

Annual Report 2023

Rome, 31 March 2024



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Annual Report 2023

Rome, 31 March 2024

CONSOB celebrates 50 years

Fifty years after its foundation, CONSOB is today able to look to the future with a heterogeneous and rich heritage of experience. The Authority has carried out its supervisory and regulatory task with increasing degrees of complexity, achieving over time an expansion of powers and functions, often triggered by the occurrence of financial crises and the need for measures of intervention. In celebrating the fifty years that have brought the Authority to play a central role in the institutional architecture of the financial market, it is necessary to observe that the protection of savings and market transparency, consolidated objectives of CONSOB's activities, are being increasingly accompanied by aims of supporting growth, innovation and sustainable development, which represent strategic priorities for the decades to come on a global level.

The regulatory framework that guides financial markets is changing in nature and predominantly reflects strategic choices agreed upon in European and international fora. These choices are being implemented in the EU initiatives related to the acceleration of the European Capital Markets Union project and in the Action Plans that have led to the approval of new regulations to foster the development of markets and sustainable finance as well as the digital transition.

Italy will have to align its national rules with the new strategic guidelines. As happened 25 years ago when CONSOB representatives played an essential role, collaborating with the country's best experts and academics in the drafting of the regulatory text that later became the Consolidated Law on Finance in 1998, today CONSOB as a whole is ready to provide its technical contribution, knowledge and experience to the work of revising the Consolidated Law, with the aim of supporting effective policy choices in the collective interest. The keywords that will have to inspire the reform will be: growth, competitiveness, simplification, and financial education to support the flow of savings towards informed investments.

The experience gained by the institution over the past 50 years, thanks to the work and commitment of everyone, from top management to new recruits, is at the root of the sense of belonging developed by the employees, whose contribution will be fundamental in tackling the season of reforms that is opening and in the knowledge that they can innovate their working methods to align with the changes, in the service of the community.

CONSOB strategic lines A

CONSOB strategic lines

1 The evolution of the context

In recent years, the economic and financial environment has undergone significant changes, still ongoing, driven by both structural factors, such as technological innovation and the transition to a sustainable economy, and cyclical factors, such as inflationary pressures and a deteriorating geopolitical environment.

After more than a decade of interest rates at near-zero levels, the price dynamics associated with the sudden post-pandemic recovery and the outbreak of the conflict in Ukraine forced a rapid change in the monetary policy stance by the major central banks. The sharp rise in interest rates thus significantly affected financial conditions globally. Against this backdrop, capital markets showed good resilience while remaining exposed to risks of high volatility due to persistent uncertainties over future interest rate dynamics, compounded by the effects of the new conflict in the Middle East.

The evolution of FinTech and the development of sustainable finance are leading to the emergence of new business models and new products that offer opportunities and pose risks.

In order to adapt its lines of action to the changed context, in December 2023 CONSOB updated its three-year Strategic Plan 2022-2024, setting new priorities for 2024, also in light of the activities carried out in the first two years.

Despite the initiatives taken to foster the growth of the domestic financial market, the stock market in Italy remains less developed when compared to the potential of the economic system.

In terms of performance, after the good performance in 2021 (Ftse Mib +23%) and the decline in 2022 (Ftse Mib -13%), share prices returned to growth in 2023 (Ftse Mib +28%). Volatility also fell compared to 2022 despite the persistent climate of uncertainty. The positive trend recorded in 2023, however, affected small-cap companies with less intensity (Ftse Italia STAR +3% and Ftse Italia Small Cap +2%).

Within this framework, the delisting of equities continued to be a critical phenomenon for the Italian market, having shown only a slowdown in 2023 compared to the previous year.

Although the total number of domestic companies listed on Euronext Milan – EXM, a regulated market organised and managed by Borsa Italiana – and admitted to trading on Euronext Growth Market – EGM, a multilateral trading platform organised and managed by Borsa Italiana itself – rose to 426 in 2023 (from 410 at the end of 2022), much of the increase was not attributable to the main EXM market but to EGM, a growth market for SMEs. The latter, however, saw a sharp increase in the number of delisting during the year (21 compared to nine in 2022, of which five switches to EXM). Specifically, there were nine new listings of Italian issuers on EXM in 2023 and 34 companies admitted to trading on EGM compared to six and 21 delisting, respectively. In addition, the persistence of uncertain conditions regarding global growth prospects and geopolitical instability led 13 companies to renounce or postpone the IPO on the regulated market.

The steady growth in the number of companies admitted to trading on the EGM is a positive sign, albeit insufficient to offset the impact, in terms of capitalisation, of exits from the main market, since the EGM constitutes a very small share (around 1%) of total capitalisation. The latter represents, in turn, a rather small percentage of gross domestic product, not having reached the 50% threshold for years (in particular, at the end of 2023, this ratio stood at 38% in Italy, slightly up on the previous two years but still far from percentages above 100% in France, close to or above 90% in the UK and the Netherlands and around 50% in Spain and Germany).

The decline in stock market capitalisation is a global phenomenon that, therefore, does not only affect Italy; at a European level in 2023 a generalised contraction of volumes traded on regulated markets (in terms of the number of contracts concluded) was observed, which in Italy appears less marked than in the main European markets. This dynamic has been accompanied, over the last decade, by the growth of the so-called private markets, i.e. alternative financing channels to bank credit that do not involve recourse to the public through the issue and subsequent trading of financial instruments.

In recent years, the Italian market has also been affected by a change in the structure of its infrastructure related to the integration of Borsa Italiana's activities into the Euronext Group. The integration process, which is nearing completion, represents an opportunity for the domestic market also in terms of competitive repositioning in the European context.

To this end, it is fundamental, on the one hand, to continue to enhance the strategic – operational and regulatory – characteristics that the Italian marketplace can assume in the European context and, on the other hand, to encourage a more active participation of Italian institutional investors. As for the first profile, the role assumed by the Italian central counterparty (today Euronext Clearing) as the reference subject of a centralised clearing function within the European Group appears particularly relevant.

CONSOB has always been aware of the centrality of the development of the Italian capital market. Indeed, an efficient ecosystem, of adequate size and with good growth prospects, contributes to the financing of the real economy and constitutes a supporting pillar of the system for the protection of investors.

This is why the Commission has adopted an approach that is more favourable to dialogue with operators, more sensitive to the demands for simplification, and more open to innovation and incentives.

2 Main regulatory initiatives

The most recent reforms of European financial regulation have focused on the development of capital markets, sustainable finance and technological innovation.

With reference to the rules on the development of capital markets, in view of the need to facilitate small and medium-sized enterprises (SMEs) access to markets, according to a principle of proportionality of the costs of regulation, a political agreement was reached at EU level in February 2024 on the legislative package called the 'Listing Act', proposed by the European Commission at the end of 2022. The initiative includes (i) a proposal for a regulation aimed at facilitating access to the capital market and reducing burdens in the listing phase (prospectus) and in the on-market phase (compliance and market abuse sanctions), (ii) a proposal for a directive aimed at facilitating the production of research on SMEs, and (iii) the creation of qualified market segments such as the SME growth market and a proposal for a directive aimed at harmonising the application of the rules on multiple voting shares to companies wishing to list on SME growth markets.

Further changes to the regulatory framework, related to the objective of fostering greater development of European markets, will result from interventions in the area of investor participation in the capital market and from the overall revision of sector regulations. Specifically, on 24 May 2023, the European Commission published a package of legislative proposals that implements the new Retail Investment Strategy, born out of the realisation that *retail* investor participation in European capital markets is limited despite high individual savings rates. The strategy aims to improve the comparability of similar investment products also regarding their sustainability characteristics, facilitate access to appropriate advice, increase financial literacy, and adapt the regulation of marketing communications in light of the digitalisation of financial services.

The package, which is currently being negotiated, consists of a proposal for an 'Omnibus' directive aimed at improving and aligning European sectoral legislation (amending five directives: MiFID II, IDD, UCITS, AIFMD and

Solvency II) and a proposal for a regulation aimed at improving the legal framework for packaged products aimed at retail investors (so-called PRIIPs). The proposed 'Omnibus' directive, in particular, would introduce measures in several relevant areas affecting the powers and tasks of supervisory authorities.

At the national level, the process of regulatory simplification led to the publication of the Ministry of Economy and Finance's (MEF) 'Green Book' in 2022, drafted with the decisive contribution of institutions, trade associations and market operators, and, in 2024, to the enactment of Law No. 21 of 5 March 2024 (so-called DDL Capitali), which came into force on 27 March 2024. The legislative measure grants the Government the delegation of authority to organically revise the Consolidated Law on Finance (Legislative Decree 58/1998 - Tuf) and represents a further significant opportunity to modernise the regulation of financial markets and of issuers. These innovations will also engage the Institute in the subsequent phases leading up to the exercise of the delegation and the implementation of the regulations to be drafted.

Within this framework, CONSOB has, since August 2022, adopted simplification initiatives regarding prospectuses to help facilitate issuers' access to the capital market. These initiatives have led to the alignment of the prospectus approval timeframe with European legislation, encouraged preventive dialogue to facilitate the speeding up of preliminary phases (*pre-filing*) and introduced the possibility, under certain conditions, of drafting the prospectus in English.

On 14 December 2023, a market consultation was then launched on several proposals to also make it simpler to submit applications for approval of prospectuses, such as the introduction of pre-filled electronic application templates (also in English), guided compilation and the elimination of several annexes not required by European rules. The consultation closed on 29 January 2024 and the relevant amendments to CONSOB regulations were approved on 20 February. The Committee of Market Operators and Investors (COMI), established at CONSOB, also intervened on the same issues, providing guidelines for simplifying prospectuses.

In the last two years, the European Commission's capital market regulatory output has continued unabated, also in relation to two emerging themes of particular importance, namely sustainable finance development and technological innovation in finance.

Regarding sustainability, the Corporate Sustainability Reporting Directive (CSRD) (EU) 2022/2464 of December 2022, which expands the scope of companies that must prepare sustainability reports, is to be transposed by 6 July 2024, although it will be implemented gradually between 2024 and 2028. In December, Delegated Regulation (EU) 2023/2772 containing the first set of European Sustainability Reporting Standards (ESRS) was also published.

On 22 November 2023, Regulation (EU) 2023/2631 (Green Bond Regulation) was published, laying down uniform rules for bond issuers wishing

to use the designation 'European Green Bond' in the marketing of their bonds. By reducing the risk of fragmentation of the internal market for green bonds, the Regulation will make it easier to identify issues aimed at raising resources for environmentally sustainable activities in line with the provisions of Regulation (EU) 2020/852 (Taxonomy Regulation), which amended Regulation (EU) 2019/2088 (Sustainable Finance Disclosures Regulation - SFDR) on transparency in the financial sector. In December 2023, moreover, a new consultation by the European Commission on the weaknesses of the regulation was concluded with a view to a broader revision of the SFDR Regulation.

Works on the proposal for a directive on Corporate Sustainability Due Diligence (CS3D), to introduce *due diligence* obligations with respect to the negative impacts (on human rights and the environment) of the activities of certain categories of companies, subsidiaries and companies included in the value chain, are also in the final stages.

In the area of digital finance, Regulation (EU) 2023/1114 on crypto-asset markets (MiCAR) was published in June 2023, applicable as of 30 December 2024 except for measures on asset-linked *tokens* (Title III) and e-money tokens (Title IV), which will apply as of 30 June 2024. The Regulation, which lays down provisions for the crypto-assets market, is of pivotal importance in addressing a growing phenomenon that currently lacks a comprehensive regulatory framework. Crypto-assets are perceived as forms of investment, mainly due to their alleged tradability or liquidity on online platforms. They are, however, very risky assets as their value is exposed to large and frequent fluctuations. The long period of crisis experienced by the crypto-assets market (so-called crypto winter) has led to a generalised fall in the market value of these assets (equal to 65 per cent in 2022), which then rebounded sharply in 2023 (to over 110 per cent, largely realised in the last months of the year). Moreover, cases of abusive provision of investment services increasingly have as their underlying crypto-currencies or refer to hypotheses of investments in virtual currencies, and they also solicit savers through communication techniques, often used on social media by so-called fininfluencers, which could leverage on individuals' lack of skills, exposing them to risks of which they are not fully aware. The new European Regulation, in regulating market abuse related to crypto-assets, identifies transparency obligations also for information disseminated through the aforementioned online channels. The MiCAR will result in the attribution of new competencies to CONSOB and other supervisory authorities, which are currently being drafted as part of the process of incorporating the MiCAR into national legislation.

At the EU level, the approval process for the Artificial Intelligence Regulation (the so-called AI Act) was concluded in March 2024, while the Directive on the adaptation of extra-contractual liability rules to artificial intelligence is still under discussion. The AI Act requires the competent authorities to establish at least one regulatory sandbox, at national level, to foster innovation through a controlled environment that facilitates the testing

and validation of artificial intelligence systems for a limited time period before they are placed on the market.

Work has also begun on the examination of the proposal for a regulation on access to financial data (the so-called Open Finance Regulation), which aims to promote the creation of an *open finance* system that enables the sharing of user data among financial actors. These measures will be in addition to the 2022 actions concerning the pilot regime for market infrastructures based on distributed ledger technology (Regulation (EU) 2022/858 known as the Pilot Regime) and the digital operational resilience of the financial sector (Regulation (EU) 2022/2554 Digital Operational Resilience Act - DORA and Directive (EU) 2022/2556).

At the national level, in 2023, the Decree-Law No. 25 of 17 March 2023 (so-called FinTech Decree) was enacted, which was already converted into law in the spring of 2023. In December, CONSOB, after public consultation, approved, with Resolution No. 22923, the Regulation on the issuance and circulation of financial instruments on *distributed ledger technology* (DLT) which defines the principles and criteria relating to the formation and maintenance of the list of register managers for the digital circulation of financial instruments and the related forms of publicity, and regulates the procedures for the submission of the application for registration of register managers.

In this complex scenario, in coordination with the competent national institutional bodies, it will be important to strengthen the ways in which CONSOB participates in the process of producing EU legislation, especially in the drive and drafting phase of new proposals for action, also by preparing documents and reflections useful for steering the European regulatory path.

3 The Strategic Plan update for 2024

More than in the past, the Institute is today at the centre of a complex architecture, a crossroads of functions, purposes and competences, including innovative ones, that intervene in heterogeneous sectors - markets, investment services, auditing, financial and sustainability information, crypto-assets, crowdfunding - and on traditional and new subjects - for example, those in charge of distributed registers for the digital circulation of financial instruments and third parties that provide ICT services supporting critical functions. The goals of savings protection and transparency are increasingly complemented by activities aimed at fostering innovation, growth and sustainable development.

In addition to regulatory developments, the complexity of ongoing financial market transitions requires the development of an innovative, proactive and *data-driven* supervisory approach.

The availability of large volumes of data and information and their increased complexity have long since imposed new management capabilities and new *risk-based* supervisory approaches based on advanced *early warning* and rating technology systems. These supervisory *policies* and models also exploit the analysis capabilities offered by artificial intelligence technologies, which, in the future, will become increasingly relevant for supervisory activities, the optimisation of resources and the reduction of burdens on the market.

The Institute is aware that the path to overcome traditional practices and procedures will require a great deal of effort, also in view of the need to manage resource constraints and the difficulty in attracting talent from the STEM (Science, Technology, Engineering and Mathematics) area. The drive for innovation also depends on the ability to sustain complex internal reorganisations in support of an increasingly decisive adoption of supervisory models based on data and risk analysis. The organisational *assessment* carried out by CONSOB in 2022 represents only the first step in the ongoing reform process which, also at the urging of operators and in the light of market developments, will foster a greater orientation towards innovation, expand data governance and risk control tools, and increase planning capacity and management efficiency. CONSOB assigns a very high priority to this strategic objective.

The Commission's new strategic lines are therefore developed along two lines: namely CONSOB's Reform: Technology and Organisation' and 'Capital Market Competitiveness: Innovation, Sustainability and Savings Protection'.

3.1 CONSOB reform: technology and organisation' director

With regard to the CONSOB's reform, the strategic objectives identified for 2024 are four and relate to: (i) the enhancement of *data-driven* supervision based on 'artificial intelligence and the systematic t adoption of *risk-based* supervisory models; (ii) the modernisation of IT infrastructures and the enhancement of *cyber-security*; (iii) the adoption of a new organisational model that enables the promotion of a change-oriented culture and the streamlining of operational processes; (iv) the adoption of a new model for planning and monitoring results.

Enhancing data-driven supervision, applying artificial intelligence and the systematic adoption of risk- based supervision models

It will be necessary to launch, alongside regulatory laboratories, actual application laboratories, in which models will be tested to innovate processes, also removing any obstacles and costs not justified by substantial investor protection needs and ensuring more effective *enforcement*. CONSOB will therefore be engaged in the development of new supervisory models that

make the most of artificial intelligence tools and aim to pursue, among others, the ever-increasing priority of combating *greenwashing* in the design and distribution of financial products and instruments; the monitoring of distributed ledger infrastructures in the context of the trading of *tokenized* securities (STO/Pilot regime); the application of *machine learning* techniques to detect market manipulation; and the use of algorithms for reading and analysing balance sheet data and non-financial statements (NFSs).

In order to achieve this, it will be crucial to exploit the growing possibilities of exploiting the Institute's data assets, based on the *data lake* infrastructure, by devising a *data strategy* for the Institute with advanced forms of *governance* that will enable the progressive adoption of artificial intelligence-based solutions.

It will also be necessary to select and implement specific use cases, with the concurrence of technological and supervisory skills, while also fostering the growth of professional profiles that are better suited to meet the technological challenges of the future. For this reason, it will be essential to recruit IT staff and *data scientists* as a priority, continuing the recruitment programme launched in 2023 (ten resources with an IT/STEM profile) and expanding the signing of cooperation and exchange protocols with other authorities, universities and experts.

The reengineering and digitisation of operational processes, even if gradual, may reduce the time and resources dedicated to administrative enquiries, with acceleration and streamlining of internal interlocutions.

Modernising IT infrastructures and enhancing cyber-security

The dynamics at work in the financial system and the risks and opportunities associated with the applications of new technologies pose a challenge to regulators who are called upon to manage their repercussions in terms of *governance* and supervisory processes.

CONSOB's technological transition, aimed at the development of innovative tools to support institutional activities, will foster a more efficient management of supervisory data thanks to the various projects launched concerning the *data lake* infrastructure and the migration to the *cloud* based on the classification of digital data and services validated in 2022 by the National Cybersecurity Agency. The implementation of a multi-year *cloud* programme, which started with the joining of the National Strategic Pole for the migration of the 'CONSOB Portal', was decided, and the strengthening of *disaster recovery* and *cyber-security* measures is underway, also in light of the continuing geopolitical instability that has caused a significant escalation of malicious activities on the Internet.

Adopt a new organisational model, promote a culture of change and efficient operational processes

In order to rationalise its organisational structure, CONSOB is working on adopting a new organisational model aimed at creating greater synergies between operational processes, developing new skills and fostering innovation and internal and external communication. As part of the planned organisational reform, the Institute will define functions, roles and *governance* of internal change.

Adopting a new model for planning and monitoring results

At the same time as the organisational reform, CONSOB will adopt a new model for planning objectives and monitoring results, fully implementing the management tools provided for in the new Staff Regulations and the models for the development of career profiles of junior employees. With particular reference to the latter, projects aimed at increasing the exchange of professional experience at a domestic and international level, such as *secondments* to similar foreign authorities and exchanges with Italian authorities, have been launched.

In the current year, the Institute also aims to validate the results of the management control pilot project, complete its implementation and evaluate the process costs in 2024.

3.2 The ‘Capital market competitiveness: innovation, sustainability and protection of savings’ heading

With regard to the competitiveness of the capital market, CONSOB's Strategic Plan update for 2024 includes five new strategic objectives aimed at: i) promoting companies' access to the Italian capital market; ii) enhancing the ability to participate in the process of drafting new EU regulations; iii) stimulating innovation in the financial industry (FinTech), protecting investors in the digital market; iv) promoting the development of sustainable finance and countering *greenwashing* phenomena; v) enhancing dialogue with *stakeholders* (communication and financial education).

Promoting companies' access to the Italian capital market

In order to achieve, in continuity with previous years, the strategic objective of promoting access for companies to the Italian capital market, CONSOB is committed to continuing to simplify procedures and reduce administrative time.

As soon as the legislative process relating to the European 'Listing Act' and in light of Law No. 21 of 5 March 2024 (DDL Capital) is completed, a systematic review of regulatory acts, guidelines and procedures/practices will be initiated. Simplifications will also be assessed in light of the planned revision of the Tuf. The effectiveness of the regulatory changes on the subject of prospectus, introduced with Resolution No. 22423 of 5 August 2022 and entered into force the following 20 August, and of the new *listing* regime of Borsa Italiana, which entered into force on 3 October 2022, will also be monitored, both from the point of view of reducing costs for issuers and the time required for preliminary investigations, and from the point of view of investor protection.

There are also plans to develop new working tools and control *policies* to promote simplification, standardisation and European convergence in the prospectus scrutiny process and easier communication with external parties. The *risk-based* approach advocated in ESMA will be favoured, with European Level 3 measures and national implementation guidelines being considered.

Also for the scrutiny of debt prospectuses, in addition to the new organisational *policies* and procedures adopted in February 2024 in order to optimise their timing and procedures, the Institute also intends to launch a public consultation through which the market will be alerted to the idea of assigning the final act of approving prospectuses and any supplements to the competent offices and no longer to the Commission, thus further shortening the authorisation process. The possible development of the debt market through *token* issues will also be monitored.

Following the transposition of the Shareholders' Rights Directive (Directive (EU) 2017/828 - SHRD II), CONSOB will provide the market with interpretative clarifications and guidelines on related party transactions.

Alongside regulatory simplification aimed at reducing the burdens associated with accessing and remaining on the list, however, it is also necessary to initiate a systemic reflection on the most appropriate tools for increasing the competitiveness and attractiveness of the domestic financial centre. The Italian market, in fact, is characterised by a still rather limited presence of institutional investors, who typically play an important role in market development, bringing liquidity and encouraging investee companies to improve their performance. A market in which the presence of institutional investors is structurally more stable and higher would expand, on the one hand, the financing opportunities for small and medium-sized companies and the growth of already listed companies and, on the other, the investment opportunities for savers. This reflection will have to be conducted in light of the specificities of the Italian economic fabric within the broader European regulatory framework.

Strengthening the steering capacity of the process of writing new EU standards

Given the growing importance of European regulatory activity in the process of maximum harmonisation of the discipline of the financial markets, CONSOB considers it a priority to expand the area of monitoring at EU level, so as to ensure the Institute's oversight right from the stage of the impetus and drafting of new proposals for action, with the aim of more effectively influencing the process of producing EU legislation through an action plan in which all the relevant functions of CONSOB participate.

Stimulating innovation in the financial industry (FinTech), protecting investors in the digital market

In view of the entry into force of the MiCAR and considered the need for investor protection also in the digital market, in addition to drafting the regulatory contribution for the adaptation of the Italian system, CONSOB will participate in the drafting of the delegated ESMA regulation (regulatory and technical standards and guidelines) and will analyse the impacts of the MiCAR regulation on the regulatory and supervisory framework and on the financial industry, adopting the best supervisory practices defined at European level to prevent regulatory arbitrage.

It will also be important to participate in the definition by ESMA of the content and format of the disclosure document for crypto-asset offers (white paper) and the guidelines to help operators distinguish crypto-assets from MiFID financial instruments, on which ESMA launched a consultation in January 2024.

In the digital world, the work of combating online financial abuses will continue, encouraging the use of the mystery shopping tool in the monitoring of promotional activities and enhancing technological tools to intercept and combat abusive phenomena.

In light of the European crowdfunding legislation (Regulation (EU) 2020/1503) and the end of the transitional regime at the end of 2023, the Institute is developing a new supervisory model for portal operators and an information analysis model for SupTech.

For the protection of retail investors, following the completion of the EU legislative process of the Retail Investment Strategy, it will be necessary to adapt national rules and supervision by initiating a further revision of CONSOB regulations and application guidelines.

With a view to fostering technological innovation while minimising the possible risks in terms of market stability and investor protection, it will also be important to continue monitoring developments in the financial sphere of applications of artificial intelligence techniques, particularly of the

generative type, which have the potential to profoundly change working methods and interactions between economic operators.

Promoting the development of sustainable finance and countering greenwashing phenomena

Sustainable finance must be encouraged by protecting investors and counteracting greenwashing.

CONSOB's protection activities will continue to be based first and foremost on the supervision of the correctness of the disclosures made by issuers and intermediaries, but the Institute also intends to adopt new policies and an integrated supervision model to make the most of all the information on ESG (environmental, social and governance) profiles acquired by CONSOB's various functions. These activities will also benefit from the European Commission's Technical Support Instrument (TSI) launched in 2023.

Direct supervision of non-financial reporting is to be strengthened, according to the priorities set by ESMA and considering the interconnection between financial and non-financial information. The sustainability discipline also introduces new supervisory profiles on corporate governance, for example on the initiatives of companies' supervisory bodies on sustainability reporting or on remuneration and engagement policies (presence of links between executive directors' remuneration and non-financial performance and relevance of ESG issues for boards and stakeholder engagement).

In the area of advertisements for Ucits (undertakings for the collective investment in transferable securities) and alternative investment funds (AIFs), the verification of consistency with offering documents will continue and attempts will be made to intercept unjustified emphases of ESG profiles. Through joint actions ESMA will supervise at European level the adaptation of managers to ESG regulation, both in investment decision-making and *disclosure* at entity and product level as well as the integration of ESG issues into *product governance* and suitability assessment procedures.

Enhancing dialogue with stakeholders (communication and financial education)

In this era of transitions, CONSOB also intends to enhance the dialogue with *stakeholders*, both through the renewal of the portal to allow for more effective research solutions and interactive dialogue, by continuing and strengthening interactions with the COMI (Committee of Market Operators and Investors), and by enhancing financial education, with renewed methodological approaches to reach out particularly to teachers, adults and SMEs.

With reference to teachers, the provision contained in Law no. 21 of 5 March 2024, aimed at including financial education in school curricula, will contribute to the dissemination of basic financial skills and greater awareness in managing personal finances. The Institute has warmly welcomed this

innovation, which could lead over time to closing the skills gap that places Italian citizens at a severe disadvantage in international comparison. The standard identifies teachers as a driving lever of the new cultural paradigm and allows the institutions to enhance the work achieved so far, continuing to work alongside teachers and at the service of students. About SMEs, on the other hand, work will continue to involve the academic world and industry in an *ad hoc* training course that CONSOB launched in 2023 in collaboration with the University of Insubria.

4 The College: composition and activities

Since the beginning of 2023, the composition of the College has changed. Judge Dr Giuseppe Maria Berruti and Dr Paolo Ciocca left office on 1 February and 31 March 2023 respectively. Dr Gabriella Alemanno and Dr Federico Cornelli were appointed on 5 June 2023. During the year, the Commission met 73 times over a period of 45 weeks (the figure stood at 81 meetings in 2022), during which 962 files were examined (1,023 in 2022) and 402 resolutions were issued (402 in 2022).

Of the resolutions adopted in 2023, 167 relate to measures ordering the cessation of the violation represented by the abusive provision of investment services via the internet, which led to the blackout of 185 websites (1,000 in total between 1 July 2019 and 31 December 2023). In 2023, 41 sanction proceedings were defined (26 in 2022), 31 of which ended with the adoption of sanctioning resolutions against 66 entities (65 in 2022), for a total amount of administrative fines applied of approximately EUR 3 million (EUR 5.3 million in 2022).

In order to improve the efficiency of the application procedures and reduce the time required to carry them out, in December 2023, the college resolved to update the list of activities delegated to the heads of the individual organisational units (pursuant to Article 20 of the Organisation and Operation Regulations). This resolution brings to 25 the number of areas in which the competence to perform application activities, involving non-discretionary technical judgements, has been assigned directly to the heads of the Divisions. This procedure makes it possible to reduce the processing time of practices by avoiding that the College once again expresses its opinion on purely formal matters.

CONSOB collaborated with the Bank of Italy to facilitate the exercise of their respective supervisory functions, especially with the exchange of information, coordination within the scope of inspection activities and in-depth investigations concerning individual intermediaries/issuers, as well as with reference to market infrastructures (trading and post-trading) and the joint strategy to strengthen the cybersecurity of the Italian financial sector. In 2023, CONSOB and the Bank of Italy held two meetings of the Strategic

Committee and six meetings of the Technical Committee, established in 2018, as well as numerous meetings within the framework of the joint technical working tables dedicated to the in-depth study of issues of common interest. In June 2023, the two Authorities signed the Memorandum of Understanding, which defines the areas of cooperation in light of Regulation (EU) 2020/1503 on crowdfunding service providers. On 27 February 2024, CONSOB and the Bank of Italy signed a memorandum of understanding on cooperation on issuers, which aims to strengthen cooperation between the two Authorities in the exercise of their respective institutional activities on supervised issuers.

The Institute also collaborated with IVASS to facilitate the exercise of their respective supervisory functions, especially through the exchange of information, coordination around inspection activity and in-depth investigations concerning supervised entities. In 2023, CONSOB and IVASS held two meetings of the Strategic Committee and one meeting of the Technical Committee, which were set up in 2021, as well as numerous meetings within the framework of the joint technical working tables dedicated to the in-depth examination of issues of common interest.

In 2023, the composition of the Committee of Market Operators and Investors (COMI) was renewed by Resolution No. 22869 of 2 November 2023 and by Resolution No. 22889 of 15 November 2023. The term of office of the members is two years, can be renewed once and starts from the first meeting of the COMI.

* * *

This Report illustrates in Part B the most relevant activities of the past year regarding all areas of institutional interest, highlighting the main innovative features. The document concludes with the Statistical Appendix in Part C.

CONSOB activity B

1 Innovative profiles

Cyber security of market infrastructures

In 2023, in line with the objectives of the strategy to strengthen the cyber security of Italian financial infrastructures, outlined by CONSOB and the Bank of Italy in 2020, the assessment of the Cyber Resilience Oversight Expectations for Financial Market Infrastructures (CROE) continued with reference to Italian trading venues and post-trading infrastructures.

CONSOB has signed a memorandum of understanding with the Bank of Italy and IVASS aimed at defining the governance framework and the methods of collaboration between the Authorities for the exercise of tasks of common interest and at better specifying the roles and functions of the figures envisaged by the national TIBER IT Guide, adopted in 2022 to increase the cyber resilience of the domestic financial system through the adaptation and use in the Italian context of the European framework for the conduct of advanced security testing (European Threat Intelligence Based Ethical Red Teaming - TIBER EU).

Activity related to the setting up of market infrastructures

In 2023, CONSOB continued its strategic supervision and related monitoring and verification activities of the integration process of Borsa Italiana Spa and the other companies of the Group (MTS Spa; Monte Titoli Spa, now Euronext Securities; Cassa di Compensazione e Garanzia Spa, now Euronext Clearing) within the Euronext Group, which started in 2021 following the acquisition of the Italian operator by the Euronext Group.

In particular, organisational, micro-structural and regulatory aspects were verified, functional to the planned migration of Borsa Italiana's markets onto Euronext Group's Optiq technology platform. The migration was conducted in three phases. The first phase, carried out in March, concerned the *equity/equity-like* markets, the second, carried out in September, concerned the *fixed income* and *warrants* and *certificates* markets, while the third phase relating to the *Idem* derivatives market was implemented on 25 March 2024.

During the year, CONSOB and the Bank of Italy also monitored the development of the project to internalise the *clearing* flows of the Euronext Group's markets, aimed at designating the Italian central counterparty (CCP), Euronext Clearing (Cassa di Compensazione e Garanzia Spa), as the default CCP for the spot markets and as the sole CCP for the Euronext Group's derivatives markets. On 6 November 2023, following the conclusion of the required supervisory investigations, the Italian CCP started providing clearing services for the Euronext Brussels spot market, while since 27 November it also provides such services for all other spot markets of the Group (Amsterdam, Dublin, Lisbon and Paris). Work began on the migration of *clearing* flows for the Group's derivatives markets, scheduled for 2024.

Activity related to technological innovation

In 2023, supervisory activities related to FinTech experimentation projects concerning investment services and activities continued. In particular, CONSOB, as part of the so-called regulatory sandbox referred to in Article 36 of Decree-Law 34/2019, participated, cooperating with the Bank of Italy, in monitoring the projects that had been admitted to experimentation in the first time window¹. In view of the opening of the second window, in the period from 3 November to 5 December 2023, the Institute conducted informal interviews to provide support to operators interested in submitting applications. Regulatory developments in 2023, which led to the enactment of Decree-Law No. 25 of 17 March 2023 (the so-called FinTech Decree) and the CONSOB Regulation on the Issuance and Circulation of Financial Instruments on DLT, could incentivise initiatives in this area.

2 Trading platforms, trade volumes and market information integrity

The supervision of the markets consisted of a series of controls concerning both trading platforms (the main indicators of which are set out in Appendix Table al.1 – Table al.5) as well as post-trading infrastructures, and concerned, among other things, the monitoring of existing volatility management mechanisms, *intraday* liquidity trends, trading access conditions, the activities of market participants and *liquidity providers*, as well as the measures and safeguards adopted to mitigate risks related to operational resilience and IT security.

¹ During this first window of time, CONSOB received several applications for admission to the trial relating to technological innovation projects in the financial sector submitted by FinTech operators not subject to regulation or supervision and by operators of authorised *crowdfunding* portals, and carried out the relevant investigations.

Regulatory supervision of trading platforms

In 2023, CONSOB carried out its usual compliance checks on the amendments made by operators to the regulations of the respective markets (regulated markets and multilateral trading facilities or MTFs) and their implementing provisions (Table al.6 – Table al.8).

The changes to the regulations of the trading venues managed by Borsa Italiana concerned the aforementioned migration of the markets to the Euronext Group's Optiq platform, which as mentioned developed in three phases, two of which were completed in 2023². Further changes to the regulated markets concerned the regulation of admission to trading on the market for Listed Real Estate Investment Companies (SIIQs) and the exclusion on request from trading of foreign-law issuers with shares listed on the relevant markets.

With reference to multilateral trading facilities, in November 2023 MTS Spa started operating a new segment (called 'EU') of MTS Cash Domestic, dedicated to the trading of financial instruments issued by the EU and reserved for operators who have obtained *EU primary dealer* status with the European Commission, while in December 2023 it closed MTS Wematch Interdealer Swaps EU MTF, dedicated to the trading of interest rate *swaps*.

Vorvel Sim Spa (*formerly* Hi-MTF Sim Spa), following the *rebranding* of the managed venues and the company name in December 2022, reorganised its regulations and simplified the micro-structural model of the Vorvel Equity Auction multilateral trading system, previously called Hi-MTF Order Driven – Equity Segment³.

With regard to systematic internalisers, in addition to the usual vigilance on the continuous monitoring of the relevant operating conditions, a special vigilance check was carried out on compliance with the listing obligations provided for by the relevant European regulations and on reporting to CONSOB.

In December 2023, CONSOB issued the *nulla osta* for the extension of operations on the IDEM regulated market managed by Borsa Italiana, as

- 2 More in detail, Phase I, relating to the regulated markets Euronext Milan, Euronext MIV Milan and ETFPlus, as well as MTFs for *equity/equity-like* instruments, took place on 27 March 2023, Phase II, relating to the MOT market, as well as MTFs for bond instruments, took place on 11 September 2023, and Phase III, relating to the Euronext Derivatives Milan (*formerly* IDEM) market for derivative financial instruments, is scheduled for 25 March 2024.
- 3 Specifically, the new microstructure provides for the presence of three compartments (so-called *Gate*) with weekly auctions, characterised by reference thresholds and limits for order entry and auction price validation differentiated by liquidity level, and by a differentiated minimum frequency for the calculation of the reference price. The amendments also introduced additional provisions with regard to public disclosure by issuers in the case of liquidity support activities, *ex ante* (liquidity support programme) and *ex post*.

participants, of intermediaries based in the United States of America, pursuant to Article 70(2) of the Consolidated Law on Finance. This authorisation was issued in agreement with the Regulatory Authority for Energy, Networks and Environment (ARERA), since financial derivatives on energy and gas are also admitted to trading on IDEM.

