

Jurisdiction : Italy

2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

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I. Refining the regulatory perimeter					
1 (2)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level. (London)	Jurisdictions should indicate the steps taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies, mortgage insurance companies, credit hedge funds) and conduits/SIVs etc.	Implementation ongoing or completed If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification: Issue is being addressed through : ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : See below Short description of the content of the legislation/ regulation/guideline: Law no. 262/2005 (Article 23) requires the Bank of Italy and Consob to review, at least every three years, the contents of their regulations in order to adapt them to the evolution of market conditions and the interests of investors. This entails also a review of unregulated products, markets, market participants and activities. The current perimeter of the Italian regulatory regime includes, in addition to traditional banks (deposit takers), various non-banking institutions: finance companies (leasing, factoring,	Planned actions (if any): See response from the EU Commission. Expected commencement date: Web-links to relevant documents: See response from the EU Commission.
(1)		We agree to strengthen the regulation and oversight of the shadow banking system. ¹ (Cannes)	Jurisdictions should indicate policy measures to strengthen the regulation and oversight of the shadow banking system. See, for reference, the recommendations discussed in section 2 of the October 2011 FSB report: Shadow Banking: Strengthening Oversight and Regulation .		

¹ This recommendation will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

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				consumer credit), investment firms, asset management companies, hedge funds, real estate funds, etc). The regulatory framework is consistent with the principle that entities undertaking similar risks should be subject to the “equivalent prudential requirements” integrated with the “proportionality criterion”. Moreover, the Italian regulatory regime takes in due account the need to avoid regulatory arbitrage, in view to ensure that the same rules apply regardless to the legal nature of the product and the type of distribution channel. In particular, according to article 5 of the Banking Law, Bank of Italy (BI) supervisory powers may be used to ensure the overall stability of the financial system and are addressed to all banking and financial intermediaries. Therefore, in addition to supervisory powers for bank and banking groups, prudential regulation is extended also to other financial entities: art. 108 (for non banking financial companies), 114-quarter (for e-money institutions) and 114-septies (for payment institutions). The same applies to investment firms and asset managers, according to article 5 of the Consolidated Law on Finance, under which BI and Consob powers may be	

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				used to ensure the overall stability and well functioning of the financial system (see para 1, lett. c). The Legislative Decree 141/2010 of the 13th August 2010 amended the Consolidated Law on Banking in order (among other aspects) to reform the provisions governing non-bank financial intermediaries, financial agents & loan brokers, financial guarantors (regulated respectively through two self-regulatory bodies). See also response from the EU Commission. Web-links to relevant documents: In addition to the document referred to in the response from the EU Commission, see: http://ec.europa.eu/internal_market/consultations/2012/shadow/public-authorities/italy_en.pdf Law no. 262/2005: http://www.consob.it/main/documenti/Regolamentazione/normativa/leg262_2005.html?hkeywords=&docid=6&page=0&hits=38	

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II. Hedge funds					
2 (3)	Registration, appropriate disclosures and oversight of hedge funds	We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds ...(Seoul) Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)	Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's Report on Hedge Fund Oversight (Jun 2009) that inter-alia included mandatory registration and on-going regulatory requirements such as disclosure to investors.	Implementation ongoing or completed If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification: Issue is being addressed through : ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : See below Short description of the content of the legislation/ regulation/guideline: Hedge Funds managers are regulated and supervised in the same way as UCITS Managers since 1999. Hedge funds managers are subject to authorization and have to comply with rules on general organisation (including specific requirements on risk management), capital adequacy, internal control systems, rules of conduct and conflict of interest. Regulation on funds covers, inter alia, the valuation of fund assets and its NAV calculation, the disclosure obligations towards investors (Annual and semi annual accounts) and requires	Planned actions (if any): The overall regulatory framework on hedge funds and other alternative funds will be reviewed in the first half of 2013 in the process of implementation of the AIFMD directive (Alternative investment management directive) due to be transposed in the Member States by July 22, 2013. Commission Delegated Regulation (EU) no. 231/2013 of December 19, 2012, supplementing the AIFMD Directive, will apply as of July 22, 2013. As regards the contents of the AIFMD and its implementing Regulation, and the relevant web-link, see response from the EU Commission. Expected commencement date: Web-links to relevant documents:

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				the appointment of a depositary bank with the same responsibilities as UCITS depositaries. Regular reporting of data on positions (at level of single security held by each fund) and risk exposure is provided to the competent authorities on a monthly basis by open ended funds and on semi annual basis by closed ended funds. Web-links to relevant documents: Legislative Decree no. 58/1998 http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm Consob Regulation no. 16190 of 29 October 2007 as subsequently amended (Consob Regulation on Intermediaries) http://www.consob.it/mainen/documenti/engli	

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3 (4)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's Report on Hedge Fund Oversight (Jun 2009) on sharing information to facilitate the oversight of globally active fund managers.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: MOUs, see below Status of progress : Reform effective (completed) as of : second half of 2013 Short description of the content of the legislation/ regulation/guideline: According to Article 4 of the Consolidated Law and Article 7 of the Consolidated Law on Banking, both Consob and the B.I. may co-operate “by exchanging information or otherwise” with foreign authorities (including non-EU competent authorities, provided that they are subject to confidentiality requirements). Information received by Consob or the BI pursuant to activities of international cooperation are covered by official secrecy and may not be transmitted to other Italian authorities or to third parties without the consent of the	Planned actions (if any): As for the “alternative” funds, cooperation mechanisms will be introduced when the EU Directive on AIFM - Alternative Investment Fund Manager is transposed, by July 2013. See also response from the EU Commission. Expected commencement date: Web-links to relevant documents:

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				authority that supplied it. Consob has signed several MOUs, in addition to the IOSCO Multilateral Memorandum of Understanding, the CESR (Committee of European Securities Regulators) now ESMA Multilateral Memorandum (a list of MMoUs signed by Consob is available on Consob's website). On July 18, 2012, ESMA approved the Guidelines on the model MoU concerning consultation, cooperation and the exchange of information related to the supervision of AIFMD entities. Within the framework of the said Guidelines, on December 2012, ESMA approved the co-operation arrangements between the Swiss Financial Market Supervisory Authority FINMA and the EU securities regulators for the supervision of alternative investment funds, including hedge funds, private equity and real estate funds. The cooperation arrangements between the Brazilian Comissão de Valores Mobiliários (CVM) and the EU securities regulators were approved on January 2013. The agreement with FINMA and the CVM have been negotiated by ESMA on behalf of all 27 EU national competent authorities for securities markets regulation. The co-operation arrangements include the exchange of	

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				information, cross-border on-site visits and mutual assistance in the enforcement of the respective supervisory laws. The co-operation will apply to Swiss and Brazilian alternative investment fund managers (AIFMs) that manage or market alternative investment funds (AIFs) in the EU and to EU AIFMs that manage or market AIFs in Switzerland and Brazil. Web-links to relevant documents:	

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4 (5)	Enhancing counterparty risk management	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)	Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties. See, for reference, the following BCBS documents :	Implementation ongoing or completed If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification: Issue is being addressed through : ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: Supervisory action connected to the validation of the Credit Counterparty Risk models used by the banks that can interface Highly Leveraged Institutions. Status of progress : [No response] Short description of the content of the legislation/ regulation/guideline: Stringent risk management requirements apply to hedge funds operators (see the legislation mentioned under recommendation no. 2 above). In its implementation of the standardized approach for credit risk the Bank of Italy envisaged that exposures to investment funds not subject to limitations on the use of leverage (hedge funds) should be assigned a risk weight of 150%. The Bank of Italy may apply a higher risk weight in the event of adverse market conditions. The Bank of Italy may also	Planned actions (if any): When evaluating the adequacy of the counterparty risk modelling practices of the Italian major banks, due attention will be paid to the fulfilment of the criterion suggested by the BCBS (para 415 i) as for the estimation of the PDs assigned to Highly Leveraged Institutions. Expected commencement date: Web-links to relevant documents:
(6)		Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17,FSF 2008)	• Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • Basel III (June 2011) – relevant references to counterparty credit risk standards		

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				require a 150% risk weight for exposures to investment funds associated with particularly high risks. Web-links to relevant documents:	

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III. Securitisation					
5 (7)	Improving the risk management of securitisation	During 2010, supervisors and regulators will: implement IOSCO's proposals to strengthen practices in securitisation markets. (FSB 2009)	Jurisdictions should indicate the progress made in implementing the recommendations contained in: - IOSCO's Report on Global Developments in Securitisation Regulation (Nov 2012) including justification for any exemptions to IOSCO requirements; and - BCBS's Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf	Implementation ongoing or completed If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification: Issue is being addressed through : ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : 28th January 2011 for CRD 2; 18th November 2011 for CRD 3 (entry into force 31st December 2011) Short description of the content of the legislation/ regulation/guideline: In July 2009, the Basel Committee revised the prudential regulatory framework on securitisations. Changes related to the mandatory retention requirements , enhanced due diligence and improved disclosure have been incorporated in the EU legislation via Directive 2009/111(EC (so called CRD 2); changes related to securitisation positions included in the trading book, complex re-securitisations, disclosure on securitisations) have been incorporated	Planned actions (if any): See response from the EU Commission on the approved CRDIV/CRR. Expected commencement date: Web-links to relevant documents:
(8)		The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London) Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)			

