### Article 41

##### *(Notices on mechanisms for managing volatility)*

1. Upon any subsequent change, trading venues shall notify CONSOB of the procedures put in place to manage volatility as referred to in art. 65-sexies, paragraph 2, letter *d*), of the Consolidated Law and art. 18, paragraph 3, letter *a*), and 19 of Delegated Regulation (EU) 2017/584. They shall also provide information on the procedures put in place to manage the situations referred to in art. 19, paragraph 4, of the abovementioned Delegated Regulation.

2. For the purposes of enabling CONSOB to ascertain the presence of the devices referred to in art. 65-sexies, paragraph 2, letter *d*), of the Consolidated Law, as well as to submit the relevant reports to ESMA, upon any subsequent change and by January 15 of each year trading venues shall provide CONSOB with the following information on the parameters used for suspending trading, with reference to the parameters used from the first day of trading of the year:

- a)* the financial instrument or financial instrument category concerned;
- b)* an overall description of the volatility mechanism;
- c)* information on the use of a static or dynamic price by the trading venue;
- d)* the reference price for the implementation of the mechanisms aimed at managing volatility, by providing a specific information note in the event that an external reference price is used;
- e)* thresholds for the implementation of the mechanisms and procedures for suspending trading, expressed as a proportion of the reference price;
- f)* where relevant, the frequency of the updates to the mechanisms and procedures for suspending trading;
- g)* the duration of suspensions, when given;
- h)* the mechanism used for the resumption of trading.

#### Article 42

##### *(Notices on the order to trade ratio)*

1. Upon any subsequent change, trading venues intended for the systems referred to in art. 2 of Delegated Regulation (EU) 2017/566 shall provide CONSOB with information relating to:

- a)* the maximum order to trade ratios, calculated on the basis of the methods referred to in Delegated Regulation (EU) 2017/566;
- b)* the calculation period of the actual order to trade ratio in use;

- c) the mechanisms and procedures implemented for monitoring member and participant transactions on each financial instrument during a trading session;
- d) any fees or disincentive provided for in the event of exceedance of maximum order to trade ratios.

Article 43  
*(Notices on co-location)*

1. Upon any subsequent change, trading venues shall send an information note to CONSOB, covering:

- a) the co-location services provided, broken down by type as referred to in art. 1, paragraph 1, of Delegated Regulation (EU) 2017/573. Any third parties operating or owning the service according to a contractual or outsourcing agreement with the trading venue shall also be indicated, where relevant;
- b) the measures and mechanisms implemented for the purposes of monitoring connections and latency, as referred to in art. 1, paragraph 3, of Delegated Regulation (EU) 2017/573.

Article 44  
*(Notices on trading ticks)*

1. Trading venues shall send the following information to CONSOB, at least three working days prior to the events mentioned below:

- a) the estimations referred to in art. 3, paragraphs 5 and 6, of Delegated Regulation (EU) 2017/588, in the event that shares and certificates of deposits are admitted to trading;
- b) in case of corporate events, the potential impact on the average daily number of transactions on the financial instrument which would lead to the assignment of a different liquidity band shall be indicated, in accordance with the provisions of art. 4 of Delegated Regulation (EU) 2017/588.

Article 45  
*(Notices from small and medium enterprise growth markets)*

1. Trading venues wishing to be registered as small and medium enterprise (SME) growth markets according to the provisions of art. 78 of Delegated Regulation (EU) 2017/565 shall send the following information to CONSOB:

- a) the verifications carried out as to establish if at least 50% of the issuers admitted to trading on the MTF consists of SMEs;
- b) the issuer list, indicating, for each of them, where relevant for the purposes of the verifications referred to in letter a):



- i)* the financial instruments (name and ISIN code) admitted to trading;
    - ii)* the average number of employees;
    - iii)* the balance sheet total;
    - iv)* the net annual turnover;
  - c)* the market regulation indicating that the requirements referred to in art. 78, paragraph 2, of Delegated Regulation (EU) 2017/565 are met.
2. Trading venues shall send, by May of each year, the information referred to in paragraph 1, letters *a)* and *b)*, relating to the previous year.

#### Article 46

##### *(Agreements with post-trading infrastructures)*

1. The operators of regulated markets and MTFs shall notify CONSOB and Banca d'Italia of any draft arrangements with CCPs and CSDs in other Member States. This will allow for clearance and regulation of some or all the transactions carried out by participants on the regulated market and the MTF. The notification shall be made within 45 working days from the start of trading and include the following information:
- a)* the terms and contents of the agreement;
  - b)* the existence of connections and devices between CCPs and CSDs and the regulated market and MTFs;
  - c)* the technical conditions set forth, so as to allow for the transactions concluded in the regulated market or the MTF to be efficiently regulated.
2. Within the same period prescribed by paragraph 1, the operators shall notify CONSOB and Banca d'Italia of the end of trading as referred to in paragraph 1 and any other changes to the previously communicated information.
3. In order to avoid duplication of controls, CONSOB and Banca d'Italia will take into account the supervisory activity carried out on the systems referred to in paragraph 1 by the competent supervisory authorities of other Member States.
4. The operators of regulated markets and MTFs shall provide CONSOB and Banca d'Italia with the information referred to in paragraph 1, as regards any draft arrangement with CCPs and CSDs in third countries.

## Chapter IV Access to trading venues

### Article 47

*(Notices on due diligence on market members and participants)*

1. Upon any subsequent change, trading venues shall inform CONSOB of:
  - a) the procedures and criteria implemented as regards the due diligence activity referred to in art. 7 of Delegated Regulation (EU) 2017/584 on the members of and participants in their markets;
  - b) a description of the conformance testing environments provided to their members and participants, according to the provisions of art. 9, paragraph 4 of Delegated Regulation (EU) 2017/584;
  - c) a description of the algorithm testing environments for members and participants as referred to in art. 10, paragraph 2, of Delegated Regulation (EU) 2017/584;
  - d) the mechanisms and procedures in place for providing clients with sponsored access, according to the provisions of art. 22 of Delegated Regulation (EU) 2017/584.
2. In accordance with the provisions of art. 7, paragraph 3, of Delegated Regulation (EU) 2017/584, trading venues shall notify CONSOB of the results of the activities referred to in paragraph 1, letter a).
3. Upon any subsequent change, trading venues shall transmit the list of market members and participants to CONSOB, indicating for each of them:
  - a) the name and Legal Entity Identifier (LEI) code;
  - b) any performance of algorithmic trading activities by the member or participant;
  - c) any use of high frequency trading by the member or participant;
  - d) any provision of direct market access (DMA) or sponsored access service by the member or participant;
  - e) any use of co-location services by the member or participant;
  - f) if they are operators other than Italian investment firms, banks, EU investment firms, EU banks or firms from third countries, authorised under arts. 28 and 29-ter of the Consolidated Law.

### Article 48

*(Notices on access to markets)*

1. Italian investment firms and banks engaging in high frequency algorithmic trading shall

promptly transmit a detailed document to CONSOB, upon initial application of the trading techniques. This document shall include the assessments performed on the implementation of such high frequency algorithmic trading techniques, specifying:

- a) the reference period for analysis of the message intraday rate referred to in art. 19, paragraph 1, of Delegated Regulation (EU) 2017/565;
- b) the scope of application of high frequency algorithmic trading, with respect to markets and financial instruments;
- c) any request to trading venues for an estimate of their trading operations, according to the provisions of art. 19, paragraph 5, of Delegated Regulation (EU) 2017/565.

2. Upon starting the operations and upon any subsequent change, Italian investment firms and banks shall notify CONSOB of any algorithmic trading activity being performed or high frequency algorithmic trading techniques being implemented, providing the following information:

- a) the trading start date;
- b) the trading venues the activity is performed on, identified by means of a dedicated Market Identifier Code (MIC);
- c) the financial instrument category the activity is performed on;
- d) any high frequency algorithmic trading activity being performed or any high frequency algorithmic trading being implemented by means of DEA to the market.

3. The provisions of paragraph 2 also apply to the persons referred to in art. 67-ter, paragraph 8, of the Consolidated Law.