Transaction reporting

In 2023, the supervision of the correctness of the information transmitted by intermediaries to CONSOB, in compliance with transaction reporting obligations (so-called *transaction reporting* regime), continued, and further clarifications were provided on the implementation of the regulation.

During the year, work also continued on refining the quality of the master data on financial instruments sent by Italian trading venues to ESMA's FIRDS (Financial Instruments Reference Data System) database, which is the main information *benchmark* for the master data content of *transaction reporting*.

Transparency and orderly conduct of trading

In 2023, the review of how market data are made available by trading venues, in accordance with MiFID II/MiFIR regulations, continued.

The Institute also monitored the correct implementation, by supervised entities, of the trading transparency requirements provided for by the national and EU regulatory framework, as well as carried out the usual preliminary activities related to the pre- and post-trade transparency regime, including supervision related to the application of the so-called volume cap mechanism⁴ (*double volume cap* - DVC; Table al.9). In particular, during 2023, the Institute adopted ten measures to suspend the use of transparency waivers on 23 *equity/equity-like* financial instruments, as a result of monthly notifications by ESMA of financial instruments that exceeded the DVC trading volume thresholds. The suspensions on Italian trading venues were triggered following the exceeding of the European 8% threshold, while the 4% threshold on individual trading venues was never exceeded on Italian markets⁵.

Supervision of the orderly conduct of trading and, in particular, of the operations of investment firms conducting algorithmic trading (*algo-trading*) or implementing high-frequency algorithmic trading (HFT) techniques on

4 The DVC mechanism is a safeguard to ensure that trades exempted from the pre-trade transparency regime stay within pre-determined limits. Such exemptions, permitted by regulation, are typically used for trades conducted in so-called *dark pools*.

5 Work also continued in 2023 to improve the quality of the master and quantitative information on financial instruments sent by Italian trading venues to ESMA's FITRS database.

Italian markets has focused, inter alia, on the preparation of the Operating Guide '*Algo-trading* and HFT: Mapping the Regulatory Framework and Reporting Obligations to CONSOB', which is addressed to investment firms conducting such activities. The Guide, published in June 2023 following consultation with representatives of the Trade Associations (the Italian Banking Association - ABI and the Association of Financial Market Intermediaries - AMF Italia), is aimed at assisting supervised entities in fulfilling their disclosure obligations also through the proposal of document schemes for sending information and data.

3 Post-trading and OTC derivatives

In the area of derivatives contract *reporting* requirements under Regulation (EU) No. 648/2012 (EMIR), as amended by Regulation (EU) 2019/834 (REFIT Regulation), CONSOB verified the correctness, completeness and accuracy of reporting on derivatives contracts, in coordination with ESMA under the *Framework for provision of data and follow-up on EMIR significant data quality issues*. In 2023, the Institute found that the conditions were met to exempt counterparties to intragroup derivative contracts from the reporting obligation in 16 cases, in light of the possibility introduced by the REFIT.

In application of Regulation (EU) No. 909/2014 (CSDR), during the year CONSOB and the Bank of Italy concluded the third review process of provisions, strategies, procedures and mechanisms adopted by Monte Titoli Spa, the Italian central depository. On 24 May 2023, with Resolution 22709, CONSOB, in agreement with the Bank of Italy, also authorised a number of amendments to the regulations of the services offered by the Italian central depository, which mainly concerned the service of identifying the holders of financial instruments and the service of supporting corporate events. The amendments are consequent to the CONSOB/Banca d'Italia Order of 10 October 2022 by which the Single Post-Trading Order of 13 August 2018 was adapted to the changes introduced by the Shareholders' Rights Directive (Directive (EU) 2017/828 - SHRD II).

In the course of 2023, CONSOB and the Bank of Italy conducted the annual assessment of the recovery plan of the Italian CCP, Euronext Clearing (Cassa di Compensazione e Garanzia Spa), updated by the company in accordance with the recovery and resolution rules for central counterparties, set out in Regulation (EU) 2021/23. The two authorities initiated the annual review of the arrangements, strategies and procedures adopted by the CCP, as required by the EMIR Regulation.

4 Short selling

Notifications of net short positions on Italian equities (PNCs – which include short selling and other bearish positions) received by CONSOB during 2023 amounted to over 10,000. Of these, almost 8% were published as being equal to or greater than 0.5% of the issuer's share capital (Table al.10).

At the end of 2023, 17 intermediaries benefited from the exemption from the obligation to notify PNCs and from the ban on 'naked' short selling for their *market making* activities, while 15 intermediaries benefited from the exemption for *primary dealer* activities on Italian government bonds.

5 Company studies and ratings

During the year, CONSOB continued its usual monitoring and supervisory activities on studies released by financial intermediaries and rating agency *actions* concerning Italian companies with securities listed or traded on MTFs or Italian sovereign debt.

The increasing use of social media and other 'innovative channels', including in relation to the dissemination of investment recommendations, has led to increased supervisory activity in this area in 2023, both at national and European level. In particular, ESMA has analysed the characteristics and potential critical issues related to supervisory activity in relation to the dissemination of investment recommendations via *social media* or other *online* channels, and has identified the objective of conducting awareness-raising activities vis-à-vis market participants and investors using these channels. In this regard, in February 2024, ESMA published a *warning* on how to apply the requirements of the Market Abuse Regulation (MAR) to these types of recommendations and the risks of unlawful conduct associated with their dissemination.

Corporate studies

With regard to the dissemination of investment recommendations (also referred to as 'studies' or 'research'), in 2023, authorised entities submitted more than 12,000 research reports to CONSOB, a decrease of about 12% compared to 2022, Table al.11) relating to issuers listed on regulated markets or traded on Euronext Growth Milan, of which approximately 23.8% were monographic. These studies were predominantly produced by Italian issuers (52.6% of the total).

During the year, in two cases, authorised entities were required to publish investment recommendations (as opposed to five in 2022), following the presence on the market of news or rumours about the content of such studies, which could provide investors with an incorrect representation of the

relevant information picture, as well as in the presence of a significant change in the market price or trading volume of the financial instruments subject to the recommendation.

As already mentioned, monitoring of investment recommendations disseminated through websites, *forums* and *social media* was intensified during the year, in order to identify any critical issues relating both to possible violations of the provisions on *fair presentation* and *disclosure of conflicts of interest*, and to possible market abuse profiles⁶. In this area, studies and analyses are underway aimed at enriching the supervisory model with innovative tools, including artificial intelligence.

In addition, monitoring was intensified on the dissemination of information on ESG factors, which are increasingly present in corporate studies. In addition to *fair presentation* profiles, the related supervisory activity concerned the comparison between the primary information disseminated by listed issuers and the content of studies, referring to the same sustainability aspects, in order to identify possible cases of incorrect disclosure, including possible *greenwashing* phenomena.

Ratings

During the year, monitoring activities continued on the dissemination of rating judgments in connection with specific corporate events; this activity was particularly intense on the occasion of the dissemination of ratings on Italian sovereign debt⁷.

Monitoring of the dissemination of information on ESG factors contained within credit ratings and those in sustainability ratings has been intensified⁸.

The monitoring activity on the dissemination of ESG information was, in particular, aimed at identifying any discrepancies between the information disseminated by listed issuers referring to ESG elements and that, relating to

6 An in-depth study on the phenomenon was also conducted within ESMA, in which the profiles and characteristics of certain figures who process and disseminate information and assessments, which may constitute investment recommendations, through 'innovative' channels such as social media, were analysed and described: These included 'experts' and 'professionals', while the distinction between implicit and explicit or direct and indirect recommendations was examined, and potential risks, in terms of market abuse (*insider trading* and market manipulation), that may arise from the dissemination of information on *social media* were identified.

7 In this regard, the contents of a number of studies and rating judgments, referring to Italy's macroeconomic situation, were analysed, which hypothesised possible impacts on Italy's sovereign rating and on Italian government bonds, considering the effect of a possible downgrade of the sovereign rating on various programmes involving Italian government bonds at the ECB, as well as in terms of an increase in Italy's cost of debt.

8 With particular reference to credit ratings, this monitoring was primarily aimed at verifying compliance with the provisions contained in the ESMA Guidelines on *Disclosure Requirements Applicable to Credit Ratings*, published in March 2021, which identify specific criteria relating to the *disclosure of ESG factors*, if they represent *key drivers* for rating or *outlook* changes.

the same issuers, contained in sustainability ratings and credit ratings, in order to identify any inconsistencies or profiles of incorrect information by issuers or third parties such as credit rating agencies or ESG rating agencies, which could also configure *greenwashing* phenomena.

6 Market abuse

Detection

During 2023, as usual, surveillance of regular trading performance was carried out mainly through the analysis of evidence of anomalous conduct identified by the Institute's supervisory systems, both in real time and in deferred time. In addition to this analysis, the supervisory activity on possible abusive conduct made use of the information contained in the *transaction reporting* flows provided by intermediaries and the competent foreign authorities, in the reports of suspicious orders and transactions transmitted by intermediaries and managers of trading venues (so-called STOR – *Suspicious Transactions and Orders Reports*) as well as in the qualified complaints received from investors.

The analysis activity aimed at enriching the Institute's surveillance systems with tools based on the use of artificial intelligence techniques continued. In particular, *testing* activities were conducted on two prototypes developed internally in 2022 in collaboration with the Scuola Normale Superiore di Pisa, and a third model was developed. These are complementary algorithms based on artificial intelligence techniques of the *unsupervised machine learning* type, which could usefully support preliminary analyses for the identification of suspected cases of *insider trading*, to be followed by targeted investigation activities aimed at gathering elements suitable for the configuration of specific cases of abuse.

In cooperation with other European authorities, a programme of mutual *secondment* of staff (*secondment*) and *on-site* visits of experienced officials from different countries continued during the year, with the aim of initiating a comparison of the supervisory practices, models and tools adopted by the different authorities with regard to the prevention, detection and *enforcement of* suspected cases of market abuse.

Thanks to the wealth of detail provided by *transaction reporting* flows and the continuous improvement of the related data *quality* processes, the instances in which additional information had to be requested from Italian supervised entities were limited.

In 2023, in continuity with previous years, supervisory activity also focused on in-depth investigations relating to cases of failure to receive reports

of transactions and orders suspected of constituting market abuse (STOR), when due. In particular, in 2023, four sanctioning proceedings were initiated against three Italian banking intermediaries and a trust company for failure to comply with the obligation, defined in Article 16 of the MAR Regulation, to immediately notify CONSOB of orders and transactions suspected of constituting market abuse.

During the course of the year, a new system was developed for the receipt via the web of both STORs sent by obliged parties pursuant to Article 16 of the MAR Regulation and *market observation* (reports sent on a voluntary basis by both Italian and foreign qualified investors and relating to observed market dynamics that are considered anomalous although not specifically attributable to specific operators/investors). The system, which will be operational from September 2023, was presented to operators in July 2023 during an event attended by members of the main trade associations⁹ as well as managers of trading venues¹⁰. An extension of the system is currently being implemented for the management of the assessment phases of the severity of the reported conduct (*triage*) and for its use in the reporting phases of any preliminary investigative activity following the initiation of preliminary investigations on reported cases (*case manager*).

Reports of suspicious transactions

In 2023, the Institute received 440 reports of transactions potentially suspicious of constituting market abuse¹¹, compared to 480 reports received in 2022 (Table al.12).

The number of reports received from Italian entities obliged under the Market Abuse Regulation (operators of trading venues and persons professionally arranging or executing transactions on financial markets) amounted to 326 (74% of the total, 322 in 2022), while 101 were received from foreign counterparts (23% of the total, 138 in 2022)¹².

9 Specifically, the Associazione Bancaria Italiana (ABI), the Associazione Intermediari Mercati Finanziari (AMF Italia) and the Associazione Italiana Banche Estere (AIBE).

10 This is a *web application* that allows STORs to be submitted by accredited parties through a dedicated portal and received in real time by the Institute, which allows an immediate quantification of the number and type of reported conducts.

11 Of the 440 reports received, 62% concerned conduct attributable - in the first instance - to insider trading (70% in 2022) and 35% to operational manipulation (28% in 2022). The remaining 3% of the reports received (2% in 2022) related to conducts that integrated both offences or were not immediately identifiable on the basis of the information contained therein. Confirming the trend of recent years, the financial instruments reported in 2023 were predominantly shares (79%), followed by bonds (14%) and derivatives (6%). The most frequently reported cases concerned possible *insider trading* in equity instruments (56% compared to 60% in 2022).

12 The significantly lower number of reports received from abroad in 2023 was mainly due to the higher number of transactions in 2022 involving the share capital of Italian issuers with significant capitalisation (especially IPOs).

Thirteen reports were also received in the form of '*market observations*'. The Institute forwarded to foreign counterparts 38 reports received from Italian entities and concerning suspicious conduct of its customers occurring on foreign markets (of which 17 to ESMA), mainly relating to potential *insider trading*.

In order to monitor the adequacy of the systems and procedures for detecting suspicious transactions in use by supervised entities, during the year CONSOB invited a sample of intermediaries (selected so as to ensure adequate heterogeneity in terms of size, type of clientele and markets of operation) to respond to a questionnaire aimed at capturing their ability to identify possible anomalous situations.

Repression of abuse

In 2023, market abuse investigations resulted in 565 requests for information, data and documents and led in eight cases to administrative offences, which were the subject of five reasoned reports to the judicial authorities (Table al.13 - Table al.14). A further 11 investigations for hypotheses of insider trading and one investigation for hypotheses of market manipulation of an informative nature were concluded without contestation of offences.

Among the alleged offences, six cases relate to conduct attributable to insider trading, concerning respectively: (i) a project relating to the start-up of a strategic *partnership* between two listed companies, with a commitment by one of them to become a significant shareholder of the other (three investigations), (ii) the decision of the board of directors of a listed company to file with the Ministry of Economic Development a petition for admission to the group's extraordinary administration procedure, (iii) the completion of studies for the development of healthcare devices and the subsequent launch of such devices by a listed company, (iv) the promotion of a takeover bid on the shares of a listed company in the United States and in some MTFs in Germany. One case concerns a manipulation hypothesis related to the false information given to the public by a listed company about a fraud it had fallen victim to. Another case concerns a mixed case of market manipulation, referring both to the parent company's failure to properly disclose the loss, due to a fraud, of a stake in the listed company and the third party's manipulative operation in the market by placing orders to support the price of the shares it was resigning.

During the year, administrative sanction proceedings for market abuse were initiated against 25 natural persons, one entity for joint and several liability pursuant to Article 6(3) of Law 689/1981 and seven entities, both for joint and several liability pursuant to Article 6(3) of Law 689/1981 and for self-responsibility pursuant to Article 187-*quinquies* of the Consolidated Law on Finance (for the sanction proceedings concluded, see Chapter VIII 'Sanctioning Activity').

In 2023, the Institute, at the request of the Ministry of Justice, assessed three codes of conduct on the prevention of market abuse submitted by three associations, considering them suitable to constitute a valid reference for the purposes of assessing the entity's liability for market abuse.

Representation in court

In 2023, CONSOB became a civil plaintiff in four new criminal proceedings for market abuse, including one for insider trading and three for market manipulation (two of which related to offences of obstructing the exercise of the functions of public supervisory authorities; Table al.15).

In the course of one of these proceedings, the preliminary hearing judge referred to the Court of Cassation the question of territorial jurisdiction, which the Supreme Court resolved by ordering the transmission of the criminal proceedings documents to the Public Prosecutor at the Court of Rome, which was deemed competent. In this decision, the Court of Cassation - after affirming the principle that the *locus commissi delicti*, for offences of information manipulation of the market committed through the use of a 'System for the Dissemination of Regulated Information' (SDIR), is to be identified in the one in which the SDIR issues the receipt of the dissemination, stating that the offence is completed "*with the issue of the receipt of notification by the 'SDIR 21-Info', i.e. when the relevant document, once decrypted, has been made accessible to the 'media'*" - nevertheless held that in the case examined, decisive elements to that effect were lacking; with the consequence that, in application of the supplementary rule provided for in Art. 9(1) of the Code of Criminal Procedure, it determined that the *locus commissi delicti* should be identified in the locus of storage of the regulated information.

In addition, seven market abuse cases in which the Commission had joined as a civil plaintiff in 2023 or earlier were settled at first instance with different outcomes, namely in two cases - one for insider trading, one for market manipulation - the proceedings ended with the acknowledgement of the criminal liability of the defendants and an order to pay damages in favour of CONSOB; in two other cases, the proceedings - one for insider trading, one for market manipulation - were settled with plea bargaining judgments; in the remaining three market manipulation cases, one proceeding ended with an acquittal, the other two with judgments of no case.

A criminal trial for market manipulation was finalised at the appeal level with the acquittal of the defendant and the revocation of the civil statutes, reforming the first instance judgement.

Two judgments for market abuse - one for insider trading, one for market manipulation - were finalised before the Court of Cassation with the dismissal of the appeals brought by the defendants and the consequent confirmation of the civil verdicts in favour of CONSOB.

One of the decisions of the Supreme Court - on insider trading - reaffirmed the principle that the trial judge's assessment of individual pieces of circumstantial evidence in a global and unitary perspective can lead to the affirmation of criminal liability beyond reasonable doubt.

In the other case - of information manipulation of shares - the Supreme Court reiterated the orientation that the constituent element of the so-called *price sensitivity* can be recognised even where *ex post* the price of the financial instrument has remained stable: the "*manipulative activities had concrete effects, given that the performance of the share, which should have reflected the considerable economic losses and the obvious difficulties of entrepreneurial recovery - which made it difficult for the Ministry of the Economy to sell it - although following a downward trend in the early months of 2007, remained substantially stable in the period between October and 6 December 2007*".

In a further case - of abuse of privileged information - the Court of Cassation, upholding CONSOB's appeal, annulled for civil effects a sentence issued by the Court of Appeal of Milan in 2022. The decision is important as it held that the profit parameter is useful for measuring the compensatory-reparatory component of the compensation for damage to the integrity of the market referred to in Article 187-undecies, paragraph 2, of the Tuf.

Supervision of issuers and audit firms II

1 Innovative profiles

Activities to support capital market competitiveness

In the course of 2023, CONSOB took part in the regulatory processes concerning the development and competitiveness of financial markets at European and national level, contributing to the identification of the most efficient regulatory solutions in this area (see Chapters X 'International Activity' and XI 'Regulatory Activity').

At the national level, CONSOB followed the parliamentary work of examining draft law no. 674 *'Interventi a sostegno della competitività dei capitali'* (so-called DDL Capitali which later became law of 5 March 2024, no. 21), which incorporated many of the reform proposals presented by the Government in 2022 with the Green Paper entitled *'The competitiveness of Italian financial markets in support of growth'* (for further activities aimed at encouraging listing and regulatory simplification measures, see Part A and the subsequent Chapter III 'Supervision of public offerings and corporate disclosure').

Law No. 21 of 5 March 2024 (DDL Capitals) contains a number of provisions of specific interest to the Institute, for the profiles of competence, and to supervised issuers. In particular, they include: i) a provision to amend the current Art. 2351 of the Italian Civil Code in order to raise the maximum multiplier allowed for multiple-vote shares from three to ten votes per share; ii) a provision aimed at regulating the presentation of a list by the outgoing board of directors (already the subject of CONSOB's call for attention published in January 2022); iii) a provision aimed at supplementing the regulations currently in force on the subject of increased voting; iv) a provision simplifying the procedures for representation for the exercise of voting rights at shareholders' meetings: the purpose of this provision is to permanently allow listed companies, subject to statutory *opt-in*, to hold shareholders' meetings according to one of the exceptional methods temporarily authorised by the legislator during the pandemic emergency by Covid-19¹³, thus allowing meetings to be held either through the exclusive use of remote means of

13 See Article 106 of Decree-Law No. 18 of 18 March 2020 (so-called DL Cura Italia), converted with amendments by Law No. 27 of 24 April 2020.

communication (so-called virtual meetings) or by issuing a proxy to the company's appointed representative without physical participation of shareholders (so-called meetings *in absentia*).

Law 21/2024 grants CONSOB certain regulatory powers for the application of the discipline. The Institute took part in the parliamentary debate on the aforementioned issues during hearings at the competent parliamentary commissions of the Senate (June 2023) and the Chamber of Deputies (November 2023) with a view to providing its technical support as well as useful indications to ensure investor protection and market efficiency¹⁴. In particular, with regard to the regulation of multiple voting, while recognising its potential as an incentive tool for accessing the capital market, the importance was reiterated that the introduction or strengthening thereof be accompanied by adequate safeguards to protect minorities¹⁵; while, with reference to the regulatory amendment on shareholders' meetings, it was pointed out that the new provision does not appear to be in line with the principles of the Shareholder Rights Directive (2007/36/EC), since it restricts – in the opposite sense to the *ratio* of the European provisions – the rights of shareholders and the possibility of participating in shareholders' meetings, even expressly excluding the shareholder's right, in the event of a proxy vote, to freely choose his proxy¹⁶. Lastly, with regard to the issue of the list of the board of directors, CONSOB noted, inter alia, that some of the new provisions appear to introduce factors of further complexity into the process of electing the administrative body, in terms of both a greater burden in defining the board's list and uncertainties as to the outcome of the appointment process.

Activities relating to Sustainable Finance

During 2023, study and in-depth activities on regulatory and supervisory aspects related to sustainability issues continued. In particular, the work of the *Steering Committee* on Sustainable Finance, set up in CONSOB in 2019 to promote the study and analysis of sustainability-related issues, continued, as did the work of the Coordination Table on Sustainable Finance, established by the MEF in October 2022, together with CONSOB, the Bank of Italy, the Ministry of the Environment and Energy Security, the Institute for Insurance Supervision (IVASS) and the Commission for the Supervision of

14 The details of the remarks made on the aforementioned bill are contained in the text of the Hearing of CONSOB Chairman Paolo Savona and CONSOB Secretary General M. Antonietta Scopelliti of 20 June 2023 before the Standing Committees of the Senate (https://www.senato.it/leg/19/BGT/Schede/Ddliter/documenti/56988_documenti.htm), as well as CONSOB's Technical Memorandum of 16 November 2023 filed with the records of the VI Commission (Finance) of the Chamber of Deputies (<https://www.camera.it/leg/19/126?tab=&leg=19&idDocumento=1515&sede=&tipo=>)

15 Similar comments were made during the work on the negotiation at European level of the proposed *Listing Act* Directive, which contains rules to allow the introduction of such special voting shares in companies seeking access to SME growth markets for the first time.

16 The holding of meetings with the complete exclusion of participation, either physical or by means of distance communication, of shareholders is currently not permitted in any other comparable legal system.

Pension Funds (COVIP). The Table has several aims, including facilitating discussion and coordination between institutions, formulating proposals to promote the mobilisation of financial resources towards sustainable investments, promoting dialogue with *stakeholders* and defining the Italian position on sustainability in international fora.

For the year 2023, the Table identified the following topics as priority objectives: (i) identification and availability of data on climate and natural risks (mapping and overcoming fragmentation in local and national databases, both private and public, on ESG risks to which households and domestic businesses are exposed); (ii) availability of standardised and proportionate ESG information of small and medium-sized enterprises (SMEs) that are not required to *disclose*; (iii) insurance protection for environmental and climate risks, in order to develop approaches and solutions to ensure effective insurance coverage in response to these risks.

Based on these priorities, four Working Groups were set up, coordinated by the various representatives of the Sustainable Finance Table. The working group coordinated by CONSOB pursues the objective of supporting companies that are not obliged to make sustainability *disclosures* through the preparation of a standardised scheme of ESG information to be provided, where necessary or appropriate, to other players in the economic system (such as, for example, credit institutions and institutional investors).

Following the publication of the Directive (EU) 2022/2464 on Corporate Sustainability Reporting Standard Directive (CSRD) in December 2022, CONSOB initiated an interlocution with the MEF, which continued during 2023, regarding its transposition into national law. In February 2024, a draft legislative decree transposing the CSRD Directive was submitted for public consultation. The consultation closed in March.

The Institute also continued to provide its contribution to the MEF during the trilogue phase of the negotiations on the proposed directive on Corporate Sustainability Due Diligence (CS3D), confirming the need for a prudent approach to the issues covered by the proposal in view of the repercussions on sensitive aspects of company law, the effects of which are difficult to predict, especially in terms of directors' liability, as well as the implementation costs to be borne by the companies included in the scope of application indicated in the proposed directive (see Chapter X 'International Activity').

As part of the working groups set up within ESMA, CONSOB participated in the drafting of the Guidelines on Enforcement of Sustainability Information (GLESII), which were put out for consultation by ESMA at the end of 2023.

In 2023, CONSOB examined the reports on corporate governance and ownership structures of listed companies and adherence to the recommendations of the Corporate Governance Code, with particular reference

to the adoption by boards of directors of policies for dialogue with shareholders in general. In this regard, the Institute has launched a study on the subject of these policies, with the aim of observing the procedures for the concrete implementation of the provisions contained therein, the most relevant issues subject to the aforementioned dialogue, including sustainability issues, and the possible effects of this dialogue.

2 Ownership structure disclosure

As part of its supervisory activity in the area of ownership structures, in 2023 CONSOB received 427 notifications of changes in significant shareholdings held in Italian listed companies¹⁷, down from the previous year (471 in 2022; Table all.1). The trend is in line with the downward trend already in place since 2017 and which was briefly interrupted during the pandemic emergency due to CONSOB's exercise of its powers under Article 120, paragraphs 2-*bis* and 4-*bis* of the Consolidated Law on Finance with the adoption of a temporary regime of enhanced transparency on the ownership structures of listed companies. This regime, in force from March 2020 to April 2021, had in fact resulted in an increase in the number of disclosures of relevant shareholdings in that period. In 2023, the share of foreign reporting entities stood at 57%, up from 52% in 2022¹⁸.

In 2023, 19 declarations of intentions were received by the Institute (11 in 2022), made pursuant to paragraph 4-*bis* of Article 120 of the Consolidated Law on Finance (the so-called anticorriere rule, introduced by Decree-Law 148/2017, later converted with amendments by Law 172/2017). These declarations (14 by Italian entities and five by foreign entities) were made in more than half of the cases when the 10% threshold was exceeded with the shareholding. In only two cases, the declaration concerned the exceeding of the 25% threshold in issuers qualified as SMEs, for which the Opa obligation arises when the 30% threshold is exceeded. In no case was the intention to continue purchasing shares to the point of acquiring control of the issuer declared, although one of the reporting parties did not rule out the possibility of exceeding the mandatory Takeover Bid threshold through any subsequent purchases. Several shareholders have availed themselves of one of the possibilities of exemption from the obligation to make the declaration,

17 Approximately 35% of the notifications received in 2023 related to the exceeding of the first materiality threshold and approximately 27% to the reduction of shareholdings within the same threshold. The remaining 38% related to changes in significant holdings already held. There were 35 notifications from listed issuers referring to transactions on treasury shares (27 in 2022). With reference to the type of reporting parties, 2023 saw the prevalence of foreign parties (57%), legal persons (77%) and institutional investors (56%).

18 The aforementioned transitional regime had provided for the introduction of additional reduced thresholds of 1 per cent and 3 per cent for non-SMEs and SMEs, respectively, pursuant to Article 1 *w-quarter*.1 of the Tuf.

provided for in Article 122-ter of the Issuers' Regulation, e.g. in the case of an asset management company, or in the case of an acquisition in the presence of another shareholder who alone holds the majority of the voting rights exercisable at the shareholders' meeting.

Relevant shareholders' agreements pursuant to Article 122 of the Consolidated Law on Finance were the subject of 93 notifications, referring to 48 listed companies (139 notifications referring to 64 listed companies in 2022). In particular, 28 communications concerned the stipulation of new agreements, 51 the variation and/or renewal of existing agreements and 14 the dissolution of agreements.

As of January 2023, the list of companies qualifying as listed SMEs, updated by CONSOB on the basis of market capitalisation data in the years 2020, 2021 and 2022 (pursuant to paragraph 1, lett. *w-quater.1*) of the Consolidated Law on Finance), counted 128 companies out of a total of 208 listed companies with registered offices in Italy and with ordinary shares admitted to trading on Euronext Milan (or EXM, formerly MTA). For these companies, there is a higher threshold for the disclosure of major shareholdings (the first of which is set at more than 5% of the share capital, instead of 3%) and a single threshold for the promotion of mandatory takeover bids (30%, modifiable by statute between 25% and 40%).

3 Takeover bids and exchange tender offers

In 2023, 21 public takeover and/or exchange offers were launched (23 in 2022), of which seven were mandatory and 14 voluntary (three partial for the purchase of treasury shares and 11 totalitarian; Table all.2). Of the 21 offers, five were for completion. One voluntary offer was ineffective at the end of the offer period, due to the failure to fulfil the condition on the minimum number of acceptances (so-called threshold condition).

The total value of the successful transactions amounted to EUR 2.22 billion (approximately EUR 14.9 billion in 2022), of which EUR 1.2 billion related to a single public exchange offer launched on shares. All transactions involved ordinary shares, of which 11 were listed on the EXM (four on the STAR segment) and ten traded on the Euronext Growth Milan (EGM). In one case, the offer on ordinary shares was launched simultaneously on savings shares and *warrants* of the same issuer; in three other cases, ordinary shares and *warrants* of the same issuers were launched simultaneously.

Nine offers provided for the contribution (in whole or in part) to the capital of the offeror (or to another company in the latter's control chain) of the consideration received from the sale of the stake held by the controlling shareholders or the contribution by the latter of their stake in the issuer (six in 2022). This figure confirms a trend recorded in recent years on the Italian

market, i.e. the recurring presence of takeover and/or exchange offers to the public, both voluntary and mandatory, whose structure envisages, as mentioned, the reinvestment of the selling shareholders in the company promoting the offer (or in the related chain of control). The main purpose of reinvestment is to ensure management continuity. Such transactions are therefore often accompanied by agreements between offeror and reinvesting shareholders. In eight of the nine offers, in fact, the reappointment of certain members of the issuer's board was provided for. In one case, however, the reinvesting minority shareholder had the right to appoint a member of the issuer's Board of Directors as a result of shareholders' agreements on *governance*.

There were 18 transactions directly aimed at or otherwise associated with the *delisting* of the equity securities under offer (20 in 2022). The *delisting* on EXM took place in six cases (one of which was finalised in January 2024), for a total capitalisation of approximately EUR 3.4 billion. The *delisting* of EGMs took place in eight cases¹⁹, for a total capitalisation of approximately EUR 0.6 billion.

Among the transactions in 2023, it is worth mentioning a public exchange offer (Ops) launched by a company with shares listed on a non-EU market for shares of a company listed on the EXM, which is relevant both for the size of the offer and for the characteristics of the transaction. This Ops, for the implementation of which an offer document and an exemption document (pursuant to the Prospectus Regulation) drafted in English were approved, also provided for the offer, as an alternative to the consideration in securities, of a cash consideration (so-called *cash alternative* pursuant to Article 106, paragraph 2-*bis* of the Tuf), due to the circumstance that the shares offered in exchange were not listed on an EU regulated market. The transaction, which after several steps led to the offeror holding all the shares of the *target* company, ended with the delisting of these shares on the EXM.

4 Related party transactions and supervisory bodies

In 2023, CONSOB continued to monitor related party transactions entered into by listed issuers. During the year, 42 disclosure documents were published for transactions of major significance (Table all.3). These transactions, in several cases represented by amendments to transactions previously discussed and disclosed, were mainly carried out by smaller companies and only in about one in four cases did they involve medium or large capitalisation issuers (belonging to the Ftse Mib and Mid Cap indices).

¹⁹ The figure does not take into account a *delisting* following a takeover bid below the EUR 8 million threshold, which was therefore not subject to a specific investigation.

Most of the transactions covered by the disclosure document were with controlling or significant shareholders (83% of the cases) and predominantly concerned loans or capital transactions through which the related counterparty increased its shareholding in the issuer (36% and 28% of the 2023 disclosure documents, respectively).

As part of its supervision of the application of the rules, in line with its experience and observed practice, CONSOB has interacted with issuers, with a view to preventive supervision, including in response to requests for clarification on the application of the rules. These interlocutions concerned, *inter alia*, the very qualification of transactions with related parties, the mapping of related parties, the application of exemption hypotheses and transparency rules, including in the event of changes to transactions of greater significance already covered by the disclosure document. The attention of companies and their supervisory bodies was also drawn to the more correct application of procedural rules, in particular to ensure the timely involvement of the committee of independent directors in the negotiation phase of a transaction of greater significance.

With its Communication No. 1/23 of 3 May 2023, CONSOB provided indications to organically regulate the disclosure obligations of issuers in connection with the issuance of convertible bonds reserved for a single investor (so-called non-standard POCs) and capital increase transactions reserved for a single investor referred to as *stand-by equity distribution agreements* (SEDAs) and *step-up equity financing* (SEFs), as well as all other types of transactions with similar characteristics such as, for example, those carried out through the assignment of *warrants* to a single investor. This communication clarifies in detail the content of the information to be provided to the market by companies with shares listed on regulated markets and/or traded on MTFs and by the single investor. With specific reference to the rules on related party transactions, the communication stipulates that the single investor must be included in the list of related parties or must voluntarily submit, in whole or in part, to the rules on related party transactions. In three cases, the companies stated that they had included this investor in the list of related parties.

On 13 January 2023, CONSOB published Attention Notice No. 1/23 following the amendments to the Issuers' Regulation on the approval procedure for prospectuses, effective as of 20 August 2022. As part of these amendments, in fact, among the documents and information that must be attached to the application for approval of the listing prospectus, the draft procedure on related party transactions and the information on relationships relevant to the independence of the members of the issuer's corporate bodies are not provided for, as they are not required by the Delegated Regulation (EU) 2019/980 on Direct Application Prospectus. With the aforementioned Attention Notice No. 1/23, CONSOB therefore invited issuers intending to apply

for approval of an offer prospectus and admission to trading on a regulated market and other parties involved in the related process to pay attention, prior to listing, to ensure that corporate governance aspects (in particular, compliance of procedures on related party transactions and existence of independence requirements for members of corporate bodies) are in line with the rules for listed companies.

5 Supervisory bodies and shareholders' meetings

Control bodies

Supervision of the control bodies focused on the activities carried out by them and on the information provided in the reports for the Annual General Meetings on business continuity, internal control and risk management systems and the measures taken or planned to adapt them.

CONSOB has constantly interacted with the supervisory bodies to verify the performance of their supervisory duties, also on a preventive and ongoing basis, and to promptly detect critical issues or areas for improvement in the *governance of issuers*.

In 2023, the auditing bodies made 13 reports of irregularities, discovered as a result of their own investigations, relating to the internal control system and organisational structure, transactions with related parties, transactions in conflict of interest and other significant corporate transactions, as well as criminal offences.

With particular reference to the supervision of non-financial statements (NFS), information was obtained from the control bodies of the issuers selected on the basis of the criteria published annually by CONSOB on the existence of possible areas of improvement or attention profiles that emerged in the NFS preparation process. Also in 2023, meetings were organised with the corporate structures in charge of preparing the NFS and with the control body on certain aspects relating to the same declarations, as well as on any attention profiles highlighted in the documentation received from the boards of statutory auditors, also in order to provide indications aimed at improving the contents of the disclosure to be made in subsequent NFSs. In one case, such indications were the subject of a call for attention addressed to the issuer, while in another case, an issuer and its supervisory board were requested to supplement the disclosure made, respectively, in the NFS and in the report prepared pursuant to Article 153 of the Consolidated Law on Finance.