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				with Directive 2009/76/EC (CRD 3). CDR2 changes referred to securitisation have been implemented in the national prudential regulation (Circular n. 263/2006) together with related guidelines issued on the 31st of December 2010 by CEBS (EBA). CRD3 changes have been implemented in national prudential regulation (the above mentioned Circular n. 263/2006) by the end on 2011, according to the deadline provided in the Directive. The transposition process of rules concerning securitisations included designing the new provisions, public consultation, processing received comments, approval of final regulations. Italian regulations are in line with the relevant international principles, guidelines and recommendations. The new rules aim to align interests between originators/sponsors and the investors by a mandatory retention requirements, appropriate due diligence and disclosure requirements. Moreover, according to CRD3, the new rules provide the same prudential treatment for securitisations both in the trading and in the banking book. Disclosure requirement under “Pillar 3” have also been enhanced (see point 8).	

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				Web-links to relevant documents: http://www.bancaditalia.it/vigilanza/normativa/norm_bi/circ-reg/vigprud/Circolare_263_2006.pdf	

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6 (9)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines. See, for reference, the following principles issued by IAIS: • ICP 13 – Reinsurance and Other Forms of Risk Transfer • ICP 15 – Investments, and • ICP 17 - Capital Adequacy. Jurisdictions may also refer to the IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008).	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : ☐ Primary / Secondary legislation ☒ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : March 2009 Short description of the content of the legislation/ regulation/guideline: In the Italian insurance market there are no monoline insurers because according to IVASS regulations dated 1991, Italian undertakings cannot underwrite pure financial risks i.e. risks related to the settlement of financial operations, loans, securitization, stock exchange placing, assets backed securities, etc. In March 2009 IVASS issued Regulation n. 29 recasting and simplifying the above mentioned rules concerning the classification of risks that can (or cannot) be underwritten by insurance undertakings.	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

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				Web-links to relevant documents: http://www.ivass.it/ivass_cms/docs/F18084/Regulation_29.pdf	

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7 (10)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18 ,FSF 2008)	Jurisdictions should indicate the policy measures taken for strengthening best practices for investment in structured product. See, for reference, the principles contained in IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009) and Suitability Requirements for Distribution of Complex Financial Products (Jan 2013). Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).	Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> BANKING: the issue is also being addressed at EU level in the context of the implementation of AIFMD directive. A draft implementing regulation is currently under discussion. We expect that the solution will be extended also to UCITS funds. A national action - not coordinated at EU level would be inappropriate. Issue is being addressed through : ☐ Primary / Secondary legislation ☒ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : INSURANCE: Jun. 2009 and Jan. 2011; SECURITIES: Reform effective (completed) as of March 2009 and Dec. 2012. Short description of the content of the legislation/ regulation/guideline: SECURITIES MARKET The rules of conduct applicable in the provision of	Planned actions (if any): The CRAIII Regulation, which is expected to enter into force by mid June 2013, also contains measures intended to strengthen due diligence requirements by institutional investors and avoid sole or mechanistic reliance on ratings. In particular, Article 5a provides that “Credit institutions, investment firms, insurance and reinsurance undertakings, institutions for occupational retirement provisions, management and investment companies, alternative investment fund managers and central counterparties as referred to in Art. 4(1) shall make their own credit risk assessment and shall not solely or mechanistically rely on credit ratings for assessing the creditworthiness of an entity or financial instrument. Competent supervisory authorities, taking into account the nature, scale and complexity of those undertakings' activities, shall monitor the adequacy of undertakings credit assessment processes as well as assess the use of contractual references to credit ratings and, where appropriate encourage mitigation of the impact of such references, with a view to reduce sole and mechanistic reliance on ratings

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				investment services are set forth in Legislative Decree no. 58/1998 and Consob Regulation 16190/2007. In order to limit regulatory and product arbitrage and enhance investor protection in relation to products more difficult to understand, in 2005 the same financial instruments related distribution and disclosure rules were applied horizontally also to financial products issued or distributed by banks and insurance undertakings. Moreover, the scope of application of prospectus related requirements was extended to any offer of financial products to the public. On March 2, 2009 Consob issued “Guidance on the distribution of illiquid financial products” (Res. no. 9019104) providing recommendations to intermediaries on how they are expected to comply with Italian legal provisions implementing MiFID in relation to the distribution of illiquid financial products - such as for instance OTC derivatives, financial insurance policies and unlisted bank bonds – to retail clients. The aim is to ensure that adequate processes are put in place by intermediaries to prevent mis-selling of financial products which do not have an active secondary market or are particularly complex. The Guidance	Expected commencement date: Web-links to relevant documents:

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				includes measures relating to suitability/appropriateness of illiquid financial products for the retail investor. Moreover, in 2012, ESMA issued “Guidelines on certain aspects of the MiFID suitability requirements” (ESMA/2012/387). The Guidelines have been implemented in Italy through Consob’s Res. n. 12084516 of October 25, 2012. With regard to collective investment schemes (CIS), asset management companies and SICAV shall ensure a high level of diligence in the selection and ongoing monitoring of investments, in the best interests of CIS and the integrity of the market. For the purpose of the above, they shall, for each CIS, develop a decision making process structured as follows: (a) acquire reliable, up-to-date information as necessary to prepare forecasts and carry out analyses; (b) define the consequent general investment strategies; (c) before ordering the operations, and considering the characteristics of the potential investment, carry out a qualitative and quantitative analysis of its contribution to risk-return profiles and the liquidity of the CIS managed; (d) ensure that investment decisions are implemented in compliance with the investment	

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				objectives, investment strategies and risk limits of the CIS they manage (Art.s 65.1.(c) and 66 of Consob Regulation no. 16190/2007). INSURANCE IVASS recently issued new Regulations requiring insurance undertakings to have in place investment policies. In particular under Reg. 36 the investment policy shall be the subject of a specific resolution adopted by the administrative body, shall be reviewed at least once a year and be submitted to IVASS. The use of derivative instruments shall be consistent with the principles of sound and prudent management of the undertaking. The exposure to market risks due to the use of derivative instruments shall be equivalent to that which can be obtained by directly using the underlying assets based on balanced and prudent portfolio management. With Reg. 32 IVASS prohibited the use of credit derivatives or asset-backed securities as contract reference parameter for “index-linked” products. Additionally the securities representing policies may no longer represent the reference entity of insurance benefits, but only the company's financial cover against contract obligations. This means that policyholder may not bear the default risk of the issuers of the securities	

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				bought by undertakings, and that undertakings may more easily replace, where necessary, assets representing technical provisions in case of depreciation Web-links to relevant documents: SECURITIES MARKET Consob Resolution no. 9019104/2009: http://www.consob.it/main/documenti/bollettino2009/c9019104.htm?hkeywords=9019104&docid=31&page=0&hits=32 ESMA's Guidelines on certain aspects of the MiFID suitability requirements: http://www.esma.europa.eu/system/files/2012-387.pdf Consob's Resolution n. 12084516 of October 25, 2012: http://www.consob.it/main/documenti/bollettino2012/c12084516.htm INSURANCE http://www.ivass.it/ivass/imprese_jsp/PageDocumenti_regolamenti.jsp?&nomeSezione=NORMATIVA&ObjId=220097	

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8 (11)	Enhanced disclosure of securitised products	Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products. See, for reference, IOSCO's Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012) that complements IOSCO's Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010).	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: Status of progress : [No response] Short description of the content of the legislation/ regulation/guideline: According to the Italian securitisation law (Law no. 130/1999), the purchaser or the company issuing the securities, if the two are different entities, must draft a prospectus (Article 2 paragraph 2). According to Article 94 paragraph 3 and Article 113 paragraph 1 of Legislative Decree no. 58/1998, the prospectus for public offers and admissions to trading of EU financial instruments must be drafted in compliance with models provided for in the EU Commission Regulation no. 809/2004/EC of April 29, 2004, as subsequently amended. The prospectus must be approved by Consob and published according to the said	Planned actions (if any): As stated in the European Commission's response, new amendments to the CRA Regulation no. 1060/2009/EC have been agreed by the co-legislators in November 2012. The new rules (CRA III Regulation) will be published in the Official Journal of the European Union by mid June 2013 and enter into force 20 days after publication. In particular, as far as structured products are concerned, the CRA III Regulation: (i) requires the issuer, the originator and the sponsor of a structured finance instrument established in the Union to jointly disclose to the public - through a centralized website operated by ESMA - specific information on structured finance products on an ongoing basis (ie information on the credit quality and performance of the underlying assets of the structured finance instrument, the structure of the securitisation transaction, the cash flows and any collateral supporting a securitisation exposure as well as any information that is necessary to conduct comprehensive and well informed stress tests on the cash flows and collateral values supporting the underlying exposures) (see Recital 22 and Article 8a); - requires issuers or their related third