#### Article 49

#### *(Notices on algorithmic trading)*

1. By May of each year, the control functions of Italian investment firms and banks engaged in algorithmic trading shall inform CONSOB of:

- a) the procedures implemented for validating, developing and deploying trading algorithms, for their subsequent updates and for arranging solutions to the problems which may have been detected during monitoring;
- b) the procedures set forth for developing and testing trading algorithms, according to the provisions of art. 5 of Delegated Regulation (EU) 2017/589.

2. The compliance control function of Italian investment firms and banks engaged in algorithmic trading shall promptly provide CONSOB with:

- a) the validation report prepared within the self-assessment procedure, according to the provisions of art. 9 of Delegated Regulation (EU) 2017/589;

- b) the results of annual audits on automated monitoring systems, as provided for by art. 13 of Delegated Regulation (EU) 2017/589 and the business continuity mechanisms under art. 14 of said Regulation.
3. The notices provided for in this article shall also be sent to the persons referred to in art. 67-ter, paragraph 8, of the Consolidated Law.

Article 50  
*(Notices on direct electronic access (DEA))*

1. The compliance control function of Italian investment firms and banks providing DEA to a trading venue shall notify this to CONSOB and the authority of the said trading venue, where different.
2. Said compliance control function of Italian investment firms and banks providing DEA to a trading venue shall report to CONSOB on:
- a) any infringement of rules, disorderly trading conditions and that may involve market abuse detected following the controls provided for by art. 16, paragraph 6, letter a);
  - b) upon request and by May of each year, a description of the systems and controls referred to in art. 12, paragraphs 4 and 6.
3. The compliance control function of Italian investment firms and banks providing DEA shall promptly communicate the results of the annual assessments the adequacy of its clients' systems controls to CONSOB, in accordance with art. 23 of Delegated Regulation (EU) 2017/589.

**Chapter V**  
**Non-EU financial markets**

Article 51  
*(Application for recognition of non-EU markets and notices from operators that access them)*

1. Operators of non-EU markets wishing to apply for recognition under art. 70, paragraph 1, of the Consolidated Law shall submit an application for recognition to CONSOB. This application must include all the information needed to verify that the conditions set forth in art. 70, paragraph 3, of the Consolidated Law are met. This must include at least the following details:
- a) the regulations applying to the market and relevant participants as provided for by the legislation in their State of origin, including the regulatory, reporting, inspection and intervention powers conferred to the competent Authority;
  - b) the structure of the group to which the operator belongs;
  - c) the activity plan, including the methods for service provision in Italy;
  - d) the organisational structure of the market and the relevant operator;

- e) ICT facilities relevant for the provision of institutional services and organisational measures taken as regards cyber-security and access restrictions;
- f) the financial instruments traded on the markets and relevant conditions for admission to trading;
- g) the types of operators who may be admitted to trading and methods for participating in trading;
- h) the microstructural features of the trading platform, including the methods and criteria for contract conclusion, price discovery methods and devices adopted by the market as regards algorithmic trading;
- i) any outsourcing of operational functions to third parties and safeguards adopted to ensure control and compliance with the legislation in the State of origin;
- l) the role and characteristics of the central counterparties and, where relevant, any provision of services to participants established within the European Union.

2. The persons accessing non-EU markets recognised under art. 70, paragraph 1, of the Consolidated Law:

- a) shall notify CONSOB within 5 working days from the start of trading in said markets, providing the following information:
  - i) the foreign market joined by the operator;
  - ii) the technical means by which the connection with the market was made;
  - iii) the date when trading on said market started;
  - iv) the categories of financial instruments being traded.
- b) they shall also notify CONSOB of any changes that have occurred with respect to the information previously communicated, as well as of any cessation of trading on the said markets.

## PART III DATA COMMUNICATION SERVICES

### Title I Regulation of data communication services

#### Article 52

*(Application for authorisation)*

1. Entities wishing to operate as an APA or ARM service provider shall submit an application for authorisation to CONSOB. According to the provisions of Commission Delegated Regulation (EU) 2017/571 and Implementing Regulation (EU) 2017/1110, this shall include all the information necessary for CONSOB to verify that the said entity has put in place the measures needed to fulfil their obligations arising from the provisions of Part III, Title I-*ter*, of the Consolidated Law, of Title IV-*bis* of Regulation (EU) 600/2014 and related delegated acts, including the date when the service should presumably start operation and the name and contact details of a reference person who is able to provide, if necessary, required information and clarifications<sup>12</sup>.

2. CONSOB shall notify of any authorisation granting or denial within six months after the duly completed application is submitted.

#### Article 53

*(Requirements of the administrative body)*

1. The members of the administrative body of approved publication arrangements (APAs) or approved reporting mechanisms (ARMs) shall fulfil the requirements laid down in art. 27-*septies* of Regulation (EU) 600/2014 and related delegated acts<sup>13</sup>.

#### Article 54

*(Organisational requirements of approved publication arrangements (APAs))*

...*omissis*...<sup>14</sup>

#### Article 55

*(Minimum information disclosed by APAs)*

...*omissis*...<sup>15</sup>

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<sup>12</sup> Paragraph thus replaced by Resolution no. 22804 of 6.9.2023.

<sup>13</sup> Paragraph thus replaced by Resolution no. 22804 of 6.9.2023.

<sup>14</sup> Article repealed by Resolution no. 22804 of 6.9.2023.

<sup>15</sup> Article repealed by Resolution no. 22804 of 6.9.2023.

Article 56  
*(Organisational requirements of consolidated tape providers (CTPs))*

*...omissis...*<sup>16</sup>

Article 57  
*(Minimum information disclosed by CTPs)*

*...omissis...*<sup>17</sup>

Article 58  
*(Organisational requirements of approved reporting mechanisms (ARMs))*

*...omissis...*<sup>18</sup>

## **Title II**

### **Reporting and communication obligations of approved publication arrangements (APAs) and approved reporting mechanisms (ARMs)<sup>19</sup>**

Article 59  
*(Notices on organisational requirements and corporate officer requirements)*

1. **Approved publication arrangements (APAs) and approved reporting mechanisms (ARMs)**, at the time of authorisation and upon any other subsequent change, shall send the following to CONSOB:

- a) the identification details of all the members of their administrative body;
- b) **the information needed to ascertain whether the requirements laid down by art. 79-ter, paragraphs 1 and 3, of the Consolidated Law and Title IV-bis of Regulation (EU) 600/2014 and related delegated acts are met<sup>20</sup>.**

2. The administrative body of data communication service providers shall submit a yearly report to CONSOB on the organisational changes relating to the following:

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16 Article repealed by Resolution no. 22804 of 6.9.2023.

17 Article repealed by Resolution no. 22804 of 6.9.2023.

18 Article repealed by Resolution no. 22804 of 6.9.2023.

19 Heading thus modified by Resolution no. 22804 of 6.9.2023, which replaced the words: "of data communication service providers" with the words: "of approved publication arrangements (APAs) or approved reporting mechanisms (ARMs)".

20 Paragraph thus modified by Resolution no. 22804 of 6.9.2023, which replaced the words: "data communication service providers" with the words: "approved publication arrangements (APAs) or approved reporting mechanisms (ARMs)" and replaced letter b).

- a) control activities on management, specifying duties and responsibilities, with particular reference to the tasks of detection and correction of the irregularities found;
- b) the reporting procedures in place at different corporate levels, specifying information relating to the anomalies detected and the steps taken to eliminate them;
- c) the methods introduced to ensure the proper functioning of the service, with particular reference to technological support;
- d) the safeguards aimed at ensuring the reliability and integrity of the information handled;
- e) risk mitigation measures, highlighting any operational shortcomings detected.

3. **Approved publication arrangements (APAs) and approved reporting mechanisms (ARMs)** shall promptly notify CONSOB of the identity of corporate officers and the subjects who effectively manage the service activities and operations. Any subsequent change in the identity of the said subjects shall also be promptly communicated<sup>21</sup>.

4. Within 30 days, **approved publication arrangements (APAs) and approved reporting mechanisms (ARMs)** shall provide CONSOB with a copy of the meeting of the administrative body during which the resolutions on the appointment of corporate officers are taken<sup>22</sup>.