Shareholders' meetings

Also in 2023, there were cases of the outgoing board submitting a list for the renewal of the administrative body. This option, which was provided for by statute by 50 issuers at the end of 2023, equal to almost a quarter of the total, was exercised during the year on the occasion of six renewals of the board of directors (one of which was partial) of companies with non-concentrated ownership, mainly operating in the banking sector and for the most part characterised by a highly fragmented shareholder base. On these occasions, and following attention call No. 1/2022 concerning the presentation of a list by the board of directors for the renewal of the same board, CONSOB examined the practices adopted by the companies with particular regard to the process followed by the board in the formation of the list, as well as the information provided on these aspects in view of the shareholders' meeting. Consistent with this call for attention, in order to ensure the transparency and documentability of the process for the formation of the Board of Directors' list, the companies have adopted specific procedures aimed at regulating the stages of this process and the contribution of the various parties called upon to support the Board of Directors in the selection of candidates (nomination committee, *headhunting* consultants).

With reference to shareholders' meetings, 77% of the meetings held up to 31 July 2023 were attended exclusively by the designated representative (*pursuant to Article 135-undecies of the Consolidated Law on Finance*)²⁰. This figure shows a decrease compared to the same survey carried out with reference to the 2022 shareholders' meeting season (84%); the meetings held in the months following July 2023 were held in the ordinary manner, i.e. with the physical participation of shareholders and, if envisaged by the issuers as a possible additional modality, also with remote participation or through the appointed representative.

20 It should be recalled that, even in the absence of extraordinary circumstances, when the Milleproroghe 2023 Decree was converted into law (see Article 3, paragraph 10-undecies, of Law Decree 198/2022 converted into Law No. 14 of 24 February 2023), the term of validity of the special rules set forth in Article 106 of the Cura Italia Decree-Law, dictated during the pandemic emergency, was again amended, 'restoring' the effectiveness of such special provisions until 31 July 2023 for a further assembly season. Law No. 21/2024 (DDL Capitali) intervenes on the matter, firstly by extending the term of validity of the special rules for the conduct of shareholders' meetings laid down in the aforementioned Article 106 for a further season, which will be in force until 31 December 2024. In addition, a provision has been introduced into the TUF to permanently allow listed companies, in the presence of a statutory choice to this effect, to hold shareholders' meetings in accordance with one of the exceptional procedures temporarily authorised by the legislator during the pandemic emergency by the aforementioned Article 106 of the "Cura Italia" Decree Law: in particular, subject to the statutory *opt-in*, it will be possible to hold shareholders' meetings without the physical participation of shareholders exclusively through the issuance of a proxy to the representative designated by the company (so-called shareholders' meetings *in absentia*).

6 Audit firms

In 2023, there were 42 (43 in 2022) public interest entities (PIEs) and intermediate entities (ESRIs), of which 20 audit firms and two Trentino-Alto Adige federations (on behalf of which eight natural persons statutory auditors work) and 20 statutory auditors (Table all.4).

The market for statutory audit still remains highly concentrated, as evidenced by the distribution of engagements on listed companies, of which around 89% relate to the top four audit firms, a percentage that remained unchanged from the previous year (Table all.5). In 2023, there were 121 cases of early termination of engagements (55 in 2022). The significant increase compared to the previous year was mainly influenced by early terminations of *audit* engagements as a consequence of the appointment of a new auditor by a banking group (Table all.6).

With regard to audit opinions on listed issuers, the auditors declared an inability to express an opinion in three cases (five in 2022), all of which were based on multiple significant going concern uncertainties, while they expressed a qualified opinion in two cases (four in 2022); Table all.7). There were six unmodified ratings containing disclosures (fifteen in 2022), all of which related to material uncertainties about the company's ability to continue as a going concern.

Also in 2023, CONSOB, as usual, participated in various fora in international working groups on quality control, *enforcement*, *standard setting* and the use of new technologies in the auditing world²¹.

Quality controls

During 2023, CONSOB's work on quality control of audit firms and statutory auditors, as required by European and national legislation, continued.

Quality controls, carried out by means of inspections, aim to assess the adequacy of the organisational model and procedures adopted by audit firms and reference *networks*, the *audit* methodology followed, including the possible use of *data analytics* tools, and the manner in which these aspects are reflected in the performance of audit assignments. The checks also concerned the procedures in place for the performance of assignments aimed at issuing the attestations made by audit firms with reference to NFSs pursuant to the CONSOB Regulation on the disclosure of non-financial information.

The quality control activity, carried out on the basis of a *risk-based* approach, also took the form of inspections, which, for the larger companies, followed the CAIM (Common Audit Inspection Methodology) methodology

21 Internationally, CONSOB is also a member of the IFIAR (International Forum of Independent Audit Regulators) in which statutory auditors' supervisory authorities from 55 countries participate.

adopted in Europe by the Committee of European Auditing Oversight Bodies (CEAOB) and, for the smaller auditing companies, took into account the proportionality criteria established by the regulations in force.

In 2023, quality audits were concluded on three small auditing firms, to which the report required by Article 26(9) of the Audit Regulation (Final Report) was sent, containing the main conclusions and recommendations for corrective action resulting from the quality audit²².

In particular, the strengthening of the quality controls contained in internal procedures was requested with reference to several aspects ²³

With regard to the performance of *audit* assignments, measures were recommended to raise the awareness of professional staff, including those in charge of the engagement quality review, as well as specific checks during internal monitoring, on those aspects of the audit activity in respect of which deficiencies were found²⁴.

22 The recommendations formulated in the Final Reports submitted to the auditing firms were based on the shortcomings found as a result of the audits performed and concerned both the need to strengthen the quality control controls relating to internal procedures and the implementation of actions aimed at improving the quality of the *audit* in relation to the shortcomings found with regard to the audit engagements selected for audits.

23 Specifically, the requests concerned the following aspects (i) integration of the partner assessment and remuneration process through the introduction of specific indicators of the quality of the work performed on assignments and compliance with internal quality control procedures; (ii) introduction of procedures for verifying the accuracy and completeness of the information provided in independence attestations; (iii) verification of prior approval by the Audit Committee when accepting non-audit services iv) introduction of a specific procedure for reporting and managing breaches of independence requirements; v) activation of measures aimed at raising awareness among internal functions on the possible threats to the auditor's objectivity arising from the provision of *non-audit* services to *audit* clients by individuals belonging to the network; vi) introduction of appropriate verification tools aimed at monitoring compliance with the partner rotation schedule within the terms provided for by the applicable regulations vii) introduction in the acceptance questionnaires of a system for measuring client and engagement risk based on the relevance and number of critical factors detected and of documentation of the checks on the availability of competent professional resources in relation to the type of engagement viii) implementation of measures aimed at raising the awareness of *engagement quality control reviewers* (EQCR) on the importance of carrying out the independent review of engagements at all stages of the *audit* process as well as concluding the same before issuing the audit report, and on the need to comprehensively document the considerations carried out and the conclusions reached ix) introduction of adequate methods of reporting the results of internal monitoring activities and the obligation to carry out, against the same, adequate '*root cause analysis*' activities in order to understand the reasons for the occurrence of deficiencies, particularly in cases where the same have a repetitive character, with the aim of identifying appropriate remedial actions to resolve the deficiencies found; x) strengthening of the activities aimed at verifying the actual implementation of the improvement points and remedial actions identified during monitoring and at documenting their implementation.

24 With particular reference to: (i) understanding of the company's internal control and administrative-accounting system; (ii) identification and assessment of significant risks at the level of the financial statements and individual assertions and related documentation; (iii) documentation of the analyses carried out to identify persons belonging to the category of 'related parties' and the assessment of relations with them iv) documentation of the considerations carried out with regard to the adequacy of the materiality threshold identified in relation to the risk of the engagement and the failure to identify differentiated thresholds for specific items; v) documentation of the checks carried out with regard to the existence of the business continuity with particular reference to the consistency of the assumptions adopted in the business plans; vi) filing of the working papers within the 60-day period from the issuance of the audit report. With reference to audit assignments on football clubs; vii) planning and performance of procedures to detect and document any risks of congruity in the purchases and transfers of players'

In addition to the three completed quality audits mentioned above, quality audits were carried out in 2023 on a further seven audit firms (two on large audit firms and five on small audit firms) for which the final report had not yet been submitted at the end of the year. For some of these audit firms, *on-site* inspections were concluded.

In the second half of 2023, CONSOB cooperated, pursuant to Art. 47 of the Audit Directive, with the Public Company Accounting Oversight Board (PCAOB), the US audit oversight authority, to conduct a *joint inspection* of a large audit firm.

Finally, it was verified that the organisational and procedural arrangements put in place by the auditing firms in connection with the previous quality audits were in line with the recommendations made as a result of the quality audits completed in the previous year in accordance with the established timeframes for implementation (*follow up* analysis).

Auditors' certifications on non-financial statements

Also in 2023, the compliance attestations issued by the auditors on the published NFSs were examined. These attestations were all issued in the form of a *limited assurance*, with the exception of two cases in which the auditors expressed a *reasonable* opinion only for certain aspects dealt with in the Sustainability Report, while for the other information contained in the NFS, a limited opinion was issued. There were no cases of qualified attestation, negative attestation or issuance of a declaration of inability to express an attestation by the auditor.

Audit standards

During the year, CONSOB continued its participation in the two technical committees, jointly with representatives of the MEF and the profession, set up for the drafting, respectively, of auditing standards (taking into account the ISA – *International Standard on Auditing*) pursuant to Article 11 of Legislative Decree No. 39/2010, and the professional ethics principles of confidentiality, professional secrecy, independence and objectivity, pursuant to Articles 9, 9-*bis* and 10 of the same decree.

In particular, the process of drafting the 'Italian Code of Ethics and Independence' for statutory auditors, issued with the determination of the State Accountant General of 23 March 2023, has come to a conclusion. The Code regulates in an organic manner both the fundamental ethical principles (integrity, objectivity, professional competence and diligence, confidentiality,

registration rights; viii) documentation of the considerations on the correctness of the accounting treatment of football players purchased with the 'temporary transfer with obligation of redemption' formula; ix) critical examination of the contracts stipulated with football players with particular reference to aspects related to their remuneration.

professional conduct) and the principles of independence, and was drafted on the basis of the IESBA (*International Code of Ethics for Professional Accountants*), taking into account the Italian regulatory framework on ethics and independence. The Code came into force for statutory audits of financial statements as of 1 January 2023.

Following the adoption of the Code, which establishes the basic framework of the rules on independence generally applicable to all statutory audit engagements, CONSOB started work to establish, by its own regulation and in line with the provisions of Article 17(2) of Legislative Decree No. 39/2010, specific independence situations applicable to the performance of statutory audits of public interest entities (PIEs).

In addition, the process of developing three new quality management principles, adopted, following a favourable opinion to the MEF, by a determination of the State Accountant of 8 August 2023²⁵ was completed.

These principles, which were supplemented to take into account the regulatory provisions dictated, for PIEs and entities subject to an intermediate regime (ESRI), by Regulation (EU) No. 537/2014 and Legislative Decree No. 39/2010, fully transpose the corresponding international principles issued by the IAASB in December 2020 as a result of the 'Quality Management' project. The main new elements concern the introduction of a risk assessment process by the licensed entity, the strengthening of the *governance* objectives and the greater weight given to the quality review of assignments as a fundamental safeguard for the performance of quality assignments.

25 The new standards (ISQM Italia 1, ISQM Italia 2 and ISA Italia 220) will come into force as from 1 January 2025, for ISQM Italia 1, and from the performance of statutory audits of financial statements relating to administrative periods beginning on the same (or later) date for ISQM Italia 2 and ISA Italia 220, unless early adoption (by one year), on a voluntary basis, by audit firms.

III Supervision of public offerings and corporate disclosure

1 Innovative profiles

Activities aimed at encouraging company listing

During 2023, work continued on improving and updating internal supervisory practices and policies, with a view to consolidating and facilitating the consistent application of European-derived prospectus rules and improving the effectiveness of communication with the market²⁶. To this end, in March 2023, the process of revising the guidelines already published by the Institute on prospectus matters was concluded, now collected in a single document 'Compendium of CONSOB's application guidelines on prospectus drafted pursuant to Regulation (EU) 2017/1129 and its supplementary EU regulations'²⁷.

CONSOB also participated, as an observer, in the work of the Committee of Market Operators and Investors (COMI) aimed at drawing up the guidelines for simplifying prospectuses, which were approved and published in July 2023. These guidelines refer, in particular, to prospectuses for public offerings and listings of shares and bonds and simplified prospectuses for capital increases and transfers from a multilateral trading facility to a regulated market. The guidelines, which were presented to the public in November as part of a seminar organised by the Institute, emphasise the need to represent the information contained in prospectuses for offers to the public and the listing of shares on regulated markets in a simple and clear form, in order to standardise the content of these documents, bringing it more into line

26 This work takes into account the *peer review* process on prospectuses, initiated by ESMA pursuant to Article 20(13) of Regulation (EU) 2017/1129 (Prospectus Regulation), during the two-year period 2021-2022, and concluded with the publication of the Report in July 2022, as well as the forthcoming *follow-up* action on the Recommendations addressed to the NCAs in general, and to CONSOB in particular, to be conducted by ESMA in the second half of 2024.

27 In this regard, as is well known, regulatory changes were introduced in 2022 aimed at ensuring the alignment of prospectus approval timeframes with European legislation, eliminating the incomplete application stage and thus obviating those margins of uncertainty linked to the calculation of the timeframe for prospectus approval. Following the entry into force of these new regulatory provisions, with reference to the preliminary investigation of first admission to listing, it was noted that the average number of working days elapsing between the first sending of the draft prospectus by the issuers and the sending of the first letter requesting additional information by CONSOB was reduced from 20 to ten.

with other European countries, in order to facilitate comprehension, including at the stage of scrutiny by the Authority.

In the context of initiatives aimed at supporting access to the Italian capital market and supporting the issuance of debt securities, in December 2023 CONSOB submitted for market consultation a number of hypotheses for amendments to the provisions of the Issuers' Regulations concerning the application for approval of prospectuses. The consultation ended on 29 January 2024 and the relevant amendments to the CONSOB regulations were approved on the following 20 February²⁸.

Taking into account the various legislative acts, guidelines and guidelines governing prospectus matters, CONSOB is working on the preparation of procedural and thematic *Frequently Asked Questions* (FAQ), which are intended to facilitate issuers in the preparation of prospectuses and during the preliminary investigation, from the filing of the first draft of a prospectus to its approval and publication.

On 27 February 2024, CONSOB and the Bank of Italy signed a memorandum of understanding on cooperation on issuers, which regulates, inter alia, cooperation in the approval of banks' *equity* prospectuses.

The Institute's constant process of adapting to the standards imposed by European and national regulations continues to require its participation in various tables at the European level for the definition of certain regulatory choices. In addition to its participation in the roundtables on the Listing Act negotiations, it also contributes to the work of ESMA aimed at promoting the convergence of the supervisory approaches of national authorities in the control of prospectuses and facilitating the application of the relevant European sector regulations (e.g., through Q&As and *statements*).

Activities relating to sustainable finance

With reference to the representation of sustainability profiles in the prospectuses of securities marketed with ESG characteristics and the adoption of measures to improve their transparency and comprehensibility, institutional activity takes into account the Strategic Supervisory Priorities for the Union for

28 In particular, these regulatory interventions are aimed at: (i) eliminate, for prospectuses of *non-equity* securities, the documents to be attached to the application for approval that are not required by the European prospectus regulations; (ii) further simplify certain documents to be attached to the application for approval of *equity* prospectuses, which had already been revised and simplified in 2022; (iii) publish on CONSOB's website, in Italian and English (in line with the innovations introduced as early as July 2022, which allow prospectuses to be drafted in English, and already implemented by the Institute with resolution no. 22423 of 28 July 2022), the electronic application form for prospectus approval and the tables of correspondence regarding the applicable prospectus schedules, so as to make the compilation of the two documents simpler, reducing the risk of errors or omissions of information and speeding up the process of acquiring the same applications. For the future, a public consultation will be launched to bring to the market's attention the idea of assigning the final act of approving the prospectuses and any supplements to the competent offices and no longer to the Commission, thus further shortening the authorisation process.

2023–2026, the Institute's Strategic Plan for 2022–2024 as well as the evidence contained in the *Progress Report on Greenwashing* published in May 2023 by ESMA, which highlight the need for effective information that allows investors to easily identify securities that are actually associated with sustainable economic activities²⁹.

In relation to the impact of ESG risks on financial reporting, the Institute, also through its participation in the work of ESMA, is paying particular attention to the consistency between the financial information contained within IFRS financial statements and the risk factors relating to sustainability issues, such as climate risk (see the section below on *accounting information*). In this area, CONSOB has launched analysis and market solicitation initiatives, for example through the publication of ESMA's supervisory priorities for 2021, 2022 and 2023. The disclosure examples included in the ESMA report of 25 October 2023 *The heat is on: disclosures of climate-related matters in the financial statements*, taken from the 2022 financial statements of European issuers, including some Italian ones, provide practical illustrations of how climate-related matters can be presented in IFRS financial statements.

With regard to non-financial reporting, CONSOB has contributed to the work on the national transposition of the novelties introduced by the Corporate Sustainability Reporting Directive (CSRD), providing guidance to the MEF for the drafting of the criteria to be adopted for transposition in Law No. 15 of 21 February 2024 (European Delegation Law 2022–2023).

The Institute is also closely following the implementation phases of *standard setting* projects initiated in the European and international arena (see Chapter X 'International Activities').

Innovative technologies in supervisory activities

Artificial intelligence represents a focal element of the Strategic Plan drawn up by CONSOB for the three-year period 2022–2024, mainly through the introduction of technological innovation to support supervisory activities (so-called *supervisory technology*) and through the development and application of systems capable of offering a valid aid to control and supervisory activities, to be placed alongside human action.

29 Pending the first application of the new Regulation (EU) 2023/2631 (so-called *Green Bonds Regulation*) – the final text of which was published on 30 November 2023 in the Official Journal of the European Union, applicable as of 21 December 2024 – and the amendments to the Prospectus Regulation that will result from the conclusion of the legislative negotiation on the Listing Act and in view of the importance of ESG issues for investors, ESMA, in its *statement 'Sustainability disclosure in prospectuses'*, published in July 2023, called on issuers to consider such issues when drafting prospectuses when they are relevant to investment decisions, even if the existing disclosure rules do not specifically cover these aspects. The *statement* also deals with the issue of advertisements claiming ESG characteristics of securities not disclosed in the prospectus, inviting in such cases both issuers and competent authorities to consider the need to publish a supplement to the prospectus.

In the context of this perspective, work also continued in 2023 on the introduction of artificial intelligence within the preliminary approval process of prospectuses for *equity* and *non-equity* instruments, in order to exploit its potential and give rise to a renewed supervisory process on the subject, such as to more effectively and/or efficiently pursue the objectives expected by the various *stakeholders* (intelligibility, consistency, simplification, reduction of approval times, objectivisation of administrative action). The first prototype, realised during 2021, tested and implemented during 2022, saw the identification of further areas for intervention and improvement in 2023. The aim is to identify new operational methods to support the performance of CONSOB's supervisory activities, providing a tool that can be useful and capable of fostering greater harmonisation and transparency³⁰.

The use of IT and artificial intelligence tools is also crucial for the initiation (or implementation) of the supervisory framework resulting from the national implementation of Regulation (EU) 2023/1114 on cryptocurrency markets (so-called MiCA Regulation), and its implementing technical standards, as well as for the purposes of the Regulation on the issuance and circulation of financial instruments on distributed ledger technologies (DLT), as provided for in the FinTech Decree, published in December 2023 at the conclusion of the consultation period with the market (see Chapters X 'The International Activity' and XI 'The Transposition of European Legislation and Regulatory Activity').

2 Public offering and admission to trading of equity instruments

In 2023, the following were approved: 13 prospectuses for admission to trading, of which nine for first-time admission³¹ and four for already listed companies; six prospectuses relating to capital increases under option to shareholders; one prospectus for a public offering of shares in an unlisted bank³²; the first exemption document drafted in English relating to public offerings of shares (Table AIII.1). Of the nine first admission prospectuses, three

30 The use of such a tool to identify, through the application of *text mining* technologies, information elements representative of pre-set risk indicators, has the potential function of assisting, at a preliminary stage, the prospectus control activities with the aim of fostering greater focus on specific aspects in the scrutiny of the prospectus.

31 Of the nine prospectuses mentioned, four are *initial public offerings* (IPOs) and five are *transfers* from *Euronext Growth Market* (formerly AIM Italia) to the regulated market.

32 With regard to admissions to trading, Lottomatica was the largest IPO in Europe in the first half of 2023 (raising EUR 600 million), while Ferretti's IPO was the first case in Italy of *dual listing* between Italy and Hong Kong.

were drafted in English by Italian issuers for the purpose of admission to trading of shares on the Euronext Milan market³³. The possibility of drafting the prospectus in English is of particular relevance for Italian companies considering that, also in 2023, the tendency to address offers, in IPOs and *transfers* from Euronext Growth Milan, exclusively to institutional investors, the majority of which are international³⁴ is confirmed.

It should be noted that factors such as global macroeconomic uncertainty and geopolitical instability, with the consequent market volatility, led 13 companies to abandon or postpone the process of initial admission to listing on the EXM regulated market. In ten cases, the companies had already initiated preliminary contacts with the competent offices by submitting the programme of the transaction, and in three other cases they had already applied for prospectus approval, which was later withdrawn.

3 Public offering and admission to trading of non-equity instruments

In 2023, the approval measures referring to *non-equity* securities concerned 31 documents relating to bonds issued by banks³⁵, one prospectus for the public offering and admission to listing on the electronic bond market, organised and managed by Borsa Italiana, of *sustainability-linked corporate bonds*³⁶ and 11 documents relating to *certificates*. As part of the supervision of documents relating to offers and/or listing of *non-equity* securities issued by banks, all possible effects of the uncertain economic and geopolitical scenario were carefully checked and monitored (Table aIII.2 – Table aIII.4)³⁷.

33 The possibility of drafting the prospectus in English, which was introduced in the summer of 2022 as part of the numerous regulatory simplification initiatives, has been highly appreciated by issuers as it allows them to prepare a single document, which meets both the requirements of the European prospectus regulation and the practice of drafting the *international offering circular*, for the purpose of the offer to international investors, simplifying the requirements and costs for issuers in the market access process.

34 The *international offering circular* is in fact a document that is prepared in line with the US practice for offers to institutional investors (*private placements*) made pursuant to *Regulation S* of the *US Securities Act* and addressed to *Qualified Institutional Buyers* in the United States pursuant to *Rule 144A* of the *US Securities Act*. This document is similar in content to the prospectus, but the related information is described in a different format and order.

35 In this regard, it should be noted that five offer prospectuses approved by CONSOB in 2023 of three banking operators envisage the possibility of issuing bonds that will be named '*green*', '*social*', '*sustainable*' in the event that a restriction on the allocation of proceeds to activities related to sustainability issues is envisaged at the time of issue.

36 The *sustainability-linked bond* prospectus refers to a bond, issued by Eni for a total amount of EUR 2 billion, in which the potential change in the coupon is linked to any failure to achieve the sustainability targets identified by the issuer.

37 During the year 2023, there were no issues of southern economy savings bonds authorised by CONSOB (Table aIII.4).

During 2023, CONSOB verified the document completeness and regularity of the approval certificate of 603 documents approved and notified to the Commission by EU authorities (545 in 2022; Table aIII.5).

Supervision of Key Information Documents

In the context of the supervision of Key Information Documents (KIDs) relating to Packaged Retail and Insurance-based Investment Products (PRIIPs), CONSOB received more than 5 million KIDs in 2023, in line with the figure for 2022, which mainly concern *updates* of products designed by *manufacturers*, the majority of which are foreign. As regards the number of new products issued, there was a moderate increase in 2023, especially in *certificates* and *covered warrants* (about 30,000 more new issues than in 2022; Table aIII.6 – Table aIII.7).

4 Corporate disclosure

In 2023, supervision of corporate information involved 268 requests for data and information pursuant to Article 115 of the Tuf and eight requests for publication of data and information pursuant to Article 114 of the Tuf. Authorised persons were also requested to publish two investment recommendations pursuant to Article 69-*novies*, paragraph 2, of the Issuers' Regulation. During the year, the Commission received 303 notices of delayed disclosure of inside information from issuers with shares traded on EXMs or EGMs, pursuant to Article 17(4) of Regulation (EU) No. 596/2014 (MAR Regulation). The Institute sent a warning letter and initiated two non-compliance proceedings *pursuant to* Article 154-*ter*, paragraph 7, of the Tuf, one of which was concluded in 2023 with the relevant resolution. Lastly, CONSOB took steps to make two communications to the Judicial Authority of information relative to facts and elements ascertained in the performance of its activities, which may be of criminal relevance (Table aIII.8 – Table aIII.9).

Accounting Information

On 25 October 2023, ESMA published the *public statement* on Common European Supervisory Priorities for Financial Reporting 2023 (ECEP 2023). These priorities include the current macroeconomic environment and climate issues in financial reporting. In line with ESMA's guidance, CONSOB will monitor and supervise the implementation of the guidance contained in the above-mentioned *statement*.

CONSOB participated in the IOSCO work leading to the publication on 15 December 2023 of a number of recommendations for issuers, *auditors* and *audit committees* that are intended to help improve the reliability, faithful

representation and transparency of financial reporting on goodwill as accounted for and represented in financial statements³⁸.

The exchange of information with the prudential supervisory authorities, the Bank of Italy and IVASS, continued on issues related to the application of international accounting standards to the financial statements of issuers in the financial and insurance sectors³⁹.

2023 was the first year during which the supervision of the fairness and completeness of financial and accounting reporting also fully covered the checks on compliance with the regulations on the single electronic reporting format (so-called ESEF), the rules of which were finally implemented in national law in the course of 2022. In particular, the checks covered the compliance of the annual financial reports in electronic format with the provisions stemming from the Transparency Directive as well as the regulatory technical standards on ESEF set out in Delegated Regulation (EU) 2019/815 of the European Commission of 17 December 2018 (so-called RTS ESEF)⁴⁰.

As anticipated, specific in-depth analyses were conducted on the financial disclosure provided in the financial statements in relation to climate risk, with particular reference to: i) the financial materiality of the impacts related to the aforementioned risk, ii) the consistency between the *disclosure* provided in the financial statements and the non-financial disclosure provided in the NFSs, and iii) the presence of indications on the impacts for individual financial statement items. In this regard, some areas for improvement were highlighted to issuers in view of subsequent reporting.

As part of its supervision of financial reporting, the Institute selected in 2023 the companies to be examined pursuant to Article 89-*quater* of the Issuers' Regulation, taking into account, in line with a *risk-based* approach, the evolution of risk factors in the current market environment⁴¹.

38 In particular, IOSCO developed seven recommendations, one of which on the consistency between the accounting of goodwill and non-financial reporting, as well as some *good practices* to help mitigate the risk of untimely recognition of impairments and the disclosure of incomplete information to the market, especially in the current macroeconomic environment.

39 Among these were: (i) the accounting implications of the changing macroeconomic environment, (ii) the treatment of so-called 'eco-bonus' tax credits, (iii) changes in the conditions applied to the third round of the ECB's *Targeted Longer-Term Refinancing Operations III* (TLTRO III), (iv) the EFRAG and ISSB sustainability reporting standards, and (v) issues related to the first-time application of IFRS 17 and IFRS 9 by insurance companies.

40 A section on the institutional website dedicated to the subject has been maintained, which includes an email address for issuers to receive questions. Also in the ESMA *public statement* on ECEP 2023, ESMA focused on financial statements in electronic format, reminding issuers to mark all numeric elements in a given currency in the consolidated financial statements prepared in accordance with IAS/IFRS, as well as certain rules to be taken into account when marking up the notes to the consolidated financial statements in bulk, in order to preserve the readability and clarity of the information once extracted and transformed into a machine-readable format. Lastly, training activities continued in relation to the new obligations in force from 2023, in which CONSOB actively participated.

41 In particular, reference is made to the following risk factors: i) risks related to the economic-financial sustainability of the *business model* due to the current macroeconomic and geopolitical context; ii) risks

Also in 2023, the Commission decided to subject certain listed companies in financial difficulty to additional periodic reporting obligations, based on the powers conferred by Article 114 of the Tuf. These obligations are reviewed on the occasion of the publication of the issuers' accounting documents (annual and half-yearly financial statements), in order to take into account the evolution of the situation in which they find themselves. As of 31 December 2023, 20 listed companies were subject to monthly reporting obligations (21 at the end of 2022) and nine companies to quarterly reporting obligations (ten at the end of 2022)⁴².

Non-financial information

In 2023, 208 NFSs relating to the financial year 2022 were published pursuant to Legislative Decree 254/2016, of which 142 were published by companies with listed shares, 24 by issuers with securities listed on regulated markets, 23 by unlisted banks and insurance companies and 19 on a voluntary basis (Table all.10).

The supervisory activity focused on the NFSs for the financial years 2020 and 2021 selected at the end of the previous year⁴³.

Particular attention was paid to the guidance provided by ESMA in the *European common enforcement priorities for 2021 annual financial reports* (ECEP 2021) with reference to the provisions of Article 8 of the Taxonomy Regulation, which found its first application in the NFS 2021 and which provides that certain large companies that are required to publish non-financial information under Directive 2014/95/EU (so-called NFRD) must

related to the environmental sustainability of the *business model*; iii) risks of impairment of non-financial assets in the financial statements due to changes produced by the geopolitical and environmental macroeconomic context. During 2023, supervisory activity continued on an issuer whose corporate information had already been subject to a resolution of non-compliance pursuant to Article 154-ter, paragraph 7 of the Consolidated Law on Finance in 2022, with reference to the accounting recognition of certain transactions involving the exchange of intangible assets and employee salaries. This activity was carried out on the basis of the copious documentation relating to the criminal investigation acquired by CONSOB during the year, from which emerged confirmation of the erroneous accounting of the transactions subject to censure in the resolution of 2022, as well as evidence of the erroneous accounting of certain transfers of intangible assets, carried out in previous years. Since the effects of these erroneous accounting entries also persisted in the financial statements subsequent to the 2022 resolution, a second resolution of non-compliance with international accounting standards pursuant to Article 154-ter, paragraph 7 of the Consolidated Law on Finance was adopted in 2023, concerning the aforementioned financial statements.

- 42 In particular, during 2023, one new company became subject to monthly obligations, one company already subject to such obligations was delisted, and for another, withdrawal from monthly obligations and subjection to quarterly obligations occurred.
- 43 Supervision was carried out both through preliminary requests sent to the boards of auditors, and through direct contact with the companies. Information was requested concerning the exchange of information between the board of auditors and the auditor in charge of issuing the NFS attestation, in particular by verifying whether the auditor had issued *management letters* with suggestions as a result of activities performed on the NFS.

disclose information to the public on how and to what extent their activities are associated with environmentally sustainable economic activities as defined in the EU taxonomy legislation. Those companies that did not provide any information on the share of economic activities eligible and ineligible for the taxonomy under the three indicators set out in the aforementioned article were then selected. The investigations carried out revealed that these companies were in the process of setting up adequate internal structures and processes to enable them to carry out the activities necessary to meet the disclosure requirements, a process which, with reference to the financial year 2021, had not yet enabled any eligible activities to be identified. As a result of the supervision of these companies, the information for 2021 was therefore disclosed in the NFS for the financial year 2022.

The supervisory activity was also carried out by organising meetings with the sustainability functions of some companies and with the control body of the same companies, which is responsible for supervising NFSs, in order to examine in depth certain aspects relating to these documents, as well as any attention profiles highlighted in the documentation received from the boards of auditors⁴⁴.

In 2023, the selection of NFSs to be supervised for the financial year 2022 was also carried out. First of all, it was found that none of the elements provided for in points a), b) and c) of Article 6 of CONSOB Regulation No. 20267 of 19 January 2018⁴⁵ materialised. Instead, the element of the connection with the supervision of financial reporting provided for in point d) of the aforementioned Article 6 of the Regulation was enhanced, taking into account the supervision of financial reporting as well as the indications contained in ESMA's ECEP 2022 for NFSs, with regard to climate issues and the information required by Article 8 of the Taxonomy Regulation. Additional elements were acquired as a result of the supervisory activity carried out by CONSOB on companies included in the previous selection, or on which action was taken on specific issues, regarding the presence of areas for improvement in the content of the NFSs or in the procedures for collecting data and drafting them.

Examination of the auditors' reports revealed a lack of consistency between the version of the standards defined by the Global Reporting Initiative (GRI) stated in these documents and the version stated by some companies in their NFS.

Further profiles of relevance to the selection process emerged regarding the degree of compliance with the main application changes related

44 During the course of the year, an intervention was made on the NFS 2022 of a listed issuer, which was asked to supplement the document with a press release providing some clarifications on occupational safety and emission profiles concerning a subsidiary company.

45 Reference is made to: reports by the supervisory bodies and the auditor, cases of qualified attestation, negative attestation or the issuance of a declaration of inability to give an attestation by the auditors, significant information received from other public administrations or stakeholders.

to the 2022 NFS, with particular reference to the use of the mandatory template for the indication of the share of aligned, eligible and ineligible economic activities within the three indicators provided for in Article 8 of the Taxonomy Regulation, and compliance with the main indications provided by the new GRI 2021 universal standards.

A further selection of subjects was carried out on the basis of a risk indicator constructed by weighting a series of factors, linked to the climate riskiness of the economic sector of operation, the company's degree of sustainability in the three ESG dimensions, elements indicative of possible *greenwashing* behaviour, the experience acquired in the drafting and publication of NFSs, the relevance of the impact of any lack of information made taking into account the type of issuer, its possible recourse to the risk capital market and the mandatory or voluntary nature of the NFS.

The ECEP 2023 emphasises the relevance of climate-related issues, with particular reference to transparency with regard to emission reduction targets, actions taken to achieve them and achievements, as well as so-called Scope 3 emissions. The issue of *disclosure* required in relation to Article 8 of the Taxonomy Regulation is also considered a priority⁴⁶.

Finally, the ECEP 2023 emphasises the need to provide the disclosure of environmentally sustainable activities under Article 8 of the Taxonomy Regulation as closely as possible to the criteria and requirements of the European Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 (Delegated Act Disclosure)⁴⁷.

46 The ESMA *statement* confirms the focus on climate issues, with a particular focus on the link between corporate objectives and those arising from public *policies* as well as the methodologies and scenarios used to construct them. In particular, it emphasises the importance of embedding these objectives in a broader strategy that includes setting *policies* and identifying the actions needed to achieve them. The 2023 ECEPs also point out the importance of adequate disclosure of the company's identified emission reduction targets, especially when placed in the context of decarbonisation policies or carbon neutrality statements. To make these targets truly credible, it is also necessary to provide information on the investments and resources required to achieve them.

47 In this regard, on the occasion of the publication of the 2023 ECEPs, ESMA also disclosed the results of a *fact-finding exercise* on the application of Article 8 of the Taxonomy Regulation, carried out during 2023 with reference to the 2022 NFSs. The exercise covered a small sample of European listed non-financial firms and highlighted the need for quantitative and qualitative information to be presented in a way that complies with the requirements and templates set out in the Delegated Acts, for a full understanding of the compliance criteria and consequently the degree of eligibility and alignment of economic activities. ESMA also emphasises the introduction of new disclosure requirements regarding the other four environmental objectives identified in the Taxonomy Regulation, which will be applicable as of the 2023 NFSs published in 2024.