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				Legislative Decree no. 58/1998 and Consob Regulation no. 11971/1999. It must be delivered to the holders of securities upon request (Article 2 paragraph 7 of Law no. 130/1999). Pursuant to Article 2 paragraph 3 of the abovementioned Law, if the securities are offered to professional investors, the prospectus must contain the following information: (a) the seller and the purchaser, the main features of the transaction, with regard to both receivables and the securities issued to finance the transaction; (b) the arranging and placing agent; (c) the collecting and paying agent; (d) the conditions upon which the purchaser is permitted to assign the receivables, for the benefit of the holders of the securities; (e) the conditions upon which the purchaser can re-invest (in other financial investments) the funds deriving from the management of the receivables which are not immediately utilised to satisfy the rights of the securities holders; (f) any ancillary financial transactions executed to complete the securitisation;	parties that intend to solicit a credit rating on a structured finance instrument to engage at least two different credit rating agencies, independent from each other, for the provision of the rating (see Recital 20 and Article 8b); - sets forth a rotation mechanism for credit rating agencies issuing credit ratings on re-securitisations (see Article 6b). As regards the new rules proposed by the EU Commission under the MiFID review, introducing pre- and post- trade transparency requirements for trading in securitization products, see response from the EU Commission. Expected commencement date: Web-links to relevant documents:

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				(g) the key terms and conditions of the notes and how the prospectus will be publicised in order to make it easily available to the holders of the securities; (h) the transaction costs and the conditions upon which the purchaser can deduct them from the sums paid by the debtor(s), as well as an indication of the anticipated profits of the entire transaction and who will receive those profits; and (i) any shareholding between the seller and the purchaser. Moreover, if the securities issued in the securitisation are offered to non-institutional investors, a credit rating must be given by a third party. Article 2 paragraph 5 of Law no. 130/1999 entrusts Consob to set forth by regulation the professional and independence requirements to be met by the credit rating agency and the information to be given to investors on the relationships, if any, between the credit agency, the originator, the special purpose vehicle, the paying agent and any other party to the securitisation transaction, including when a credit rating is issued in cases other than one prescribed by the aforesaid provision (see	

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				Consob Regulation no. 12175 of 1999). According to Article 69-decies of Consob Regulation no. 11971/1999 (Consob Regulation on Issuers), the activities of issuance of ratings must be performed in accordance with Regulation no. 1060/2009/EC, as subsequently amended. Web-links to relevant documents: Law no. 130/1999: http://www.consob.it/main/documenti/Regolamentazione/normativa/leg130.htm?hkeywords=&docid=2&page=0&hits=7#2 Legislative Decree no, 58/1998: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm Consob Regulation no. 11	

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IV. Enhancing supervision					
9 (12)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs.² See, for reference, the following documents: Joint Forum: • Principles for the supervision of financial conglomerates (Sep 2012) BCBS: • Framework for G-SIBs (Nov 2011) • Framework for D-SIBs (Oct 2012) • BCP 12 (Sep 2012) IAIS: ICP 23 – Group wide supervision FSB: • Framework for addressing SIFIs (Nov 2011)	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: The Bank of Italy’s prudential regulations already take the systemic importance of supervised financial institutions into account, according to a proportionality criterion. In the context of Basel II Pillar 2, institutions deemed as systemically important are subject to more stringent prudential requirements than other intermediaries, especially for risk control/measurement procedures and corporate governance. At the same time, the internal guidance for supervisory activity sets higher standards for those institutions. In 2006, the Bank of Italy, Consob and ISVAP (now IVASS) signed a coordination agreement on identification and capital adequacy of	Planned actions (if any): Bank of Italy to actively participate in the FSB SIFI project and other working groups of the BCBS which are evaluating and discussing policy options to deal with SIFIs. Consob is also contributing to the FSB work related to global systemically important non-bank financial entities (non-bank G-SIFIs). Expected commencement date: Web-links to relevant documents:

² The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.

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				financial conglomerates. Status of progress : Reform effective (completed) as of : See above Short description of the content of the legislation/ regulation/guideline: Web-links to relevant documents:	