5. CONSOB may request, when deemed appropriate, the documentation establishing that the subjects in charge of management and control duties meet the requirements of integrity, professionalism and independence and also establishing that there are no grounds for their suspension from office and no disqualifying situations, to be produced.

6. **Approved publication arrangements (APAs) and approved reporting mechanisms (ARMs)** shall send the following to CONSOB:

- a) the documents certifying the convocation of administrative body meetings and the shareholders meeting, when these focus on the matters regulated by this article. The said document shall explicitly indicate the agenda covered by the abovementioned calls for meetings;
- b) the agreements regarding alliances and arrangements for cooperation submitted to the administrative body, which may impact on the activity performed<sup>23</sup>.

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21 Paragraph thus modified by Resolution no. 22804 of 6.9.2023, which replaced the words: "data communication service providers" with the words: "approved publication arrangements (APAs) or approved reporting mechanisms (ARMs)".

22 Paragraph thus modified by Resolution no. 22804 of 6.9.2023, which replaced the words: "data communication service providers" with the words: "approved publication arrangements (APAs) or approved reporting mechanisms (ARMs)".

23 Paragraph thus modified by Resolution no. 22804 of 6.9.2023, which replaced the words: "data communication service providers" with the words: "approved publication arrangements (APAs) or approved reporting mechanisms (ARMs)".



Article 60  
*(Notices on operational requirements)*

1. Without prejudice to the provisions of Delegated Regulation (EU) 2017/571, in May of each year **approved publication arrangements (APAs) and approved reporting mechanisms (ARMs)** shall send the following to CONSOB:

- a) the results of the quality assessment carried out on the business continuity mechanisms provided by the third party supplier, as referred to in art. 6, paragraph 4, of Delegated Regulation (EU) 2017/571, specifying any improvement needed;
- b) the results of the review of the technical infrastructures in place, as referred to in art. 7, paragraph 2 of Delegated Regulation (EU) 2017/571, the measures taken and to be taken to address the shortcomings identified and relevant timelines;
- c) the results of the stress tests referred to in art. 8, paragraph 6, of Delegated Regulation (EU) 2017/571, the measures taken and to be taken to address the shortcomings identified and relevant timelines;
- d) the mechanisms and procedures implemented for ensuring that the systems have sufficient scalability according to the provisions of art. 8, paragraph 7, of Delegated Regulation (EU) 2017/571;
- e) the results of the monitoring of the IT systems referred to in art. 10, paragraph 2, of Delegated Regulation (EU) 2017/571;
- f) the results of the reconciliations referred to in art. 10, paragraph 3, of Delegated Regulation (EU) 2017/571;
- g) the results of the system monitoring referred to in art. 11, paragraph 3, of Delegated Regulation (EU) 2017/571<sup>24</sup>.

**PART IV**  
**INTERNAL INFRINGEMENT REPORTING SYSTEMS (WHISTLE-BLOWING)**

Article 60-bis  
*(Procedures for reporting infringements)*

1. The procedures relating to internal infringement reporting systems (whistle-blowing) provided for by art. 4-*undecies* of the Consolidated Law shall be validated by the administrative body of the operators of regulated markets and data communication service providers and shall be established in accordance with the principle of proportionality.

2. The procedures referred to in paragraph 1 shall ensure that the persons in charge of receiving,

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<sup>24</sup> Paragraph thus modified by Resolution no. 22804 of 6.9.2023, which replaced the words: "data communication service providers" with the words: "approved publication arrangements (APAs) or approved reporting mechanisms (ARMs)".

analysing and assessing the reports of infringements:

- a) do not report hierarchically or functionally to the reported person, are not the alleged infringer themselves and do not have any potential interest related to the report which may undermine their impartiality and independence of mind;
  - b) do not take part in any decision-making procedure, which should be the responsibility of the competent corporate bodies.
3. The persons referred to in paragraph 1 shall designate a person responsible for the internal infringement reporting system. This person shall ensure its proper functioning and promptly inform the competent corporate body of any reported information, where relevant.
4. According to the procedures referred to in paragraph 1, the persons in charge of receiving, analysing and assessing reports of infringement, the person responsible for internal infringement reporting and any other person involved are bound to confidentiality requirements in relation to the information received.
5. The procedures specified in paragraph 1 also provide for the following:
- a) without prejudice to the provisions of art. 4-*undecies* of the Consolidated Law, persons who may activate the systems for reporting infringements, as well as the reportable acts or facts;
  - b) the methods for reporting the alleged infringements;
  - c) the persons in charge of receiving reports of infringement;
  - d) the methods and timings of the procedural steps for processing a report and dealing with the persons involved accordingly;
  - e) the cases when the person responsible for the internal infringement reporting systems should promptly notify the competent corporate bodies as appropriate;
  - f) the methods for informing the reporting person and the reported persons about developments in the processing of the report;
  - g) the obligation for the reporting person to declare any private interest relating to the report;
  - h) if the reporting person is jointly responsible for the infringements, favourable treatment towards the reporting person compared to other jointly responsible persons, in a way that is consistent with the applicable regulation.
6. With the aim of encouraging the use of internal infringement reporting systems, the persons referred to in paragraph 1 shall provide their personnel with clear, precise and comprehensive information on the internal reporting procedure, specifying the devices put in place to ensure confidentiality of the personal data both of the reporting person and the alleged infringer.

7. In compliance with the provisions of the personal data protection regulation, the person responsible for the internal infringement reporting systems shall prepare an annual report on the proper functioning of the said systems, including information on the findings of the activity performed following the receipt of said reporting. This annual report shall be validated by the competent corporate bodies and made available to the personnel.

8. Without prejudice to the obligations under art. 4-*undecies* of the Consolidated Law and this article, the persons referred to in paragraph 1 may outsource the activities of reception, analysis and assessment of infringements reports.

## PART V

### POSITION LIMITS AND MANAGEMENT CONTROLS FOR POSITIONS IN COMMODITY DERIVATIVES

#### Title I

#### Regulation of position limits for commodity derivatives

##### Article 61

*(Position limits and management controls for positions in commodity derivatives)*

1. The position limits **for agricultural commodity derivatives and critical or significant commodity derivatives** referred to in art. 68 of the Consolidated Law<sup>25</sup>:

- a) shall be established on the basis of all the positions held by a person and on those held on their behalf at an aggregated group level **in compliance with Commission Delegated Regulation (EU) 2022/1302**<sup>26</sup>;
- b) shall ensure convergence between prices of derivatives in the delivery month and 'spot prices' for the underlying commodities, without prejudice to price discovery on the underlying commodity market;
- c) shall specify clear quantity thresholds for the maximum net position a person can hold in **agricultural commodity derivatives and critical or significant commodity derivatives**<sup>27</sup>.
- d) *...omissis...*<sup>28</sup>

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25 Paragraph thus modified by Resolution no. 22804 of 6.9.2023, which after the words: "position limits" added the words: "for agricultural commodity derivatives and critical or significant commodity derivatives".

26 Letter thus modified by Resolution no. 22804 of 6.9.2023, which after the words: "at an aggregated group level" added the words: "in compliance with Commission Delegated Regulation (EU) 2022/1302".

27 Letter thus replaced by Resolution no. 22804 of 6.9.2023.

28 Letter repealed by Resolution no. 22804 of 6.9.2023.

2. Persons holding positions in commodity derivatives or emission allowances, or derivatives thereof, shall be classified by the trading venue operator according to the nature of their main activity, for the purposes of compliance with the obligations under art. 62, paragraph 1, taking into account the information gathered from their participants as either:

- a) investment firms or credit institutions;
- b) investment funds, either an undertaking for collective investments in transferable securities (UCITS) as defined in Directive 2009/65/EC, or an alternative investment fund manager as defined in Directive 2011/61/EC;
- c) other financial institutions, including insurance undertakings and reinsurance undertakings as defined in Directive 2009/138/EC, and institutions for occupational retirement provision as defined in Directive 2003/41/EC;
- d) commercial undertakings;
- e) in the case of emission allowances or derivatives thereof, operators with compliance obligations under Directive 2003/87/EC.