5 Supervision of securitisation

In 2023 following the transposition into national law⁴⁸ of Regulation (EU) 2017/2402 (Securitisation Regulation, so-called SECR), CONSOB published Resolution no. 22833/2023, following a period of consultation with the market, in order to regulate the provisions for the implementation of the provisions contained in the Regulation, aimed at the supervision of transactions falling within the competence of CONSOB (i.e. simple, transparent and standardised transactions – STS), both traditional and synthetic, as well as *corporate* transactions pursuant to the provisions of art. 4-septies.2, paragraph 3, letter b), of the Tuf.

The response from the market following the publication of the aforementioned Level 2 regulations was broad and widespread, both from market participants and from the parties subject to the rules dictated by the Securitisation Regulation and directly involved in the transactions themselves, such as *repositories* and third-party verifiers.

CONSOB spoke with each of them, including through participation in webinars and seminars, in order to ensure the widest possible understanding of the new regulations on the subject and the related supervisory powers.

As at 31 December 2023, there were 87 STS securitisation transactions and 47 so-called *corporate* transactions notified to CONSOB pursuant to the above-mentioned resolution.

Also in this sector, the process of national adaptation to the standards imposed by European and national disciplines has required CONSOB's participation in various tables that have been set up at European and national level to ensure convergence in the application of regulations and cooperation between the various authorities involved.

In particular, at the European level, the Institute is a member of the *Joint Securitisation Committee* (JCSC), whose objective is to assist the National Competent Authorities (NCAs) and the three European Supervisory Authorities (ESAs) in the fulfilment of their respective mandates under Regulation (EU) 2017/2402, by promoting discussion and analysis of practical and operational issues related to supervisory and enforcement tasks, as well as by ensuring consistent approaches in the application of the STS criteria in order to identify best supervisory practices. CONSOB also participates in the ESMA *Task Force on Securitisation* ('*Securitisation Task Force*' – STF), providing knowledge and expertise on issues related to legislative acts or proposed legislative acts in the context of the SECR, as ESMA's strategic priorities. Participating authorities

⁴⁸ The Securitisation Regulation was first implemented in Italy by Legislative Decree 131/2022 and subsequently by Legislative Decree 204/2023, which amended the Consolidated Law on Finance, introducing Article 4-septies.2, which regulates the powers of CONSOB, and of the other national supervisory authorities *ratione materiae*, in this area.

also contribute to the drafting of guidelines and clarifications on securitisation issues, as well as to the *peer review* on securitisation STS⁴⁹ and to the work of the JCSC.

At the national level, CONSOB and the Bank of Italy have set up a Coordination Table with the aim of enabling operational cooperation for the supervision of securitisation transactions, by virtue of the new supervisory powers defined by Article 4-*septies*.2, of the Tuf, and to foster the exchange of information functional to the pursuit of their respective tasks.

In the context of this cooperation and in the performance of its duties, the Institute also submitted a request for an opinion to the EBA⁵⁰ for the purpose of granting Italian banks the *waiver* referred to in Art. 26e(10), third sub-section, of the Securitisation Regulation, aimed at allowing the use of '*collateral in the form of cash on deposit with the originator, or one of its affiliates*', which have a *credit quality step* (CQS) equal to 3 (instead of 1 or 2, required by the regulations) as a condition for synthetic securitisations to obtain STS status. The EBA's *opinion* on this point is pending.

49 This is the *peer review* on STS securitisations, pursuant to Art. 36(7) of the Securitisation Regulation, whose work is expected to be completed by the end of 2024.

50 Such a waiver may, in fact, be granted by the Authority referred to in Article 29(5) of the Securitisation Regulation (which for synthetic securitisations is recalled to be this Institute), subject to a positive *opinion* of the EBA, if one of the following conditions exists: *i) market difficulties; ii) objective impediments related to the credit quality step assigned to the Member State of the institution or significant potential; iii) concentration problems in the Member State concerned due to the application of the minimum credit quality step 2 requirement referred to in the second subparagraph can be documented.*

IV Supervision of intermediaries

1 Innovative profiles

Activities relating to sustainable finance

Also in 2023, CONSOB's supervisory activity on the operations of intermediaries focused on ESG (*environmental, social and governance*) issues. Compliance with regulations relating to sustainability profiles was the subject, as usual, of particular scrutiny when accessing the activity of providing investment services through the preliminary investigations for the issue (or extension) of authorisation, or the opinion of the Bank of Italy, depending on the nature of the applicant.

During the year, monitoring of the processes of adaptation of the domestic industry to European regulatory innovations relating to the integration of sustainability profiles in the provision of investment services was initiated, with particular regard to the *investor protection* rules on which the legislative interventions at European level have had the greatest impact, namely *product governance* and the assessment of adequacy and sustainability transparency in portfolio management and advisory services. The evidence gained can also be valorised in the context of the *Common Supervisory Action* (CSA) for the year 2024 which, as announced by ESMA on 2 October 2023, will focus on ESG requirements related to adequacy assessment and *product governance*⁵¹.

CONSOB also participated in the 2023 ESMA CSA on MiFID II obligations applicable to marketing communications, in the context of which ESMA asked national authorities to carry out a specific in-depth investigation into the risk of *greenwashing*. The Institute therefore carried out an in-depth investigation into marketing communications in the provision of investment services, also analysing concrete examples of such communications. The survey involved 14 intermediaries (four of them at group level), covering about 60 per cent in terms of countervalue of assets administered on behalf of *retail* customers. The analysis showed that marketing communications referring to

51 In this regard, in 2023 ESMA revised its Guidelines of 3 April 2023 on certain aspects of MiFID II adequacy requirements and its Guidelines of 3 August 2023 on product *governance* requirements under MiFID II, subsequently issuing operational clarifications applicable as of 3 October 2023.

sustainability issues are used to a rather limited extent by the intermediaries in the sample.

Also with reference to managing intermediaries, ESG issues have found increasing integration in the *risk-based* supervisory models adopted by CONSOB on an ongoing basis, in the context of the preliminary investigations for the issue of opinions to the Bank of Italy for the registration of new operators in the Register and in those for the authorisation to market new FIAs (reserved and non-reserved), as well as in the context of specific activities, including inspections. Supervision focused, as a priority, on the compliance with European standards of the *disclosure* provided in the offer documentation, on the website and in marketing communications, as well as on the integration of ESG risks in the investment decision-making process adopted by managers.

Further supervisory guidance may come from the outcome of the 2023 ESMA CSA on ESG profile *disclosure* and integration of sustainability risks in collective asset management.

More generally, the current supervisory approach to intermediaries with respect to sustainability issues will benefit from the European Commission's Technical Support Instrument (TSI), activated in 2023.

Activities relating to complex and innovative products

In 2023, the Institute continued to monitor the distribution of complex and/or innovative products in order to identify phenomena relevant to investor protection. In continuity with 2022, particular attention was paid to *futures* trading, with a specific focus on *mini- and micro-futures*.

An analysis of the supply of Packaged Retail and Insurance-based Investment Products (PRIIPs) issued in 2023 showed that *certificates and covered warrants* accounted for more than 90 per cent of issues (in line with previous years).

Investigations conducted into the way in which Key Information Documents (KIDs) are drafted revealed that, over the course of the year, the offer of structured products with underlying crypto-assets remained stable compared to 2022, while the offer of *benchmark-type* certificates, currently present in Italy on the basis of prospectuses approved abroad and passported in Italy, increased. These instruments replicate, net of costs, the *performance* of so-called dynamic indices or portfolios and provide for the possibility, on the part of the party acting as *advisor*, to change the basket of *assets* that make up the index or the composition of the portfolio⁵².

52 In this regard, it should be noted that at the end of December 2023, CONSOB authorised a prospectus for the offer of such products, in relation to which no offers have been made to date.

In line with last year, the offer of structured financial products related to sustainability issues mainly concerned *certificates* with underlying ESG indices or shares related to companies with high ESG ratings. With reference to these products, and in order to mitigate the risks of *greenwashing*, CONSOB verified the consistency between the information reported in the KIDs and advertising material and that included in the prospectus regarding product characteristics and ESG profiles.

In 2023, the Institute also carried out the activity related to the projects for FinTech experimentation inherent to investment services and activities within the scope of the so-called regulatory sandbox referred to in Article 36 of Decree-Law 34/2019 (for details see Chapter I 'Market Supervision' above). Furthermore, in cooperation with the Bank of Italy and the Organismo degli Agenti in attività finanziaria e dei Mediatori creditizi (OAM), a fact-finding survey was launched in order to understand the potential interest in carrying out activities in Italy falling within the scope of MiCAR. The initiative was published on the institutional website in order to ensure maximum dissemination also among entities not subject to CONSOB supervision. The survey involved, in addition to authorised and supervised entities (banks, central securities depositories, electronic money institutions, SIMs, managers of Oicvm and Fia, and managers of regulated markets), also entities registered in the Register of Service Providers of Virtual Currency and Digital Wallet Services held by the OAM, as well as additional operators, other than the above, potentially interested in performing services or activities regulated by MiCAR. The survey revealed a significant interest in applying for authorisation in Italy under the MiCAR by new entrants, while interest by incumbents was marginal.

Crowdfunding activity

In 2023, the process of adapting the national legislation to Regulation (EU) 2020/1503 on European Crowdfunding Service Providers (hereinafter ECSP Regulation) was concluded, and on 10 November 2023 the transitional period provided for by the Regulation ended, which allowed entities operating under national legislation (including *online* portal operators registered in the Register kept by CONSOB) to continue to operate without applying for the new authorisation.

Therefore, as of 11 November 2023, the national regime set out in Article 50-*quinquies* of the Tuf (including the relevant register) is no longer applicable and only *crowdfunding* service providers for companies that have obtained authorisation pursuant to the ECSP Regulation may operate. Such entities are registered in the special register of *crowdfunding* service providers maintained by ESMA.

The transition to the new regulatory framework has made it necessary to adapt to the numerous changes brought about by the European regulations. Among these, the most relevant ones concern the cross-border operation of portal operators, the new classification of investors (sophisticated, which includes MiFID-derived professionals, vs. non-sophisticated), the provision of a 'knowledge verification entry test' for non-sophisticated investors (i.e. an enhanced verification of the appropriateness of the investment with respect to the investor's profile), and the need to make available to potential investors a Key Investment Information Sheet or KIIS.

In this context, and following a public consultation, CONSOB, with Resolution No. 22720 of 1 June 2023, adopted the new Regulation on *crowdfunding* services, aimed at regulating certain areas entrusted by European legislation to the individual Member States (such as, inter alia, the provisions applicable to marketing communications of *crowdfunding* service providers). On 19 June 2023, CONSOB and the Bank of Italy signed a memorandum of understanding on the subject. Activities also continued to facilitate the transition of the operators concerned to the new regulatory framework, including through dedicated meetings with the operators themselves.

2 Banking intermediaries authorised to provide investment services

At the end of 2023, the number of credit institutions authorised to provide investment services stood at 386 (398 at the end of 2022). Of these, 33 are EU banks authorised to operate in Italy through the establishment of a branch and eight are non-EU banks authorised to operate in Italy with or without the establishment of a branch (Table aIV.1).

During the year, CONSOB continued its usual *risk-based* approach to verifying the propriety and transparency of the conduct of banking operators in providing investment services to customers. This approach made it possible to target investigations on the most significant and risky subjects and/or phenomena on the basis of the analysis of information also acquired through 177 requests for data and information (of which two were addressed to banks in third countries) and 48 meetings with company representatives and trade associations (Table aIV.3). The activity also made use of the analysis of complaints received from customers.

The activities were also carried out in coordination with the Bank of Italy, to which a request for inspection cooperation was also formulated pursuant to Article 6-ter, paragraph 5, of the Consolidated Law on Finance, and an opinion was provided on the revocation of the authorisation to provide investment services.

On the basis of the results of the investigations, including inspections, conducted during the year and relating to the application of MiFID II by intermediaries, corrective action was taken against the parties concerned, which was followed by further investigations into the improvement processes undertaken by them. The corrective actions largely concerned the areas of adequacy/appropriateness assessment and *product governance*.

The Institute also contributed to the work that led to the update of the ESMA *Guidelines on Product Governance*, which were published in their official English language version on 3 August 2023 and applicable in the EU as of 3 October 2023⁵³.

During the year, CONSOB continued to monitor the *self-placement* activities of banks of instruments subject to the *bail-in* rules, in order to verify compliance with the provisions, in force as of 1 December 2021, of Legislative Decree No. 193 of 8 November 2021 implementing Directive (EU) 2019/879 (Banking Recovery and Resolution Directive II or BRRD II), which introduced limitations on the issuance and distribution of subordinated securities by credit institutions.

As a result of the CSA carried out by ESMA in 2022 on MiFID II *ex post* disclosure on costs and charges in the provision of investment services (published in the form of ESMA's *public statement* of 6 July 2023), CONSOB conducted targeted interventions towards the operators involved in order to solicit appropriate corrective actions to improve *ex post* disclosure to clients.

Moreover, with reference to the economic-financial restrictive measures against Russia, introduced in 2022 after the invasion of Ukraine, in 2023 the verification of transactions carried out by Italian intermediaries on financial instruments in potential violation of these measures continued.

Of particular importance during the year was the supervision carried out, also on the basis of cooperation with IVASS, on the distribution of insurance investment products (IBIPs) by banking intermediaries. In this context, in relation to the Eurovita affair, an investigation of a paper-based nature was launched, aimed at verifying the behaviour of distributor intermediaries, in their relations with policy-holding customers, in light of the regulatory framework resulting from the transposition into national law of Directive (EU) 2016/97 (IDD). The initiative covered a sample of 18 operators (three of them at group level) corresponding to around 93% of the total customer positions attributable to Eurovita's policy distributor intermediaries.

53 The update concerned: (i) the integration of sustainability factors in the processes of identification and periodic review of the *target market* of products manufactured and/or distributed; (ii) the adaptation to the specific exemptions from *product governance* requirements introduced by Directive (EU) 2021/338 (so-called Quick Fix of MiFID II); (iii) the valorisation of the evidence emerging from ESMA's 2021 CSA, as well as of the in-depth studies conducted by ESMA's *Advisory Committee on Proportionality* (ACP) with a view to a more efficient declination of the principle of proportionality, inherent in the product governance requirements.

From a proactive point of view, the intermediaries involved in the survey were reminded, among other things, to ensure continuity in informing customers about developments in the matter, while guaranteeing appropriate safeguards to carry out in an orderly and efficient manner any requests for reimbursement following the blocking period provided for by IVASS.

In 2023, CONSOB also provided cooperation to IVASS in relation to the first European-wide *mystery shopping* exercise on the distribution of IBIPs, coordinated by the European Insurance and Occupational Pensions Authority (EIOPA). The Institute's involvement was necessary because the domestic supervisory set-up gives CONSOB jurisdiction over the banking-financial channel, the main distribution channel for IBIPs. The exercise was conducted in seven other Member States according to a common methodology and criteria developed by EIOPA and its members. The results will be available in the course of 2024.

Cooperation was also provided to the Italian Antitrust Authority (AGCM) in connection with an investigation that led to the application by the AGCM of an administrative fine against an EU banking intermediary operating in Italy under the freedom to provide services for misleading advertising and unfair commercial practices, detected in connection with the provision of investment services. Given the nature of the subject concerned, CONSOB provided specific information on the point to the home country authority which is responsible for supervising the activity concerning the provision of investment services without the establishment of branches on the basis of the *home country control* principle.

3 Investment firms

At the end of 2023, there were 61 Sims registered in the relevant Register, there were 36 EU investment firms authorised to operate in Italy through the establishment of a branch, and there were 82 UK investment firms registered in the Register of third-country firms, other than banks authorised to operate in Italy, of which nine with a branch (Table aIV.2).

During the year, the monitoring of Sim and other investment firms supervised by CONSOB followed, as usual, a *risk-based* approach. The supervisory activity focused on verifying the fairness and transparency of intermediaries' behaviour towards *retail* customers and the consistency of the *business* models adopted in order to best serve investors' interests. Particular attention has been devoted to marketing communications, which, while representing a 'preliminary' moment at the start of interaction with customers, are likely to condition the subsequent stages of the relationship, especially with *retail* customers, whose behaviour is more easily influenced and who are not always able, from a technical point of view, to grasp the risks underlying the operation of investment services (Table aIV.3).

The inspections were carried out mainly on the basis of information acquired through 48 requests for data and information (of which six were addressed to non-EU firms), 68 meetings with representatives of Sim and other supervised investment firms, conducted also through teleconferencing systems, and the initiation of two inspections (for the proceedings concluded, see Chapter VI 'Inspection Activity').

At the end of the overall preliminary investigation activity concerning an investment firm with a branch in Italy, a sanctioning procedure was undertaken against the same firm, for violation of sector regulations. In carrying out its supervisory activities on a SIM, the Bank of Italy also availed itself of the Bank of Italy's inspection services, pursuant to Article 6-ter, paragraph 5, of the Consolidated Law on Finance, in order to verify on the spot the correctness of certain procedures adopted by the same.

In 2023, seven British investment firms (15 in 2022) were authorised to operate in Italy as third-country investment firms, pursuant to Article 28 of the Tuf, after obtaining the opinion of the Banca d'Italia, of which six in the freedom to provide services and one through the establishment of a branch (respectively, 13 and two in 2022). CONSOB provided opinions to the Bol on the resolution plans of 13 Sims and the reorganisation plans of two Sims.

As usual, the monitoring of complaints submitted to CONSOB by investors against Sims and other investment firms, including EU firms operating in Italy under the freedom to provide services (which, as is well known, are subject to the supervision of the respective authorities in their home countries, also for operations carried out in Italy), continued.

The Institute provided further cooperation to the ACGM for an investigation against an EU investment firm operating in Italy under the freedom to provide services. Also in this case, the investigation led to the application, by the AGCM, of an administrative fine for misleading advertising and unfair commercial practices.

4 Crowdfunding platforms management companies

As of 10 November 2023 – the end of the transitional period provided for in Article 48 of the ECSP Regulation as well as in Commission Delegated Regulation (EU) 2022/1988 of 12 July 2022 – 47 entities were registered in the ordinary section of the register of crowdfunding portal operators provided for in the previous Article 50-*quinquies* of the Tuf (48 at the end of 2022); in line with the previous year, no entity was registered in the special section dedicated to banks and investment firms. In 2023, only one manager was removed from the register upon application (Table aIV.4).

Until 10 November 2023, CONSOB's supervision of the fairness and behavioural transparency profiles of the aforementioned operators was carried out using qualitative (including complaints) and quantitative information sources (data on operations periodically transmitted by the supervised entities), as well as on the basis of information acquired through two requests for data and information.

From 11 November 2023, only those authorised under Article 12 of the ECSP Regulation could operate. Operators who did not apply for authorisation under the European regulations were subject to dedicated monitoring, aimed at verifying the orderly cessation of operations.

CONSOB therefore managed the preliminary investigations for the granting of new authorisations in accordance with European regulations. In close cooperation with the Bank of Italy, approximately 70 preliminary discussions were conducted with those intending to apply for authorisation with the aim of investigating any requests for clarification and guiding the interested parties in preparing the necessary documentation. By 31 December 2023, the Institute had received 55 applications for authorisation (of which 29 from operators who were registered in the former CONSOB register of *crowdfunding* portal operators), of which six were withdrawn. As of 31 December 2023, the number of entities authorised by CONSOB, after obtaining the opinion of the Bank of Italy, to provide *crowdfunding* services in accordance with European regulations was 17, of which eight for *investment-based crowdfunding*, five for *lending-based crowdfunding* and four for both of the aforementioned services.

5 Asset management companies

At the end of 2023, 177 asset management companies (SGR) and 66 investment companies with fixed capital (Sicaf) were registered in the relevant registers. At the same date, 99 managers of EU undertakings for collective investment in transferable securities (OICVM) and alternative investment funds (AIF) were operating in Italy through the establishment of branches.

Since 2023, supervisory activity has been conducted taking into account the new document formats, provided for in Regulation (EU) 2021/2259 and Directive (EU) 2021/2261, which are required for open-ended UCITS and FIA offerings to *retail* investors. Specifically, for such offers, the regulations introduced, as of 1 January last year, the Key Information Document for Packaged Retail Investment and Insurance Products (so-called PRIIP KID), which replaces the Key Information Document.

The supervision of OICRs focused, according to a *risk-based* approach, on the correctness of conduct related to investment choices, including in terms of adherence to the investment policy represented in the offering documents

and with a particular focus on sustainable finance issues. The checks were carried out using qualitative and quantitative information sources, as well as on the basis of information acquired through 25 requests for data and information, 107 meetings with company representatives, conducted in some cases through teleconferencing systems, and inspections carried out also in cooperation with the Bank of Italy.

CONSOB examined the applications for the marketing in Italy and/or in EU Member States of Fia units to verify the completeness, comprehensibility and consistency of the offer documentation⁵⁴, while for real estate fund SGRs, the checks, referring in particular to the managers of listed funds intended for the *retail* public, concerned the consistency between the real estate asset disposal activities and the maturity date foreseen by each fund as well as the correct application of the conflict of interest rules.

Lastly, CONSOB provided the Bank of Italy with 21 opinions, of which 12 for the authorisation of new managing intermediaries, five for delisting, three for extraordinary operations, and one for the extension of operations.

6 The Financial Advisors Supervisory Body

In 2023, the ordinary activity of supervising the Organismo di vigilanza e tenuta dell'Albo unico dei consulenti finanziari (OCF) continued. In addition to ordinary activity, specific checks were also carried out on the work of the OCF aimed at verifying compliance by financial advisors with ESG regulations in the provision of advisory services. In this context, the attention devoted by CONSOB to sustainability issues was aimed at enhancing the Institute's role of preventive guidance and *soft-enforcement* on the activities carried out by the Body, as well as at fostering, in line with its strategic objectives, the development of sustainable finance within the European regulatory framework.

⁵⁴ Transparency investigations relating in particular to non-reserved FIAs and European Long-Term Investment Funds (Eltif) were conducted taking into account the needs of the retail customers to whom these products are offered.

1 Innovative profiles

Confirming a trend that was already underway, in 2023 the phenomenon of financial abuse manifested itself according to operating patterns increasingly based on the use of new technologies and the internet; reference is made in particular to the spread of abusive conduct via trading platforms, payment services platforms, *crowdfunding* platforms, *distributed ledger technologies* (DLTs), as well as operations via mobile apps.

Thanks to digital technologies, financial abuse has reached impressive and steadily growing proportions and has assumed a transnational nature, posing significant risks globally not only for investors but also for authorised entities, since abusive entities drain from the market amounts of savings that would otherwise likely flow to authorised activities. Among the factors that have contributed to the spread of cases of financial abuse are *online* advertisements of alleged investments with unauthorised entities and the misuse of the name and image of well-known personalities to induce savers to adhere to alleged proposals to purchase *crypto-assets*.

The Institute's objective was, therefore, to strengthen the monitoring and counteracting of abuses, also from a transnational perspective. In this perspective, the launch of collaboration projects with the major companies in the digital sector that manage the main *online* 'search engines' and *social networks* has become increasingly important, in order to encourage the adoption and updating of the best *policies* for the identification, reporting and removal of illegal *online* content relating to the financial sector. This issue is still being examined in depth also in the context of discussions with foreign authorities, in the competent international fora.

In the course of 2023, regulatory measures were enacted at the EU and national level that also had an impact on the fight against financial abuse.

The recent Italian legislation applicable as of 23 March 2023, the so-called FinTech Decree, in defining a new regime for the issuance and circulation in the DLT environment of financial instruments through the establishment of a 'digital register' has also provided for a new form of financial abuse represented by the management of this register in the absence of registration

in the special list kept by CONSOB, assigning the latter the relevant powers of intervention.

The new regulations on *crowdfunding* services, in force in Italy as of November 2023, introduced a single regulatory regime for European providers of such services (including *lending-based crowdfunding*) that allows such entities, if authorised, to operate on the basis of the 'European passport' principle in all EU Member States, and granted the competent authorities sanctioning powers against entities that provide such services without authorisation.

Finally, the Euro-Union legislation contained in the MiCA Regulation adopted in June 2023 and soon to be implemented into national law regulates, on the one hand, the transparency profiles of the offer (and admission to trading) of crypto-assets other than financial instruments, through the publication of an offer document (the *white paper*) and, on the other, the provision of services on crypto-assets through an authorisation regime for providers of such services. This discipline, once implemented, will integrate the regulatory framework of the financial system by overseeing the processes of issuance/offer and circulation of crypto-assets other than financial instruments by attributing to the competent authorities, *inter alia*, *enforcement* powers for related cases of abuse.

2 Enforcement activity

As usual, a significant share of the reports received by CONSOB relates to allegations of conduct potentially constituting abuse (Table aV.1; see also Chapter VII below, 'Additional actions for investor protection'). Compared to the year 2022, on the other hand, there was a slight increase (+6%) in the number of requests for cooperation from other Italian authorities, especially the Judicial Authority and the various Police Corps (173).

The most frequent cases of abusive provision of investment services are represented by the abusive provision of derivative trading services via web-based platforms. Not infrequently, the user is also offered the possibility of having his or her trading account 'managed'/'handled' by a so-called *account manager* or by software operating (formulating and/or executing investment transactions) in an automated manner.

On the side of abusive offers of financial products to the public, proposals for 'atypical' financial investments, including those related to *pseudo-crypto-assets*, which promise astonishing returns that are out of the market, are still very frequent. In such cases, *digital tokens* are offered, allegedly issued through DLT technologies and denominated in cryptocurrency, against the purchase of which savers are promised financial returns. Also common in this context is the offer of 'investment plans' with the promise of periodic

returns. Frequently, potential customers are invited to join *online communities*, so-called *network* marketing systems that are linked, at least ostensibly, to the promotion of such forms of investment of a financial nature. According to such systems, investors are promised additional earnings for the procuring of further members of the system.

In 2023, *enforcement* measures were also taken in relation to an abusive takeover bid allegedly involving the ordinary shares of a listed company, carried out in violation of Article 102 of the Consolidated Law on Finance for failure of the bidder to comply with the obligation to inform CONSOB in advance of its intention to launch the bid in question.

A total of 380 initiatives were taken to combat financial abuses: 167 measures ordering the cessation of the violation represented by the abusive provision of investment services via the internet, which led to the obscuring of 185 websites (1,000 in total as of July 2019); ten measures of precautionary suspension of abusive offers of financial products; 12 measures prohibiting abusive offers and one communication to protect savers (so-called *warning*). CONSOB, as part of this law enforcement activity, made 190 reports to the Judicial Authority (Table aV.2). The financial abuses are often characterized, under the subjective profile, by traits of evanescence such as not to allow the concrete identification of the subjects and legal entities to which the relative operative schemes can be traced, above all, those implemented *online* through web sites. This circumstance makes it problematic to intervene, as the case may be, with criminal or administrative sanctions on all the cases that have been the subject of administrative disqualification measures by CONSOB. The problems of traceability of the identity of abusive operators make it difficult to apply the envisaged criminal sanctions, which fall under the jurisdiction of the Judicial Authority, to the hypotheses of abusive provision of investment services, for which CONSOB's prohibitory powers are envisaged but no longer, since June 2015, the administrative sanction. In addition, the same problems of traceability do not always allow for the initiation of sanctioning proceedings under the Institute's jurisdiction in reference to hypotheses of abusive offer of financial products to the public.

In addition to the *enforcement* action taken, CONSOB has for some time now – given the dangerous nature of the phenomenon for public savings – been providing information protection to investors, with *ad hoc* initiatives and through its institutional website (see also Chapter VII below, 'Other investor protection activities').

VI Inspection activity

1 Innovative profiles

In the course of inspections carried out during the year, innovative issues were addressed concerning the integration of ESG factors in the provision of investment services, FinTech channels of distribution of financial products, and the way in which statutory audits are carried out on crypto-operators.

With specific reference to the activity of preventing and combating money laundering and terrorist financing, the issue of how to comply with anti-money laundering obligations in the performance of professional engagements conferred by entities operating in the crypto-asset sector, which was the subject of attention call No. 6/2022 of 20 December 2022, was examined in depth through specific requests to audit firms and supervised auditors.

Special 'audit trails' have been defined to standardise, when carrying out anti-money laundering inspections of audit firms, the assessments conducted on the various areas of investigation relevant to the sector regulations, so as to ensure uniformity of conduct in the inspection analysis.

From a technological point of view, the project to develop and streamline the methods of managing and filing the copious documentation that is normally acquired during inspection activities was completed. In particular, a document management application has been implemented that allows for an evolved archive in which both metadata and documentation relating to inspections conducted will be stored by means of special IT procedures. As part of the same project, new IT procedures for document acquisition were implemented, centred on the use of a web portal through which inspectors formulate requests for documents and data and the inspected subject makes them available.

2 Inspection activity and investigations on websites

In 2023, 17 inspections were started and 20 were completed. Of the completed inspections, 12 were started in 2022 (Table aVI.1). The cooperation of the Special Currency Police Unit of the Guardia di Finanza was requested for access to the inspected subject in five of the 17 inspections initiated.

The subjects covered by the inspections undertaken during the year were: nine intermediaries, four audit firms, two listed issuers and two subjects from other categories (Table aVI.2).

The 17 inspections undertaken concerned: six checks on compliance with the rules of conduct on intermediaries and products; five checks on accounting disclosures, ownership structures, transactions with related parties, as well as the procedures for carrying out audit work on financial statements on listed issuers; three checks on compliance with regulations on anti-money laundering controls; three were requested by the Bank of Italy on compliance with the regulations contained in the Consolidated Law on Finance for which the Bank is responsible (Table aVI.3).

During the course of the year, 406 investigations were carried out in relation to abusive phenomena carried out via the Internet and falling within the competence of CONSOB, which involved analyses and in-depth investigations relating to 822 websites (Table aVI.4). Nine periodic monitoring activities were also carried out, which entailed analyses and in-depth investigations relative to 25 websites, in order to verify the compliance of EU investment companies operating under the free provision of services in Italy with the measures adopted by the Institute pursuant to Article 7-*quater* of the Tuf.

3 Prevention and countering money laundering and terrorist financing

In order to prevent and combat money laundering and terrorist financing, CONSOB conducted a series of activities against audit firms and statutory auditors with mandates on public interest entities or intermediate entities.

Within the scope of the supervisory activity on paper, quantitative data and information elements received annually from auditing firms were examined and enhanced from a *risk-based* perspective in implementation of the obligation, provided for in Article 6 of CONSOB Regulation No. 20570/2018, to analyse and assess the money laundering and terrorist financing risks to which these companies are exposed.

As a result of the examination of the above-mentioned information, three anti-money laundering audits were initiated (Table aVI.5) and a number of targeted supervisory actions were undertaken, aimed at guiding audit firms to full compliance with sector obligations and the implementation of solid and effective organisational, procedural and control safeguards. In particular, in order to identify any risks of non-compliance with anti-money laundering regulations, 20 requests for data and information were made pursuant to Article 7(2)(b) of Legislative Decree 231/2007. In four cases, recommendation

or guidance actions were taken to overcome the areas of weaknesses that emerged from the card analysis.

As a result of some of the initiatives undertaken, meetings were organised with the representatives of the control functions of the auditing companies involved, in order to further the information acquired or to guide them towards full compliance with the sector regulations.

Also within the scope of the supervisory activity, information on the money laundering and terrorist financing risks to which the auditors (natural persons) supervised by the Institute are exposed was requested and examined.

The cooperation relationship with the Bank of Italy and the Financial Intelligence Unit (FIU) continued, regulated by specific memoranda of understanding for the coordination of inspection activities and information exchanges relevant for anti-money laundering purposes. CONSOB has forwarded to the FIU evidence for further investigation of cases potentially relevant to the fight against money laundering and terrorist financing, and the FIU, in turn, has reported to CONSOB numerous cases of suspicious transactions symptomatic of potential financial abuse.

Finally, the Institute has actively participated in the work of the Financial Security Committee – chaired by the MEF – aimed at coordinating the national apparatus for combating money laundering and terrorist financing, as well as the implementation of the economic-financial restrictive measures ordered by the EU following the Russian-Ukrainian geopolitical crisis. As part of this collaboration, CONSOB provided its contribution to the ongoing work to update the National Analysis of Money Laundering and Terrorist Financing Risks, pursuant to Article 14 of Legislative Decree 231/2007.

Additional actions for investor protection VII

1 Financial education

As usual, in 2023, the Institute organised awareness-raising events and financial education courses dedicated to a diversified audience of users. Of particular relevance were the initiatives realised during the Financial Education Month (October), promoted by the Committee for the planning and coordination of financial education activities (Edufin Committee), of which the Institute is a member, and the World Investor Week (WIW, from 2 to 8 October 2023), promoted by the IOSCO Committee 8 (C8) and coordinated, in Italy, by CONSOB, which avails itself of the collaboration of numerous entities active in the field of financial education.

In the course of these campaigns, consolidated and newly defined initiatives were proposed, totalling about 30 events. In particular, mention should be made of the launch of the modular training course organised by CONSOB with the University of Insubria and dedicated to Small and Medium-sized Enterprises (SMEs), aimed at increasing knowledge of notions and tools useful for stimulating market access by SMEs, also in light of the evolving trends of the reference context and the opportunities offered by digitalisation and the transition towards a sustainable economic development model. Two new programmes were also developed, based on *edutainment*: one dedicated to *distributed ledger technology* and crypto-assets and the other to sustainability and sustainable finance.

In the last quarter of the year, secondary school teachers (reached through the Regional School Offices or the territorial contact persons who expressed their interest) were invited to participate in the training course that the Economic Studies Office offers annually, since 2018, as part of the *Finance Project, a story to tell...: from barter to bitcoin*.

In addition to the activities carried out at national level, during the course of the year the Institute participated in the main international fora dedicated to financial education, where the best experiences are pooled in order to identify *best practices* potentially useful for enhancing financial education activities and for defining standards for applying and evaluating the effectiveness of initiatives: the aforementioned C8 of the IOSCO, the OECD-INFEnet network and the sub-group of the Joint Committee of European Supervisory Authorities (ESAs).

2 Complaint management

More than 5,000 reports received by CONSOB from members of the public in 2023, of which 2,713 can be classified as complaints (2,742 in 2022). Approximately 92% of the complaints were assessed to be within the Institute's jurisdiction and, therefore, procedural (Table aVII.1). A total of 2,330 acknowledgement letters were sent to savers.

As mentioned in the chapter on 'Anti-abuse activities', in half of the cases the complaints refer to unauthorised parties involved in investigations of financial abuse. Complaints involving banks and those concerning alleged anomalies in the provision of investment services follow in number (Table aVII.2).

Despite the fact that the web channel available on the institutional website allows the exponent to provide an increasingly wide range of information, only one fifth of the complaints were received through this channel.

3 Activity of the Alternative Financial Dispute Resolution Scheme

In 2023, the Alternative Financial Dispute Resolution Scheme (Arbitro per le Controversie Finanziarie - ACF) received 963 appeals, which, as in previous years (Table aVII.3), were mainly received from northern regions (46% of cases) and southern Italy (31%). The number of claimants residing abroad increased compared to the past (2% in 2023 compared to 0.8% in 2022).

In 2023, therefore, the trend, already noted in previous years, of a decrease in the number of incoming complaints compared to the past is confirmed (1,116 in 2022; 1,582 in 2021; 1,772 in 2020; 1,678 in 2019), which demonstrates the progressive alignment of intermediaries' operating practices with the guidelines drawn up by the ACF as well as with the regulatory innovations, which came into force on 1 October 2021. Added to this is the climate of uncertainty caused, after the pandemic event, by the ongoing wars, a climate that induces many savers to make conservative and low-risk financial choices.

Appeals passed the admissibility/ inadmissibility test in 76% of cases (71% in 2022); 234 appeals were therefore considered inadmissible/ inadmissible⁵⁵.

⁵⁵ The judgments of inadmissibility/ inadmissibility derive mainly from: the extraneousness with respect to the scope of the Arbitrator's operations (referable to 151 appeals), the dating back in time (23 appeals) and the non-conformity with respect to the indications of Article 11(1) of the ACF Rules.