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10 (13)	Establishing supervisory colleges and conducting risk assessments	To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)	Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Relevant jurisdictions should indicate the steps taken and status of establishing remaining supervisory colleges and conducting risk assessments.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	Planned actions (if any):
(14)		We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges ...(Seoul)	See, for reference, the following documents: BCBS: • Good practice principles on supervisory colleges (Oct 2010) • Report and recommendations on cross-border bank resolution (Mar 2010) IOSCO: • Principles Regarding Cross-Border Supervisory Cooperation (May 2010) IAIS : • ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges • Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges	Issue is being addressed through : ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: See below Status of progress : Reform effective (completed) as of : BANKING: 31.12.2007 as regards (13) and 31.12.2011 as regards (14); INSURANCE: May 2000 Short description of the content of the legislation/ regulation/guideline: According to Article 4 of Legislative Decree no. 58/1998, in order to facilitate the performance of their respective functions, Consob and the Bank of Italy may enter into cooperation agreements with other EU competent authorities that may provide for the delegation of supervisory tasks. Consob and the Bank of Italy may cooperate, including through the exchange of confidential information, with third country authority, subject to the existence of provisions concerning	Expected commencement date: Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				professional secrecy. The same Article provides that, in order to facilitate the supervision on a consolidated basis with regards to groups operating in several different EU Member States, on the basis of agreements reached with the competent authorities, the Bank of Italy defines forms of collaboration and coordination, sets up colleges of supervisors and takes part to colleges of supervisors set up by other authorities. Under this scope, the Bank of Italy may agree specific allocations of tasks and delegations of functions. The Bank of Italy is the home/consolidating supervisor for the two largest Italian cross-border banking groups - Unicredit (UCG) and Intesa Sanpaolo (ISP). The colleges of supervisors of UCG and ISP were established in 2006 and 2007 respectively. Both colleges have been holding regular plenary (as well as multilateral and bilateral) meetings since their establishment. Written multilateral co-operation and co-ordination agreements (MMoUs) for the supervision of UCG and ISP have been concluded, in accordance with the EU legislation. The MoUs were signed by the relevant EEA and some non-EEA supervisory authorities. Since 2011 the risk	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				assessment process for both groups has been conducted according to the EBA Guidelines for the joint assessment of the financial situation, risk profile and the required levels of own funds under Pillar 2 at the consolidated level and at the level of each entity. Consob signed specific protocols with other EU competent authorities for the supervision of branches of banks or investment firms providing investment services in Italy, within the framework of the CESR protocol for the supervision of branches under MiFID (CESR/07-672). As regards market infrastructures (CCP) and the role given to ESMA in promoting and monitoring colleges of supervisors under the EMIR Regulation (Regulation no. 648/2012), see response from the EU Commission. Regulations no. 1093, 1094 and 1095 of 2010 assign a specific role to EBA, EIOPA and ESMA to contribute to promoting and monitoring the efficient, effective and consistent functioning of the colleges of supervisors (see response from the EU Commission). As regards credit rating agencies, since July 2011 all registration and supervisory responsibilities were transferred to ESMA. ESMA has been active ensuring coordination with non-EU regulators.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				ESMA has finalized MoUs with a number of jurisdictions including the USA, Canada, Australia, Hong Kong, Japan, Brazil, Singapore, Mexico and Argentina. In addition, ESMA has been actively involved in IOSCO's consultation on the establishment of a global "college" for CRAs. The expectation is that regulators would not only share information, but also that they would be able to conduct joint inspections. INSURANCE In the insurance sector colleges of supervisors have been already established for all Italian cross-border groups since 2001, under the aegis of Helsinki Protocol on the group supervision signed by the EEA supervisory Authorities dated 11 May 2000. Since 2010, all Italian cross-border groups have approved a concrete work plan to coordinate the supervisory work of the different members of the colleges. The areas covered by the work plans are, amongst the others: assessment of the solvency position of the group; definition of an emergency plan; monitoring of intra-group transactions and risk concentration; approval of a joint-timetable for the pre-application of internal model (when relevant).	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Web-links to relevant documents: http://www.eba.europa.eu/Supervisory-Colleges/Publications/CEBS-guidelines-for-the-operational-functioning-of.aspx http://www.eba.europa.eu/Supervisory-Colleges/Publications/CEBS-s-Guidelines-for-the-joint-assessment-and-joi.aspx http://www.eba.europa.eu/	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
11 (15)	Supervisory exchange of information and coordination	To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)	Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the October 2006 Basel Core Principle (BCP) 25 (Home-host relationships) or, if more recent, the September 2012 BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: See below Status of progress : Reform effective (completed) as of : BANKING: 31.12.2011; INSURANCE: Nov. 2012 Short description of the content of the legislation/ regulation/guideline: See response under no. 10 above regarding the power of Consob and the Bank of Italy to cooperate and exchange confidential information with EU and non-EU competent authorities. BANKING Within the colleges of supervisors established by the Bank of Italy, all information necessary for the performance of the college activities, (e.g. model validation, risk assessment and joint decision on risk-based capital adequacy) is exchanged on a regular basis according to EU legislation and EBA	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
New		Enhance the effectiveness of core supervisory colleges. (FSB 2012)	Jurisdictions should describe any regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information within core colleges (e.g. bilateral or multilateral MoUs).		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Guidelines. Bilateral agreements with non-EEA supervisory authorities were established in order to foster the exchange of information and the coordination among the authorities in the field of supervision of cross-border banking groups. Website platforms were implemented for UCG and ISP colleges in order to ensure an efficient and comprehensive information exchange within each college according to EBA Guidelines. Coordination in the development of best practices is also ensured on a regular basis. Inspectors of the Bank of Italy join the Colleges of Supervisors in order to share information/best practices and to achieve the coordination of the on-site activity annually conducted by the individual supervisors or by joint teams. Core college settings have not been established; however variable structures operate, involving only a few authorities according to the issues to be addressed. This approach increases the effectiveness of the supervisory activity carried out. Specific activities are in place in the field of Crisis Management. SECURITIES MARKET As above mentioned, Consob signed specific protocols with other EU competent authorities for the supervision	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				of branches of banks or investment firms providing investment services in Italy, within the framework of the CESR protocol for the supervision of branches under MiFID (CESR/07-672). As regards the cooperation arrangements under the AIFMD and Consob’s experience in colleges of supervisors for credit rating agencies, see responses under no. 3 and no. 10 above. See also the response from the UE Commission INSURANCE In November 2012 IVASS (former ISVAP) became signatory of the IAIS MMOU for the exchange of information among supervisors. IVASS also signed a bilateral MoU with Insurance Supervisor of Missouri. More in general, Italian EU cross-border groups have exchanged information and coordinated their activities within EIOPA framework for colleges, including the signing of coordination arrangements within specific colleges. The exchange of information and the coordination of activities have included also supervisors of other financial sectors, when relevant. The involvement and coordination with the other financial supervisors is to be considered also in an emergency situation.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Web-links to relevant documents: http://www.eba.europa.eu/Supervisory-Colleges/Publications/CEBS-guidelines-for-the-operational-functioning-of.aspx	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (16)	Strengthening resources and effective supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)	Jurisdictions should provide any feedback received from recent FSAPs/ROSC assessments on the October 2006 BCPs 1 and 23 or, if more recent, the September 2012 BCPs 1, 9 and 11. Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.	Implementation ongoing or completed If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification: Issue is being addressed through : ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: See below Status of progress : Reform effective (completed) as of : BANKING: 2008; INSURANCE: Sep. 2005 and Jan. 2013	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(17)		Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)			
New		Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)	Jurisdictions should describe the outcomes of the most recent assessment of resource needs (e.g. net increase in supervisors, skills acquired and sought). Please indicate when this assessment was most recently conducted and when the next assessment is expected to be conducted.	Short description of the content of the legislation/ regulation/guideline: BANKING The Bank of Italy (BI) is currently working to ensure full compliance of regulatory framework and supervisory action with FSB principles and recommendation with particular reference to the appropriate assessment of risk governance oversight. To this purpose, specific amendments to the Italian banking Law and to the banks’ supervisory provisions have been made in order to make supervisory tools more effective. As regards resources and expertise, the BI is increasing the range	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				of tools and methods to improve the risk oversight skills of its staff. Employees involved in supervision- related activities are roughly 1300 and most of them are constantly committed to several training activities focused on risk assessment and analysis. Banks are formally warned and urged to take prompt corrective actions where needed. Supervisory meetings with the bank management (e.g. CEO, Audit, Risk Management etc) or, if deemed appropriate, inspections may be arranged. Within the BI’s annual planning of resources, the adequacy of the number and skills of supervisory staff is assessed. Accordingly, decisions are taken on the employment of new staff and the (in-house and external) training of the existing personnel.The next assessment of staff needs will be most likely carried out by next June, considering the impact of the SSM at the ECB. SECURITIES MARKET Consob is the supervisory authority in charge of ensuring the fairness and transparency of the market, the correct behaviour of market participants and investor protection. Consob is entrusted with extensive regulatory, supervisory and enforcement to achieve these objectives. Consob is an independent agency and can adopt	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				decisions without any external political interference. There is no consultation required for decision making on day-to-day technical matters with the MEF or other government authorities, but . in the cases of cooperation in supervision among regulators sharing supervisory responsibilities. Consob can adopt its own rules and regulations for its internal organization and operation, its staff (employees' legal and economic treatment) and its financial management. It manages its operating expenses autonomously on the basis of an annual budget approved by the Commission (i.e. the governing body); it decides how to allocate resources and fixes the amount of fees to be paid by supervised entities and market participants. Consob has adequate resources to carry out their securities regulatory functions. It has effective budget autonomy. Over time the funding from the State budget has decreased and Consob is today quite entirely funded through fees collected directly from market participants for the activities performed. In 2012 the contribution from the State's budget was nihil. Consob personnel has constantly increased during the last years. The total staff of Consob at end - 2011 numbered	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				610. At end- 2012, Consob had 627 staff members. The upper limit on the number of staff it can employ was amended by Law 262/2005 and it is currently 750. Consob adopts a structured process of strategic planning to respond to changes in the external scenario which may have an impact on the protection of investors and the achievement of other Consob's institutional objectives. The process is risk-based and moves from the assessment of market risks associated to changes in the economic and financial system and of regulatory risks associated to the legislative framework. INSURANCE The Insurance Code (legislative decree 7 September 2005, n.209) already grants IVASS the necessary powers, sufficient independence and appropriate resources and tools to identify, assess and address risks such as stress testing and early intervention. Since January 2013, IVASS-establishing law envisages a stricter coordination between banking and insurance supervision and grants IVASS the power to stipulate agreements with BI, also in the field of exchange of staff and IT matters. Web-links to relevant documents:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				www.bancaditalia.it/vigilanza/att-vigilanza/guida Law 216/1974 http://www.consob.it/main/regolamentazione/normative/consob.htm?queryid=normativa&subject=cns&resultmethod=vedinormative&search=1&symlink=/main/regolamentazione/normative/consob_normative.htm	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V. Building and implementing macroprudential frameworks and tools					
13 (18)	Establishing regulatory framework for macro-prudential oversight	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks ³ and private pools of capital to limit the build up of systemic risk. (London)	Please describe the systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	Planned actions (if any):
(19)		Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)	Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant information among different authorities – where this applies – on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.	Issue is being addressed through : ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: Status of progress : Draft in preparation, expected publication by : Short description of the content of the legislation/ regulation/guideline: One of the main features of the Italian supervisory architecture is the existence of four financial supervisors (Banca d'Italia, Consob, Ivass and Covip). Except for Covip, the mandate of all the supervisors includes macro-prudential objectives that encompass the entities respectively supervised by each of these supervisors. In particular, according to article 5 of the	Expected commencement date: Web-links to relevant documents:

³ The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Banking Law, BI supervisory powers may be used – inter alia – in order to ensure the overall stability of the financial system (see para.1) and are addressed to all BI-supervised entities (see para 2). Consequently the BI supervisory powers listed in articles 53 (for banks), 67 (for banking groups), 108 (for non banking financial companies), 114-quater (for e-money institutions) and 114-septies (for payment institutions) of the Banking Law may also be used for macro-prudential purposes. The same applies to investment firms and asset managers, according to article 5 of Legislative Decree no. 58/1998 (the Consolidated Law on Finance), under which BI and Consob powers may be used – inter alia – to ensure the overall stability and good functioning of the financial system (see para 1, lett. c). According to Articles 77 and 82 of the Consolidated Law on Finance, the supervision on clearing, settlement and guarantee systems and central depositories is carried out by the Bank of Italy, as regards stability and containment of systemic risk, and by Consob, as regards transparency and investor protection.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				As for the insurance sector, article 3 of the Code of Insurance states a similar objective, as far as insurance companies are concerned. With regard to the EU supervisory architecture, Regulation (EU) no. 1092/2010 established the European Systemic Risk Board (hereinafter, “ESRB”). The ESRB is part of the European System of Financial Supervisors (hereinafter, “ESFS”), the purpose of which is to ensure the supervision of the Union’s financial system. In particular, the ESRB is responsible for the macro-prudential oversight of the financial system within the Union in order to contribute to the prevention or mitigation of systemic risks to financial stability in the Union that arise from developments within the financial system and taking into account macroeconomic developments, so as to avoid periods of widespread financial distress. The ESRB shall contribute to the smooth functioning of the internal market and ensure a sustainable contribution of the financial sector to economic growth. Moreover, Regulations no. 1093/2010, no. 1094/2010 and no. 1095/2010 provide that, in the discharge of their responsibilities, EBA, EIOPA and ESMA	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				shall pay particular attention to any systemic risk posed by financial market participants, the failure of which may impair the operation of the financial system or the real economy. Pursuant to the Consolidated Law (Article 2 paragraph 2), Consob and the Bank of Italy, in the performance of their respective competences, are parties to the ESFS and participate in its activities. They must cooperate closely with the ESRB and the authorities within the ESFS – including EBA, EIOPA and ESMA - and provide them with all information necessary for the fulfilment of their tasks in accordance with Union legislation (Article 4 paragraph 2). For details on the ESRB and the Recommendations issued by it, see response from the EU Commission. For the AIFMD, see response from the EU Commission under recommendation no. 2 above. Pursuant to Article 2 paragraph 3 of the Consolidated Law of Finance, both Consob and the Bank of Italy are required to consider, in case of crisis or tensions on financial markets, the effects of their actions on the stability of other EU	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Member States' financial systems. Moreover, they must exchange information on a regular basis pursuant to the Consolidated Law on Finance and Law no. 262/2005. A special Committee for the protection of financial stability, named <i>Comitato per la salvaguardia della stabilità finanziaria</i>-CSSF, was set up in March 2008 between the MEF, Consob, the Bank of Italy and the ISVAP in accordance with a protocol signed by the authorities. The objective of the committee is twofold: (i) to prevent financial crisis with potential systemic effects, through the identification of main risks and vulnerabilities of the financial system; the evaluation of possible measures to limit such risks and the risk of contagion to other systems; the preparation of contingency plans; and the performance (twice a year) of simulation exercises and stress tests, and (ii) facilitating coordination of actions for the management and resolution of a crisis. The protocol requires bi-annual crisis simulation exercises. The parties to the protocol are required to exchange all information necessary to achieve such objectives. The Committee must meet at least twice a year, and extraordinary	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				meetings may be convened. The Bank of Italy, for its extensive tasks as supervisor and for its role as central bank, has a key position for the safeguard of the financial stability. The Bank of Italy identifies the build-up of risks and the other sources of systemically relevant vulnerabilities through a comprehensive process which rests upon a large amount of both quantitative and qualitative information: results of off-site controls and inspections, reports provided by the intermediaries, monitoring of markets, sectoral and conjunctural analyses, ad-hoc surveys, data obtained from other supervisory authorities. The main tools for systemic risk identification and assessment are the Financial Risk Outlook (FRO) and the performance of stress test exercises. The FRO is the final output of the activity of the dedicated Risk Task Force, to which all the main Supervisory Departments participate. It analyzes and prioritizes the main risks to which the Italian financial system is exposed, and therefore it represents a guide for approaching the individual analysis of financial institutions. Its main	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				conclusions are used to plan and focus the whole supervisory action on specific concerns and are also conveyed to the financial industry and to the public through the Financial Stability Report, published yearly since 2010 (biannually since 2012). The stress test exercises (both top down and bottom up) performed by the Bank of Italy involve different expertise. Launched in 2008, the stress test program is revised on a yearly basis in terms of scope, coverage and scenarios. In line with most EU countries, stress tests are performed on a regular basis, both on the whole banking system and on individual intermediaries. The results are used also as inputs for planning supervision activities; they help to assess the robustness of the process of self-evaluation of capital adequacy (ICAAP) performed by intermediaries. Starting from 2010, the bottom-up stress tests have been carried out within the framework of the European exercises coordinated by the European supervisory authority, CEBS and EBA. No bottom-up stress test was organized in 2012 because banks were engaged in ensuring compliance with the EBA	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Recommendation issued in December 2011 following the EBA capital exercise, which asked banks to raise by 30 June 2012 their CT1 capital to 9% after accounting for an additional buffer against stressed sovereign risk holdings (sovereign buffer). The Bank of Italy monitors cross-sectoral risks in collaboration with other supervisory bodies: Consob (the securities and market supervisor), ISVAP (the insurance supervisor), COVIP (the occupational pension funds supervisor) and UIF (the financial intelligence unit). Concerning the powers to collect and share relevant information among different authorities on financial institutions, markets and instruments to assess the potential for systemic risk no gaps has been identified and thus no follow up action is required. Consob adopts a risk-basis approach in supervision and has developed specific expertise on risk measurements and analyses relevant to systemic risk. Consob publishes regularly (on a half-yearly basis) a risk outlook which analyses the economic situation and the trends in the evolution of financial markets. In particular, the risk outlook	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				describes the evolution of the macro-economic environment, the equity market, the situation of intermediaries. It also includes a risk dashboard providing information on sovereign risk, equity over/undervaluation, stock market liquidity, credit risk and other indicators. The outlook contributes to the identification of the main risk factors in order to achieve Consob's institutional objectives. Consob also participates in the work of CEMA, a standing committee set up by ESMA to analyse and discuss risks for the financial market at EU level. CEMA also prepares a risk outlook for the EU as a whole. Web-links to relevant documents: Legislative Decree no. 58/1998: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm Regulations establishing ESRB, EBA, EIOPA and ESMA: http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2010:331:SOM:EN:HTML	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (20)	Enhancing system-wide monitoring and the use of macro-prudential instruments	Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level...(Rec. 3.1, FSF 2009) We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)	Please describe major changes in the institutional arrangements for macroprudential policy that have taken place in the past two years, including changes in: i) mandates and objectives; ii) powers and instruments; iii) transparency and accountability arrangements; iv) composition and independence of the decision-making body; and v) mechanisms for domestic policy coordination and consistency. Please indicate the use of macroprudential tools in the past two years, including the objective for their use and the process used to select, calibrate, and apply them. See, for reference, the CGFS document on Operationalising the selection and application of macroprudential instruments (Dec 2012).	Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> See below Issue is being addressed through : ☒ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: Status of progress : [No response] Short description of the content of the legislation/ regulation/guideline: See response from the EU Commission and response under recommendation no. 13 above. The “overall stability of the financial system” is one of the objectives of the supervisory authorities’ tasks; see articles 5 of the Banking Law - t.u.b. - and 2, 5, 77 and 82 of the Law on financial markets - t.u.f., as regards the Bank of Italy and Consob, the financial market regulator; see also art. 3 of Legislative Decree 209/2005, as regards Isvap, the former insurance regulator transformed into the new Ivass by the Decree-law 95/2012, converted into Law	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(21)		Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)	Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on Macroprudential policy tools and frameworks (Oct 2011), and the IMF paper on Macroprudential policy, an organizing framework (Mar 2011).		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				135/2012, a body with a distinct legal personality, staff, and financial autonomy in which the Bank of Italy is closely involved both through its decision-making bodies and operationally so as to ensure a full integration of insurance supervision with banking supervision. However, there is no single macro-prudential authority or body entrusted with a mandate over the stability of the whole financial system, as defined in the ESRB recommendation (i.e. encompassing all financial institutions and infrastructures). The recommendation should be implemented by the end of June 2013. The Bank of Italy is making its best efforts to foster compliance within this timeframe; however, the outcome of these efforts is not under its full control since a Parliamentary decision is needed in order to introduce the required changes into Italian law. When setting up the Macro-prudential Authority, the mandate of the existing supervisory authorities (Banca d'Italia, Consob, Ivass, Covip) shall be supplemented in order to include macro-prudential objectives, with a view to encompassing in their scope the entire financial system as described above. It is expected that the legislative changes to	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				introduce the macroprudential mandate will include provisions specifying the ultimate objective of macroprudential policy, in line with the wording of the ESRB Recommendation 3/2011, and ensuring that the macroprudential authority has at its disposal sufficient tools to pursue its mandate and a process to activate them. At this stage, as discussions among the involved authorities on the modalities for alignment are ongoing, no precise timeline can be specified yet. As far the use of macroprudential tools is concerned, please note that there has not been any use of macroprudential tools in the past two years. However, one should consider that a number of non conventional monetary policy measures adopted by the ECB in the past months have had a countercyclical impact, resulting in a widening of eligible collateral available at Italian banks (i.e. the measures on full allotment, on the relaxing of collateral rules, on LTROs; the measures on additional credit claims, whose risk falls on the national central banks; the lowering of minimum threshold for loans accepted as collateral for ECB refinancing). This impact could be considered equivalent to that produced	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				by a relaxation of liquidity requirements (similar to what done by the Bank of England in the fall of 2012). Web-links to relevant documents:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (22)	Improved cooperation between supervisors and central banks	Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain. (Rec. V.8 , FSF 2008)	Jurisdictions can make reference to the following BCBS documents: • Report and recommendations of the Cross-border Bank Resolution Group (Mar 2010) • Good Practice Principles on Supervisory Colleges (Oct 2010) (Principles 2, 3 and 4 in particular)	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: The Bank of Italy specific internal procedures ensure regular exchange of information among different departments (Supervision, Market Operations, Payments Systems) involved in the prevention and management of a banking crisis. Bank of Italy, ISVAP and CONSOB are parts of the Italian Committee for the safeguarding of Financial Stability, which is chaired by the Minister of Finance (see also response under recommendation no. 13 above regarding the said Committee and the exchange of information between the Italian competent authorities). The protocol which sets forth the Italian Committee for the safeguarding of Financial Stability is in line with the Memorandum of Understanding on co-operation between the Banking Supervisors, Central Banks and Finance Ministries of the European Union in	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				financial crisis situations. The Bank of Italy ensures an adequate and timely information to the Italian Committee for Financial Stability. The cooperation between supervisors and central banks is enhanced by the new EMIR Regulation (Regulation no. 648/2012). See also response from the EU Commission. Status of progress : [No response] Short description of the content of the legislation/ regulation/guideline: Web-links to relevant documents:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI. Improving oversight of credit rating agencies (CRAs)					