3. CONSOB shall reassess the position limits upon any relevant change in the market, also in reference to the deliverable supply or in the open interest or any other relevant change in the market, according to its own determination of the deliverable supply and open interest, and re-establish position limits according to the calculation methodologies laid down in Commission Delegated Regulation (EU) 2022/1302<sup>29</sup>.

## Title II

### Reporting and communication obligations on position limits and management controls for positions in commodity derivatives

#### Article 62

#### *(Notices on position limits)*

1. The report referred to in art. 68-*quater*, paragraph 1, of the Consolidated Law specifies the number of short and long positions for the different categories of persons, the changes occurred since the previous report, the open interest, the proportion of the total open interest accounted for by each category and the number of position holders for each category, in accordance with paragraph 3.

2. At least once a day, operators of trading venues where commodity derivatives, or emission allowances, or derivatives thereof are traded, shall provide CONSOB with a comprehensive breakdown of the total number of positions held by the persons in said trading venue, including members or participants and relevant clients.

3. With the aim of allowing CONSOB to determine and reassess the position limits for

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<sup>29</sup> Paragraph thus replaced by Resolution no. 22804 of 6.9.2023.

agricultural commodity derivatives under art. 61, paragraph 3, trading venues shall notify CONSOB if the total combined open interest of any such agricultural commodity derivative reaches any of the amounts of lots referred to in art. 17, paragraph 1, of Commission Delegated Regulation (EU) 2022/1302, specifying if the total combined open interest in the spot month and in other months exceeds 20,000 lots over a consecutive three month period<sup>30</sup>.

4. *...omissis...*<sup>31</sup>.

5. The obligation set out in art. 68-*quater*, paragraph 2, of the Consolidated Law also applies to third country firms authorised under arts. 28 and 29-*ter* of the Consolidated Law.

#### Article 63

*(Notices on relevant factors for the purposes of calculating position limits)*

*...omissis...*<sup>32</sup>

#### Article 64

*(Notices on control of compliance with position limits)*

1. Upon starting trading and upon any subsequent change, trading venues shall notify CONSOB of the systems and controls put in place for the management of position limits **in accordance with Commission Delegated Regulation (EU) 2022/1299**<sup>33</sup>.

#### Article 65

*(Notices on exemption from position limits and exemption for ancillary activity in commodity derivatives)*

1. A request for exemption from the position limits referred to in art. 68, paragraph 2-*bis*, of the Consolidated Law, shall be submitted to CONSOB in compliance with articles 8, 9 and 10 of Commission Delegated Regulation (EU) 2022/1302.

2. The entity which has submitted a request for exemption in accordance with paragraph 1 shall promptly notify CONSOB of any significant changes or information, as referred to in article 8, paragraphs 6 and 7, and article 9, paragraph 4, of Commission Delegated Regulation (EU) 2022/1302. Should it intend to continue benefiting from the exemption, the entity shall submit a new request for exemption.

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30 Paragraph thus replaced by Resolution no. 22804 of 6.9.2023.

31 Paragraph repealed by Resolution no. 22804 of 6.9.2023.

32 Article repealed by Resolution no. 22804 of 6.9.2023.

33 Paragraph thus modified by Resolution no. 22804 of 6.9.2023, which replaced the words: "on commodity derivatives. The nature and composition of market participants and of the use they make of the contracts admitted to trading shall be taken into account." with the words: "in accordance with Commission Delegated Regulation (EU) 2022/1299."

3. CONSOB shall approve or reject a request for exemption within 21 calendar days from the day the request was received and notify the applicant of the approval or rejection of the exemption.

4. The entities referred to in article 4-*terdecies*, paragraph 1, letter *l*), parts *i*) and *ii*) of the Consolidated Law that do not intend to submit to CONSOB a request for authorization to perform investment services and activities shall notify CONSOB, upon request thereof, of the criteria upon which they have evaluated their activity as ancillary in relation to the main activity, pursuant to article 2 of Commission Delegated Regulation (EU) 2017/592 and in compliance with the procedure established by article 6 of this regulation<sup>34</sup>.

## **PART VI**

### **TRADING TRANSPARENCY AND REPORTING OF TRANSACTIONS IN FINANCIAL INSTRUMENTS**

#### **Title I**

#### **Regulation of trading transparency**

##### Article 66

*(Authorisation of trade transparency waivers)*

1. Trading venues wishing to use pre-trade transparency waivers or envisaging the deferral of post-trade transparency obligations shall submit a specific application for authorisation to CONSOB and, for wholesale trading venues for government bonds, to Banca d'Italia. Authorised transparency waivers are reflected in a change in market regulation.

2. Trading venues wishing to use pre-trade transparency waivers for derivatives that are not subject to the obligation to trade referred to in art. 28 of Regulation (EU) n. 600/2014 and other financial instruments for which there is not a liquid market, established in accordance with art. 13 of Delegated Regulation (EU) 2017/583, shall submit an application for authorisation for each class of assets specified in Annex III of said Delegated Regulation to CONSOB and, for wholesale trading venues for government bonds, to Banca d'Italia.

3. Systematic internalisers shall notify CONSOB of the intention to derogate from their obligations referred to in art. 18 of Delegated Regulation (EU) n.600/2014 relating to non-equity financial instruments, by attaching a written assessment of compliance with the conditions of art. 9, paragraph 1, of said Regulation.

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<sup>34</sup> Article first modified by Resolution no. 21028 of 3.9.2019 and then thus replaced by Resolution no. 22804 of 6.9.2023.

## Title II

### Reporting and communication obligations on trading transparency and reporting of transactions in financial instruments

#### Article 67

*(Notices on pre-trade transparency waivers)*

1. With the aim of allowing CONSOB to carry out the verifications for ensuring that the trading venue complies with the conditions for using the waiver, trading venue operators wishing to submit a request for authorisation to use the post-trade transparency waivers referred to in art. 4 of Delegated Regulation (EU) n. 600/2014, shall send a specific application to CONSOB at least 5 months prior to the date on which the waiver takes effect. The application shall include a detailed explanatory note describing the reasons why the waiver is deemed to have been applied according to the provisions of Delegated Regulation (EU) n. 600/2014, together with the following information:

- a) the category of financial instruments and the markets for which the waiver is requested;
- b) the date on which the waiver takes effect;
- c) the type of waiver, of those provided for by art. 4 of Regulation (EU) n. 600/2014, for which the application is being submitted;
- d) information on any combinations of different types of waivers;
- e) information on any use of an existing type of waiver extended to other categories of financial instruments or operated markets;
- f) a detailed description of the functioning of the waiver, relating to each qualifying element and requirement provided for by art. 4 of Regulation (EU) n. 600/2014 and by arts. 4, 5, 6, 7 and 8 of Delegated Regulation (EU) 2017/587;
- g) information on any transactions taken into account for the purposes of calculating the maximum applicable thresholds for the volume cap mechanism as referred to in art. 5 of Regulation (EU) n. 600/2014;
- h) the mechanisms and procedures allowing trading venue operators to monitor compliance with the conditions for using the waiver on an ongoing basis.

2. Without prejudice to the provisions of art. 5 of Regulation (EU) n. 600/2014, trading venue operators authorised to use the waivers referred to in art. 4, paragraph 1, letters a) and b), point i) thereof shall provide CONSOB with information about the mechanisms and procedures implemented for ensuring that the authorised percentage of trading according to art. 5, paragraph 1, letter a), of Regulation (EU) n. 600/2014 is not exceeded under any circumstance.