In addition to decisions of inadmissibility/inadmissibility, in 2023 the College took 879 decisions on the merits (1,188 in 2022), to which must be added those of extinction due to agreement between the parties (124), taken directly by the President.

A total of 86 intermediaries were involved in ACF proceedings during 2023, including mainly banks (67; Table aVII.4).

The decisions taken in 2023 concerned, in line with what had been recorded in previous years, mainly critical issues related to the information set made available to customers and behavioural shortcomings charged to intermediaries, especially with regard to the pre-contractual phase, as well as to some significant phases of remote operations, concerning in particular the provision of the product sheet of financial instruments and the method of customer profiling.

The fulfilment rate of the Arbitrator's decisions remains appreciably high (95.5% of cases). Also this year, numerous decisions in favour of savers with a rather significant economic value, ranging between 50 and 383 thousand euros, voluntarily executed by the losing intermediaries (about 40 decisions), are worth mentioning. The total value of damages claimed in 2023 amounted to approximately EUR 43 million, ranging from a minimum unit value of EUR 1.97 to a maximum of EUR 500 thousand (the latter being the value corresponding to the ACF's limit of jurisdiction), for an average *petitum* value of over EUR 44 thousand. The total compensation awarded to savers amounted to approximately 13 million euros, with an acceptance rate of 57%.

In 2023, a total of 1,237 proceedings were concluded (10,257 from 2017 to 31 December 2023). It is estimated that, by the first half of 2024, the backlog, which accumulated mainly in the first three years of the Arbitrator's operation, will be definitively cleared, resulting in a realignment of the time taken to process appeals within the 180 days provided for by the legislator.

Coordination and information exchange activities with the Arbitro Bancario Finanziario operating at the Bank of Italy, in implementation of the Memorandum of Understanding between CONSOB and the Bank of Italy entered into on 19 March 2020, also continued in 2023. In this context, the third and fourth forums were held during the year between the President and other members of the ACF College and the Presidents members of the Coordination Board of the Arbitro Bancario Finanziario. The forums were held on 24 May and 18 December 2023. During the meetings, not only issues of merit and ritual of possible interest for the Colleges' decision-making activities were discussed, but also organisational issues, useful to strengthen the collaboration and information exchange between ABF and ACF, with a view to facilitating retail customers' recourse to the respective out-of-court dispute resolution systems.

As part of the initiatives aimed at achieving structured and systematic moments of confrontation with *stakeholders*, a special Table was set up in 2023, in which the trade associations of intermediaries and consumers were called upon to actively participate, with the aim of promoting exchanges of information and forms of cooperation on issues of mutual interest, so as to foster the process of aligning intermediaries' operating practices with ACF 'jurisprudence', with a view to bringing about improvements in the dynamics of relations with customers, so as to contain even cases of possible litigation, as well as to implement financial education initiatives in favour of savers, especially those lacking adequate basic financial knowledge and experience. In fact, the ACF's priority objectives continue to be, on the one hand, the promotion of financial education initiatives to foster greater awareness on the part of savers, as well as a higher level of accountability in relations with intermediaries; on the other hand, the strengthening of the platform for the submission and *online* management of appeals and of the institutional website, through the implementation of technological innovation projects, in order to improve accessibility by claimants and make it easier for the general public to find decisions.

Sanctioning activity VIII

1 Sanctioning proceedings

In 2023, 41 sanction proceedings were finalised (26 in 2022), 31 of which were closed with the adoption of sanction resolutions; the application of sanctions affected a total of 66 subjects (65 in 2022); five proceedings were settled in advance with the payment of sanctions in reduced amount (*oblazione*), for a total amount of EUR 270,000⁵⁶; for another five sanction proceedings, instead, the case was closed. The total amount of administrative fines applied in 2023 was approximately Euro 3 million⁵⁷ (Euro 5.3 million in 2022; Table aVIII.1). The ancillary disqualification sanctions, as a whole, amounted to 158 months⁵⁸ (243 in 2022); the value of the assets subject to confiscation amounted to approximately Euro 432,000 (Euro 425,000 in 2022). In a sanctioning procedure concerning market abuse, the resolution adopted was forwarded to the competent professional orders – to which three of the sanctioned persons were registered – as provided for in Article 187-octies, paragraph 15, of the Consolidated Law on Finance.

2 Measures concerning market abuse

In 2023, seven sanctions were imposed for market abuse offences, five for insider trading and two for market manipulation (Table aVIII.2). Administrative fines totalling approximately EUR 1.5 million were imposed on 32 persons (30 natural persons and two legal persons)⁵⁹. Compulsory ancillary

56 Specifically, two proceedings concerned violations of the disclosure obligations of significant shareholdings, while three proceedings concerned violations of the MiFIR Reg. (EU Reg. No. 600/2014) on *transaction reporting*.

57 In addition to the 66 persons mentioned above, there are: i) a natural person fined €35,000 for violating the rules on short selling; ii) a natural person, in charge of the Italian branch of an investment company incorporated under Cypriot law, against whom a fine of €120,000 was imposed; iii) a company with an Italian branch managing alternative investment funds (Gefia) incorporated under Maltese law against whom a fine of €75,000 was imposed.

58 In addition to the 18 months imposed on the head of the Italian branch of the investment company under Cypriot law referred to in the previous footnote and the three and two months imposed on respectively the managing director and a shareholder of a company sanctioned for violations of the rules laid down in the MAR (Art. 20(1)).

59 The two legal entities (already jointly and severally liable with the perpetrators of the violations) were also fined a total of EUR 60,000 pursuant to Article 187-quinquies, of the Tuf.

administrative sanctions under Article 187-*quater* of the Consolidated Law on Finance (temporary loss of the requisites of good repute and temporary inability to hold positions of administration, management and control within listed companies for a period of no less than two months and no more than three years) were also applied against the natural persons sanctioned for a total of 153 months. The confiscation of assets pursuant to Article 187-*sexies* of the Consolidated Law on Finance was also ordered against six individuals, for a total value of approximately EUR 432,000.

Six sanctioning measures were also adopted for violations of provisions of Regulation (EU) No. 596/2014 (so-called MAR Regulation) other than those concerning *insider trading* and market manipulation conduct, with the application of administrative fines totalling EUR 475 thousand, as illustrated below (Table aVIII.3). In detail: i) one sanctioning procedure was defined for violation of Article 16, par. 1, for a bank's breach of its obligation to establish and maintain effective mechanisms, systems and procedures to identify and report suspicious orders and transactions as potentially capable of constituting market abuse⁶⁰; ii) in three cases, violations of Article 17(1) for the issuer's failure to classify certain information as inside information and for the delay in disclosing inside information to the public; iii) a sanctioning procedure was defined for violations of the provisions of Article 19(1) and (2), which require issuers to disclose inside information to the public. 1 and 2, which require persons exercising administrative, control or management functions, as well as persons closely associated with them, to notify the issuer and the competent authority of all transactions conducted on their behalf involving the issuer's shares or debt securities or derivatives or other financial instruments linked to them (so-called *internal dealing*)⁶¹; iv) a sanctioning measure was adopted for violation of Art. 20(1) against a company and its managing director and a shareholder of the company, in their capacity as authors of certain investment recommendations that were not presented to the market in a proper manner, as they lacked a series of information required by the relevant regulations⁶².

60 Specifically, certain shortcomings emerged in the structure in charge of monitoring the transactions carried out by the bank's customers, as well as in the software in use at the bank for detecting anomalous transactions and orders; in particular, it emerged that the diagnostic programme specifically dedicated to intercepting the conduct likely to constitute the offence of *insider trading* had not been functioning for about two years.

61 Due to the occasional and episodic nature of the conduct, the not particularly significant countervalue of the transaction, and the insignificance of the delay in communicating the transactions, the administrative measure consisting in the public declaration pursuant to Article 187-*ter*.1, paragraph 9, letter b) of the Consolidated Law on Finance, concerning the violation committed and the person responsible, was applied.

62 In addition to the administrative fine, the natural persons were ordered to be temporarily banned from exercising executive functions in investment companies, for the duration of three and two months respectively.

As part of the *enforcement* activities on the compliance of market participants with Regulation (EU) No. 648/2012 (so-called EMIR Regulation) on *over-the-counter* derivatives, central counterparties and trade repositories, a sanctioning measure was adopted for violation of Article 9(1) of the aforementioned Regulation, against a credit institution which was fined a fine of EUR 60,000.

Finally, pursuant to Regulation (EU) No 236/2012 on short selling, a sanctioning measure was adopted against a natural person in relation to the late reporting of five net short positions on some shares. This measure resulted in the application of an administrative fine of €35,000.

3 Measures relating to intermediaries

Sanctioning measures were taken against two financial intermediaries for a total amount of EUR 76,000. In the sanctioning proceedings defined, in addition to procedural shortcomings and violations of the general rules of diligence, fairness and transparency in the provision of investment services and activities, violations of Regulation (EU) No. 231/2013 (supplementing Directive 2011/61/EU concerning alternative investment fund managers) emerged - among others - with reference to the management of conflicts of interest and the internal compliance function (Table aVIII.4).

4 Measures against issuers and audit firms

In 2023, there were 12 sanctioning measures relating to violations concerning issuers and public disclosures, as well as measures taken against auditing firms, involving 21 persons. The related fines amounted to a total of approximately EUR 1.3 million (Table aVIII.5). In particular: with regard to public offerings, three sanctioning measures were adopted, with the application of pecuniary administrative sanctions amounting to a total of 370 thousand euro; with regard to violations of corporate and public disclosures, three sanctioning measures were adopted, with the application of pecuniary administrative sanctions amounting to a total of 145 thousand euro; with regard to significant shareholdings (as per Art. 120, paragraphs 2 and 4, of the Consolidated Law on Finance) two sanctioning measures were adopted against two companies, with the application of administrative fines amounting to Euro 25 thousand.

A total of four sanctions with administrative fines totalling EUR 764,000 were imposed on two auditing firms and the persons responsible for the audit work⁶³.

⁶³ In two cases, audit firms were sanctioned for violations of Legislative Decree 231/2007 (anti-money laundering regulations); in one of the two cases mentioned, the company officers of the audit firm were also sanctioned.

1 Information systems

In implementing the third guideline of the 2022-2024 Strategic Plan (see Part A), work continued in 2023 to develop innovative technologies to support institutional activities, to increase the effectiveness and efficiency of the Institute's activities and to foster the sharing and integration of supervisory data through a series of projects relating to the *data lake* (which also makes use of artificial intelligence algorithms), the Institute's *data warehouse* and *cloud* policies. CONSOB has also initiated a collaboration with the Agency for National Cybersecurity (ACN) aimed at classifying its data and services and preliminary to the subsequent evaluation on the migration of services *to the cloud*, which then led, in October, to the adhesion to the Department for Digital Transition's call for co-funding for the migration of the 'Relations with the Public' service in *cloud* mode at the National Strategic Hub. The migration of the service will take place during 2024.

1.1 Innovation processes, systems and tools

With reference to the data-driven strategy, work started in 2023 on the preparation of the intelligence data lake platform and the related feasibility study for the application of artificial intelligence techniques to specific surveillance scenarios.

A first prototype for the supervision of non-financial statements (NFS) based on artificial intelligence (AI) and textual analysis (*text mining*) techniques was prepared.

Towards the end of the year, a large-scale trial of a business intelligence platform was launched and will be completed during 2024.

The technical design activities for the implementation of the Institute's new document platform (SILLOGE) began, which involved the assessment and evolution of the application functions and procedural workflow tools of the platform currently in use (DEMACO).

1.2 Updating and protecting information systems

For the purpose of updating the information systems, in 2023, prototypes were refined for the application of AI and text mining techniques to support supervision. In particular: (i) additional benchmarking mechanisms were set up between information derived from transaction reporting, European Registries of Financial Instruments, short-selling reports and supervisory reporting of central counterparties and financial and non-financial counterparties to derivative contracts; (ii) further advanced analytics of the system for the acquisition of Key Information Documents – KIDs relating to Packaged Retail and Insurance-based Investment Products (PRIIPs) in operation from 1 March 2022 were implemented; (iii) the system for the management of inspection activities was completed, with automation for the exchange of documentation between the inspection team and the inspected subject, in line with the requirements of the Code for Digital Administration; (iv) the web application for the acquisition of reports of suspicious orders and transactions (STOR) was put into operation; (v) the new section of the system relating to short selling dedicated to the management of information on net short positions on government securities was implemented.

A number of systems for receiving and managing information received from outside were implemented: (i) the new system for interfacing with the Euronext platform for information relating to trading on regulated and unregulated markets (replacing the London Stock Exchange platform); (ii) the system for receiving and analysing investment recommendations; (iii) the system for managing sanctioning procedures; (iv) the system for managing communications of significant shareholdings in listed companies.

Systems are also being put in place for the collection and management of advertising documentation (pursuant to Regulations (EU) 2017/1129 and 2017/1131) and for the receipt and management of information on crowdfunding portals.

An analysis of the products supporting file transfer was conducted with supervised entities as well as with ESMA and the Bank of Italy, identifying those that will have to replace the software in use that is no longer current and launching the competitive procedure for the acquisition of the replacement product.

With reference to back-office systems, the following should be noted: (i) the new system for registering and issuing credentials to external subjects (which will be directly usable via the Internet by subjects who have to fulfil obligations towards CONSOB); (ii) the new system for managing authorisations to operate all users of the Institute's information systems; (iii) the new system for consulting minutes, agendas and summaries of pre-2013 Commission meetings (systems implemented using microservices with REST protocol).

The evolution of the *data warehouse* system was prepared in order to respond to the need to update and modernise the databases underlying the institutional information assets.

Lastly, it is also worth mentioning the transition to the new version of *Business Object*, which required a review of the so-called universes and their exploitation programmes.

The modernisation of servers and network infrastructures continued, as well as the upgrading and evolution of data storage systems, with particular attention to the *database machine*. Specifically, the infrastructure of the *disaster recovery* site was upgraded, with the commissioning of new dedicated systems in both institutional sites, as well as initiatives to reinforce the protection of information systems.

In light of the continuing geopolitical instability affecting Eastern Europe, which caused a significant escalation in malicious activity on the internet, in line with the previous year, more than two million malicious events against the Institute were detected and thwarted in 2023; in particular, in the second half of the year, repeated violent cyber attacks conducted by pro-Russian *threat actors* against systems that the Institute makes available on the internet, with the aim of compromising their regular functioning or exfiltrating confidential information, were stopped.

In this context, during the course of the year, extraordinary activities were carried out to modernise the defence IT equipment in operation, designed to counter hostile actions to the detriment of the Institute's information assets and to guarantee adequate access control to the services and information managed. Initiatives were also launched to expand the *cyber-security* services provided by qualified sector operators, in order to increase the ability to detect and counter cyber attacks and protect the integrity, confidentiality and availability of CONSOB's information assets.

Finally, with a view to the medium term, study activities have been launched on the subject of so-called *post-quantum security*: the adoption of quantum computers could make current IT tools vulnerable. The future protection needs of the Institute and the markets are the subject of CONSOB's attention.

2 Financial management

The estimated total expenditure for the financial year 2023 (EUR 187.8 million) shows an increase of EUR 11.1 million compared to the final 2022 figure (Table aIX.1).

Specifically, current expenditure (EUR 186.1 million) increased by EUR 11.4 million, while capital expenditure (EUR 1.7 million) decreased by EUR 0.3 million. The overall increase in current expenditure is mainly due to higher personnel expenses, resulting from the adjustment of salaries and provisions for pension and retirement funds to the inflation rate, and other higher operating expenses and taxes. Capital expenditure, amounting to EUR 1.7 million, is mainly attributable to the purchase of *hardware* and *software* products and extraordinary maintenance work on the Institute's premises in Rome and Milan.

Total income (net of the 2022 surplus) amounted to €187.8m, of which €151.4m (80.6%) was for supervisory fee income, €29.2m (15.6%) for miscellaneous income (mainly interest income and financial income, use of funds for the restoration of fixed assets, administrative fines levied for violations of the rules governing the activities of Part II - Regulation of Intermediaries, of the Tuf and sums paid to the Institute by court orders) and for the use of the Fund for the out-of-court protection of savers and investors and the Fund for contract renewal charges. In addition, for 5.3 million, transfers by the State to the Fund for the out-of-court protection of savers and investors, destined to make access to the settlement procedures of the Arbitrator for Financial Disputes (ACF) established by CONSOB free of charge, and for the financing of expenditure initiatives for the digital transition (the distribution of contribution revenues among the various categories of supervisory entities is shown in Table aIX.2).

3 Human resource management and the purchase and management of goods and services

3.1 Innovative profiles

Following the entry into force of the new Public Contracts Code (Legislative Decree No. 36 of 31 March 2023, which came into force on 1 April 2023, with effect from 1 July 2023), procedural and documentary changes were adopted to bring CONSOB's activities into line with the new provisions and principles introduced by them.

In this context, in specific compliance with the provisions on the digitalisation of the life cycle of contracts (Article 21(2) of the Code), CONSOB has made almost constant use, in the more than 200 procedures it has carried out, of the appropriate telematic negotiation platforms (MEPA, ASP and Tuttogare) both in the procedural phase and in the finalisation of the relevant contracts.

With a view to progressively favouring the ecological transition, in 2023, measures were introduced in contracts to promote the use of recycled and low-impact materials, and initiatives were implemented to save energy and use energy from renewable sources. To the same end, a collaboration was initiated with the Agenzia del Demanio in order to carry out a complete renovation of the facades of the CONSOB headquarters building in Rome, in order to ensure the improvement of energy performance.

The collaboration with the Bank of Italy and the other Authorities (AGCM, ANAC, IVASS and ACN) adhering to the Memorandum of Understanding for the joint management of joint procurement procedures also continued during the year 2023, carrying out two significant joint procedures, with the achievement of synergies and savings both in economic terms (on award prices) and in terms of lower administrative costs (thanks to the centralised management of joint procurement). In November 2023, in view of the excellent results achieved by this collaboration over the past five years, the aforementioned Authorities signed a new collaboration agreement for the five-year period 2023-2027.

With regard to human resources management, the profound changes resulting from the entry into force, as of 1 July 2021, of the new Staff Rules and Regulations, have determined, also for the year 2023, a substantial adjustment of internal procedures necessary to make the new institutes contemplated by the Rules and Regulations operational. In particular, in 2023, the implementation disciplines of the renewed personnel advancement system, linked to the most modern management criteria that envisage the use of annual objectives assigned to employees in the Managerial Area and High Professionalism, were implemented and introduced, and the related supporting IT system was developed internally, based on criteria of functionality and simplification. The new staff appraisal system, in fact, focuses, on the one hand, on the definition of objectives (aimed at guiding the professional growth of employees and stimulating the improvement of their performance) assigned by the 'direct head' with the involvement of the employee concerned, and, on the other hand, on the assessment of the degree of achievement of these objectives through a *feedback* system on the performance of each employee.

As part of the development of managerial skills, as an essential management tool, the first cycle of *multisource feedback* was completed in 2023, which involved direct employees in the evaluation of their managers. In relation to the results of this analysis, in the first months of 2023 the managers were able to take advantage of specific individual *coaching* sessions aimed at obtaining indications and suggestions for improving the relational aspects in the management of employees.

3.2 Human resource management and training

During 2023, six public competitions for the recruitment of tenured staff and two public selections for the recruitment of staff with fixed-term employment contracts were concluded, which allowed for the entry of 40 resources, with different profiles and specialisations, also in order to compensate for the termination of service that occurred for various reasons in recent years (Table aIX.3 - Table aIX.4).

The public competitions held were aimed at finding both newly graduated resources and resources with specific professional experience. The first category includes competitions for the recruitment of staff in the professional segment of experts in the Managerial Area and High Professionalism with a university degree (in the economic, legal and IT fields); the second includes competitions aimed at finding staff with experience in the auditing and IT fields. With particular reference to the latter sector, with a view to strengthening the Institute's skills in new technologies, two competitions were announced for the search, respectively, of experts with an IT profile and resources with experience in STEM (Science, Technology, Engineering and Mathematics).

Two competitions for candidates without a university degree were also concluded, for the strengthening of the clerical and support sector within the Personnel Operations Area: a competition for the recruitment of resources in the deputy assistant qualification and a competition for the recruitment of resources in the operator qualification.

In addition, a public selection aimed at recruiting, with a fixed-term employment contract in the professional segment of director, a resource with an IT profile and previous experience, as well as a public selection aimed at recruiting, with a fixed-term employment contract in the professional segment of advisor, a resource with the profile of journalist and operational experience in this field, were concluded with the recruitment of the relevant winners.

In terms of content, training activities during the year focused on two main strands: new technologies and sustainability. Initiatives were launched to develop forms of collaboration with other institutions in order to strengthen the effectiveness and variety of the training offer.

Sustainability, as an issue that now cuts across accounting, technical and financial aspects, was explored in depth both through internal initiatives and through collaboration in the construction initiated by ESMA of a dedicated portal.

CONSOB was also open to comparison with the experiences of excellence of other administrations at the annual conference organised by the Italian Trainers' Association and Formez PA, hosted at CONSOB's Rome headquarters in May. The conference was attended by numerous public administrations, including the Bank of Italy, INPS, INAIL, INAF, and the Ministry of Culture. In the context of the awards recognised at the said conference for training initiatives of particular quality and/or innovativeness, CONSOB was awarded a distinction of excellence for the *investor education* project carried out with schools using the Super Hackathon modality (i.e. the competition between groups of students in the elaboration of proposals on investor protection issues; for other activities with schools and citizens, see the last paragraph of this Chapter and Chapter VII 'Other investor protection activities').

In the course of the year, cooperation initiatives in the field of training were also launched with the Bank of Italy (with particular reference to a training table also open to various Authorities and other Public Administration entities), IVASS and the Guardia di Finanza.

In the second part of the year, training courses were organised for new recruits to accompany them as they started operating in their assigned roles. The modality used was blended, i.e. with a mixed offer of in-person training events and individual *online* activities, through the use of the internal portal called Academy, activated in 2020, containing numerous training courses for internal use.

These activities were complemented by a substantial share of external activities aimed at meeting the individual training needs of employees.

In 2023, the renewed structure of the English language courses to be activated in 2024 was defined. The new contract will be valid for four years and will make it possible to cope with needs related to the activities of the participants.

From the point of view of planning training activities, the method for identifying training needs was also revised in order to take into account the needs expressed directly by the employees themselves.

4 External relations

The care of relations with the outside world refers both to the maintenance and updating of the institutional website and to the handling of reports and information requests concerning corporate and market operations. The site is accessed by numerous operators to acquire data and information (in the *Services for Operators* section) as well as students, scholars and savers (interested, in particular, in the sections *CONSOB and its activities* and *Financial Education*). With reference, on the other hand, to the more than 2,800 written requests received by CONSOB from the public and savers, approximately 2,400 were sent through the Integrated System for External Affairs (SIPE) and the special form available therein, while the remainder were received by e-mail and ordinary mail and through the special telephone line (Table aIX.5 - Table aIX.6).

Also during the school year 2022-2023, so-called alternance school-to-work routes (now transversal skills and orientation routes, PCTO) were implemented, involving almost 630 students in the last three years of high school.

5 Studies and conferences

In addition to financial education (see Chapter VII 'Other investor protection activities') and training initiatives (see previous section), CONSOB carried out multiple events in 2023.

In many cases, events were organised to coincide with the publication of research work and reports published by the Institute. This is the case, for instance, of the five meetings aimed at presenting the evidence gathered in the context of the Observatory on Italian households' investment choices and of the conferences during which the *discussion paper* on customer profiling for suitability assessment purposes (published at the end of 2022) and the Legal Notebooks dedicated to *AI and market abuse* and to *The mapping of financial products from the perspective of saver protection*⁶⁴ were illustrated.

In other cases, the events were devoted to a wide range of topics of institutional relevance and saw the participation of academics and experts representing other supervisory authorities and international institutions. By way of example, we would like to mention initiatives relating to the regulatory framework and *enforcement* profiles, such as: i) the first seminar of the 2023-2024 CONSOB-Sapienza Università di Roma cycle, on new frontiers in financial

64 In addition to the aforementioned studies, periodic reports were published in 2023 on the *corporate governance* of Italian listed companies; the economic situation and risks of the financial system; and the main trends in sustainable investment and crypto-assets, as well as the two 2023 editions of the Statistical Bulletin.

markets and regulation, entitled *Capital Markets, Stock Exchanges and the challenges ahead*, ii) the conference on *La disciplina MAR e gli Emittenti: Issues and Perspectives*, organised in collaboration with the Department of Business Economics of the Università degli Studi Roma Tre and the Department of Legal Studies of the Bocconi University; iii) the *Open Day* on the new ways of reporting transactions suspected of constituting market abuse. In the area of technological innovation and FinTech, the following were held: iv) *The New Frontiers of Digital Finance* conference and the National Cryptography Congress, organised with the De Cifris Association. Sustainable finance and sustainability education were the *focus* of the v) *Global webinar on sustainable finance in the context of investor education and investor protection*, organised on the occasion of the seventh edition of World Investor Week (see Chapter VII 'Other investor protection activities'). Finally, we would like to mention vi) the *Lectio Magistralis* by President Paolo Savona *L'eterna Disputa tra Stato e mercato* and vii) the conference *Libere di contare - Più consapevolezza finanziaria Meno violenza economica*, to celebrate the International Day for the Elimination of Violence against Women.

X International activity

1 Innovative profiles in the regulatory framework

1.1 Digitalisation

In recent years, the European regulatory framework for technological innovation has seen a profound evolution that is unparalleled in other jurisdictions. With regard to the financial sector, the current regulatory framework stems from the European Data Strategy and the Digital Finance Strategy 2020.

Initiatives in the field of artificial intelligence

Among the most important developments in 2023 is the political agreement on the proposed Artificial Intelligence Act (AIA) regulation reached by the EU in December and whose approval process was concluded in March 2024. The regulation provides, among other things, specific rules and controls for *general purpose artificial intelligence (general purpose AI or GPAI)* models, which are playing an increasingly important role in society and under which generative artificial intelligence falls. In particular, GPAI providers will be obliged to document the model and its training process as well as to assist and provide useful information to the entities using it (so-called *downstream providers*). Specific measures will also have to be taken to ensure compliance with copyright law and to distinguish AI-generated content. There are also additional requirements for models that are likely to pose systemic risks. The draft regulation was finally adopted by the European Parliament in plenary session on 13 March 2024.

At the international level too, there have been many initiatives on the subject, some of them voluntary and developed with a *market-driven* approach⁶⁵. Compared to these initiatives, the European approach is characterised by being legally binding and assisted by a specific sanctioning system, according to an approach that could be defined as *consumer protection-driven*. Confirming the prominence of this phenomenon in the

⁶⁵ For example, in the UK, the *Frontier AI Taskforce* was established within the UK government, with the first report published in September 2023, with the aim of assessing the risks of AI frontier systems, including those to national security. The United States has given the National Institute of Standards and Technology the lead role in this process.

sector, artificial intelligence has been included in the 2024 work programme of the main international *standard setters*.

Promoting the technological transition of the financial system and of the Institute itself is one of CONSOB's strategic priorities. In this perspective, the Institute has contributed to the work on artificial intelligence in both the European and international spheres. In the first profile, in addition to the aforementioned negotiation on the Artificial Intelligence Act, the Institute participated in ESMA's work on monitoring the use of AI in the financial sector, which culminated in the February 2023 publication of the ESMA *Report 'Artificial intelligence in EU securities markets'*. In the international sphere, the Institute participated with the Bank of Italy as a member of the Committee on Financial Markets of the Organisation for Economic Co-operation and Development (OECD) in the drafting of the *Report 'Generative Artificial Intelligence in Finance'* published in December 2023, which examines recent developments in GenAI in finance and potential risks, discussing *policy* measures to strengthen protection against them.

Initiatives on data management and fraud prevention

With a view to fostering the digital transition of the European economy, work continued on data availability and management in 2023.

This work led in Europe to the publication of Regulation (EU) 2023/2854 of the European Parliament and of the Council of 13 December 2023 (the so-called Data Act), which entered into force in January 2024, as well as, with specific reference to the financial sector, to the European Commission's legislative proposal on *open finance* (Financial Data Access Regulation or FIDA) in June 2023. The rules introduced complement those contained in Regulation (EU) 2022/868 on data *governance* (Data Governance Act or DGA), which will apply from September 2023.

On the other hand, with regard to the protection of consumers using *online* platforms and services, following the enactment of the *Digital Service Act* and the *Digital Market Act* in 2022, in 2023 17 platforms and two very large *online* search engines were designated as obliged to comply with the new obligations dictated by the European framework, which also include measures to mitigate the risks of fraud and combat money laundering.

The OECD also intervened on the topic of *open finance* with the publication of the '*Open Finance Policy Considerations*' report in December 2023, which analyses the benefits, risks and challenges of implementing *open finance* and provides *policy* recommendations also developed with CONSOB's contribution.

Cryptocurrency initiatives

The year 2023 also marked a turning point with regard to the regulation of the digital *asset* sector. In the EU, the Regulation (EU) 2023/1114 (Markets in Crypto-Assets Regulation - MiCAR) came into force on 29 June 2023 and introduced a uniform regime for the sector, thus overcoming the extreme heterogeneity of national laws. The Regulation will be fully applicable as of 30 December 2024, although some rules, i.e. those relating to the requirements for *asset referenced tokens* and *e-money tokens* will be applicable as of 30 June 2024. MiCAR will apply to crypto asset providers, in relation to public offerings and admission to trading of crypto assets, as well as to crypto asset service providers.

The EBA and ESMA were mandated to develop, within a short timeframe, a very substantial set of technical standards and guidelines specifying certain provisions of MiCAR. Consultations on these standards took place in three rounds, the first of which was conducted in July 2023, the second in October and the third will take place in 2024. As part of this work, CONSOB is chairing ESMA's *Digital Finance Standing Committee* and has been spearheading initiatives to ensure maximum convergence of cryptocurrency supervision across member states. In this regard, on 17 October 2023, ESMA published a letter and a *statement* aimed at facilitating a smoother, more consistent and effective adaptation of national regulations to MiCAR and is also working, in cooperation with national authorities, to enhance the capacity to share and analyse supervisory data concerning the crypto-assets sector.

Still on the subject of digital assets, the European Union's work on the design of a Central Bank Digital Currency (CBDC) resulted in the proposed Regulation of 28 June 2023, included in the so-called Single Currency Package, aimed at defining the framework for a possible new, secure and widely accepted digital format of the euro.

At the international level, several initiatives on crypto-assets have come to fruition. The IOSCO, in accordance with the *Crypto-Asset Roadmap* of July 2022, published recommendations on cryptocurrencies and digital *assets* in May 2023 and those on *Decentralised Finance* in December 2023. The recommendations, developed by the FinTech Task Force and its subgroups in which CONSOB participates, provide an initial clear and interoperable approach and *policy* measures equal to or consistent with those required in traditional financial markets. The next step will be to encourage and monitor the adoption of these recommendations in the various jurisdictions. Also within IOSCO, work is underway to update the report on crypto-assets and *investor education*, published in December 2020, to which CONSOB contributes on an ongoing basis as it holds the *co-leadership* (along with the US SEC) of the related working group set up within Committee 8 on *Retail Investors*.

In July 2023, the Financial Stability Board (FSB), within the framework of the *Crypto Working Group*, in which CONSOB also participates, published recommendations regarding the regulation and supervision of both *crypto-assets* and related markets (i.e. *High-level recommendations for the regulation and supervision and oversight of crypto-asset activities and markets*) and 'global *stablecoins*' (*Revised high-level recommendations for the regulation supervision, and oversight of 'global stablecoin' arrangements*) defined as *stablecoins* with potential reach and use in multiple jurisdictions. In September 2023, together with the International Monetary Fund (IMF), the FSB also published a *Synthesis Paper* entitled '*Policies for Crypto-Assets*', which summarises *policy* recommendations and standards on crypto-assets. Finally, in November 2023 and in the wake of the turmoil that shook the crypto-asset markets in 2022, the FSB published a Report analysing the structural vulnerabilities and financial stability risks of multifunction *crypto-asset* intermediaries⁶⁶ (*The Financial stability implications of multifunction crypto-asset intermediaries*).

Further initiatives

On the subject of cyber-security and digital operational resilience of EU financial entities, following the enactment of Regulation (EU) 2022/2554 (DORA), applicable as of 17 January 2025, a set of related regulatory and implementing technical standards is being developed by the Digital Operational Resilience subcommittee of the *Joint Committee* of the European Supervisory Authorities (ESAs) in which ESMA, EBA and EIOPA participate. Indeed, *cyber-security* is among the strategic priorities of the Union as well as of authorities in various jurisdictions globally⁶⁷. In particular, at the European level, ESMA has included cyber risk and digital resilience among its strategic supervisory priorities. The topic is also a priority for CONSOB as set out in the new Strategic Plan for the period 2024-2026.

With regard to investor protection in the digital environment, CONSOB contributed to the work within IOSCO where, in 2023, a special Retail *Investor* Coordination Group was set up for *retail investor protection* activities in the digital environment⁶⁸. This activity also resulted in the publication, in December 2023, of a *warning* designed to: i) draw the attention of retail investors to the serious risks of illegal *online* activities; ii) call on regulators for

66 Multi-functional cryptocurrency intermediaries are defined as individual firms, or groups of affiliated firms, that combine a wide range of cryptocurrency services, products and functions typically centred on the operation of a *trading* platform.

67 The World Economic Forum published a *White Paper* entitled '*Cybersecurity Futures 2030, New Foundations*' in December 2023, which also includes an agenda to inform regulatory approaches to digital security to reduce complexity and ensure a convergent approach over the long term.

68 In this regard, IOSCO published the '*Report on Retail Market Conduct*' in March 2023, which outlines the potential risks for investors associated with the increasing digitalisation of financial services, the use of social media as the main source of information, *online* fraud and inappropriate conduct. The *Retail Investor* Coordination Group will also coordinate all *follow-up* work on these risk areas.

a holistic and innovative response to *online* crime; and iii) invite stakeholders, including regulators, law enforcement, search engine operators, *social media* platforms and other intermediaries and facilitators to support global efforts to reduce *online* fraud. The group's goal for 2024 is the development of guidelines to improve inter national cooperation in the prevention and monitoring of illegal *online* activities on a cross-border basis. This includes the involvement of facilitators (including *internet service providers* and *host service providers*) to establish specific protocols to mitigate illegal *online* conduct. During the course of the year, ESMA also published a *statement* on the risks arising from intermediaries offering products or services that do not fall within the scope of the European financial regulation (*unregulated products/services*) such as, for example, crypto-assets and gold.

1.2 The ecosystem of sustainable finance and greenwashing

On the subject of sustainability, the European regulatory framework has also been profoundly enriched. In particular, a number of initiatives on the subject were finalised in 2023 and others have seen the light of day, according to a set-up that finds its foundations in the 2018 EU Action Plan for Sustainable Finance, the Paris Climate Agreement and the UN 2030 Agenda.

Sustainability Reporting Initiatives

At the European level, in January 2023, Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive or CSRD) came into force, which gradually makes the new sustainability reporting mandatory from 2024 onwards, while in December, Delegated Regulation (EU) 2023/2772 containing the first set of European Sustainability Reporting Standards (ESRS) was published. These standards were developed taking into account both the technical advice provided by the European Financial Reporting Advisory Group (EFRAG) and the standards already developed at the international level by the International Sustainability Standards Board (ISSB) and the Global Reporting Initiative (GRI), so as to ensure maximum convergence of technical standards and thus avoid imposing double reporting on companies. In addition, EFRAG has put out for consultation a document containing a simplified set of standards for listed SMEs and another separate set for unlisted SMEs that are to be adhered to on a voluntary basis⁶⁹.