16 (23)	Enhancing regulation and supervision of CRAs	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs. They should also indicate its consistency with the following IOSCO document: • Code of Conduct Fundamentals for Credit Rating Agencies (May 2008)	Implementation ongoing or completed If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification: Issue is being addressed through : ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : Regulation 1060/2009 effective as of 1 January 2010, Regulation 513/2011 effective as from 1 July 2011, CRA III Regulation agreed, entry into publication and entry into force foreseen in June 2013. Short description of the content of the legislation/ regulation/guideline: Question 23: Please see response to question 23 from the EU Commission. Pursuant to Article 4bis paragraph 1 of Legislative Decree no. 58/1998, Consob is the competent authority for application of Regulation 1060/2009/EC, as subsequently amended. Consob performs the duties indicated in the aforementioned Regulation, exercises the powers and adopts supervisory measures as envisaged	Planned actions (if any): Please see response to questions 24 and 25 from the EU Commission. Expected commencement date: Please see response from the EU Commission. Web-links to relevant documents: Please see response from the EU Commission.
(24)		National authorities will enforce compliance and require changes to a rating agency’s practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process. CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process. The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)	Jurisdictions may also refer to the following IOSCO documents: • Principle 22 of Principles and Objectives of Securities Regulation (Jun 2010) which calls for registration and oversight programs for CRAs; • Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003); and • Credit Rating Agencies: Internal Controls Designed to Ensure the Integrity of the Credit Rating Process and Procedures to Manage Conflicts of Interest (Dec 2012).		
(25)		Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				in articles 23, 24 and 25 of said Regulation. Article 193 paragraph 1quinquies sets forth the administrative pecuniary sanctions applicable in case of breach of the provisions of Regulation 1060/2009/EC. Sanctions imposed by Consob are published in accordance with Article 195 of Legislative Decree no. 58/1998. Pursuant to Article 4bis paragraph 2 of Legislative Decree no. 58/1998, for the exercise of their respective duties, also based on special memoranda of understanding, Consob, the Bank of Italy, ISVAP (now IVASS) and the Italian Pension Funds Supervisory Commission cooperate and exchange information on credit rating agencies and on the use of ratings for regulatory purposes. Question 24: Please see response to question 24 from the EU Commission. See also the information provided under Question 23 above regarding the provisions of Legislative Decree no. 58/1998. Question 25: Please see response to question 25 from the EU Commission. Web-links to relevant documents: Please see the weblinks indicated by the EU Commission under questions 23 to 25, together with the following: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (26)	Reducing the reliance on ratings	We also endorsed the FSB’s principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul) Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008) We reaffirm our commitment to reduce authorities’ and financial institutions’ reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)	No information on this recommendation will be collected in the current IMN survey since a thematic peer review is taking place in this area during 2013.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII. Enhancing and aligning accounting standards					
18 (27)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB. They should also explain the system they have for enforcement of consistent application of those standards.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: BANKING: The Bank of Italy contributes to the improvement of international accounting standards participating in the working groups on accounting issues established at the BCBS and EBA level. These fora actively contribute to the evolution of accounting standards, by providing the accounting standard setters with analysis and comments in due process. The Bank of Italy co-operates, together with other national authorities (Consob and IVASS), with the Ministry of Finance in the endorsement process of IFRS in Europe, within the Accounting Regulatory Committee (ARC). At national level, the Bank of Italy, Consob and IVASS actively cooperate in the field of accounting, and since 2008 have established a permanent forum on consistent application of IAS/IFRS	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				which has also close links with the national accounting standard setter (OIC).The Bank of Italy has made structural the relationship with the auditing profession and the financial industry to discuss relevant issues in the field of accounting. The Bank of Italy issues the national regulation (Circular n. 262/2005) regarding standardized schemes and templates, in order to ensure a consistent and homogeneous "disclosure" in the Annual Report published by banks and other supervised financial intermediaries; INSURANCE: IVASS, Bank of Italy and CONSOB actively cooperate in the field of accounting and since 2008 they have established a permanent forum on consistent application of IAS/IFRS which also has close links with national accounting standard setter. IVASS also cooperates with the Ministry of Finance in the Accounting Regulatory Committee meetings at EU level. Status of progress : Reform effective (completed) as of : January 2005 (see also response from the EU Commission) Short description of the content of the legislation/ regulation/guideline: All issuers and financial institutions are required to apply IAS/IFRS accounting	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				standards in Italy. Enforcement on financial information issued by listed companies is carried out by the Consob on a systematic basis. According to Article 89-quater of Consob Regulation no. 11971/1999, Consob shall perform checks of the financial information contained in the documents made public by listed issuers under the law on a sample basis, in accordance with the relevant standards issued by the ESMA. According to Article 157 of Legislative Decree no. 58/1998 , the resolution of the shareholders' meeting or meeting of the supervisory board approving the annual accounts may be challenged by Consob within six months of the entry of the annual accounts or the consolidated accounts in the Company Register. The article shall not apply to companies with shares listed only on regulated markets in other EU countries. Where the infringement to the reporting framework are material the Commission may submit the case to the Civil Courts. According the article 154-ter of Legislative Decree no. 58/1998, without prejudice to the powers envisaged by Article 157, subsection 2, where it is ascertained that documents comprising the financial statements pursuant to this article do not comply with drafting regulations, Consob may request that the issuer publishes this	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				fact and arrange publication of supplementary information as necessary in order to reinstate correct market information. Web-links to relevant documents: Legislative Decree no. 58/1998: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm Consob Regulation no. 11971/1999: http://www.consob.it/mainen/documenti/english/laws/reg11971e.htm	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
19 (28)	Appropriate application of Fair Value Accounting	Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009)	Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting. See, for reference, the following BCBS documents: • Basel 2.5 standards on prudent valuation (Jul 2009) • Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)	Implementation ongoing or completed If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification: Issue is being addressed through : ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: BANKING: The Bank of Italy has no power in terms of valuation in the context of financial statements. The Bank of Italy, as prudential supervisor, has issued a regulation that, consistently with Basle 2 framework and European Directives (2006/48/EC and 2006/49/EC and their amendments), requires value adjustments both in the trading book and in the banking book - (to consider factors like liquidity risk, model risk, etc). According to Basel 3 framework and CRR/CRD IV, expected to be in force by 1st of January 2014, these treatment will be confirmed. Status of progress : Reform effective (completed) as of : 2009 Short description of the content of the legislation/ regulation/guideline: INSURANCE Due to the turbulence in	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(29)		Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF 2009)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				the financial market, Italian legislation (law n.2/2009) established temporary measures on corporate assets' valuation (which was implemented at insurance sectoral level by ISVAP regulations n. 28 e 37) as counter-cyclical measures to cope with the crisis. In early 2012, the persistent financial market instability called for an extension and redefinition of the above mentioned temporary measures until the entry into force of the Solvency II Directive (Law n. 14 of February 2012). So currently, under the Italian legislation insurance undertakings have the temporary option not to account for unrealized losses (related to not durable investments for solo entities; and to Available For Sale at group level) for solvency purposes, but this option shall be limited to EU government bonds, provided that an equity non-distributable reserve equal to the unrealized losses has been posted. IVASS has powers of intervention in case of any threaten to the solvency position of the insurers. Web-links to relevant documents: INSURANCE http://www.ivass.it/ivass/impresse_jsp/Pag eDocumenti_regolamenti.jsp?&nomeSezi one=NORMATIVA&ObjId=220097	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Enhancing risk management					
20 (31)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. See, for reference, the Joint Forum's Principles for the supervision of financial conglomerates (Sep 2012) and the following BCBS documents:	Implementation ongoing or completed If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification: Issue is being addressed through : ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: The current Italian regulatory framework does not yet provide for binding quantitative liquidity requirements. Nevertheless, the supervision of banks risk management (RM) practices has been further enhanced, especially with regard to the treatment of liquidity risk. Within the supervisory framework the soundness of RM governance scores as a key element of institutions' assessment. Emphasis on this topic is specifically put when performing regular on-site visits as well as when validating banks' internal models. Status of progress : Draft published as of : Short description of the content of the legislation/ regulation/guideline:	Planned actions (if any): BANKING For larger and more complex banks the effectiveness of the practices devoted to risk data aggregation and risk reporting will be assessed, taking into account the principles recently stated by the BCBS. LCR will be implemented in Italian financial system with the adoption of the European Regulation (CRR/CRD IV). The rules introducing LCR will be directly applicable in all Member States of the EU. Expected commencement date: Web-links to relevant documents:
(33)		National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)	• Principles for effective risk data aggregation and risk reporting (Jan 2013) • The Liquidity Coverage Ratio (LCR) (Jan 2013) • Principles for the sound management of operational risk (Jun 2011) • Principles for sound stress testing practices and supervision (May 2009)		
(34)		Regulators and supervisors in emerging markets ⁴ will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)	Jurisdictions may also refer to FSB's February 2013 thematic peer review report on risk governance .		
(35)		We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)			