3. With the aim of allowing CONSOB to carry out the verifications for ensuring that the trading venue complies with the conditions for using the waiver, trading venue operators wishing to

submit a request for authorisation to use the pre-trade transparency waivers referred to in art. 9 of Delegated Regulation (EU) n. 600/2014 shall send a specific application to CONSOB at least 5 months prior to the date on which the waiver takes effect. The application shall include a detailed explanatory note describing the reasons for which the waiver is deemed to have been drawn up in compliance with the provisions of Delegated Regulation (EU) n. 600/2014, together with the following information:

- a) the category of financial instrument and the markets for which the waiver is requested;
- b) the date on which the waiver takes effect;
- c) the type of waiver, of those provided for by art. 9 of Regulation (EU) n. 600/2014, for which the application is being submitted;
- d) information on any combinations of different types of waivers;
- e) information on any use of an existing type of waiver extended to other categories of financial instruments or operated markets;
- f) a detailed description of the functioning of the waiver, relating to each qualifying element and requirement provided for by art. 9 of Regulation (EU) n. 600/2014 and by arts. 3, 4, 5, 6 and 5 of said Delegated Regulation (EU) 2017/587;
- g) mechanisms and procedures allowing trading venue operators to monitor compliance with the conditions for using the waiver on an ongoing basis.

4. The information referred to in this article relating to wholesale trading venues for government bonds should be also sent to Banca d'Italia.

#### Article 68

##### *(Notices on deferral of post-trade transparency obligations)*

1. With the aim of allowing CONSOB to carry out the verifications needed to ensure respect of the conditions provided for deferral of transparency obligations, the operators of trading venues and entities that, on their own or on behalf of clients and even as systematic internalisers, conclude transactions in financial instruments, and intend to make use of deferred publication referred to in art. 7 of Regulation (EU) no. 600/2014, at least 3 months prior to the entry into force of the waiver, shall send CONSOB a detailed explanatory note presenting the reasons for which the waiver is deemed to have been drawn up in compliance with the provisions of Regulation (EU) no. 600/2014, together with the following information:

- a) the category of financial instruments and markets for which deferral is requested;
- b) the date on which the deferral takes effect;
- c) the type of deferral requested, of those indicated in art. 7, paragraph 1, of Regulation (EU) no. 600/2014;



- d) the devices used for deferred publication of the transactions;
- e) information on any use of a type of existing waiver extended to other categories of financial instruments or operated markets;
- f) a detailed description of the functioning of the trading functionality with respect to the individual qualifying elements and requirements identified for each individual type of deferral provided for by art. 7 or Regulation (EU) no. 600/2014 and Delegated Regulation (EU) 2017/587;
- g) the mechanisms and procedures that allow monitoring of compliance with the conditions for using the deferral on an ongoing basis.

2. With the aim of allowing CONSOB to carry out the verifications needed to ensure respect of the conditions provided for deferral of transparency obligations, the operators of trading venues and entities that, on their own or on behalf of clients and even as systematic internalisers, conclude transactions in financial instruments, and intend to make use of the deferred publication referred to in art. 11 of Regulation (EU) no. 600/2014, at least 3 months prior to the entry into force of the waiver, shall send CONSOB a detailed explanatory note representing the reasons for which the waiver is deemed to have been drawn up in compliance with the provisions of Regulation (EU) no. 600/2014, together with the following information:

- a) the category of financial instruments and markets for which waiver is requested;
- b) the date on which the waiver takes effect;
- c) the type of waiver requested, of those indicated in art. 11, paragraph 1, of Regulation (EU) no. 600/2014
- d) the devices used for deferred publication of the transactions;
- e) any use of a type of existing waiver extended to other categories of financial instruments or operated markets;
- f) a detailed description of the functioning of the waiver with respect to the individual qualifying elements and requirements identified for each individual type of waiver provided for by art. 11 or Regulation (EU) no. 600/2014 and Delegated Regulation (EU) 2017/583;
- g) the mechanisms and procedures that allow continuous monitoring of the respect of the conditions of use of the waiver.

3. The operators of trading venues and entities that, on their own or on behalf of clients and even as systematic internalisers, conclude transactions in financial instruments, and intend to make use of the deferred publication of information referred to in art. 11 of Regulation (EU) no. 600/2014, upon submitting the documents required by paragraph 2 of this article, shall specify in detail the contents, time and methods of publication of the information required under art. 11, paragraph 3, of Regulation (EU) no. 600/2014, and in compliance with Delegated Regulation (EU)

2017/583.

4. The information referred to in this article relative to wholesale trading venues of government bonds shall also be transmitted to Banca d'Italia.

#### Article 69

*(Notices on data disaggregation)*

1. Trading venues shall notify CONSOB of the criteria adopted to disaggregate the pre-trade and post-trade data of a financial instrument or a certain type of data, when the disaggregation criteria set out in art. 1, paragraphs 1 and 2, of Delegated Regulation (EU) 2017/572 cannot be applied in an unambiguous way.

#### Article 70

*(Notices on the channels used to fulfil obligations of transparency toward the public and reporting to CONSOB)*

1. Upon the start of operations and after that, at least 15 days before any change, trading venues and systematic internalisers, as well as Italian investment firms and banks shall notify CONSOB of which channels they use to disclose pre-trade and post-trade information, together with information on the date when these channels become operational and the details of their contact persons.

2. Upon the start of operations and after that, at least 15 days before any change, Italian investment firms and banks shall notify CONSOB of which channels they use to fulfil obligations of reporting to CONSOB set out in art. 26 of Regulation (EU) no. 600/2014, together with the information on the date when these channels become operational and the details of their contact persons.

#### Article 71

*(Notices on the provision of market data)*

1. Upon the start of operations, as well as within January of each year and upon any subsequent change, trading venues, systematic internalisers, APAs and CPTs shall notify CONSOB of the information required by art. 11 of Delegated Regulation (EU) 2017/567 and art. 89 of Delegated Regulation (EU) 2017/565 on prices and the terms and conditions for the provision of market data, respectively.

#### Article 72

*(Notices on systematic internalisation)*

1. Upon the start of operations and upon any subsequent change, the entities that perform systematic internalisation activities pursuant to arts. 12, 13, 14, 15 and 16 of Delegated Regulation (EU) 2017/565 or intend to qualify as systematic internalisers shall notify CONSOB of the following information:

- a) the category of financial instruments and liquidity profile of the financial instruments traded in systematic internalisation contexts;

- b) the list of the financial instruments that the entity trades as a systematic internaliser;
- c) the date of start or cessation of the activity;
- d) a detailed description of the bilateral facility operated, with an information note on the following aspects:
  - i) methods for executing clients' orders;
  - ii) policies and procedures adopted regarding the number or volume of orders requested by clients that could expose the systematic internalisers to undue risks;
  - iii) methods for hedging the positions deriving from execution of clients' orders;
  - iv) channel used for fulfilling quoting and transparency obligations;
- e) performance of matched principal trading activities on an occasional basis, if any, and related operational characteristics.

2. Within 15 days of publication of data by ESMA, systematic internalisers shall transmit CONSOB the outcomes of the quarterly assessments carried out on the criteria used to determine the frequency, systematic nature and substantiality of the activity.

3. Systematic internalisers shall establish electronic procedures for recording transactions on financial instruments concluded in their operated facilities. The said records must enable CONSOB to search for any individual financial instrument, type of trade and participant at any time.

4. CONSOB shall maintain and publish a list of systematic internalisers and fulfil the related obligations as required by the European Union.

5. Systematic internalisers shall promptly notify CONSOB of the clear and non-discriminatory rules that they set out for investors to access quotes.

6. On request, systematic internalisers shall provide CONSOB with a list of the entities that access quotes on the operated facilities.

7. Within the 5<sup>th</sup> day of each month and with reference to the previous month, systematic internalisers shall transmit CONSOB the following information on each individual financial instrument admitted to trading:

- a) the list of the financial instruments admitted to trading, specifying their ISIN code, name, classification (CFI) and category/class, as well as the start and end dates of their trading on the facility;
- b) for each individual financial instrument admitted to trading, the number of contracts, the value in Euros, the number of trading days, the number of days on which at least one contract was concluded and the trading currency.

## **PART VII**

### **MARKET INTEGRITY**

#### **Chapter I**

##### **Admitted market practices**

##### Article 73

*(Admission of market practices)*

1. CONSOB shall establish the market practices admitted in the ways and times provided for by art. 13 of Regulation (EU) no. 596/2014, taking into account the criteria indicated therein.

#### **Chapter II**

##### **Market manipulation**

##### Article 74

*(Elements and circumstances to be assessed to identify market manipulation)*

1. Pursuant to art. 12, paragraphs 3 and 5 of Regulation (EU) no. 596/2014, in order to assess whether a conduct constitutes market manipulation, CONSOB shall take into account the indicators contained in the list referred to in Appendix I of the said Regulation and the relative technical implementation rules.