⁶⁹ In view of the proposed decision of the European Parliament and the EU Council to postpone the original CSRD deadlines for the adoption of sectoral ESRSs and those applicable to non-EU companies, EFRAG in 2024 will focus on developing measures to support the implementation of ESRSs, in addition to the introduction of separate standards for SMEs.

In November, Delegated Regulation (EU) 2023/2485 and Delegated Regulation (EU) 2023/2486 were published. The former broadened the scope of activities that can be qualified as environmentally sustainable with reference to the first two environmental objectives of the Taxonomy Regulation (i.e. climate change mitigation and climate change adaptation). The second sets out the criteria according to which economic activities relating to the four further environmental objectives can be defined as environmentally sustainable. These new disclosure requirements, like those relating to the first two environmental objectives, will also have a gradual application over time, with only eligible activities to be publicly disclosed from 2024 (2025 for financial companies) and aligned activities from 2025 (2026 for financial companies).

Monitoring (and possible revision) work is also underway on the Sustainable Finance Disclosure Regulation (SFDR), both by the European Commission and within the *Joint Committee* of the ESAs. Specifically, the European Commission conducted two consultations in the last quarter of 2023, one public and one targeted, on the implementation of the SFDR Regulation, while a *Joint Committee Opinion* is being prepared for the European Commission, in the drafting of which CONSOB also participated as a member of the *Joint Committee's Consumer Protection and Financial Innovation* subcommittee. The Institute also took part in the drafting of: i) the final report on the draft regulatory technical standards of December 2023 concerning, among other things, the streamlining of the disclosure of principal adverse impacts (PAIs) set out in Delegated Regulation (EU) 2022/1288 supplementing the SFDR, proposing additional social PAI indicators; ii) the second annual *Joint Report* on PAIs, which shows that there are still significant variations in the degree of compliance with the requirements and in the quality of disclosure both among financial market participants and among European jurisdictions.

CONSOB also cooperated in the preparation of the ESMA Guidelines on the Supervision of Sustainability Reporting (*Draft Guidelines on Enforcement of Sustainability Information* or GLESI) by National Competent Authorities, which were put out for consultation in December⁷⁰.

At the international level, further steps were also taken towards greater standardisation of sustainability reporting. In June 2023, the ISSB sustainability reporting standards were published, applicable for annual reporting periods beginning on or after 1 January 2024. These standards are the foundation for all sustainability reporting at the international level, having been endorsed by IOSCO. In 2024, the ISSB will take over from the FSB's *Task Force on Climate-related Financial Disclosures* (TCFD) for monitoring

⁷⁰ CONSOB also participated in the Common Supervisory Actions (CSA) on the integration of sustainability risks and sustainability disclosure in the investment fund industry under Regulation (EU) 2019/2088 (SFDR), which is still ongoing.

companies' adoption of the reporting standards (the TFCF's last *status report* was published in September 2023).

Still on the subject of sustainability *reporting* quality, in March 2023 IOSCO published the '*Report on International Work to Develop a Global Assurance Framework for Sustainability-related Corporate Reporting*', making comments and suggestions on the work of the International Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants, aimed at developing *assurance* and ethics standards for sustainability-related disclosures, while the FSB continued its work to improve the availability, quality and cross-border comparability of climate data and to develop metrics for monitoring climate-related vulnerabilities.

Activities relating to ESG profiles in corporate governance

In 2023, further steps were taken to implement the EU strategy for the development of sustainable finance in support of a climate-neutral economy.

On 14 December 2023, a provisional political agreement was reached on the proposed directive on Corporate Sustainability Due Diligence (CS3D, also known as the Supply Chain Act), which introduces sustainability obligations for companies to manage the social and environmental impacts of their activities throughout the entire production and distribution process. The financial sector was excluded from the scope of the directive and its possible future inclusion is subject to a specific review clause. The new agreement reached in March 2024 between the ambassadors of the EU Member States meeting in the Committee of Permanent Representatives (COREPER) then restricted the scope of the proposed directive to larger companies only.

Also at the European level, in 2023 the Institute participated in a number of ESMA works. Specifically, it contributed to the work leading up to the publication of the Report of 28 July 2023 on the implementation of the provisions of the Shareholders' Rights Directive (Directive (EU) 2017/828 - SHRD II), *proxy advisors* and the investment chain, including on the pursuit of sustainability objectives. The Report will serve as a basis for the forthcoming work of the European Commission to assess the implementation and possible revision of the aforementioned Directive.

Also at the global level, there is a renewed consensus on the need to achieve full integration of ESG profiles in corporate *governance*. Indeed, in 2023, the OECD revised its principles on *corporate governance*, including recommendations on sustainability disclosure as well as the role of boards of directors and the rights and interests of shareholders and other *stakeholders* on sustainability issues.

Finally, the Institute collaborated in the implementation of ESMA's training plan on sustainable finance for national competent authorities and ESMA staff.

Climate Risk Management Initiatives

2023 also saw progress in regulation aimed at integrating ESG profiles into risk management by intermediaries.

With reference to regulatory developments, at the European level, work is also in its final stages on the proposed amendments to Regulation (EU) 2013/575 (Capital Requirements Regulation 3 or CRR3) and Directive 2013/36/EU (Capital Requirements Directive 6 or CRD6) on the prudential regulation of credit institutions, which contain among other things, the obligation for European banks to develop and implement specific transition plans, with quantifiable targets and processes to monitor and manage financial risks arising from short-, medium- and long-term ESG factors, consistent with the sustainability commitments disclosed in the Sustainability Reporting Document (CSRD).

Also at the European level, ESMA introduced - for the first time - climate risk into its European-wide CCP *stress testing* exercise in order to map the CCPs' exposure to risks arising from climate change and the transition to a zero-carbon economy.

The issue of the impact of climate-related risks on stability has also assumed increasing importance at the international level with a view to monitoring and managing micro- and macroprudential risks. In its annual progress report on the *FSB Roadmap for Addressing Financial Risks from Climate Change: 2023 Progress Report*, the FSB announced the setting up of a *Transition Plans Working Group* with the task of developing a conceptual framework to clarify the importance of the preparation of transition plans by financial and non-financial firms for safeguarding financial stability. IOSCO also intends to initiate work on the *disclosure of transition plans* in order to deepen the role of supervisory authorities with a view to safeguarding market integrity and investor protection. Also on the subject of climate transition is the agreement reached at the UN *COP28 UN Climate Change 2023* climate conference on a gradual move away from fossil fuels and zero emissions by 2050.

Greenwashing initiatives

Initiatives to combat *greenwashing* were also numerous in 2023.

At the European level, the *Green Bond Regulation* (Regulation (EU) 2023/2631 or EuGBR) was adopted during the course of the year. It introduces uniform rules for bond issuers wishing to use the designation 'European Green Bond' or 'EuGB' in the marketing of their securities. The Regulation, with

limited exceptions, will apply as of 21 December 2024. In June 2023, the ESAs, in response to a specific request from the European Commission, published their '*Progress Report on Greenwashing*', which identifies both the areas most at risk of greenwashing along the entire sustainable investment value chain and possible corrective actions. The final report is expected to be published in May 2024.

Further measures presented by the European Commission in June 2023 concerning, among other things, a proposal for a regulation on ESG ratings (on which a political pro visory agreement was reached in February 2024) and two delegated acts on EU taxonomy are also under consideration. In particular Ia, the proposal for a regulation on ESG ratings, for which the full trialogue phase started last January, includes measures aimed at increasing transparency in the sustainable investment market and, by doing so, investor confidence, by steering private capital towards sustainable investments. CONSOB contributed to the negotiations together with the Bank of Italy and IVASS, under the coordination of the Ministry of Economy and Finance (MEF).

Also at the European level, the Institute participated in the work that led to the publication of the *statement* of 11 July 2023, in which ESMA set out its supervisory expectations with respect to the information to be included in the prospectuses of securities with sustainability characteristics. CONSOB also collaborated on the preparation of ESMA guidelines on the names of funds that use ESG or sustainability-related terms. In addition, the Institute, as usual, participated in two *Common Supervisory Actions* (CSA), one of which related to marketing communications, with a focus on *greenwashing*.

Combating *greenwashing* is also on the agenda of regulators at the international level. In particular, in December 2023, IOSCO published the Report '*Supervisory Practices to Address Greenwashing*', which contains an overview of initiatives to counter *greenwashing* undertaken in the various jurisdictions with regard to asset management, ESG ratings and ESG product data providers⁷¹. The OECD has also addressed the study of the phenomenon in two publications, one in July 2023 (*Financial consumers and sustainable finance. Policy implications and approaches*) dedicated to the opportunities and challenges for investors arising from the development of sustainable finance, and the other in December (*Assessing net-zero metrics for financial institutions*) focused on metrics related to ESG profiles.

71 Other IOSCO initiatives on supervisory and regulatory approaches concern work on carbon markets: the July 2023 final report '*Compliance Carbon Markets*' and, in response to the lack of transparency and standardisation of voluntary carbon markets, the December 2023 consultation paper '*Voluntary Carbon Markets*'.

2 The Capital Markets Union Action Plan

As part of the Capital Markets Union (CMU) Action Plan, a number of initiatives to overcome the current fragmentation at European level with a view to supporting the further development of capital markets in the EU came to an end in 2023.

In particular, on 20 December 2023, the package of measures on the ESAP (European Single Access Point) platform was published in the Official Journal of the European Union (OJEU), which will be made available from summer 2027 and implemented in phases. The platform will provide free, centralised and digital access to financial and sustainability information disseminated by issuers without imposing additional reporting obligations on them, as it will collect information that is already publicly available under existing legislation. In March 2023, Regulation (EU) 2023/606, concerning European Long-Term Investment Funds (ELTIF 2), was published in the OJEU, while in February 2024, the European Parliament adopted proposals to revise both the Alternative Investment Fund Managers Directive (AIFMD) and the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive.

On 16 January 2024, the European Parliament approved amendments to the Markets in Financial Instruments Regulation (MiFIR) as well as the Markets in Financial Instruments Directive (MiFID II). The relevant texts have been published in the OJEU and will enter into force on 28 March 2024. Among the most important new features is the establishment of an EU-wide *consolidated tape* for different types of assets, centralising the market data provided by the platforms on which financial instruments are traded.

A further initiative is Regulation (EU) 2023/2845 on Central Securities Depositories (CSDRs), published in December 2023, which establishes a set of common requirements for CSDs operating cross-border securities settlement systems.

Other initiatives are still being negotiated by the co-legislators, including the proposed revision of Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories (EMIR), on which provisional political agreement was reached in February 2024. The regulatory intervention is aimed at stimulating the shift of clearing of transactions in European financial instruments to European central counterparties (CCPs), so as to safeguard the financial stability of the Union by reducing reliance on systemically important CCPs from third countries (notably the UK).

In December, a political agreement in principle (albeit not formalised) was also reached on a number of acts in the package known as the Listing Act, aimed at facilitating issuers' recourse to the capital market, mainly by streamlining and limiting the burdens and constraints arising from their status as listed issuers. The agreement was formalised in February 2024 (on the areas of intervention of the Listing Act, see Part A).

Also in December 2023, the Council and the European Parliament reached a provisional political agreement on amendments to the Directive on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) and new rules on insurance recovery and resolution (IRR) aimed at increasing the insurance sector's ability to finance European companies in the long term.

On the other hand, with regard to insolvency rules, a directive is currently being negotiated, applicable to all companies other than banks, investment firms and insurance companies, aimed at harmonising national rules on bankruptcy recovery procedures, inspired by the objective of efficient procedures and greater valorisation of the insolvent company's *assets*.

As regards the development of the capital market and the initiatives carried out under the CMU Action Plan, ESMA's activity, in which CONSOB has constantly participated, has been very intense and has led, among other things to the issuance of an opinion to the European Commission on 17 May on the undue costs of Ucits and alternative investment funds and the '*Supervisory Briefing on understanding the definition of advice under MiFID II*' of July 2023 in which ESMA aligns the definition of advice with new *business* models and recent technological developments, including the use of websites and *social media*⁷².

ESMA also initiated a reflection, with input from some of its participating members, including CONSOB, on possible initiatives to be included in the European Commission's new regulatory agenda to revitalise the EU capital market.

72 Further activities in which CONSOB has participated in the ESMA context concern: (i) the *call for evidence* launched in October 2023 on the reduction of the settlement cycle of transactions; (ii) the submission of the final report to the European Commission containing proposals for draft implementing measures of the amended ELTIF Regulation; (iii) the final report on the joint supervisory action with national competent authorities on the supervision of the valuation criteria for assets in the Ucits and alternative funds' portfolios (under the respective Directives); (iv) the July 2023 statement on the risks associated with securities lending and other securities financing transactions; and (v) the final report on the updated guidelines on *stress test* scenarios for MMFs.

3 Further regulatory interventions

In addition to the development of the capital market, the evolution of the European regulatory framework has also been directed at strengthening the resilience of the European financial system and, in particular, the non-banking intermediation sector. In this context, significant steps forward were taken in 2023 with the aforementioned revision of the AIFMD and UCITS Directives, with a view to countering structural vulnerabilities attributable to the liquidity and leverage risks of mutual funds. In this regard, the ESRB continued its in-depth study of the main market dynamics and, as usual, published the '*EU Non-bank Financial Intermediation Risk Monitor 2023*' on the monitoring of risks and vulnerabilities of investment funds and other non-bank financial intermediaries, in which CONSOB also participated.

In 2023, legislation also progressed with regard to communications and marketing practices. In May 2023, the European Commission adopted the Retail Investment Package – consisting of a proposal for a directive Omnibus, amending several directives (MiFID II, IDD, UCITS, AIFMD and Solvency II) and a regulation amending the Regulation on Packaged Retail Investment Products and Insurance (the PRIIPs Regulation), in order to raise the confidence of retail investors and in this way foster greater participation in the capital markets.

With reference to the non-banking financial intermediation sector, at the international level, IOSCO published in December 2023 guidance on the design, use and supervision of anti-dilution liquidity management tools by managers of open-end investment funds under normal and *stressed* market conditions (*Final Guidance on Anti-Dilution LMTs*), while the FSB revised its 2017 recommendations (*Revised Policy Recommendations to Address Structural Vulnerabilities from Liquidity Mismatch in Open-Ended Funds*) introducing measures to provide greater clarity, effectiveness and consistency in the use of such liquidity management tools.

Finally, at IOSCO, the publication by the *Standing Committee 2*, chaired by CONSOB, of the '*Consultation Report on Market Outages*', which proposes best practices to strengthen the resilience of trading venues⁷³.

73 Within IOSCO, CONSOB also dealt with the risks associated with the use of leverage and the growing role of private finance on which two documents were published in 2023, one on leveraged loans and credit loan obligations (*Proposed Good Practices on Leveraged Loans and CLOs*) and the other on private finance (*Thematic Analysis on Emerging Risks in Private Finance*).

XI Transposition of European legislation and regulatory activity

The following paragraphs provide a brief review of the main activities carried out by the Institute in 2023 concerning the support to the competent Ministries for the preparation of amendments to primary legislation and amendments to the Institute's secondary legislation. Please refer to the Tables in the Appendix (Table aXI.1 – Table aXI.3) for more details on the activities carried out, as well as the opinions that the Institute was called upon to issue in 2023, to Ministries and other independent authorities, based on the current legal provisions.

1 The amendments to the primary regulation

In 2023, CONSOB contributed to the process of adapting national regulations to the evolving European framework by providing technical support to the Ministry of Economy and Finance (MEF).

1.1 European Delegation Law 2021

The year saw the continuation of the work, begun in 2022, on the adaptation of the national legal system to European legislation on the basis of the delegation criteria contained in Law No. 127 of 4 August 2022, containing the delegation of powers to the Government for the transposition of European directives and the implementation of other acts of the European Union (European Delegation Law 2021).

In this context, the Institute provided support to the Ministry of Economy and Finance (MEF) for the definition of Legislative Decree No. 224 of 6 December 2023, adapting national legislation to Regulation (EU) 2021/23 of 16 December 2020 on a recovery and resolution framework for CCPs (CCP-RR Regulation). The decree designated the Bank of Italy as the sole resolution authority for Italian CCPs and indicated the specific attributions of the Bank of Italy and CONSOB, as competent authorities for the supervision of CCPs.

A further support activity to the MEF concerned the preparation of Legislative Decree No. 204 of 6 December 2023, adapting to the provisions of Regulation (EU) 2021/557, which Amends Regulation (EU) 2017/2402 (Securitisation Regulation) by introducing specific rules for securitisations of non-performing exposures, as well as the possibility of obtaining STS (Simple, Transparent and Standardised) certification also for synthetic securitisations, assigning the supervision of the latter to CONSOB.

Finally, support was provided to the MEF for the definition of Legislative Decree No. 207 of 7 December 2023, by which the Macroprudential Policy Committee was established as the independent authority designated pursuant to Recommendation ESRB/2011/3 of the European Systemic Risk Board (ESRB) of 22 December 2011 to conduct macroprudential policies. Consistent with the objective of macroprudential supervision, the Committee has been entrusted with the objective of pursuing the stability of the financial system as a whole, as well as preventing and countering systemic risks. The Governor of the Bank of Italy, who chairs it, the Chairman of CONSOB, the Chairman of IVASS and the Chairman of COVIP participate in the Committee.

By the same decree, the national legislation was adapted to Regulation (EU) 2021/168, amending Regulation (EU) 2016/1011 (Benchmark Regulation) with regard to the exemption of certain third-country spot foreign currency benchmark indices and the designation of substitutes for certain benchmark indices that are being discontinued.

1.2 European Delegation Law 2022/2023

In 2023 the Institute provided support to the MEF for the definition of the criteria for the delegation of powers to the Government, contained in Law no. 15 (European Delegation Law 2022-2023), for the transposition of the (EU) Directive 2022/2464 on corporate sustainability reporting (CSRD) of the (EU) Regulation 2023/1114, relating to crypto-asset markets (MiCAR) and the related (EU) Regulation 2023/1113 (Transfer of Funds Regulation - TFR) concerning information data accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849. In 2023, discussions have already begun between MEF and CONSOB to define the draft decrees to adapt the national system to the aforementioned European regulations.

1.3 Other relevant regulatory activities

During the course of the year, particular importance was given to supporting the MEF in its work to identify legislative proposals to support capital competitiveness, proposals that were later included in the draft law *'Interventions to support capital competitiveness and delegation to the*

Government for the organic reform of the provisions on capital markets set out in the Consolidated Law on Financial Markets (Testo Unico di cui al decreto legislativo 24 febbraio 1998, n. 58) and of the provisions on capital companies contained in the Civil Code also applicable to issuers' (so-called DDL Capitali). The bill, which was definitively approved by Parliament in February 2024 and became Law No. 21 of 5 March 2024, introduces amendments to the Tuf with the aim of modernising capital markets and making them more efficient, supporting the access of SMEs to capital markets, promoting innovation and the internalisation of capital markets and strengthening investor protections. The Institute has been involved in this legislative process on several occasions, including in connection with parliamentary work. Law 21/2024 delegates to the Government a proxy for the organic reform of the Tuf, with regard to the provisions on capital markets and listed capital companies (in this regard, see also Part A), and amends the provisions of Article 24 of Law No. 262 of 28 December 2005 on the liability of supervisory authorities for damages.

2 The amendments to the secondary regulation

In execution of the regulatory delegation defined in paragraph 9 of Article 4-sexies.1, of the Consolidated Law on Finance, as supplemented by Legislative Decree No. 30 of 10 March 2023, in 2023 CONSOB adopted, with Resolution No. 22720 of 1 June 2023, the new Regulation on crowdfunding services for companies, thereby completing, to the extent of the Institute's competence, the process of adapting the national system to the provisions of Regulation (EU) 2020/1503 (European Crowdfunding Services Providers Regulation - ECSPR) on crowdfunding service providers and the related Delegated Regulations. With the adoption of the aforementioned Regulation, certain detailed aspects were defined that were not already governed by the European legislation of reference and fell within CONSOB's regulatory power. In particular, the timing of the procedures for the granting and withdrawal of authorisations by CONSOB has been specified, and the disclosure requirements for crowdfunding service providers have been further detailed, including in relation to the procedures for the transmission of key investment information sheets (KIIS). Finally, the national regulations applicable to marketing communications disseminated on Italian territory were defined.

In addition, with Resolution No. 22833 of 9 October 2023, the Institute adopted the implementing provisions of Article 4-septies.2, of the Tuf, concerning securitisations. With this act, CONSOB has: i) regulated, to the extent permitted by directly applicable European legislation, the notification of securitisation transactions to the Institute and the organisational requirements applicable to the entities involved in the securitisation

transaction; ii) specified the modalities for the transmission of the request for authorisation, in accordance with Article 28 of the Securitisation Regulation, of the third parties assessing the compliance of securitisations with the STS criteria (criteria identifying transactions falling within the specific framework for simple, transparent and standardised securitisations).

In 2023, the Institute also revised the provisions contained in CONSOB Regulation 20249 of 28 December 2017 laying down rules for the implementation of the Consolidated Law on Markets (Markets Regulation), in order to complete the adaptation of the national system to the changes introduced by Directive (EU) 2019/2177 and Regulation (EU) 2019/2175, legislative acts that centralised the supervision of data communication service providers under ESMA (Resolution No. 22804 of 6 September 2023). The amendments updated the Markets Regulation in order to take into account the residual competence reserved to CONSOB on the Approved Reporting Mechanism (ARM) and Approved Publication Arrangement (APA) only, which benefit from the exemption provided by MiFIR, due to their limited relevance for the internal market. With the same resolution, the Market Regulation was brought into line with the European reform on the simplification of position limit rules for agricultural commodity derivatives and derivatives on critical or significant commodities, pursuant to Directive (EU) 2021/338 amending Directive 2014/65/EU (MiFID) as part of the so-called Capital Markets Recovery Package.

In addition, Resolution No. 22923 of 6 December 2023 adopted the Regulation on the Issuance and Circulation of Financial Instruments on Distributed-Register Technologies provided for by Decree-Law No. 25 of 17 March 2023 (FinTech Decree), converted, with amendments, by Law No. 52 of 10 May 2023. These Regulations derive from the obligation, laid down through the FinTech Decree, to make use, for the issuance of financial instruments in digital form that are not traded on a trading venue⁷⁴, of registers for digital circulation held by entities registered on a special list kept by CONSOB.

The aforementioned Regulation: i) defines the principles and criteria relating to the formation and maintenance of the list of registry managers; ii) regulates the manner in which the application for registration of registry managers is to be submitted, identifying possible grounds for suspension; iii) regulates the minimum content of the document containing information on the registry's operating procedures that registry managers are required to make public.

⁷⁴ In contrast, financial instruments in digital form traded on a trading venue are covered by the 'Pilot Regime' (EU Regulation 858/2022), which established a pilot regime in the Union for DLT market infrastructures.

Finally, during the year, amendments to the General Regulations on Administrative Proceedings were approved, pursuant to Article 24 of Law No. 262 of 28 December 2005 and Article 2(5) of Law No. 241 of 7 August 1990. The regulatory updates take into account the reform interventions of the aforementioned Law No. 241/1990 and the multiple reform interventions that have affected the applicable regulations in the areas of competence of CONSOB. The same regulatory intervention provided for tables, published on CONSOB's website, which identify specific time limits, the competent unit and the regulatory references of the individual proceedings listed therein.

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Instructions

The following conventional signs are used in the tables:

- quantity identified as zero;
- non-existent phenomenon;
- the phenomenon exists but the figures are unknown;
- .. the figures are below the significance threshold.

Data source: unless otherwise stated, data included in the tables were obtained by CONSOB as part of its institutional supervisory activities.

I MARKET SUPERVISION

Trading platforms

Table al.1 Italian trading platforms

market	market segment	financial instruments		trading volumes ¹		no. of transactions ²		avg value of transactions ³		
			no.	2023	% change ⁴	2023	%change ⁴	2023	% change ⁴	
regulated markets										
Italian Stock Exchange	Euronext Milan	equities, rights	236	565.3	2.1	66,603	-10.8	8.5	14,4	
	capitalisation ¹		753.5							
	Euronext MIV Milan	closed-end funds and AIFs	7	0.04	-5.1	13	-7.8	3.5	3	
	capitalisation ¹		0,3							
	MOT	bonds	1,490	257.8	57	7,906	63.4	32.6	-3,9	
	ETFPlus	listed funds	1,836	85.5	-29.1	7,135	-20.5	11.9	-10,8	
	IDEM	derivatives	89,887	910.3	0.04	25,242	-6.8	36.06	7,3	
MTS	MTS Italy	bonds	137	4.144.8	36.2	758.3	55.6	5.466	-12,5	
multilateral trading facilities										
Italian Stock Exchange	Borsa Italiana Global Equity Market	equities	379	7.5	5.4	848	-6.5	8.88	12,7	
	Borsa Italiana - Trading After Hours	equities	588	2.5	-3.1	241	-19.6	10.3	20,6	
	Euronext Growth Milan	equities, rights	277	2.3	-22.4	1,028	-22.3	2.27	-0,2	
	capitalisation ¹		8,02							
	Euronext Access Milan	bonds	474	0.36	-18.4	12	6.2	29.9	-23,1	
	SeDeX	securitised derivatives	19,735	13.57	6.7	1,886	-7.3	7.19	15	
	ATFund	funds	75	0.16	2.9	1	5.2	111.87	-2,1	
	EuroTLX	equities	438	0.82	65.2	105	25.4	7.81	31,7	
		bonds	1,584	11.68	-10.1	443	-14.6	26.34	5,3	
		certificates	6,091	6.34	34.3	580	30.3	10.92	3,1	
MTS	BondVision Europe	bonds	22,281	535.3	-26	107.7	20.6	4,967.6	-38,6	
	CashDomestics	bonds	628	584	25	83.7	23	6,975.7	1,68	
	EBM	bonds	855	87	43.8	23.5	136	3,697.4	-39	
Vorvel Sim	Vorvel Bonds Order Driven/Vorvel Equity Auction	equities	21	0.07	40	20.4	30.8	3.43	1,5	
		capitalisation ⁵		4,2						
		bonds	404	0.19	-24	17.2	-3.1	11.19	-19,4	
	Vorvel Bonds	bonds	965	17.8	248.3	443.9	248.7	40.11	-0,1	
	Vorvel RFQ	bonds	193	0	-	0	-	-	-	
	Vorvel Certificates	certificates	182	0.48	336.4	317	105	1.5	120,3	

- Continued -

Continued – Table al.1 Italian trading platforms

operator	platform	traded instruments	negotiation ctrv. ¹		number of contracts ²		average ctrv. contracts ³		
			n.	2023	var. ⁴	2023	var. ⁴	2023	var. ⁴
systematic internalisers ⁶									
		actions	116	75	-15	4,533	-18	17	4
		other instruments	7,044	541	11	2,108	-9	257	22
		of which:							
		government bonds	2,469	261	19	157	44	1,668	-18
		group bonds	226	1	17	3	-24	511	54
		banking	1,028	4	33	6	-10	762	48
		corporate	2,665	3.5	30	10	26	337	3

Source: elaborations on data provided by trading platforms. Following the acquisition of the Borsa Italiana group by Euronext NV, some markets were spun off and/or assumed different names; in detail, the MTA, MIV, IDEM, AIM Italia and ExtraMOT markets were renamed respectively 'Euronext Milan', 'Euronext MIV Milan', 'Euronext Derivatives Milan' (from 24 March 2024), 'Euronext Growth Milan' and 'Euronext Access Milan'. From the 'Borsa Italiana Equity' market, the 'Borsa Italiana Global Equity Market' market (BIT GEM dedicated to daytime trading, renamed 'Euronext GEM' in November 2023) and the 'Borsa Italiana - Trading After Hours' market (intended for evening trading) were spun off. In addition, the 'Hi-MTF Order Driven', 'Hi-MTF Order Driven - Equity Segment', 'Hi-MTF Mixed *Quote Driven*', 'Hi-Cert' segments have changed their names to 'Vorvel Bonds Order Driven', 'Vorvel Equity Auction', 'Vorvel Bonds', 'Vorvel Certificates', respectively. Any failure to square the last figure is due to rounding.¹ In billions.² In thousands.³ In thousands.⁴ Percentage change from previous year.⁵ In billions of euros; figure calculated on the basis of the average price recorded in December (i.e. on the basis of the last price available if there was no trade in the period).⁶ Excludes data on operators who have ceased trading.

Table al.2 Key indicators for the EXM, MIV and EGM trading venues of Borsa Italiana
(monetary values in billion euros)

	2017	2018	2019	2020	2021	2022	2023
EXM							
capitalisation ¹	634	536	638	600	757	615	754
<i>of which % constituents Ftse Mib</i>	76.9	74.5	79.5	81.5	80.2	81.4	87.2
<i>in % of GDP</i>	39.6	33.1	35.7	36.6	43.1	33.3	38.4
exchange countervalue	606	604	524	571	572	531	577
no. of domestic quotations ²	237	240	239	235	229	220	223
listed companies ³	12	12	9	6	8	6	9
<i>of which Ipo</i>	7	4	4	1	5	3	4
revoked companies ⁴	9	9	10	10	14	15	8
MIV							
capitalisation	0.6	0.2	0.2	0.2	0.2	0.2	0.3
no. of listed companies	3	2	1	1	1	1	1
EGM							
capitalisation	5.6	6.6	6.6	5.8	11.5	10.5	8.0
exchange countervalue	2.0	2.4	2.9	2.0	4.5	2.9	1.9
no. of negotiated companies	95	113	132	138	174	190	203
<i>of which new admissions</i>	24	26	31	21	44	26	34
overall indicators							
capitalisation	640	542	644	606	769	626	762
listed companies ⁵	421	452	462	464	494	501	509
Ftse Mib (var. %) ⁶	13.6	-16.1	28.3	-5.4	23.0	-13.3	28.0
Ftse Italy Mid Cap (var. %) ⁶	32.3	-19.6	18.3	-5.8	30.8	-21.0	13.1
Ftse Italy Small Cap (var. %) ⁶	26.8	-25.4	28.1	-4.6	50.8	-14.4	2.1
Ftse Italia STAR (var. %) ⁶	34.7	-16.6	28.0	14.1	44.7	-28.3	3.3

Source: Borsa Italiana and, for 2023, Euronext. Year-end data.¹ Data refer to companies for which the EXM is considered the domestic or first listing market. The percentage ratio of capitalisation to GDP for the latest data in the series is provisional.² Domestic listed companies also include companies with registered offices in countries other than Italy but with EXM as their only listing market. ³ Data on new companies admitted as a result of IPOs, demergers, mergers and market transitions. The Ipo figure does not include transactions referring to transfers from the EGM to the EXM.⁴ Data on companies revoked as a result of IPOs, mergers, market transitions and other measures pursuant to the Borsa Italiana Regulation. For 2023, the figure includes two delistings of companies not incorporated in Italy and listed on both the EXM and another European regulated market.⁵ Including foreign listed companies.⁶ Percentage change from previous year.

Table al.3 Exchange traded products on the ETFPlus market

(end-of-period data; monetary values in billion euros)

		advanced equity etf	emerging equity etf	Etf bonds	Etf other	Etc / Etn	total	number of contracts ¹
2019	countervalue traded	39.9	7.0	30.0	9.1	19.7	105.7	5.17
	assets under management	29.9	5.2	37.9	8.5	6.7	88.3	
2020	countervalue traded	44.3	7.7	30.6	17.9	31.6	132.1	8.87
	assets under management	30.7	5.6	42.0	15.6	7.6	101.6	
2021	countervalue traded	32.3	7.0	29.6	25.0	27.2	121.1	8.54
	assets under management	48.3	5.7	44.7	17.2	7.3	123.2	
2022	countervalue traded	36.2	4.8	30.3	20.4	28.9	120.6	8.98
	assets under management	39.6	5.7	39.5	16.3	8.0	109.2	
2023	countervalue traded	29.1	3.6	23.8	9.4	19.6	85.5	7.13
	assets under management	54.7	5.6	42.7	11.2	7.0	121.4	

Source: elaborations on data from Borsa Italiana. Any failure to square the last digit is due to rounding.¹ Data in millions.**Table al.4 Covered warrants and certificates listed on the SeDeX**

(end-of-period data; monetary values in billion euros)

	plain vanilla	investment	leverage	exotic	total			
					in place	new	expired	trade value
2017	6,956	1,271	1,141	52	9,420	10,274	7,261	19.1
2018	5,367	1,596	1,328	224	8,515	9,475	9,733	17.6
2019	4,320	1,512	2,390	383	8,605	11,417	11,036	18.4
2020	4,200	1,944	3,312	222	9,678	20,224	15,510	19.1
2021	4,949	2,441	4,558	37	11,985	23,973	15,552	18.0
2022	8,140	3,069	6,344	14	17,567	45,037	24,869	12.7
2023	8,275	3,157	7,859	444	19,735	43,660	41,492	13.6

Source: elaborations on data from Borsa Italiana. Any failure to square the last digit is due to rounding.

Table al.5 Bond trades on Italian markets

(end-of-period data; billion euros)

	MTS Italy ¹	BondVision Europe MTF	MTS Cash Domestics MTF	MTS EBM MTF	MOT ²	EuroTLX MTF	Vorvel MTF	Euronext Access Milan ³ MTF	total
2017	1,216	868	-	-	204	56	8	2	2,354
2018	1,164	661	-	-	168	35	5	2	2,035
2019	921	733	661	58	189	45	6	2	1,896
2020	1,848	877	465	38	203	32	5	2	2,967
2021	3,964	963	751	42	159	20	7	..	5,906
2022	3,043	723	467	61	156	18	5	..	4,473
2023	4,145	535	584	87	258	12	18	..	5,639

Source: elaborations on data provided by MTS, Borsa Italiana and Vorvel. Any discrepancies are due to rounding.¹ Wholesale market for government bonds.² Including trades on bonds traded on EuroMOT.³ Formerly ExtraMOT.