⁴ Only the emerging market jurisdictions may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Web-links to relevant documents:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (36)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed. (Pittsburgh)	Jurisdictions should indicate steps taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2012.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: BANKING: Bank of Italy has adopted the following supervisory actions to face the issues of impaired assets and capital strengthening: a) within the SREP 2012, potential losses stemming from sovereign exposures (sovereign risk) and non performing loans (provisioning risk) have been assessed on the basis of statistical stress testing methodologies; where relevant, ad hoc capital buffers have been considered when evaluating banks’ capital adequacy; b) Top 40 banking groups (accounting for more than 90% of total assets of the Italian banking system) have been requested to achieve (target ratio) or stay above (trigger ratio) a specific core tier 1 capital level, aimed at covering both Pillar 1 and Pillar 2 risks (including sovereign and provisioning risks); in	Planned actions (if any): In the SREP 2013, Bank of Italy is going to deal the issues of impaired asset provisioning and capital strengthening using the same tools used in 2012 (stress testing statistical methodologies, on site examinations results, target-trigger ratio approach, ad hoc recommendations where needed). Expected commencement date: Web-links to relevant documents: http://www.bancaditalia.it/vigilanza/pubblicazioni/bollvig/2013/03_13/provv_cg/bi_cg/20130313_II1.pdf