**LIST OF MINIMUM INFORMATION REQUIRED FOR THE ASSESSMENT OF  
THE ACQUISITION OF A QUALIFYING HOLDING TO BE TRANSMITTED WITH  
THE COMMUNICATION REFERRED TO IN ARTICLE 64-BIS, PARAGRAPH 4,  
OF THE CONSOLIDATED LAW**

<b>I INFORMATION RELATING TO THE PROPOSED PURCHASER</b>		
<b>1. General information concerning the identity of the proposed purchaser</b>	<b>1. Natural person</b>	<p>Where the proposed purchaser is a natural person, the proposed purchaser shall provide the following information concerning his/her identity:</p> <ul style="list-style-type: none"> <li>a) personal data, including name, date and place of birth, national personal identification number (where available), address and contact details of the person;</li> <li>b) a detailed curriculum vitae (or equivalent document), indicating relevant education and training, previous work experience and any relevant professional or other function currently carried out.</li> </ul>
	<b>2. Legal person</b>	<p>Where the proposed purchaser is a legal entity, the proposed purchaser shall provide the following information:</p> <ul style="list-style-type: none"> <li>a) documents proving the trade name, head office and registered office, contact details and national identification number (where available);</li> <li>b) registration of its legal form in accordance with applicable national law;</li> <li>c) an updated overview of its business activities;</li> <li>d) a complete list of the persons who actually run the business, their names, date and place of birth, address, contact details, national identification number, where available, and detailed curriculum vitae (indicating relevant education and training, previous work experience and any relevant professional or other function currently carried out);</li> <li>e) the identity of all persons who can be considered beneficial owners of the legal entity, their names, date and place of birth, address, contact details and national identification number, if available.</li> </ul>

<sup>35</sup> Annex added by art. 1 of Resolution no. 21536 of 15.10.2020.

	3. Trusts	<p>For existing trusts or ones possibly arising from the proposed acquisition, the proposed purchaser shall provide the following information:</p> <ul style="list-style-type: none"> <li>a) the identity of all the trustees who will manage the assets in accordance with the document setting up the trust and, where applicable, their respective shares of income distribution;</li> <li>b) the identity of all the persons who are the beneficial owners or constituents of the assets held in trust and, where applicable, their respective shares of income distribution.</li> </ul>
2. <i>Additional information</i>	1. Natural person	<p>1. A proposed purchaser who is a natural person shall provide the following additional information:</p> <ul style="list-style-type: none"> <li>(a) the following information concerning the proposed purchaser and any companies managed or controlled by the proposed purchaser in the last 10 years: <ul style="list-style-type: none"> <li>(1) previous criminal convictions, investigations or prosecutions, relevant civil and administrative lawsuits and disciplinary proceedings (including bans on holding office as a company director or bankruptcy, insolvency or similar proceedings), notably in the form of an official certificate (where available in the Member State or relevant third country) or in the form of another equivalent document. With regard to ongoing investigations, the information may be provided in the form of a declaration on honour;</li> <li>(2) open investigations, enforcement proceedings, sanctions or other enforceable decisions against the proposed purchaser;</li> <li>(3) refusal of a registration, authorisation, membership or licence to carry on a commercial, business or professional activity or the revocation, withdrawal or termination of such registration, authorisation, membership or licence, or expulsion from a regulatory or government body or professional association or order;</li> <li>(4) dismissal or removal from a position of trust, termination of a fiduciary relationship or similar situation;</li> </ul> </li> </ul>

		<p>(b) information as to whether an assessment of the integrity of the proposed purchaser has already been carried out by another supervisory authority, the identity of that authority and proof of the outcome of that assessment;</p> <p>(c) information on the current financial position of the proposed purchaser, including detailed data on sources of income, assets and liabilities, commitments and guarantees, granted or obtained;</p> <p>(d) a description of the proposed purchaser's business activities;</p> <p>(e) financial information including credit ratings and publicly available reports on the companies controlled or managed by the proposed purchaser and, if applicable, on the proposed purchaser;</p> <p>(f) a description of the financial and non-financial interests or relationships of the proposed purchaser with the persons listed below:</p> <p>(1) any other current shareholders in the company in question;</p> <p>(2) any person authorised to exercise the voting rights of the company in question in one of the following cases or a combination thereof:</p> <ul style="list-style-type: none"> <li>- voting rights held by a third party with whom that person or entity has concluded a written agreement obliging them to adopt, by concerted exercising of the voting rights they hold, a lasting common policy towards the management of the issuer in question;</li> <li>- voting rights held by a third party pursuant to a written agreement concluded with that person or entity and which provides for a provisional and remunerated transfer of those voting rights;</li> <li>- voting rights are attached to the shares deposited with that natural or legal person as security, provided that said person controls the voting rights and states his/her willingness to exercise them;</li> <li>- voting rights are attached to the shares of which said natural or legal person has the usufruct;</li> </ul>
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		<ul style="list-style-type: none"> <li>- voting rights are held or may be exercised pursuant to the first four points of this subparagraph 2 by a subsidiary of that natural or legal person;</li> <li>- voting rights are attached to the shares deposited with that natural or legal person and may be exercised at that person's discretion in the absence of specific instructions from the shareholders;</li> <li>- voting rights are held by a third party in his/her name on behalf of that natural or legal person;</li> <li>- voting rights may be exercised by that natural or legal person under a proxy, where that person may exercise them at his/her discretion in the absence of specific instructions from the shareholders;</li> </ul> <p>(3) any members of the administrative, management or supervisory body, in accordance with relevant national law, or senior management of the company in question;</p> <p>(4) the actual company itself and its group;</p> <p>(g) information about any other interests or activities of the proposed purchaser that may conflict with those of the company in question and possible solutions to manage such conflicts of interest.</p> <p>2. As regards point (f) of paragraph 1, financial interest includes interest such as credit transactions, guarantees and commitments. Non-financial interests include interests such as family or close relationships.</p>
	2. Legal person	<p>1. Any proposed purchaser that is a legal entity shall provide the following additional information:</p> <p>(a) information concerning the proposed purchaser, any person who effectively manages the proposed purchaser's business, any company under the control of the proposed purchaser and any shareholder that exercises significant influence over the proposed purchaser as specified in point (e). This information relates to the following:</p> <p>(1) previous criminal convictions, investigations or prosecutions, relevant civil and</p>