Trading platforms, trade volumes and market information integrity

Table al.6 Amendments to the Regulations of Regulated Markets and their Implementing Provisions in 2023

operator and modification	object of the amendment	affected market
Italian Stock Exchange		
Amendments to the Rules and related Instructions (Resolution No. 22625 8 March 2023)	Rules governing the admission of SIIQs to trading on the regulated market	Euronext Milan
Amendments to the Rules and related Instructions (Resolution No. 22747 of 21 June 2023)	Migration of markets to Euronext Group's Optiq trading platform (phase 2):	MOT
	The modalities of negotiation	
	Direct market distribution	
	The rationalisation of BIT notices <i>Best of book and internal matching system services</i>	Euronext Milan, Euronext MIV Milan and MOT
Changes to the Instructions (CONSOB Consent of 21 June 2023)	The review of ESG forecasts	MOT
	The novation of secured contracts	Euronext Milan, Euronext MIV Milan, ETFPlus and MOT
		MOT
		All markets
Amendments to the Rules and related Instructions (Resolution No. 22920 of 6 December 2023) [expected entry into force 25 March 2024].	Migration of markets to Euronext Group's Optiq trading platform (phase 2):	MOT
	Participation requirements for operators	
	Listing obligations for specialist traders and <i>market makers</i>	
Amendments to the Rules and related Instructions (Resolution No. 22920 of 6 December 2023) [expected entry into force 25 March 2024].	Migration of markets to Euronext Group's Optiq trading platform (phase 3):	Euronext Derivatives Milan
	- the renaming of the market (<i>formerly IDEM</i>)	
	- the elimination of the figure of the non-executing <i>broker</i>	
	- negotiation modalities	
Changes to the Instructions (CONSOB Consent of 6 December 2023) [scheduled to enter into force on 25 March 2024].	- <i>market makers</i> and <i>liquidity providers</i>	
	- market transparency	
	- error management	
	- the closure of the AGREX segment	
Changes to the Instructions (CONSOB Consent of 6 December 2023) [scheduled to enter into force on 25 March 2024].	Procedures for establishing violations	All markets
	The recording of conversations	
	Pro forma financial information and the auditor's attestation	
		Euronext Milan
Changes to the Instructions (CONSOB Consent of 6 December 2023) [scheduled to enter into force on 25 March 2024].	Suspension of early exercise on the day before a <i>corporate action</i> or ex-dividend date	Euronext Derivatives Milan
	The shareholding threshold held by the offeror for the purpose of closing and settlement of derivative contracts in the context of public offers to purchase or exchange the underlying	
	The notice to be given by Borsa Italiana in the event of exclusion from trading of a share	
	option contract and dividend and share <i>futures</i> contracts	
MTS		
Amendments to the Rules and related Instructions (Opinion to the MEF of 22 March 2023)	Participation requirements and admission procedures for market participants	MTS Italy
	Suspension of trading	
	Regulation of <i>market making commitments</i>	
	Application criteria for <i>circuit breakers</i>	
Amendments to the Rules and related Instructions (Opinion to the MEF of 22 March 2023)	<i>Fine-tuning</i> the way contracts are concluded and registered	

Table al.7 Changes to the Rules for the operation of Multilateral Trading Facilities in 2023

operator and modification	object of the amendment	MTF concerned
Italian Stock Exchange		
February 2023	Trading hours Disclosure of information to Borsa Italiana by issuers <i>Trading-at-last</i> functionality <i>Good-till-date</i> orders Sponsored access	ATFund Euronext Growth Milan BIT Global Equity MTF and Trading After Hours Trading After Hours
May 2023	Migration of markets to Euronext Group's Optiq trading platform (phase 2): The modalities of negotiation Other non-migration changes: <ul style="list-style-type: none"> - Simplification of admission requirements - Introduction of the admissibility judgement on the securities issue programme - Criteria for determining the delisting date - Simplification and harmonisation of the admission procedure for instruments other than financial debt securities - Elimination of position limit obligations - Introduction of the Notes category - Instruments eligible for trading on the Bond-x segment 	SeDeX and EuroTLX, Euronext Access Milan and Euronext Access Milan Professional Segment SeDex and EuroTLX SeDex EuroTLX
July 2023	The management of public holidays in the <i>Trade Confirmation System</i> (TCS) trading platform	ATFund
November 2023	The composition of the float The discipline of trading suspension in the case of <i>reverse take-over</i> (RTO) The definition of RTO Attestation in the case of RTOs The appointment of independent directors Market renaming (<i>formerly</i> BIT Global Equity MTF)	Euronext Growth Milan Euronext GEM
MTS		
June 2023	Amendments to Annex Spain in order to: update the definition of a Spanish primary dealer; update the definition of a Spanish <i>broker</i> ; remove the restriction of the <i>market maker</i> role to <i>primary dealers</i> only; remove the superfluous clause on the suspension of <i>brokers</i> .	MTS Cash Domestic
November 2023	Introduction of the 'EU' segment dedicated to the trading of financial instruments issued by the EU and reserved for traders who have obtained EU <i>primary dealer</i> status with the European Commission.	MTS Cash Domestic
Vorvel Sim		
September 2023	Implementation of the regulatory approach that concentrates the operating rules applicable to all markets managed by the Company in the so-called Book 1, while detailing the rules qualifying the specificities of the instruments dealt with and the micro-structural characteristics in the so-called Book 2. Simplification of the microstructure model, with the elimination of the control period and the adoption of the weighted average of trades as the only way to calculate the reference price. Subdivision of the segment into three segments (so-called Gate) with weekly auctions, with reference thresholds and limits for order entry and auction price validation differentiated according to the level of liquidity achieved. With regard to liquidity support activities, provision for <i>ex ante</i> (liquidity support programme) and <i>ex post</i> disclosure by issuers to the public.	Vorvel Equity Auction

Table al.8 Suspension and revocation of financial instruments equity traded on Euronext Milan and Euronext Growth Milan in 2023

market	revocations ¹	suspensions		
			fixed-term ²	indefinite ³
Euronext Milan	8	4	4	
Euronext Growth Milan	17	8	3	5

¹ For Euronext Milan (EXM), the *delistings* concern five *delistings* following a takeover bid, two at the request of the issuer for listing on a foreign market, and one due to termination of the company following bankruptcy proceedings. Two delistings refer to companies listed on both EXM and another European regulated market. For Euronext Growth Milan (EGM), the *delistings* concern nine *delistings* following a takeover bid, three for other extraordinary transactions (merger, *business combination*), three for lack of Euronext Growth Advisor, and two at the request of the issuer.² All indefinite suspensions were ordered pending announcement.³ Indefinite suspensions ordered in four cases until the publication of the accounting documents and the restoration of the issuer's economic-financial equilibrium, and in one case until the publication of the document relating to the reverse takeover transaction.

Table al.9 Applications received, and measures taken regarding the pre- and post-trade transparency regime

	requests		measures to suspend the use of derogations				
	pre-trade waiver ¹	deferral post-negotiation	no. of investigations	no. of instruments	No. of measures	of which for exceeding the ceiling on volume ²	
						on single site	overall
2019	21	1	11	15	6	--	6
2020	7	4	12	6	6	--	6
2021	--	1	10	8	5	--	5
2022	12	1	13	9	7	--	7
2023	15	5	12	23	10	--	10

¹ In 2022, requests for waivers to pre-trade transparency submitted by Italian trading venues, which are subject to ESMA's assessment, are linked to changes to Borsa Italiana's market regulations authorised by CONSOB during the year.² The exceeding of the volume cap (*double volume cap - DVC*) is established as a result of the monthly communications by ESMA of the financial instruments that have exceeded the trading volume thresholds foreseen and equal to 4% of the volume traded at the level of individual trading venues and 8% of the total volume relating to all EU trading venues.

Short selling

Table al.10 Net short positions on Italian shares

(amounts in millions of euro)

concentration of investors

	1st investor		2nd investor		3rd investor		4th investor		total ²	
	ctvl	%	ctvl	%	ctvl	%	ctvl	%	ctvl	%
2019	1,179	19.5	632	10.5	367	6.1	274	4.5	6,036	100.0
2020	351	6.9	345	6.7	309	6.0	259	5.1	5,118	100.0
2021	622	8.3	613	8.2	489	6.5	389	5.2	7,474	100.0
2022	480	8.5	447	7.9	446	7.9	332	5.9	5,645	100.0
2023	508	7.7	491	7.4	420	6.3	345	5.2	6,639	100.0

nationality of investors

	United Kingdom		United States		UK territories ¹		Switzerland		total ²	
	ctvl	%	ctvl	%	ctvl	%	ctvl	%	ctvl	%
2019	1,996	33.1	1,937	32.1	1,258	20.8	97	1.6	6,036	100.0
2020	1,926	37.6	2,468	48.2	142	2.8	88	1.7	5,118	100.0
2021	2,142	28.7	3,174	42.5	226	3.0	256	3.4	7,474	100.0
2022	1,690	29.9	2,987	52.9	86	1.5	59	1.0	5,645	100.0
2023	2,065	31.1	3,291	49.6	56	0.8	153	2.3	6,639	100.0

¹ British Overseas Territories.² Total value of net short positions attributable to all investors.

Company studies and ratings

Table al.11 Distribution of studies by typology

(number of studies)

	non-monographic	monographic						total
			nationality of intermediaries		type of operational advice ²			
			Italians	foreign ¹	buy	hold	sell	
2019	16,722	3,833	2,059	1,774	54.6	38.9	5.8	20,555
2020	17,855	4,157	1,785	2,372	56.7	37.4	5.8	22,012
2021	12,852	3,322	1,648	1,674	63.9	31.6	4.3	16,175
2022	11,258	2,970	1,798	1,172	69.9	24.9	3.9	14,228
2023 ³	9,568	2,990	1,574	1,416	68.2	27.3	4.3	12,558

Studies received by CONSOB pursuant to Article 69-novies of the Issuers' Regulations, by authorised entities (Italian intermediaries and foreign intermediaries with a branch in Italy). Any failure to square the last figure is due to rounding.¹ Foreign intermediaries with a branch in Italy.² The figure also includes other ratings such as *under review*, *not rated* and similar. Percentage values.³ Partially estimated data.

Market abuse

Table al.12 Reporting of suspicious transactions

	from Italian subject according to MAR regulation	from foreign authorities	from other subjects ¹	market observations ²	total	of which ³		
						insider trading	market manipulation	other ⁴
2018	253	103	2	..	358	58	34	8
2019	276	100	22	..	398	57	34	9
2020	241	121	8	85	455	53	40	7
2021	303	127	--	27	457	67	32	2
2022	322	138	--	20	480	70	28	2
2023	326	101		13	440	62	35	3

It should be noted that in 2023, the Institute forwarded to foreign authorities reports received from Italian entities concerning 38 suspicious conducts occurred on foreign markets (17 to ESMA and 21 to other authorities, mainly the US SEC).¹ 'Other sources' may include qualified investors, issuers, boards of auditors.² Reports on a voluntary basis containing detailed descriptions of conduct not necessarily qualifying as potential market abuse but nevertheless likely to disrupt the orderly functioning of trading.³ Percentage values. In 2023, the financial instruments reported were predominantly shares (79%), followed by bonds (14%) and derivatives (8%).⁴ The item 'other' includes conduct: i) that integrates both offences (insider trading and operational manipulation) or information manipulation, ii) that is not immediately identifiable on the basis of the information contained therein, iii) carried out on venues not supervised by the Bank, iv) referable to facts that cannot be attributed to possible forms of market abuse.

Table al.13 Market abuse investigations

	2017	2018	2019	2020	2021	2022	2023
market abuse investigations	10	20	7	9	15	18	20
administrative and/or criminal offences	6	9	6	3	6	7	8
of which for abuse and/or unlawful disclosure of inside information	4	7	3	1	2	5	6
persons involved in market abuse cases	2017	2018	2019	2020	2021	2022	2023
abuse and/or unlawful disclosure of inside information							
authorised intermediaries ¹	--	1	--	--	--	--	--
institutional insiders ²	2	7 ⁴	5	1	5	6	8
other subjects ³	27	56	9	7	30	19	10
foreign operators	--	2	--	--	--	--	--
total	29	66	14	8	35	25	18
market manipulation							
authorised intermediaries ¹	--	--	--	1	--	--	--
institutional insiders ²	1	5	3	2	15		12
other subjects ³	3	2	5	1	7	3	1
foreign operators	2	--	2	--	--	--	2
total	6	7	10	4	22	3	15

¹ Banks, Sim, Sgr and stockbrokers.² Shareholders, directors, managers of listed companies and other primary *insiders*.³ Secondary insiders (Article 187-bis, paragraph 4, Tuf).⁴ The figure for institutional *insiders* includes some foreign intermediaries and their representatives or employees.

Table al.14 Requests for data and information on market abuse
(number of request recipients)

	authorised intermediaries ¹	listed companies and parent or subsidiaries	private entities <i>of which audited</i>	public administrations	authority foreign	<i>total</i> <i>of which on behalf of foreign authorities²</i>
2017	375	15	135 51	128	66	719 53
2018	166	5	58 27	104	24	357 66
2019	165	23	109 15	102	21	420 17
2020	239	32	137 3	88	43	539 8
2021	173	26	91 --	91	61	442 6
2022	253	40	143 13	97	20	553 6
2023	238	37	152 8	122	16	565 12

The figure for public administrations includes CONSOB's own accesses to the Register of Financial Relations managed by the Revenue Agency.¹ Banks, Sim, Sgr, stockbrokers and operators of regulated markets.² Number of subjects involved in relation to requests received from foreign authorities (Table aX.1).

Table al.15 Formation of civil plaintiffs by CONSOB in criminal proceedings for market abuse and related outcomes

year	constitutions	first instance judgments	second instance judgments	Supreme Court rulings	Referral judgments of the Courts of Appeal	transactions
2017	3 ¹	2 convictions 1 plea agreement 1 conviction with dismissal of the claim for damages	1 sentence 1 conviction for civil effects			
2018	2 ²	2 convictions 1 plea agreement	2 convictions 2 acquittals	3 convictions 1 confirmation of plea agreement		2
2019	3 ³	1 sentence 2 plea bargains	1 sentence 1 lack of territorial jurisdiction	1 conviction 1 conviction with referral 1 acquittal	1 redetermination of penalty	2
2020	2 ⁴	2 convictions 1 plea agreement	1 sentence		1 redetermination of penalty	2
2021	4 ⁵			1 conviction	1 conviction	
2022	1 ⁶	3 convictions 1 acquittal	2 convictions 1 acquittal	1 sentence 1 acquittal	1 redetermination of penalty	3
2023	4 ⁷	2 convictions 1 acquittal 2 non-suit 2 plea bargains	1 acquittal	2 convictions		1

¹ One for insider dealing, two for market manipulation.² For insider dealing.³ For market manipulation.⁴ For insider dealing.⁵ Two for insider dealing, two for market manipulation.⁶ For market manipulation.⁷ One for insider dealing, three for market manipulation.

II SUPERVISION OF ISSUERS AND AUDIT FIRMS

Ownership structure disclosure

Table all.1 Disclosures on the ownership structure of Italian listed companies

	disclosure of major holdings				declarations of intentions ¹	notices of shareholders' agreements ²			
	exceeding the relevant threshold	change in participation already held	reduction within the threshold relevant	total		variations/ renewals	stipulations	dissolutions	total
2017	213	214	194	621	7	66	44	24	134
2018	167	212	138	517	30	121	61	28	210
2019	154	167	136	457	31	62	39	25	126
2020 ³	341	212	166	719	41	77	47	26	150
2021	204	267	173	644 ⁴	34	99	19	52	170
2022	137	210	124	471	11	79	36	24	139
2023	149	164	114	427	19	51	28	14	93

¹ Declarations of intentions received since 16 October 2017, i.e. since the entry into force of Decree-Law 148/2017 (converted with amendments by Law 172/2017, in force since 6 December 2017), which introduced paragraph 4-bis into the body of Article 120 of the Tuf (so-called anti-shareholder rule or declaration of intentions).² Disclosure of relevant shareholders' agreements pursuant to Article 122 of the TUF.³ The figure for relevant shareholdings in 2020 includes disclosures made pursuant to the temporary enhanced transparency regime on the ownership structures of listed companies 'with a particularly large shareholder base' pursuant to Resolutions 21326 and 21327 of 9 April 2020. ⁴ Of which 76 attributable to the temporary enhanced transparency regime on ownership structures adopted from March 2020 and in force until 13 April 2021, which, for disclosures of relevant shareholdings pursuant to Article 120, paragraph 2 of the Tuf, provided for the introduction of additional reduced thresholds of 1% and 3%, respectively for SME and non-SME companies pursuant to Article 1 *w-quarter*.1 of the Tuf.

Takeover bids and exchange tender offers

Table all.2 Takeover and/or exchange offers for ordinary shares

	compulsory (totalitarian) bids			voluntary offers		total	of which:				
	acquisition control	consolidation	obligation of purchase	totalitarian	partials		EGM	unlisted	competitors	aimed delisting	Ops/Opas
2017	6	--	1	7 ¹	2	16	2	--	--	9	4 ²
2018	9	--	2	7	--	18	2	3	--	11	3
2019	4	--	2	4	2	12	4	--	--	9	--
2020	2	--	5	4	2	13	--	--	--	8	2
2021	5 ³	--	--	11 ⁴	1	17	2	1	--	14	--
2022	7	--	3	11 ⁵	2	23	4	--	--	20	2 ⁶
2023	7 ⁷	--	--	11 ⁸	3	21	10	--	--	18	1

¹ The total voluntary offer on Borgosesia Spa treasury shares concerned both ordinary and savings shares.² The figure does not include an Ops declared lapsed.³ The mandatory offer on Guala Closures Spa shares was also accompanied by a voluntary total offer on warrants.⁴ The voluntary total offer on CFT Spa shares was also accompanied by a voluntary total offer on special and multiple voting shares.⁵ The takeover bids on the ordinary shares of Banca di Cividale Spa and Sourcesense Spa were accompanied by an offer on warrants of the same issuers; the takeover bid on the ordinary shares of Banca Carige Spa was accompanied by an offer on savings shares.⁶ The Intek Group Spa tender offer was launched simultaneously on ordinary shares, savings shares and warrants of the same issuer.⁷ The Tender Offers launched on Renergetica Spa, Digital360 Spa, Sebino Spa and Cover 50 Spa related to securities traded on EGMS and are therefore mandatory under the bylaws of the above mentioned issuers.⁸ The Tender Offer on KME Group Spa was launched simultaneously on ordinary shares, savings shares and warrants of the same issuer. The Tender Offers on Net Insurance Spa, Nice Footwear Spa and Reevo Spa were launched simultaneously on ordinary shares and warrants of the same issuers.

Related party transactions and supervisory bodies

Table all.3 Disclosure documents on significant related party transactions published in 2023 by Italian listed companies

type of transaction	counterpart			
	directors / companies attributable to directors	parent company / shareholders of reference	controlled/affiliated	total
supply contracts, services, sponsorship, investment	1	7	--	8
financing	--	10	5	15
capital transactions	--	12	--	
transfer of assets	--	6	1	7
<i>total</i>	<i>1</i>	<i>35</i>	<i>6</i>	<i>42</i>

Audit firms

Table all.4 Approved auditors commissioned by public interest entities (PIEs) and intermediate entities (ESRIs)

	2018	2019	2020	2021	2022	2023	of which		
							auditing company	people physics	federations ¹
qualified entities	46	37	38	35	43	42	20	20	2
EIP and ESRI ²	1,450	1,400	1,360	1,392	1,399	1,345			

¹ Federations of Trentino-Alto Adige Cooperatives (through eight employees, authorised to perform statutory audits).² The 2023 figure includes 742 PIEs and 603 ESRIs (2,397 mutual funds under Italian law are not included).

Table all.5 Distribution of audit assignments on the financial statements of listed companies

	statutory auditors							
	big four		medium-sized companies		small companies		total	
	number of assignments	share of market ¹	number of assignments	share of market ¹	number of assignments	share of market ¹	number of assignments	share of market ¹
2017	204	89	18	8	7	3	229	100
2018	202	88	18	8	9	4	229	100
2019	199	88	19	8	8	4	226	100
2020	200	91	14	6	7	3	221	100
2021	198	90	15	7	7	3	220	100
2022	191	89	16	7	9	4	216	100
2023	181	89	13	7	9	4	203	100

¹ Percentage values.

Table all.6 Types of early termination of the statutory audit engagement

	revocation	consensual termination	resignation
2017	36	67	2
2018	32	55	2
2019	93	190	--
2020	22	68	2
2021	12	87	3
2022	26	29	--
2023	14	101	6
of which:			
<i>change of controlling entity</i>	--	9	--
<i>change of group auditor</i>	--	67	--
<i>loss/acquisition of public interest status</i>	14	8	--
<i>supervening situation liable to compromise independence</i>	--	3	4
<i>supervening non-existence of the statutory audit obligation due to lack of legal requirements</i>	--	1	--
<i>supervening inability to perform the task due to insufficient own means</i>	--	--	1
<i>downsizing of professional activity or exit from the market segment</i>	--	6	--
<i>more</i>	--	7	1

The data on consensual terminations for the year 2023 include, in particular, 52 cases (out of a total of 121 early terminations or 43%) mostly related to the change of auditor by a banking group of cooperative credit banks and the consequent implementation of the adopted group *policy* aimed at having a single group auditor.

Table all.7 Audit Firm Opinions on the Financial Statements of Companies Listed on Italian Regulated Markets

	2017	2018	2019	2020	2021	2022	2023
negative judgements or inability to make a judgement	9	7	8	6	4	5	3
judgments with remarks	4	3	--	2	2	4	2
judgments with references	38	20	6	8	14	15	6

Source: auditors' reports published in the year indicated in the column and referring to the previous year. The data concern different types of judgements or remarks, which may also relate to the same issuer. The 'qualified opinions' concern significant non-conformities or disagreements on accounting policies, limitations on the audit process and significant uncertainties. Adverse opinions' concern situations where the effects of the qualifications are so material as to affect the reliability and disclosure capability of the financial statements. An 'inability to express an opinion' occurs when there is a serious limitation of information, such that an opinion cannot be expressed, or when there are material uncertainties that may affect the reliability of the financial statements or the ability to continue as a going concern. The 'disclosure requirements' include the disclosure of material uncertainties related to going concern (as referred to in Auditing Standard No. 700).

III SUPERVISION OF PUBLIC OFFERINGS AND CORPORATE DISCLOSURE

Public offering and admission to trading of equity instruments

Table all.1 Supervision of public offerings and admission to trading of equity instruments
(number of prospectuses)

	2017	2018	2019	2020	2021	2022	2023
admission to trading of shares ¹	15	15	18	13	11	10	13
<i>of which via public offering</i>	2	--	3	3	--	--	--
Capital increases under option to shareholders ²	7	11	2	5	8	4	6
other offers ³	--	1	--	--	--	--	--
offers of unlisted securities of Italian issuers ⁴	2	2	--	--	2	2	1
equivalence judgments ⁵	3	2	--	-	-	-	-
exemption documents ⁶	-	-	-	-	-	1	1
<i>total</i>	<i>26</i>	<i>31</i>	<i>20</i>	<i>18</i>	<i>21</i>	<i>17</i>	<i>21</i>

The figures do not include cases where, in the course of the prospectus approval procedure, the issuer has matured the decision to abandon the objective of listing or public offering.¹ The figures relate to transactions for which prospectus approval was granted during the year.² Capital increases of listed companies (including those with attached *warrants* and convertible bonds).³ The figure includes public or private offerings for sale or subscription, not aimed at listing, and *stock option* plans reserved for employees, while it does not include offerings that involved the approval of foreign prospectuses.⁴ This includes prospectuses relating to listed issuers, non-listed share issuers and constituent banks; it excludes bonds, *covered warrants* and *certificates* and offers reserved for employees.⁵ As a result of the entry into force of Regulation (EU) 2017/1129 (Prospectus Regulation), equivalence judgments are no longer issued as of 21 July 2019.⁶ This is a document subject to prior approval pursuant to Article 1(6a)(b) of Regulation (EU) 2017/1129.

Public offering and admission to trading of non-equity instruments

Table all.2 Supervision of public offerings and admission to trading of *non-equity* instruments
(number of documents)

	2017	2018	2019	2020	2021	2022	2023
documents relating to bonds	86	57	45	18	26	15	32
<i>covered warrants</i> and <i>certificates</i>	43	24	13	13	7	17	11
admission to listing of <i>warrants</i>	4	6	3	4	3	1	--
Oicr ¹	417	431	384	319	370	426	405
<i>total</i>	<i>550</i>	<i>518</i>	<i>445</i>	<i>354</i>	<i>406</i>	<i>459</i>	<i>448</i>

¹ The figure includes public offerings of mutual fund units and Sicav shares, listings of units in Italian closed-end funds and of financial instruments issued by foreign-law management companies. The figure also includes the marketing of new sub-funds of foreign harmonised Oicr.

Table all.3 Banks' offerings of bonds, *certificates* and *covered warrants* by instrument type
(domestic prospectuses subject to the ordinary regime; monetary values in millions of euro)

	countervalue placed			number of securities offered		
	bonds	certificates and covered warrants	total	bonds	certificates and covered warrants	total
2017	3,566	4,507	8,073	200	102	302
2018	3,706	3,926	7,632	103	67	170
2019	3,794	6,791	10,585	93	107	200
2020	472	1,749	2,221	41	49	90
2021	647	1,461	2,108	23	428	451
2022	3,084	3,245	6,329	31	1,056	1,087
2023	5,900	3,674	9,574	74	1,038	1,112

The data refer to offers subject to the ordinary regime under Art. 94 et seq. of the Tuf.

Table all.4 Entities authorised by CONSOB to issue savings bonds for the southern economy, number of issues and countervalue placed
(monetary values in millions of euro)

	2017	2018	2019	2020	2021	2022	2023
number of authorised subjects	7	4	2	1	1	2	--
number of emissions	10	5	3	1	1	2	--
countervalue placed	74	34	18	8	10	22	--

With the entry into force of the Ministerial Decree of 1 December 2011 regulating savings bonds for the southern economy, the measures implementing Article 8, paragraph 4 of Decree-Law 70/2011 were dictated. The provision aims to allow Italian, EU and non-EU banks to issue savings bonds to favour the territorial rebalancing of credit flows for the medium- and long-term investments of small and medium-sized enterprises and to support ethical projects in southern Italy. The bonds are subject to a preferential tax regime (capital gains tax rate of 5% instead of 20%).

Table all.5 Public offer and/or admission to trading of *-nonequity* financial instruments – 'passport' documents

	Luxembourg	Germany	Ireland	United Kingdom	France	others	GRAND TOTAL
2018	257	93	85	47	36	9	527
2019	264	89	74	18	47	14	506
2020	256	73	92	21	47	39	528
2021	213	89	115	--	40	63	520
2022	213	110	113	--	45	64	545
2023	244	105	106	--	36	112	603

The category 'others' includes the Netherlands, Austria, Liechtenstein, Sweden and Estonia.

Table all.6 KIDs notified in 2023 under the PRIIPs Regulation by product type

type of financial product ¹	new products		updates		total notifications	
	number	weight ²	number	weight ²	number	weight ²
securities	138,154	95.6	4,855,013	95.0	4,993,167	95.0
derivatives	3,451	2.4	44,090	0.9	47,541	0.9
lbip	293	0.2	158,549	3.1	158,842	3.0
Cis	2,580	1.8	52,858	1.0	55,438	1.1
deposits	24	0.0	303	0.0	327	0.0
<i>total</i>	<i>144,502</i>	<i>100.0</i>	<i>5,110,813</i>	<i>100.0</i>	<i>5,255,315</i>	<i>100.0</i>

¹ The classifications relating to the type of financial product are set out in the Operating Instructions for the KID notification of PRIIPs of 22 December 2017. Specifically: *securities* means bonds, securitised derivatives and *asset backed securities*; *derivatives* means derivatives, both Etd and Otc; lbip means *insurance based investment products*; Cis means *collective investment schemes*; *deposits* means structured deposits.² Percentage of the total.

Table all.7 KIDs notified in 2023 by sector and geographical origin of PRIIPs *manufacturers*

(number of products and *updates* per type of *manufacturer* with at least one notified KID in 2023)

geographical origin	sector	number of products	number of <i>updates</i>	<i>total</i>
Italians		5,377	219,514	224.891
of which:	<i>banks</i>	4,621	77,993	82.614
	<i>insurance companies</i>	242	139,264	139.506
	<i>investment firms</i>	2	2	4
	<i>Sgr</i>	409	2,117	2.526
	<i>non-financial companies</i>	103	106	209
	<i>market management companies</i>		32	32
foreign		139,125	4,891,299	5.030.424
of which:	<i>banks</i>	118,134	3,982,562	4.100.696
	<i>insurance companies</i>	51	19,285	19.336
	<i>investment firms</i>	18,769	838,711	857.480
	<i>collective managers</i>	2,171	50,741	52.912
	<i>overall total</i>	<i>144,502</i>	<i>5,110,813</i>	<i>5,255,315</i>

Corporate disclosure

Table all.8 Supervision of corporate reporting and ownership structures

	2017	2018	2019	2020	2021	2022	2023
requests for information <i>pursuant to</i> Article 115 Tuf ¹	539	414	394	314	366	271	268
requests for publication of data and news <i>pursuant to</i> Article 114 of the Tuf	28	19	17	33	15	18	8
exemptions and extensions <i>pursuant to</i> Art. 114(6) Tuf	--	5	4	1	4	5	2
requests for disclosure of data and information <i>pursuant to</i> Art. 114(3) Tuf	--	--	--	--	3	6	3
requests for immediate publication of recommendations in the presence of <i>rumours pursuant to</i> Article 69-novies, Issuers' Regulation	4	7	4	8	6	5	2
delay in disclosing inside information, <i>pursuant to</i> Art. 17(4) and (5), MAR Regulation	264	362	322	323	412	401	303
warning letters	3	5	4	1	1	8	1
budget challenges	1	--	--	1	--	--	--
non-compliance proceedings <i>pursuant to</i> Article 154-ter(7) Tuf	1	3	2	1	1	2	2
reports to judicial authorities	10	5	6	2	6	3	2

¹ The figure also includes shareholder enquiries.

Table all.9 Issuers of financial instruments that are widely distributed among the public

	2017	2018	2019	2020	2021	2022	2023
number of broadcasters	56	58	58	57	52	58

Issuers of financial instruments that are widely distributed among the public, pursuant to Article 116 of the Consolidated Law on Finance, are defined by Article 2-bis of the Issuers' Regulation, with reference to both shares and bonds. Unless otherwise indicated, the figure refers to 31 December of the year.

Non-financial information

Table all.10 Non-financial statements (NFSs) published pursuant to Legislative Decree 254/2016

	2019	2020	2021	2022	2023
companies that have published NFS	208	204	210	211	208
<i>with listed shares</i>	152 ¹	149	150	145	142
<i>with securities listed on regulated markets other than domestic markets</i>	28	22	20	24	24
<i>unlisted banks and insurance companies</i>	24	23	24	23	23
<i>issuers who published the NFS voluntarily</i>	4	10	16	19	19

¹ The figure includes a NFS published by listed companies on a voluntary basis.

IV SUPERVISION OF INTERMEDIARIES

Banking intermediaries and investment firms

Table aIV.1 Intermediaries for authorised investment services

	2017	2018	2019	2020	2021	2022	2023
<i>total authorised subjects</i>	<i>543</i>	<i>535</i>	<i>520</i>	<i>506</i>	<i>482</i>	<i>459</i>	<i>447</i>
Banks							
<i>number of authorised subjects</i>	<i>473</i>	<i>468</i>	<i>452</i>	<i>442</i>	<i>418</i>	<i>398</i>	<i>386</i>
investment advice	456	419	405	405	367	378	355
proprietary trading	338	309	296	299	274	282	265
execution of orders on behalf of clients ¹	339	429	415	418	375	398	362
underwriting and/or placement on the basis of an irrevocable commitment to the issuer	152	135	131	134	120	127	114
placement without an irrevocable commitment to the issuer	453	419	407	406	367	376	355
portfolio management	143	131	125	125	109	116	106
reception and transmission of orders	463	432	417	418	377	386	366
MTF management	2	2	4	3	2	2	3
<i>average number of services per subject</i>	<i>4.6</i>	<i>4.9</i>	<i>4.9</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>
Sim							
<i>number of authorised subjects</i>	<i>70</i>	<i>67</i>	<i>68</i>	<i>64</i>	<i>64</i>	<i>61</i>	<i>61</i>
investment advice	61	57	52	52	47	47	45
proprietary trading	14	13	15	15	15	15	16
execution of orders on behalf of clients ¹	19	62	55	55	49	49	45
underwriting and/or placement on the basis of an irrevocable commitment to the issuer	5	5	5	5	5	5	5
placement without an irrevocable commitment to the issuer	39	40	38	38	32	32	36
portfolio management	37	32	33	33	26	26	25
reception and transmission of orders	36	35	36	36	35	35	39
MTF management	3	3	1	1	1	1	1
<i>average number of services per subject</i>	<i>3.1</i>	<i>3.7</i>	<i>3.7</i>	<i>3.7</i>	<i>3.5</i>	<i>3.4</i>	<i>3.5</i>

Source: CONSOB and Bank of Italy.¹ As of 2018, entities authorised 'by right' for this service are also included with the operational limitation of the subscription and purchase and sale of financial instruments of their own issuance, as provided for in Article 10(7) of Legislative Decree No. 129 of 3 August 2017.

Table aIV.2 Sim Register

	2017	2018	2019	2020	2021	2022	2023
Sim registered at the end of the year	70	67	68	64	64	61 ¹	61
Sim registered in the year	1	3	5	4	5	3	5
Sim cancelled in the year	6	6	4	8	5	6	5

¹ Of which one Sim is a dynamic trustee.

Table aIV.3 EU banks, Sim and investment firms with branch
(number of initiatives)

	2017	2018	2019	2020	2021	2022	2023	of which:		
								requests ¹	convocations ²	recalls ³
banks	91	540	167	140	162	152	193	175	3	15
EU Sims and Investment Firms	37	111	53	42	20	26	46	42	1	3

¹ Requests for data and information *pursuant to Article 6-bis, paragraph 4, letter a), Tuf.* ² Convocation of company representatives *pursuant to Article 7, paragraph 1, letter a), Tuf.* ³ Attention calls *pursuant to Article 7, paragraph 1-ter, Tuf.*

Crowdfunding platforms management companies

Table aIV.4 The register of equity crowdfunding portal operators

	2017	2018	2019	2020	2021	2022	2023 ¹
number of registrants	22	32	39	46	57	48	47
<i>ordinary section</i>	20	30	37	45	57	48	47
<i>special section</i>	2	2	2	1	--	--	--

¹ Data as at 10 November 2023.

V ACTIONS AGAINST UNAUTHORISED ACTIVITIES

Table aV.1 Scope of investigations for abuses

	brokerage	offer to the public	supply and brokerage	crowdfunding	inappropriate reports	total
2017	140	36	13	6	14	209
2018	154	38	13	2	1	208
2019	303	63	7	5	2	380
2020	285	39	10	3	11	348
2021	329	24	15	1	13	382
2022	266	20	18	5	41	350
2023	293	19	5	1	31	349

Table aV.2 Prosecutions for abusive provision of investment services, abusive offer of financial products and advertising relating to the abusive offer of financial products

	violation of the provisions on the subject of public offerings		violation of the provisions in the field of intermediaries		alerts to the Judicial Authority	total measures	total websites blocked
	suspension precautionary ¹	ban	communication to protect savers	termination order and dimming ²			
2017	12	13	54	-	88	167	--
2018	12	16	9	98	136	271	--
2019	19	22	3	164	218	426	117
2020	9	11	9	185	208	422	237
2021	7	7	2	183	210	409	246
2022	7	4	4	183	199	397	215
2023	12	10	1	167	190	380	185
total	78	83	82	980	1,249	2,472	1,000

¹ As of July 2019, CONSOB has been granted the power to obscure the *websites* of operators that provide investment services and activities without authorisation, who are the recipients of an order to cease unlawful conduct. As of March 2020, this power of obscuration was also granted to CONSOB in relation to *websites* through which abusive offers of financial products to the public are carried out, which are suspended and prohibited. The number of blacked-out *websites* is higher than the number of reported measures (cease-and-desist orders and suspensions/bans) because these measures, in some cases, were taken against natural or legal persons to whom more than one *website* was attributable.

VI INSPECTION ACTIVITY

Inspection activity and investigations on websites

Table aVI.1 Inspections initiated and concluded

	2017	2018	2019	2020	2021	2022	2023	of which:			
								I quarter	II quarter	III quarter	Fourth quarter
inspections initiated	18	21	23	13	14	15	17	4	4	3	6
completed inspections	18	15	24	18	11	12	20	5	1	5	9

Table aVI.2 Subjects subject to inspection

	2017	2018	2019	2020	2021	2022	2023
intermediaries	9	12	9	7	7	8	9
listed companies	2	2	3	--	4	3	2
auditing company	6	2	9	4	3	3	4
more	1	5	2	2	--	1	2

The category 'listed companies' does not include listed intermediaries, which are reported under the category 'intermediaries'.