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				2012 the BI has indicated target ratios to 7 groups and trigger ratios to 21 other groups; c) in the autumn 2012, on the basis of the SREP results, the BI has started a special program of on-site visits (20 medium-large size banking groups involved) in order to assess – in cooperation with the internal control functions – the adequacy of the coverage ratio on a sample of non-performing exposures; d) in March 2013, the BI has issued a recommendation soliciting Italian banks to adopt prudent policies in the 2012 balance sheets with regard to impaired loans, management’ bonus and dividends distribution, in order to improve capital adequacy (see link); e) at the end of 2012 the bad loans coverage ratio and the core tier 1 capital ratio of major banking groups have increased to, respectively, 55% and 10,4%. Status of progress : Reform effective (completed) as of : 2012 Short description of the content of the legislation/ regulation/guideline: BANKING: Bank of Italy has adopted the following supervisory actions to face the issues of impaired assets and capital	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				strengthening: a) within the SREP 2012, potential losses stemming from sovereign exposures (sovereign risk) and non performing loans (provisioning risk) have been assessed on the basis of statistical stress testing methodologies; where relevant, ad hoc capital buffers have been considered when evaluating banks' capital adequacy; b) Top 40 banking groups (accounting for more than 90% of total assets of the Italian banking system) have been requested to achieve (target ratio) or stay above (trigger ratio) a specific core tier 1 capital level, aimed at covering both Pillar 1 and Pillar 2 risks (including sovereign and provisioning risks); in 2012 the BI has indicated target ratios to 7 groups and trigger ratios to 21 other groups; c) in the autumn 2012, on the basis of the SREP results, the BI has started a special program of on-site visits (20 medium-large size banking groups involved) in order to assess – in cooperation with the internal control functions – the adequacy of the coverage ratio on a sample of non-performing exposures; d) in March 2013, the BI has issued a recommendation soliciting Italian banks to adopt prudent policies in the 2012	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				balance sheets with regard to impaired loans, management' bonus and dividends distribution, in order to improve capital adequacy (see link); e) at the end of 2012 the bad loans coverage ratio and the core tier 1 capital ratio of major banking groups have increased to, respectively, 55% and 10,4%. The four Italian institutions (out of a total of 27 european banks) identified by the EBA capital exercise (Unicredit, Banco Popolare, UBI, and MPS) were required to add EUR 15 billion. In the event, EUR 20 billion was added by these banks, of which EUR 10 billion was new capital, EUR 6 billion reflected RWA measures, and the rest liability management exercises and contingent capital. Web-links to relevant documents: http://www.bancaditalia.it/vigilanza/pubblicazioni/bollvig/2013/03_13/provv_cg/bi_cg/20130313_II1.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (37)	Enhanced risk disclosures by financial institutions	Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)	Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on Enhancing the Risk Disclosures of Banks .	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : ☐ Primary / Secondary legislation ☒ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: See below Status of progress : Reform effective (completed) as of : BANKING: end-2012; ; SECURITIES: Jan. 2013; INSURANCE: Mar. 2013 Short description of the content of the legislation/ regulation/guideline: Italy applies IAS/IFRS according to the Regulation (EC) no 1606/2002 of the European Parliament and of the Council of 19 July 2002. As reported in point 18 above, the Bank of Italy issues the national regulation regarding standardized schemes and templates to be adopted by banks and other financial intermediaries supervised in their Annual report (Circular n. 262/2005). In doing so, Bank of Italy ensures the alignment of those schemes and templates to the evolution of the accounting rules. The amendments to IFRS 7 “Disclosures –	Planned actions (if any): The amendments to IFRS 7 “Disclosures – Offsetting Financial Assets and Financial Liabilities” and the new disclosures required by IFRS 13 “Fair Value Measurement”, both to be applied for annual periods beginning on or after 1 January 2013, will be adopted with a revision of Circular 262/2005 expected to be published by the end of 2013. Expected commencement date: Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Transfers of Financial Assets” have been adopted in August 2012 with amendments to Circular no. 262/2005. Additionally, with letter of January 31, 2013 Bank of Italy has required banks and financial intermediaries to take in to account the recommendations provided by the Enhanced Disclosure Task Force in the preparation of their Annual Reports, possibly starting from end-2012 Annual Reports. Web-links to relevant documents: INSURANCE http://www.ivass.it/ivass/imprese_jsp/Pag eDocumentiCongiunti.jsp?nomeSezione= NORMATIVA&ObjIdPadre=190612&se zionePadre=Protocolli e Convenzioni http://www.ivass.it/ivass_cms/docs/F25408/Regolamento%20Tavolo%20IAS- IFRS.pdf. http://www.ivass.it/ivass_cms/docs/F4522/20130308_Documento_6_TavoloCongi unto.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX. Strengthening deposit insurance					
23 (38)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the recommendations of the FSB's February 2012 thematic peer review report on deposit insurance systems .	Applicable but no action envisaged at the moment <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> The Italian legal framework for depositors' protection is substantially compliant with the recommendations of the FSB's February 2012, except for the funding structure. Indeed, Italian deposit insurance systems are privately-financed through ex-post contributions by banks calculated according to risk profile of each bank. The EU Commission has proposed in July 2010 to fully amend the Directive 94/19/EC on EU Deposit guarantee schemes, with a view to further harmonize depositors' protection in Europe and strengthen the financial resources of the schemes. The new Directive envisages a funding mechanism based on the definition of a target level to be achieved through a mixed approach, with ex ante and ex post contributions. Italy participates in the legislative process which is ongoing for the adoption of the new Directive and favours some flexibility allowing Member States to set a different mix of the ex ante and the ex post components to take into account the sustainability of the efforts for the	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				banking system. A harmonized floor should be established for the ex ante component in order to ensure its effectiveness. In December 2012 the European Council has invited the EU co-legislators to adopt the DGS directive before June 2013 along with the Recovery and Resolution Directive, as key components of the Banking Union. Amendments to the Italian legal framework will be adopted consistently with the European Directive on Deposit Guarantee Schemes. As for the timing of the legislative changes, implementation at national level will follow the timeline envisaged by the EU law. Issue is being addressed through : ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: Status of progress : [No response] Short description of the content of the legislation/ regulation/guideline: Web-links to relevant documents:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X. Safeguarding the integrity and efficiency of financial markets					
24 (39)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	Jurisdictions should indicate the progress made in implementing the following IOSCO reports: • Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011); and • Report on Principles for Dark Liquidity (May 2011).	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: In order to reduce the risks deriving from high frequency trading, Consob called on Borsa Italiana S.p.A. to introduce a tariff regime, known as “order-to-trade ratio fee”, which imposes limits and fees on orders entered in excess to a certain order to trade ratio. The regime is aimed at limiting the increase in the number of orders entered into the trading systems by high frequency traders, that typically send out large volumes of orders, cancelling the majority. This regime is in force on MTA since April 2012 and has determined an immediate reduction of the number of orders compared with the executed transactions. Status of progress : Reform effective (completed) as of : Implementation of ESMA’s Guidelines on systems and controls in an automated	Planned actions (if any): Review of MiFID and MAD See response to question 39 from the EU Commission regarding the ongoing review of MiFID and of the Market Abuse Directive. Expected commencement date: Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				trading environment for trading platforms, investment firms and competent authorities: April 4 and April 30, 2012 (see below) Short description of the content of the legislation/ regulation/guideline: Trade matching and execution algorithm of automated trading systems are laid down in market and trading systems rules. Consob (and the Ministry for Economy and Finance - “MEF” -, after consulting the B.I. and Consob, for wholesale markets in government securities), shall approve any amendment to market rules. Market microstructure and trade matching/execution systems are continuously monitored through the supervised activity carried out by Consob (and Consob and the B.I. for wholesale markets in government securities), on orderly conduct of trading. Ad hoc reviews are also carried out where specific changes in the market microstructure are implemented by market operators. On December 22, 2011, ESMA issued Guidelines on systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities. The Guidelines have been issued by ESMA under Article 16 of ESMA Regulation (Regulation no.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				1095/2010). The Italian version of the official ESMA document was published in April 2012. The above-mentioned ESMA's Guidelines do not introduce any new obligations with respect to those established in the Mifid and Market Abuse Directives but rather are aimed at ensuring a standardised, uniform, coherent application of European Union provisions to systems and controls established for trading platforms and investment companies in an automated trading environment, also in relation to the possibility of enjoying direct access or sponsored access to the market. On April 4, 2012 Consob issued a specific Resolution (no. DME/120270714) addressed to the Italian operators of regulated markets and MTFs requesting them to comply with the said ESMA Guidelines from May 1, 2012 and to transmit a self-assessment to Consob by July 1, 2012. As regards the operators of wholesale markets and MTFs in government securities, the B.I. requested them to comply with ESMA Guidelines with a communication on April 30, 2012 and with the B.I. Supervisory Instructions of August 28, 2012. Moreover, on April 30, 2012, the B.I. and Consob have published a joint communication in relation to the systems and controls in an automated environment for	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				intermediaries, in implementation of the said Guidelines. The Guidelines fall under the scope of the provisions of the B.I. and Consob Regulation on organization and procedures of intermediaries providing investment services or collective investment management services. With regard to the risks posed by dark trading (i.e. dark pools, as markets where there is no pre-trade transparency), it is noted that waivers to pre-trade transparency requirements are strictly regulated at EU level. In addition, as required by the EU legislation, each and every use of a waiver by regulated markets and MTF operators need to be previously authorised by Consob. The market microstructure (including the types of orders) is set out in the rules adopted by regulated markets and MTFs operators, respectively approved and verified by Consob or by the MEF for wholesale markets in government securities, after consulting the B.I. and Consob. Information on dark trading and dark orders is included in the data set provided to the regulators. Web-links to relevant documents: http://www.borsaitaliana.it/borsaitaliana/intermediari/guide-e-	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				moduli/pricing2aprile2012.en.pdf ESMA’s Guidelines on systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities: http://www.esma.europa.eu/system/files/esma_2012_122_en.pdf Consob Resolution no. DME/120270714 of April 4, 2012: http://www.consob.it/main/documenti/bollettino2012/c12027074.htm?hkeywords=comunicazione&docid=3&page=0&hits=11 Consob and the Bank of Italy Resolution of April 30, 2012: http://www.bancaditalia.it/vigilanza/normativa/norm_bi/circ-reg/reg_bi_consob/comunicazione_bancaditalia_consob_esma%5B1%5D.pdf Review of MiFID and MAD: Please see the weblinks indicated by the EU Commission in the response to question 39.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
25 (40)	Enhanced market transparency in commodity markets	We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)	Jurisdictions should indicate the policy measures taken to enhance market transparency in commodity markets. See, for reference, IOSCO's report on Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011). Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the report published by the IOSCO's Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : August 6, 2008 Short description of the content of the legislation/ regulation/guideline: Commodity spot markets are supervised by the Energy Authority, whilst commodity derivatives markets are supervised by Consob. In line with the requirements under Legislative Decree no. 58/98, the spot market supervisor and Consob entered into a protocol of understanding for mutual cooperation and assistance on August 6, 2008. The authorities have to exchange information on an ongoing basis in the day to day supervision of their respective markets and coordinate their actions, where needed, in order to ensure market transparency and integrity. In a view of ensuring better coordination between the Authorities, the Memorandum of	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Understanding have set up a Technical Committee (that has to meet at least quarterly) for discussing technical issues concerning the exchange of information / mutual assistance and dealing with practical problems that may arise in the on-going cooperation or due to market developments. Commodity derivative markets are highly regulated under Legislative Decree no. 58/98 and relevant Consob implementing regulation. OTC transactions on commodity derivatives are very limited in Italy and Consob has broad powers to gather information and undertake enforcement actions also in this respect. Consob is competent for the detection and punishment of market abuses. New regulatory reforms will take place upon completion of the review of MiFID and MAD at EU level, see the EU Commission's response. Web-links to relevant documents: Legislative Decree no. 58/98 http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm Consob Regulation on Markets http://www.consob.it/mainen/documenti/english/laws/reg16191e.htm Protocol of understanding with the sport market regulator:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				http://www.consob.it/main/consob/cosa_fa/cooperazione/protocolli_intesa.html	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 New	Legal Entity Identifier	We support the creation of a global legal entity identified (LEI) which uniquely identifies parties to financial transactions. (Cannes) We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks. (Los Cabos)	Jurisdictions should indicate whether they have joined Regulatory Oversight Committee (ROC) and whether they intend setting up Local Operating Unit (LOU) in their jurisdiction.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☒ Other actions (such as supervisory actions), please specify: Bank of Italy has joined the ROC participating in the Plenary. In the next days, contacts will be set up and meetings will be held with companies potentially interested in acting as LOU in Italy. Status of progress : [No response] Short description of the content of the legislation/ regulation/guideline: Web-links to relevant documents:	Planned actions (if any): In the next days, contacts will be set up and meetings will be held with companies potentially interested in acting as LOU in Italy. An Italian “Pre-LOU” will be indicated to the ROC as soon as possible. Expected commencement date: Beginning of May 2013 for meetings and first definitions of formal and operational steps. Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
XI. Enhancing financial consumer protection					
27 (41)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	Jurisdictions should describe progress toward implementation of the OECD's G-20 high-level principles on financial consumer protection (Oct 2011) .	Implementation ongoing or completed If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification: Issue is being addressed through : ☒ Primary / Secondary legislation ☒ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : 2010 Short description of the content of the legislation/ regulation/guideline: The Italian legislation on financial consumer protection is fully aligned with the OECD/G20 principles. Web-links to relevant documents: http://www.bancaditalia.it/vigilanza/normativa/norm_naz/TUB_ottobre_2012.pdf http://www.bancaditalia.it/vigilanza/normativa/norm_bi/disposizioni-vig/trasparenza_operazioni http://www.consob.it/main/documenti/Regolamentazione/normativa/dlgs58_1998.htm http://www.consob.it/main/documenti/Regolamentazione/normativa/reg16190.htm	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

XII. Source of recommendations:

- [Los Cabos: The G20 Leaders Declaration \(18-19 June 2012\)](#)
- [Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)
- [Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)
- [Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)
- [Pittsburgh: Leaders’ Statement at the Pittsburgh Summit \(25 September 2009\)](#)
- [London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)
- [Washington: The Washington Summit Action Plan to Implement Principles for Reform \(15 November 2008\)](#)
- [FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)
- [FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System \(2 April 2009\)](#)
- [FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)
- [FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)

XIII. List of Abbreviations used:

- BI: Bank of Italy
- MEF: Ministry of Economy and Finance
- COVIP: Supervisory Commission of Italian Pension Funds
- IVASS: Italian Insurance Supervisory Authority
- Res.: Resolution