		<p>administrative lawsuits and disciplinary proceedings (including bans on holding office as a company director or bankruptcy, insolvency or similar proceedings), notably in the form of an official certificate (where available in the Member State or relevant third country) or in the form of another equivalent document. With regard to ongoing investigations, the information may be provided in the form of a declaration on honour;</p> <p>(2) open investigations, enforcement proceedings, sanctions or other enforceable decisions against the proposed purchaser;</p> <p>(3) refusal of a registration, authorisation, membership or licence to carry on a commercial, business or professional activity or the revocation, withdrawal or termination of such registration, authorisation, membership or licence, or expulsion from a regulatory or government body or professional association or order;</p> <p>(4) dismissal or removal from a position of trust, termination of a fiduciary relationship or similar situation (with reference to any person who effectively manages the proposed purchaser's business and any shareholder that exercises significant influence over the proposed purchaser);</p> <p>(b) information as to whether an assessment of the integrity of the proposed purchaser or the person running the business of the proposed purchaser has already been carried out by another supervisory authority, the identity of that authority and proof of the outcome of that assessment;</p> <p>(c) a description of the financial and non-financial interests or relationships of the proposed purchaser or, where applicable, of the group to which the proposed purchaser belongs, as well as the persons effectively managing its business with:</p> <p>(1) any other current shareholders in the company in question;</p> <p>(2) any person authorised to exercise the voting rights of the company in question in one of the following cases or a combination thereof:</p>
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		<ul style="list-style-type: none"> <li>a. voting rights held by a third party with whom that person or entity has concluded a written agreement obliging them to adopt, by concerted exercising of the voting rights they hold, a lasting common policy towards the management of the issuer in question;</li> <li>b. voting rights held by a third party pursuant to a written agreement concluded with that person or entity and which provides for a provisional and remunerated transfer of those voting rights;</li> <li>c. voting rights are attached to the shares deposited with that natural or legal person as security, provided that said person controls the voting rights and states his/her willingness to exercise them;</li> <li>d. voting rights are attached to the shares of which said natural or legal person has the usufruct;</li> <li>e. voting rights are held or may be exercised pursuant to the first four points of this subparagraph 2 by a subsidiary of that natural or legal person;</li> <li>f. voting rights are attached to the shares deposited with that natural or legal person and may be exercised at that person's discretion in the absence of specific instructions from the shareholders;</li> <li>g. voting rights are held by a third party in his/her name on behalf of that natural or legal person;</li> <li>h. voting rights may be exercised by that natural or legal person under a proxy, where that person may exercise them at his/her/its discretion in the absence of specific instructions from the shareholders;</li> </ul> <p>(3) any members of the administrative, management or supervisory body, in accordance with relevant national law, or senior management of the company in question;</p>
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		<p>(4) the actual company itself and the group to which it belongs;</p> <p>(d) information about any other interests or activities of the proposed purchaser that may conflict with those of the company in question and possible solutions to manage such conflicts of interest;</p> <p>(e) the shareholder structure of the proposed purchaser, with the identity of all the shareholders who exercise significant influence and their share of the capital and corresponding voting rights, including information on any agreements between shareholders;</p> <p>(f) if the proposed purchaser is part of a group, either as a subsidiary or parent company, a detailed organisational chart of the whole business structure and information on the share of capital and voting rights of the shareholders exercising significant influence over group companies and the activities currently carried out by the group companies;</p> <p>(g) if the proposed purchaser is part of a group, either as a subsidiary or parent company, information on the relationship between the group's financial institutions and other non-financial institutions in the group;</p> <p>(h) identification of any credit institutions, insurance or reinsurance companies or intra-group securities brokerage firms and the names of the relevant supervisory authorities;</p> <p>(i) mandatory financial statements, at individual and, where applicable, consolidated and sub-consolidated level, irrespective of the size of the proposed purchaser, for the last three financial years, approved, where the financial statements are audited, by the independent auditor, including:</p> <ol style="list-style-type: none"> <li>(1) the balance sheet;</li> <li>(2) the profit and loss account or the income statement;</li> <li>(3) the annual reports and financial annexes and any other documents recorded in the relevant register or with the competent authority of the specific reference territory for the proposed purchaser.</li> </ol> <p>If the proposed purchaser is a newly incorporated</p>
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		<p>entity, instead of the information specified in this point (i), the proposed purchaser shall provide the balance sheet and profit and loss account or the forecast income statement for the first three financial years, including the planning assumptions used;</p> <p>(j) where available, information on the credit rating of the proposed purchaser and the overall rating of its group.</p> <p>2. As regards point (c) of paragraph 1, financial interest includes interest such as credit transactions, guarantees and commitments. Non-financial interests include interests such as family or close relationships.</p>
	3. Legal entity having its registered office in a third country	<p>If the proposed purchaser is a legal entity having its registered office in a third country, the proposed purchaser shall provide the following additional information:</p> <p>(a) a certificate of proper registration, or equivalent if this is not available, issued by the foreign financial authorities in respect of the proposed purchaser;</p> <p>(b) where available, a declaration by the foreign financial authorities attesting that there are no obstacles or limitations to the provision of information necessary for the supervision of the company in question;</p> <p>(c) general information on the regulatory regime in that third country, as applicable to the proposed purchaser.</p>
	4. Sovereign Fund	<p>If the proposed purchaser is a sovereign fund, the proposed purchaser shall provide the following additional information:</p> <p>(a) the name of the ministry or government office responsible for defining the fund's investment policy;</p> <p>(b) details of the investment policy and any investment restrictions;</p> <p>(c) the name and position of the individuals responsible for making investment decisions for the fund;</p> <p>(d) details of any influence exercised by the ministry or government office on the daily operations of the fund and the company in question.</p>

	5. Private equity fund	<p>If the proposed purchaser is a private equity fund, the proposed purchaser shall provide the following additional information:</p> <ul style="list-style-type: none"> <li>(a) a detailed description of the performance of previous acquisitions, by the proposed purchaser, of qualifying holdings in financial institutions;</li> <li>(b) details of the proposed purchaser's investment policy and any investment restrictions, including details on the monitoring of investments, factors relevant to the proposed purchaser as a basis for investment decisions with regard to the company in question and factors that involve changes in the proposed purchaser's exit strategy;</li> <li>(c) the proposed purchaser's decision-making scope for investment decisions, including the name and position of the individuals responsible for making such decisions;</li> <li>(d) a detailed description of anti-money laundering procedures and the regulatory framework.</li> </ul>
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II. INFORMATION ON THE PERSONS WHO ACTUALLY RUN THE BUSINESS OF THE COMPANY IN QUESTION	
1. Integrity and experience	<p>1. The proposed purchaser shall provide the competent authority with the following information regarding the integrity and experience of all the persons who will actually run the business of the company in question as a result of the proposed acquisition:</p> <ul style="list-style-type: none"> <li>a) personal data, including name, date and place of birth, national personal identification number (where available), address and contact details of the person;</li> <li>b) the position the person holds or will hold;</li> <li>c) a detailed curriculum vitae certifying relevant education and vocational training, professional experience, including the names of all the organisations for which the person has worked and the nature and length of duties carried out, in particular for any activities within the scope of the position sought, and documentation relating to personal experience, such as a list of reference persons, including contact details and letters of recommendation. For positions held in the last 10 years, when describing the activities carried out, the person should specify the powers delegated to him/her, his/her internal decision-making powers and the areas of operation under his/her control. Where the curriculum vitae reports other relevant experience, including representation on a management body, it should be reflected in the document;</li> <li>d) previous criminal convictions, investigations or prosecutions, relevant civil and administrative lawsuits and disciplinary proceedings</li> </ul>

	<p>(including bans on holding office as a company director or bankruptcy, insolvency or similar proceedings), notably in the form of an official certificate (where available in the Member State or relevant third country) or in the form of another equivalent document. With regard to ongoing investigations, the information may be provided in the form of a declaration on honour;</p> <p>e) information regarding:</p> <p>(1) open investigations, enforcement proceedings, sanctions or other enforceable decisions against the person;</p> <p>(2) refusal of a registration, authorisation, membership or licence to carry on a commercial, business or professional activity or the revocation, withdrawal or termination of such registration, authorisation, membership or licence, or expulsion from a regulatory or government body or professional association or order;</p> <p>(3) dismissal or removal from a position of trust, termination of a fiduciary relationship or similar situation;</p> <p>f) the existence of a previous assessment of the integrity of the person managing the business, carried out by another competent authority, the identity of that authority and evidence of the outcome of the assessment;</p> <p>g) a description of the financial and non-financial interests or relationships of the person and his/her close relatives with members of the management body and persons holding key roles in the company, the parent company and the subsidiaries and shareholders;</p> <p>h) the minimum time that will be devoted to carrying out the person's tasks in the enterprise (annual and monthly forecasts);</p> <p>i) the list of executive and non-executive directorships currently held by the person.</p> <p>2. As regards point (g) of paragraph 1, financial interest includes interest such as credit transactions, equity interest, guarantees and commitments. Non-financial interests include interests such as family or close relationships.</p>
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III. INFORMATION RELATING TO THE PROPOSED ACQUISITION	
1. Proposed acquisition	<p>1. The proposed purchaser shall provide the following information relating to the proposed acquisition:</p> <p>(a) identification of the company in question;</p> <p>(b) details of the proposed purchaser's intentions regarding the proposed acquisition, such as strategic investments and portfolio investments;</p>