Table aVI.3 Areas of investigation of inspections initiated

	2017	2018	2019	2020	2021	2022	2023
intermediaries and products	5	6	7	7	5	5	6
issuers and auditing companies	3	7	6	2	4	4	5
markets	--	3	2	--	1	2	--
more	10	6	8	4	4	4	6

In 2022, the investigations concerned in five cases the compliance of intermediaries with the rules of conduct contained in the Consolidated Law on Finance; in four cases, checks on accounting disclosures, ownership structures, transactions with related parties, as well as on the procedures for carrying out audit work on the financial statements of listed issuers; in two cases, checks on the safeguards relating to the confidentiality of inside information, systems for detecting transactions suspected of constituting market abuse, and compliance with *transaction reporting* requirements; in two cases, checks on compliance with the regulations on anti-money laundering safeguards (one of which was requested by the Bank of Italy); in one case, compliance with the regulations on *crowdfunding* service providers; in one case, a check requested by the Bank of Italy on compliance with the regulations contained in the Tuf for which it is responsible.

Table aVI.4 Checks on abusive websites

	2017	2018	2019	2020	2021	2022	2023
assessments carried out	271	276	427	397	414	420	406
analysed websites	530	555	846	778	935	807	822

Prevention and countering money laundering and terrorist financing

Table aVI.5 Subjects subject to anti-money laundering inspections

	2017	2018	2019	2020	2021	2022	2023
auditing company	5	--	6	2	3	1	3
Sim or Sgr	2	2	1	--	1	1	--

VII ADDITIONAL ACTIONS FOR INVESTOR PROTECTION

Complaints management

Table aVII.1 Complaint

(number exhibited at the end of the year)

	2017	2018	2019	2020	2021	2022 ¹	2023
received	2,287	2,866	2,838	2,778	2,574	2,742	2,713
prosecutable	1,948	2,510	2,491	2,465	2,332	2,535	2,490

¹ The figure for complaints received includes those whose admissibility is currently being assessed. Complaints are considered 'inadmissible' if: i) they do not identify the supervised parties, the facts that are the subject of the complaint and, in general, elements that are useful for CONSOB's supervisory activity; ii) they do not identify any violations of specific regulations; iii) they concern parties or matters that do not fall within CONSOB's jurisdiction. Only three of the complaints received in 2021 are classifiable as 'qualified', as they were forwarded pursuant to Articles 4-undecies and 4-duodecies of the Tuf (*whistleblowing*) pursuant to Implementing Directive (EU) 2015/2392 on the MAR Regulation.

Table aVII.2 Procedural complaints by subject involved and subject of the report

actors involved	banks	unauthorised parties	broadcasters	consultants	auditing company	Sim	more	total
2017	1,150	493	388	81	147	133	132	2,524
2018	1,517	629	242	64	54	158	192	2,856
2019	1,431	852	244	27	10	50	387	3,001
2020	983	758	348	17	--	219	233	2,558
2021	865	1,138	89	4	3	16	21	2,136
2022	813	1,342	165	27	1	160	132	2,640
2023	865	1,248	148	4	1	132	123	2,521

object of the complaints	provision of investment services	financial abuses	trading platforms	consultant conducts	auditing	governance and corporate reporting	more	total
2017	1,294	507	107	78	226	350	267	2,829
2018	1,545	634	128	73	67	173	326	2,946
2019	1,382	854	113	41	15	155	440	3,000
2020	1,213	772	404	16	--	117	25	2,547
2021	926	1,148	58	2	3	71	61	2,269
2022	842	1,352	115	10	4	110	268	2,701
2023	761	1,257	95	13	2	108	337	2,573

The total number of complaints may exceed the total number of procedural complaints received due to the fact that each complaint relates to more than one person and/or more than one subject. With reference to the subjects involved, the category 'listed companies and other issuers' also includes: issuers of securities that are widely traded, foreign issuers of financial instruments listed in Italy and issuers of instruments traded on multilateral trading facilities; the category 'Sim' includes trust companies and EU investment firms with and without a branch; the category 'other' includes: insurance companies, Sgr, management companies of regulated markets, companies no longer listed, foreign collective managers, bidders, managers of *equity crowdfunding* platforms. With reference to the subject matter of the complaints, the category 'financial abuse', introduced as of January 2015, includes the abusive provision of investment services, previously included in the category 'provision of investment services', and abusive offers, previously included in the category 'other', among the complaints referring to offers to the public for subscription and sale. The category 'other' includes complaints related to: extraordinary corporate transactions, administrative procedures of intermediaries, public offer for subscription and sale, public offer for purchase and/or exchange, centralised management and dematerialisation, *equity crowdfunding*.

The activity of the Alternative Financial Dispute Resolution Scheme

Table aVII.3 Received complaints

	total		breakdown by geographical area ¹			
		of which prosecutable	Northern Italy	Central Italy	South and Islands	total
2017	1,839	1,468	1,184	301	345	1,830
2018	1,824	1,404	677	440	699	1,816
2019	1,678	1,406	542	380	748	1,670
2020	1,772	1,534	657	314	791	1,762
2021	1,582	1,355	674	294	601	1,569
2022	1,116	797	461	190	456	1,107
2023	963	729	444	197	301	942

Source: Alternative Financial Dispute Resolution Scheme. ¹ The figure does not include appeals filed by persons residing abroad.

Table aVII.4 Entities involved

	banks	AMCs	SIMs	insurance companies	European investment companies	consultants ¹	other ²	total
2017	87	11	4	1	3	--	--	106
2018	71	10	4	1	2	--	--	88
2019	75	8	5	--	5	--	--	93
2020	68	11	7	--	3	--	--	89
2021	66	9	7	--	3	1	3	89
2022	61	7	3	--	2	1	1	75
2023	67	10	6	--	1	--	2	86

Source: Alternative Financial Dispute Resolution Scheme. ¹ The figure includes both self-employed financial advisors and financial advisory firms. ² The figure includes both *crowdfunding* portal operators and EU asset management companies.

VIII SANCTIONING ACTIVITY

Sanctioning proceedings

Table aVIII.1 Financial penalties imposed by CONSOB

(monetary values in millions of euro)

	2017	2018	2019	2020	2021	2022	2023
provision of investment services	11.8	6.6	1.6	0.9	0.8	0.3	0.08
public offering and corporate disclosure ¹	11.0	5.2	4.5	2.7	5.2	1.9	1.3
market abuse	4.0	10.4	4.3	8.8	1.1	2.9	1.5
MAR discipline	-	-	-	0.3	0.8	0.1	0.5
EMIR discipline	-	-	-	..	0.1	0.1	0.06
<i>total</i>	<i>26.8</i>	<i>22.2</i>	<i>10.4</i>	<i>12.7</i>	<i>8.0</i>	<i>5.2</i>	<i>3.4</i>
<i>number of persons sanctioned</i>	<i>601</i>	<i>418</i>	<i>88</i>	<i>109</i>	<i>109</i>	<i>65</i>	<i>66</i>

The data include precautionary measures against financial advisors authorised to offer their services outside their offices up to 30 November 2018, the date on which the relevant competences were transferred to the Supervisory and Regulatory Body for the Single Register of Financial Advisors following resolution 20704 of 15 November 2018. The data do not include cases of abusive bidding, *short selling* and *crowdfunding*, as well as legal persons jointly and severally liable with the perpetrators of market abuse violations, nor do they include persons to whom, as of 2019, the administrative sanctioning measure of 'public declaration' has been applied. In 2022, the sanctioned persons are joined by two legal persons jointly and severally liable with the perpetrators of market abuse violations.¹ Includes sanctions imposed for violations of the regulations on major shareholdings and shareholders' agreements, statutory audits, liability of supervisory bodies.

Table aVIII.2 Sanctioning measures for market abuse violations

(monetary values in millions of euro)

	number of cases	number of sanctioned subjects ¹	liable entities jointly and severally	amount of penalties	amount of confiscations	no. of persons affected by accessory penalties	accessory penalties (months)
2017	6	16	1	4.0	1.2	12	112
2018	11	53	4	10.4	9.6	51	492
2019	11	25	3	4.3	0.8	22	254
2020	6	60	7	8.8	1.1	57	473
2021	4	11	3	1.1	..	9	88
2022	3	25	3	2.9	0.4	24	243
2023	7	32	2	1.5	0.4	30	153
<i>of which:</i>							
<i>insider trading</i>	5	29	1	1.4	0.4	28	142
<i>manipulation</i>	2	3	1	0.1	..	2	11

Abuse and unlawful disclosure of inside information are sanctioned pursuant to Articles 187-bis, quater, quinquies and sexies of the Tuf; market manipulation is sanctioned pursuant to Articles 187-ter, quater, quinquies and sexies of the Tuf.¹ The number of persons sanctioned in 2016 for insider trading includes persons sanctioned pursuant to Article 187-bis; the figure for market manipulation includes persons sanctioned pursuant to Articles 187-ter of the Tuf (eight natural persons) and 187-quinquies of the Tuf (three legal persons). The 2017 figure includes persons sanctioned pursuant to Articles 187-bis, 187-ter of the Tuf (thirteen natural persons) and 187-quinquies of the Tuf (three legal persons). The 2018 figure includes persons sanctioned pursuant to Articles 187-bis, 187-ter of the Tuf (fifty-one natural persons) and 187-quinquies (two legal persons). The 2019 figure includes persons sanctioned pursuant to Articles 187-bis, 187-ter of the Tuf (twenty-three natural persons) and 187-quinquies (two legal persons). The 2020 figure includes the subjects sanctioned pursuant to Articles 187-bis and 187-ter of the Consolidated Law on Finance (fifty-seven natural persons) and 187-quinquies (three legal persons); two of these entities are also jointly and severally liable as they are jointly and severally liable with the authors of the violation. The 2021 figure includes the persons sanctioned pursuant to Articles 187-bis and 187-ter of the Consolidated Law on Finance (nine natural persons) and 187-quinquies of the Consolidated Law on Finance (two legal persons); three entities (of which two entities also sanctioned pursuant to Article 187-quinquies of the Consolidated Law on Finance) are also jointly and severally liable as they are jointly obligated with the authors of the violation. The 2022 figure includes persons sanctioned pursuant to Articles 187-bis and 187-ter of the Consolidated Law on Finance (24 natural persons) and 187-quinquies of the Consolidated Law on Finance (one legal entity); three entities (one of which is also sanctioned pursuant to Article 187-quinquies of the Consolidated Law on Finance) are also jointly and severally liable with the authors of the violations. The 2023 figure includes persons sanctioned pursuant to Articles 187-bis and 187-ter of the Consolidated Law on Finance (30 natural persons) and 187-quinquies of the Consolidated Law on Finance (two legal persons), which also take the form of entities jointly and severally liable with the authors of the violations.

Table aVIII.3 Sanctions for violations of the MAR Regulation
(monetary values in millions of euro)

		number cases	number of persons sanctioned	amount of the penalties	administrative measures ¹
suspicious transactions (<i>ex Art. 16</i>)	2021	2	2	0.1	--
	2022	--	--	--	--
	2023	1	1	0.1	--
disclosure of inside information and maintenance of lists of persons with access to inside information (<i>ex Articles 17 and 18</i>)	2021	5	5	0.3	--
	2022	3	3	0.06	--
	2023	3	3	0.2	--
<i>internal dealing</i> (<i>ex Art. 19</i>)	2021	8	8	0.1	7
	2022	--	--	--	--
	2023	1	1	--	1
investment recommendations (<i>ex Art. 20</i>)	2021	1	1	0.3	--
	2022	--	--	--	--
	2023	1	3	0.2	--
<i>total</i>	2021	16	16	0.8	7
	2022	3	3	0.06	--
	2023 ²	6	8	0.5	1

Any failure to square the last digit is due to rounding.¹ Administrative measures may include, among others: a direct injunction to the person responsible for the violation to cease the conduct in question and not to repeat it; a public warning indicating the person responsible for the violation and the nature of the violation; revocation or suspension of the authorisation of an investment company; temporary or permanent disqualification, against any person exercising managerial responsibility in an investment company or any other natural person held responsible for the violation, from exercising managerial functions in investment companies.² In 2023, as part of a measure taken against a company for violation of Article 20, two ancillary disqualification sanctions of three months and two months were also applied against the managing director and his partner of the same company.

Table aVIII.4 Financial penalties imposed on securities brokers
(monetary values in millions of euros)

	number of intermediaries involved ¹				number of persons sanctioned				amount of penalties				accessory penalties (months) ²
	banks	Sim	Sgr	total	banks	Sim	Sgr	total	banks	Sim	Sgr	total	
2017	9	5	1	15	224	47	11	282	11.0	0.7	0.1	11.8	--
2018	9	2	2	13	154	1	20	175	4.2	0.2	2.2	6.6	273
2019	4	--	2	6	24	--	6	30	1.3	--	0.2	1.6	--
2020	3	1	3	7	6	1	5	12	0.4	0.1	0.5	0.9	6
2021	1	2	1	4	1	6	2	9	..	0.6	0.1	0.8	48
2022	2	--	--	2	12	--	--	12	0.3	--	--	0.3	--
2023 ³	1		1	2	2	--	2	4	..	--	..	0.1	--

Any failure to square the last figure is due to rounding. ¹ The figure for Sims includes: two foreign-law investment firms in 2016; one foreign-law investment firm and one Italian branch of a foreign-law investment firm in 2017. As of 2019, the number of sanctioned entities includes not only natural persons (24 for 2019, five for 2020 and five for 2021), but also entities (six for 2019, seven for 2020 and four for 2021), since, in application of the new EU-based rules introduced in transposition of CRD IV on the subjective imputability of the violation, the direct liability of the entity is envisaged (and not, as previously, joint and several liability), making the entity the main addressee of the dispute. In 2021, the ancillary sanction of disqualification from performing administrative, management and control functions at authorised intermediaries for a total of forty-eight months was also imposed on three of the nine sanctioned corporate officers. ² Ancillary administrative sanctions pursuant to Article 190-bis, paragraph 3, Tuf. ³ In addition to the persons listed in the table, in 2023, the following were also sanctioned: (i) a natural person in his capacity as head of the Italian branch of an investment company incorporated under Cypriot law, against whom an administrative fine amounting to Euro 120,000 and the ancillary sanction of disqualification from performing administration, management and control functions at authorised entities or pension funds for a period of 18 months were imposed ; ii) a company with an Italian branch managing alternative investment funds (Gefia) incorporated under Maltese law against which a pecuniary administrative sanction of Euro 75 thousand was adopted.

Table aVIII.5 Administrative sanctions imposed for violations of the rules on issuers and corporate and financial reporting
(monetary values in millions of euros)

	public offer for subscription and sale	Opa	corporate and financial and financial	significant shareholdings and shareholders' agreements	audit legal	responsibilities of supervisory bodies	<i>total</i>
number of cases							
2017	18	--	16	5	5	4	<i>48</i>
2018	21	1	1	1	6	3	<i>33</i>
2019	14	--	1	1	--	--	<i>16</i>
2020	15	--	1	2	5	1	<i>24</i>
2021	16	--	4	--	12	--	<i>32</i>
2022	1	--	2	2	5	2	<i>12</i>
2023	3	--	3	2	4	--	<i>12</i>
number of persons sanctioned							
2017	160	--	16	5	5	11	<i>197</i>
2018	50	1	1	4	6	8	<i>70</i>
2019	31	--	1	1	--	--	<i>33</i>
2020	18	--	1	3	6	3	<i>31</i>
2021	20	--	11	--	39	--	<i>70</i>
2022	1	--	3	3	8	9	<i>24</i>
2023	4	--	3	2	12	--	<i>21</i>
amount of penalties							
2017	7.8	--	1.9	0.4	0.6	0.3	<i>11.0</i>
2018	3.3	...	0.2	0.3	1.1	0.3	<i>5.2</i>
2019	4.4	--	0.1	0.1	--	--	<i>4.5</i>
2020	1.5	--	0.1	0.2	0.8	0.1	<i>2.7</i>
2021	2.6	--	0.5	--	2.1	--	<i>5.2</i>
2022	0.3	--	0.08	0.07	0.8	0.6	<i>1.9</i>
2023	0.4	--	0.1	0.03	0.8	--	<i>1.3</i>

The failure to square the last figure is due to rounding. The table does not include: sanction proceedings that have been extinguished early due to the use of the option of reduced payment by the persons concerned; persons on whom ancillary disqualification sanctions have been imposed; persons on whom, as of 2019, the administrative sanction measure of 'public declaration' has been applied. In 2021, in addition to the administrative pecuniary sanction, in the context of violations concerning the public offering of subscription and sale, an issuer's representative was also subject to an ancillary disqualification sanction for two months.

IX SUPPORT ACTIVITIES

Financial management

Table aIX.1 Revenues and expenditure
(year-end data; millions of euro)

	2017	2018	2019	2020	2021	2022	2023 ¹
current expenses							
expenses for staff and Commission members	92.9	98.0	105.4	110.1	112.6	126.5	135.6
taxes and fees	6.0	6.3	6.9	6.5	6.9	8.2	9.9
expenses for the acquisition of goods and services	13.3	14.2	15.6	13.8	17.6	19.0	21.3
charges for the restoration and expansion of fixed assets and other provisions	14.6	42.7	32.6	29.3	24.8	20.1	18.4
non-classifiable expenses	0.8	1.2	1.3	0.9	1.1	0.9	0.9
<i>total current expenditure</i>	<i>127.6</i>	<i>162.4</i>	<i>161.8</i>	<i>160.6</i>	<i>163.0</i>	<i>174.7</i>	<i>186.1</i>
capital expenditure	4.1	2.5	2.4	3.5	2.3	2.0	1.7
<i>total expenses</i>	<i>131.7</i>	<i>164.9</i>	<i>164.2</i>	<i>164.1</i>	<i>165.3</i>	<i>176.7</i>	<i>187.8</i>
surplus²	12.1	5.5	25.6	8.3	9.4	1.5	1.9
transfers from the State	0.2	25.3 ³	0.3	0.3	5.3	5.3	5.3
revenue from supervisory contributions	111.6	148.0	130.6	135.6	122.0	134.0	151.4
miscellaneous revenue	13.4	11.8	14.3	28.7	26.0	37.8	29.2
<i>total revenue</i>	<i>137.3</i>	<i>190.6</i>	<i>170.8</i>	<i>172.9</i>	<i>162.7</i>	<i>178.6</i>	<i>187.8</i>

¹ Provisional final figures. ² The surplus is the difference between total revenue and total expenditure, as well as the differences arising from the management of residual assets and liabilities and the amount allocated to the restricted multi-year fund. The 2023 surplus, including as mentioned above the amount of the restricted multi-year fund, is shown under revenue 2024.

Table aIX.2 Contributions by category of supervised entities
(final figures; millions of euros)

	Sims and stockbrokers	banks	audit firms and statutory auditors	financial advisers	market bodies ¹	broadcasters	Oicr ²	entities that solicit public savings	others	<i>total contribution income</i>
2017	2.9	21.1	13.0	5.5	5.5	29.3	15.0	15.9	3.4	<i>111.6</i>
2018	3.4	25.5	16.5	5.5	6.5	38.3	20.2	29.7	2.4	<i>148.0</i>
2019	3.6	24.1	15.3	-	7.0	37.1	17.7	21.8	4.0	<i>130.6</i>
2020	3.6	24.3	15.9	-	7.3	36.7	18.9	23.8	5.1	<i>135.6</i>
2021	3.4	23.7	15.8	-	7.3	36.7	19.3	11.7	4.1	<i>122.0</i>
2022	4.3	23.6	15.6	-	6.9	37.6	18.7	20.7	6.6	<i>134.0</i>
2023	5.8	28.7	15.9	-	9.3	39.1	25.2	23.0	4.4	<i>151.4</i>

¹ This category includes Borsa Italiana Spa, Mts Spa, Cassa di compensazione e garanzia Spa, Monte Titoli Spa and Organismo dei consulenti finanziari.² Including the supervisory fee for individual management schemes managed by SGRs.

Human resource management and the purchase and management of goods and services

Table aIX.3 Human resources

(data as at 31 December)

	permanent positions				fixed term positions ¹	total
	managers	white collars	other employees	total		
2017	429	159	14	602	7	609
2018	446	203	12	661	3	664
2019	438	212	11	661	9	670
2020	433	212	11	656	9	665

	permanent positions			fixed term positions ¹	total
	managers	white collars	total		
2021	557	92	649	11	660
2022	548	89	637	13	650
2023	558	94	652	17	669

The personnel structure was changed in 2021 by the Career Reform introduced by the new Staff Regulations. As a result of the career reform, 114 employees from the former operational career joined the managerial and high-professional area as a result of the extraordinary grading in the expert professional segment; employees from the former general services career joined the operational area. ¹ The figure includes staff seconded from other administrations.

Table aIX.4 Human resources breakdown by qualification and organisational area

(data as at 31 December 2023)

area	professional categories				total
	principal director, director (and senior managers)	advisor	expert	other ¹	
Director General	3	10	2	12	27
Secretary General	2	5	--	1	8
Attorney General	--	--	--	--	--
Legal Office	9	22	4	3	38
Offices non coordinated within a Division ²	9	62	13	17	101
Divisions					
supervisory ³	41	202	78	22	343
support ⁴	16	55	37	44	152
<i>total</i>	80	356	134	99	669

Employees on fixed-term contracts are distributed among the qualifications according to their equivalence. As at 31 December 2023, there were three employees on secondment from other administrations.¹ The item 'other' consists of the staff of the Operational Area.² Offices not coordinated within the Divisions include the Technical Secretariat Office of the Alternative Financial Dispute Resolution Scheme, with a staff of 23, consisting of one manager, 16 advisers, four experts and two operatives.³ The supervisory units comprise the Divisions: Issuer Information, Corporate Governance, Markets, Intermediaries, Inspectorate, Regulatory Strategies, Consumer Protection.⁴ The support units comprise the Divisions: Studies, Administration and Information Infrastructure.

External relations

Table aIX.5 Access to CONSOB website
(thousands of accesses)

sections	2017	2018	2019	2020	2021	2022	2023
home page (new)	1,347	1,759	1,478	1,552	1,320	1,196	1,005
to investors	833	888	684	714	643	508	686
for supervised entities	413	443	342	301	280	216	225
for journalists	10	10	12	22	37	43	33
CONSOB	852	949	1,034	1,019	704	1,063	893
Issuers	1,382	2,596	3,089	3,583	3,529	3,888	2,683
intermediaries and markets	1,200	2,000	2,880	3,389	3,570	3,450	4,485
CONSOB decisions/newsletter	732	863	903	840	1,675	1,629	1,564
regulation	1,621	1,567	1,223	1,175	952	833	825
publications and press releases	404	400	616	702	950	1,364	1,214
link to other sites	14	19	8	6	5	3	3
help and site map	42	40	36	30	25	21	15
English language website	473	1,169	1,718	1,975	1,243	962	1,356
Transparency	255	182	130	94	99	127	90

Source: elaborations on Google Analytics data.

Table aIX.6 Requests of documents and information on CONSOB activity

	applicants			subject of the request				
	investors and institutional operators	savers, students and others	total	resolutions, communications, prospectuses	integrated texts of laws and regulations	data and information	more	total
2017	591	1,410	2,001	221	250	1,110	420	2,001
2018	880	1,520	2,400	240	235	1,515	410	2,400
2019	595	1,403	1,998	251	210	1,122	415	1,998
2020	650	1,530	2,180	245	198	1,417	320	2,180
2021	654	1,666	2,320	248	190	1,450	432	2,320
2022	560	1,940	2,500	140	186	1,490	594	2,410
2023	650	2,150	2,800	150	120	2,400	130	2,800

X INTERNATIONAL ACTIVITY

Activity in the international context

Table aX.1 Exchange of information between CONSOB and foreign supervisory authorities

object	2017	2018	2019	2020	2021	2022	2023
<i>requests for information to foreign authorities</i>							
abuse of privileged information	56	15	17	26	38	19	29
price manipulation of securities	10	9	4	18	9	3	3
abusive solicitation and brokerage activities	26	28	20	24	16	16	20
transparency and corporate disclosure	23	20	21	17	12	9	15
major holdings in the capital of listed companies and authorised intermediaries	--	--	--	2	--	--	--
requirements of good repute and professionalism	2	1	8	7	62	14	14
breach of rules of conduct	2	--	5	1	2	3	1
short selling	1	--	1	1	--	--	6
direct requests to <i>remote members</i> pursuant to Article 80 MiFID II (formerly Article 57 MiFID)	38	10	--	4	2	--	--
cross-border provision of investment services	11	17	9	58	33	6	10
audit requests	--	--	1	--	--	--	--
<i>total</i>	<i>169</i>	<i>100</i>	<i>86</i>	<i>158</i>	<i>174</i>	<i>70</i>	<i>98</i>
<i>alerts to foreign authorities¹</i>							
<i>total</i>	<i>90</i>	<i>36</i>	<i>44</i>	<i>43</i>	<i>49</i>	<i>137</i>	<i>111</i>
<i>requests for information from foreign authorities</i>							
abuse of privileged information	23	3	7	7	4	6	7
price manipulation of securities	1	1	3	6	--	3	7
abusive solicitation and brokerage activities	2	2	4	8	5	5	3
transparency and corporate disclosure	--	1	1	1	--	--	--
major holdings in the capital of listed companies and authorised intermediaries	--	--	2	--	--	--	--
requirements of good repute and professionalism	44	45	32	31	32	41	26
breach of rules of conduct	--	--	--	--	3	--	--
short selling	1	--	--	--	--	--	--
direct requests to <i>remote members</i> pursuant to Article 80 MiFID II (formerly Article 57 MiFID)	--	--	--	--	--	--	--
cross-border provision of investment services	--	--	--	--	--	--	1
<i>audit requests</i>	--	15	12	7	3	3	<i>14</i>
<i>total</i>	<i>71</i>	<i>67</i>	<i>61</i>	<i>60</i>	<i>47</i>	<i>58</i>	<i>58</i>
<i>alerts from foreign authorities¹</i>							
<i>total²</i>	<i>101</i>	<i>144</i>	<i>104</i>	<i>206</i>	<i>156</i>	<i>193</i>	<i>163</i>

¹ Self-initiated reports such as the transmission of STRs and the transmission of complaints.² As of 2020, the figure includes both reports from foreign authorities and *market observations* in the Table al.12.

XI TRANSPOSITION OF EUROPEAN LEGISLATION AND REGULATORY ACTIVITY

The amendments to the primary regulation

Table aXI.1 Action on primary legislation transposing European legislation in 2023

thematic area	CONSOB intervention
LDE 2021 CCP-RR Regulation	CONSOB provided support to the MEF for the drafting of Legislative Decree No. 224 of 6 December 2023, adapting national legislation to Regulation (EU) 2021/23 of 16 December 2020 on a framework for the recovery and resolution of central counterparties (CCP-RR Regulation). The decree is mainly dedicated to regulating, at the national level, specific aspects of the resolution discipline dictated by the European act, concerning, for example, the powers and functions of the authorities involved in the resolution phase, as well as the related procedure. In particular, the decree designates the Banca d'Italia as the sole resolution authority for Italian CCPs and introduces a precise declination of the specific powers of the Banca d'Italia and CONSOB, as competent authorities for the supervision of CCPs.
LDE 2021 Securitisation Regulation	The Institute provided support to the MEF with respect to the preparation of Legislative Decree No 204 of 6 December 2023, adapting the provisions of Regulation (EU) 2021/557, which amends Regulation (EU) 2017/2402 (Securitisations Regulation) by introducing specific rules for <i>non-performing exposure</i> securitisations, as well as the possibility of obtaining STS (i.e. Simple, Transparent and Standardised) certification also for synthetic securitisations where the conditions set forth in the Securitisations Regulation are met. The decree, in adapting the provisions contained in the Tuf on securitisations to the new competences on synthetic STS, confirms the division of competences defined by the Securitisations Regulation, assigning to CONSOB the supervision of synthetic STS securitisations.
LDE 2021 CERS	Support was provided to the MEF in drafting Legislative Decree No. 207 of 7 December 2023, which established the Macroprudential Policy Committee as the independent authority designated under Recommendation ESRB/2011/3 of the European Systemic Risk Board of 22 December 2011 to conduct macroprudential policies. Consistent with the objective of macroprudential supervision, the Committee has been entrusted with the objective of pursuing the stability of the financial system as a whole, as well as preventing and countering systemic risks. The Governor of the Bank of Italy, who chairs it, the Chairman of CONSOB, the Chairman of IVASS and the Chairman of COVIP participate in the Committee.
LDE 2021 Benchmark Regulation	With the enactment of Legislative Decree No. 207 of 7 December 2023, the national legislation was brought into line with Regulation (EU) 2021/168, which amends Regulation (EU) 2016/1011 (Benchmark Regulation) with regard to the exemption of certain third-country spot foreign currency benchmark indices and the designation of substitutes for certain benchmark indices that are being discontinued. The aforementioned decree amended, inter alia, Article 4-septies.1 of the Tuf, designating the Macroprudential Policy Committee as the competent authority to assess the appropriateness of the so-called <i>fallback</i> clause, i.e. the contractual fallback clause that applies in the event of the permanent discontinuation of a benchmark index. In particular, the Macroprudential Policy Committee is called upon to assess whether an originally agreed fallback clause no longer reflects, or reflects with significant differences, the market or economic reality that the reference index being terminated was intended to measure, and whether the application of such a clause would pose a threat to financial stability. It should also be noted that the same decree introduced amendments to the Consolidated Banking Law on the provisions applicable in the event of a material change or termination of a reference index.
Law 21/2024	In the course of 2023, particular importance was given to supporting the MEF in its work to identify legislative proposals to support capital competitiveness, proposals that were later included in the draft law <i>'Interventions to support capital competitiveness and delegation to the Government for the organic reform of the provisions on capital markets set forth in the Consolidated Law on Financial Markets contained in Legislative Decree No. 58 of 24 February 1998, and of the provisions on capital companies contained in the Civil Code also applicable to issuers</i> (so-called Capital Bill). The legislative initiative, which was finally approved in February 2024 and became Law No. 21 of 5 March 2024, introduces amendments to the Tuf with the aim of modernising capital markets and making them more efficient, supporting the access of small and medium-sized enterprises to capital markets, promoting innovation and the internalisation of capital markets, and strengthening investor protection. The Institute has been involved in this legislative process on several occasions, including in connection with parliamentary work. The provisions contained in the measure grant the Government delegated powers for the organic reform of the Tuf, with regard to the provisions on capital markets and listed capital companies.
LDE 2022/2023	The Institute provided support to the MEF for the definition of the criteria for delegation to the Government, contained in Law no. 15 (European Delegation Law 2022-2023), for the transposition of the Sustainability Reporting Directive (EU) 2022/2464 (CSRD), Regulation (EU) 2023/1114, on crypto-asset markets (MiCAR) and Regulation (EU) 2023/1113 concerning information on fund transfers and certain crypto-assets and amending Directive (EU) 2015/849. In 2023, discussions began between the MEF and CONSOB to define the draft decrees to adapt the national system to the aforementioned European regulations.

The amendments to the secondary regulation

Table aXI.2 Secondary legislation transposing European legislation in 2023

thematic area	CONSOB intervention
Crowdfunding Regulation	In execution of the regulatory delegation defined by paragraph 9 of Article 4-sexies.1, of the Consolidated Law on Finance, as supplemented by Legislative Decree No. 30 of 10 March 2023, during 2023 CONSOB adopted, with Resolution No. 22720 of 1 June 2023, the new Regulation on <i>crowdfunding</i> services for businesses, completing the process of adapting the national system to the provisions of Regulation (EU) 2020/1503 on <i>crowdfunding</i> service providers and the related Delegated Regulations. With the adoption of the aforementioned Regulation, certain detailed aspects were defined that were not already governed by the European legislation of reference and fell within CONSOB's regulatory authority. In particular, the timing of the procedures for the granting and withdrawal of authorisations by CONSOB has been specified, and the disclosure requirements for <i>crowdfunding</i> service providers have been further detailed, including in relation to the procedures for the transmission of key investment information sheets (KIS). Finally, the national regulations applicable to marketing communications disseminated on Italian territory were defined.
Securitisation	With Resolution No. 22833 of 9 October 2023, the Institute adopted the implementing provisions of Article 4-septies.2, of the Tuf, on securitisations. With this act, CONSOB has: <i>i)</i> regulated, within the margins allowed by directly applicable European legislation, the notification of securitisation transactions to the Institute and the organisational requirements applicable to the entities involved in the securitisation transaction; <i>ii)</i> specified the procedures for the transmission of the request for authorisation, in accordance with Article 28, of the Securitisation Regulation, of third parties assessing the compliance of securitisations with the STS criteria (criteria identifying transactions falling within the specific <i>framework</i> for simple, transparent and standardised securitisations).
APA and ARM	The Institute revised the provisions contained in CONSOB Regulation No. 20249 of 28 December 2017 laying down rules implementing the Consolidated Law on Markets (Markets Regulation), in order to complete the adaptation of the national system to the changes introduced by Directive (EU) 2019/2177 and Regulation (EU) 2019/2175, legislative acts that centralised the supervision of data communication service providers under ESMA (Resolution No. 22804 of 6 September 2023). The amendments updated the Markets Regulation in order to take into account the residual competence reserved to CONSOB on the <i>Approved Reporting Mechanism</i> (ARM) and <i>Approved Publication Arrangement</i> (APA) only, which benefit from the exemption provided by MiFIR, due to their limited relevance for the internal market.
Position limit	With Resolution No. 22804 of 6 September 2023, the Market Regulation was brought into line with the European reform on the simplification of position limit rules for agricultural commodity derivatives and critical or significant commodity derivatives, pursuant to Directive (EU) 2021/338 amending Directive 2014/65/EU (MiFID) as part of the so-called Capital Markets Recovery Package.
Pilot Regulation	By Resolution No. 22923 of 6 December 2023, the Regulation on the Issuance and Circulation of Financial Instruments on Distributed Register Technologies provided for by Decree-Law No. 25 of 17 March 2023 (FinTech Decree), converted, with amendments, by Law No. 52 of 10 May 2023, was adopted. These Regulations derive from the obligation, provided for by the FinTech Decree, to make use, for the issuance of financial instruments in digital form that are not traded on a trading venue, of registers for digital circulation kept by entities registered in a special list kept by CONSOB. The aforementioned Regulation: <i>i)</i> defines the principles and criteria relating to the formation and maintenance of the list of the persons in charge of the register for the digital circulation of financial instruments and the related forms of publicity; <i>ii)</i> regulates the procedures for submitting the application for registration of the persons in charge of the register, the information to be provided in the application, including that to be included in the illustrative technical report, and the procedure for registration on the list, identifying the possible causes of suspension; <i>iii)</i> regulates the minimum content of the document containing information on the operating procedures of the register that the persons in charge of the register are required to make public.
CONSOB Administrative Proceedings Regulation	Amendments to the General Regulations on Administrative Procedures were approved, pursuant to Article 24 of Law No. 262 of 28 December 2005 and Article 2(5) of Law No. 241 of 7 August 1990. The regulatory updates take into account the reform interventions of the aforementioned Law No. 241/90 and the multiple reform interventions that have affected the applicable regulations in the areas of competence of CONSOB. The same regulatory intervention also provided for tables, published on the Institute's website, which identify specific time limits, the competent unit and the regulatory references of the individual proceedings listed therein.

Table aXI.3 Opinions issued by CONSOB to Ministries and other independent authorities

authority	topic
IVASS	Opinion on the draft Measure amending Regulation No. 40/2018, laying down provisions on insurance and reinsurance distribution, pursuant to Article 121-quater(2) of the Private Insurance Code (CAP).
	Opinion on the draft Measure amending Regulations No. 40/2018, containing provisions on insurance and reinsurance distribution, and No. 45/2020, containing provisions on governance and control requirements for insurance products, pursuant to Articles 30-decies, paragraph 7, and 121-quater, paragraph 2, of the CAP.

COMMISSION WORK

Table a.1 Meetings and resolutions adopted

	meetings	weeks of activity	files examined	resolutions adopted	of which:	
					cease and desist orders	obscured sites
2019	101	45	1,246	443	164	117
2020	110	48	1,297	459	185	237
2021	97	48	1,277	484	183	246
2022	81	45	1,023	402	183	215
2023	73	45	962	402	167	185

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