	<p>(c) information on the shares in the company in question held, or expected to be held, by the proposed purchaser before and after the proposed acquisition, including:</p> <ol style="list-style-type: none"> <li>(1) the number and type of shares, ordinary or otherwise, in the company in question, held, or intended to be held, by the proposed purchaser before and after the proposed acquisition, together with the face value of those shares;</li> <li>(2) the proportion of the overall capital of the company in question which the shares held, or intended to be held, by the proposed purchaser represent before and after the proposed acquisition;</li> <li>(3) the proportion of the overall voting rights in the company in question which the shares held, or intended to be held, by the proposed purchaser represent before and after the proposed acquisition, if different from the proportion of the capital of the company in question;</li> <li>(4) the market value, in euro or in local currency, of the shares in the company in question, held or intended to be held, by the proposed purchaser before and after the proposed acquisition;</li> </ol> <p>(d) possible actions in consultation with other parties, including, in particular, the following considerations: the contribution of other parties to the loan, the means of participation in financial agreements and future organisational arrangements;</p> <p>(e) the content of the envisaged shareholder agreements with other shareholders in relation to the company in question;</p> <p>(f) the price of the proposed acquisition and the criteria applied to establish that price and, where applicable, the difference between the market value and the price of the proposed acquisition, together with an explanation thereof.</p>
<b>2. Proposed new group structure and related impact on supervision</b>	<ol style="list-style-type: none"> <li>1. If the proposed purchaser is a legal entity, the proposed purchaser shall provide an analysis of the structure of the group to which it would belong after the proposed acquisition. This should include information on which group entities will be subject to supervision after the proposed acquisition.</li> <li>2. The proposed purchaser shall also provide an analysis of whether the proposed acquisition will have any impact whatsoever, including as a result of the close links between the proposed purchaser and the company in question, on the ability of the company in question to continue to provide timely and accurate information to the relevant supervisory authority.</li> </ol>

<p><b>3. Financing of the proposed acquisition</b></p>	<p>The proposed purchaser shall provide a detailed description of the proposed acquisition loan. This explanation shall include at least the following information:</p> <ul style="list-style-type: none"> <li>(a) details on the use of private financial resources and the origin and availability of funds, including the relevant supporting documentation to provide proof that there is no attempt at money-laundering through the proposed acquisition;</li> <li>(b) details of the payment instruments for the planned acquisition and the networks used to transfer funds;</li> <li>(c) details on access to capital sources and financial markets, including detailed information on the financial instruments to be issued;</li> <li>(d) information on the use of borrowed funds, including the names of the lenders involved and details of the credit facilities granted, including deadlines, terms, commitments and guarantees, together with information on the source of income to be used to reimburse those loans and the origin of the borrowed funds, where the lender is not a supervised financial institution;</li> <li>(e) information on any financial agreements with other shareholders of the company in question;</li> <li>(f) information about the assets of the proposed purchaser or the company in question to be sold to help finance the proposed acquisition, such as the terms of sale, price, approval and details of the relevant characteristics, features, including information about where and how the assets will be acquired.</li> </ul>
<p><b>4. Additional information if the proposed acquisition leads to a qualifying holding of up to a maximum of 20%</b></p>	<p>If the proposed acquisition would result in the proposed purchaser holding a qualifying holding in the company in question of up to 20%, the proposed purchaser shall provide a strategy document containing, where appropriate, the following information:</p> <ul style="list-style-type: none"> <li>(a) the proposed purchaser's strategy in relation to the proposed acquisition, including the period for which the proposed purchaser intends to retain its shareholding after the proposed acquisition and any intention of the proposed purchaser to increase, reduce or maintain the level of its holding for the foreseeable future;</li> <li>(b) an indication of the proposed purchaser's intentions with regard to the company in question and, in particular, whether or not the proposed purchaser intends to act as an active minority shareholder and the rationale behind such action;</li> <li>(c) information on the financial position of the proposed purchaser and its willingness to support the company in question with additional own funds, if necessary, for the development of its business or in case of financial difficulties.</li> </ul>



<p><b>5. Additional information if the proposed acquisition leads to a qualifying holding of between 20% and 50%</b></p>	<ol style="list-style-type: none"> <li>1. If the proposed acquisition would result in the proposed purchaser holding a qualifying holding in the company in question of between 20% and 50%, the proposed purchaser shall provide a strategy document containing, where appropriate, the following information: <ol style="list-style-type: none"> <li>(a) all information required under Section III.4;</li> <li>(b) details of the influence that the proposed purchaser intends to exert on the financial position, including dividend policy, strategic development and allocation of resources of the company in question;</li> <li>(c) a description of the proposed purchaser's intentions and expectations vis-à-vis the company in question in the medium term, with regard to all the facts set out in Section III-6.2.</li> </ol> </li> <li>2. If, depending on the overall structure of the shareholding of the company in question, the influence exercised by the proposed purchaser's shareholding is deemed to be equivalent to the influence exercised by a holding of between 20 % and 50 %, the proposed purchaser shall provide the information referred to in paragraph 1.</li> </ol>
<p><b>6. Additional information if the proposed acquisition leads to a qualifying holding equal to or in excess of 50%, or if the company in question would become a subsidiary of the proposed purchaser</b></p>	<ol style="list-style-type: none"> <li>1. If the proposed acquisition would result in the proposed purchaser having a qualifying holding in the company in question equal to or in excess of 50% or would result in the company in question becoming its subsidiary, the proposed purchaser shall provide a business plan, that includes a strategic development plan, estimated financial statements of the company in question and the impact of the acquisition on the corporate governance and general organisational structure of the company in question.</li> <li>2. The strategic development plan referred to in paragraph 1 shall set out, in generic terms, the main objectives of the proposed acquisition and the main means of achieving them, including: <ol style="list-style-type: none"> <li>(a) the general aims of the proposed acquisition;</li> <li>(b) the medium-term financial goals, which may be indicated in terms of return on capital, cost/benefit ratio, earnings per share or in other terms, where appropriate;</li> <li>(c) the possible reorientation of business, products, affected customers and the potential reallocation of funds or resources with a foreseeable impact on the company in question;</li> <li>(d) general processes of inclusion and integration of the company in question into the group structure of the proposed purchaser, including a description of the main interactions to be pursued with other group companies and a description of the policies governing intra-group relations.</li> </ol> </li> <li>3. The estimated financial statements of the company in question referred</li> </ol>

	<p>to in paragraph 1, both on an individual basis and, where applicable, on a consolidated basis, for a period of three years, shall include the following items:</p> <ul style="list-style-type: none"> <li>(a) a balance sheet or a forecast income statement;</li> <li>(b) a forecast of financial resources;</li> <li>(c) information on risk exposure levels, including credit, market and operating risks as well as other relevant risks;</li> <li>(d) a forecast of provisional intra-group transactions.</li> </ul> <p>4. The impact of the acquisition on corporate governance and the overall organisational structure of the company in question referred to in paragraph 1 shall include an analysis of the impact on the following elements:</p> <ul style="list-style-type: none"> <li>(a) the composition and duties of the administrative, management or supervisory body and the main committees established by such decision-making body, including the management committee, the risk committee, the remuneration committee and any other committee, as well as information on the persons who will be appointed to manage the business;</li> <li>(b) internal administrative and accounting procedures and controls, including changes to procedures and systems relating to accounts, internal audit, compliance, including money-laundering and risk management, and including the appointment of personnel holding key positions as internal auditor, compliance officer and chief risk officer;</li> <li>(c) the general IT architecture, including any changes to the outsourcing policy, the data flow scheme, the internal and external software used and the security procedures and tools for key data and systems, including recovery and continuity plans and audit trails;</li> <li>(d) the policies governing outsourcing, including information on the sectors involved, the selection of service providers and the corresponding rights and obligations of the main parties, as defined by contracts such as review methods and quality of service expected by the supplier;</li> <li>(e) any other relevant information concerning the impact of the acquisition on corporate governance and the overall organisational structure of the company in question, including any changes relating to shareholders' voting rights.</li> </ul>
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#### **IV. LIMITED INFORMATION**

If the proposed purchaser has been assessed by Consob or the Bank of Italy in the previous two years, in relation to information already in the authority's possession, the proposed purchaser should only provide information that has changed since the previous assessment. If there are no changes, the proposed purchaser should sign a statement informing the competent authority that it is not necessary to update this information, as it is unchanged since the previous assessment.