

## 2021 IMN Survey of National/Regional Progress in the Implementation of G20/FSB Recommendations

Jurisdiction
Italy

I1: Hedge funds - Registration, appropriate disclosures and oversight of hedge funds

**G20/FSB Recommendations**

*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)*

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.

## I2: Hedge funds - Establishment of international information sharing framework

### G20/FSB Recommendations

*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)*

### Remarks

Jurisdictions should indicate the progress made in implementing recommendation 6 in IOSCO's [Report on Hedge Fund Oversight \(Jun 2009\)](#) on sharing information to facilitate the oversight of globally active fund managers.

In addition, jurisdictions should state whether they are:

- Signatory to the IOSCO MMoU in relation to cooperation in enforcement
- Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO [Principles Regarding Cross-border Supervisory Cooperation](#).

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
19.01.2015
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
<p>According to Article 7 of the Consolidated Law on Banking (legislative Decree 385/1993) and Article 4 of the Consolidated Law on Finance (Legislative Decree 58/1998) , both the BI and Consob 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 authority that supplied it. In accordance with article 41 of the Consolidated Law on Finance and the implementing provisions of the BI Regulation on Collective Fund Management (of 19 January 2015, Title VI), the establishment of cooperation arrangements between national competent authorities (BI and/or Consob) and third countries authorities (as required by artt. 113, 114, 115, of the EU Delegated Regulation n. 231/2013) is one of the conditions to authorize the cross border activity of a fund manager. In practice, Consob has signed several MoUs, in addition to the IOSCO MMoU and the ESMA MMoU on cooperation arrangements and exchange of information (former CESR MMoU) and a list of those is available on Consob's website. Moreover, in accordance with the ESMA Guidelines on the model MoU concerning consultation, cooperation and the exchange of information related to the supervision of AIFMD entities, of July 18, 2012, in September 2015, ESMA approved several co-operation arrangements between the EU securities regulators and a number of non-EU authorities for the supervision of alternative investment funds, including hedge funds, private equity and real estate funds. The co-operation arrangements include the exchange of information, cross-border on-site visits and mutual assistance in the enforcement of the respective supervisory laws. The agreements cover third-country alternative investment fund managers (AIFMs) that market alternative investment funds (AIFs) in the EU and EU AIFMs that manage or market AIFs outside the EU. The agreements also cover co-operation in the cross-border supervision of depositaries and AIFMs' delegates. To date, Consob has signed 24 of the above-mentioned arrangements with non-EU national competent authorities. The latest assessment of the implementation of Principle 28 of the 2010 IOSCO Objectives and Principles of Securities Regulation has been carried out in 2013, and the outcome of the FSAP was that the Principle had been fully implemented in Italy.</p>
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents
<p><a href="https://www.bancaditalia.it/competi/vigilanza/normativa/archivio-norme/regolamenti/20120508/index.html">https://www.bancaditalia.it/competi/vigilanza/normativa/archivio-norme/regolamenti/20120508/index.html</a>  <a href="https://www.esma.europa.eu/sites/default/files/library/2015/11/2013-998_guidelines_on_the_model_mous_concerning_aifmd.pdf">https://www.esma.europa.eu/sites/default/files/library/2015/11/2013-998_guidelines_on_the_model_mous_concerning_aifmd.pdf</a>  <a href="http://www.consob.it/main/consob/cosa_fa/impegni_internazionali/accordi.html">http://www.consob.it/main/consob/cosa_fa/impegni_internazionali/accordi.html</a>  <a href="https://www.imf.org/external/pubs/ft/scr/2013/cr13353.pdf">https://www.imf.org/external/pubs/ft/scr/2013/cr13353.pdf</a></p>

### I3: Hedge funds - Enhancing counterparty risk management

#### G20/FSB Recommendations

*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)*

*Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)*

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.

### II4: Securitisation - Strengthening of regulatory and capital framework for monolines

#### G20/FSB Recommendations

*Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)*

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.

## II5: Securitisation -Strengthening supervisory, best practices for investment in structured products

### G20/FSB Recommendations

*Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)*

### Remarks

Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance products.

Jurisdictions may reference IOSCO's report on [Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments \(Jul 2009\)](#).

Jurisdictions may also refer to the Joint Forum report on [Credit Risk Transfer- Developments from 2005-2007 \(Jul 2008\)](#).

Progress to date:

Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation

July 22, 2013

Progress to date: issue is being addressed through

Primary / Secondary legislation - Yes

Regulation / Guidelines - Yes

Other actions (such as supervisory actions) - Yes

**Progress to date: short description of the content of the legislation/regulation/guideline/other actions**

With regard to collective investment schemes (CIS), asset managers 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 (Article 66 of Consob Regulation no. 16190/2007). Moreover, according to the CRA III Regulation (directly applicable since 21 June 2013) collective portfolio managers shall not solely or mechanistically rely on credit ratings for assessing the creditworthiness of an entity or financial instrument, but they shall make their own credit assessment. The same provision has been included in sectoral legislative acts by Directive 2013/14/EU (amending Directive 2003/41/EC on institutions for occupational retirement provision, Directive 2009/65/EC on UCITS and Directive 2011/61/EU on alternative investment funds). In line with such provisions, under a joint and coordinated initiative, on 22 July 2013, CONSOB, Banca d'Italia, IVASS and COVIP issued parallel communications. In addition to the above, it is also worth mentioning that AIFMD, which is effective since July 2013, and has been fully transposed in Italy, provides for conditions to be met by AIFMs investing in securitisation on behalf of investment funds they manage, including retention requirements (similar to those already established under the CRR/CRDIV for the banking sector). In particular, in accordance with article 17 of the Directive, Delegated Regulation (EU) no. 231/2013 (articles 50 and followings), which is directly applicable in Italy, details the conditions to fulfil the above-mentioned conditions for sponsors and originators, as well as for AIFMs exposed to securitisations (for instance, due diligence, systems to manage the ongoing administration and monitoring of credit risk, portfolio diversification, establishment of policies on credit risk, information requirements and access to material data on the credit quality and performance of the underlying assets, disclosure requirements). Similar rules are also provided under the Undertakings for Collective Investment in Transferable Securities Directives (UCITS framework). Solvency II entered into force on 1 January 2016. The Solvency II directive (Directive 2009/138/EC) contains provisions (rules on investment, governance, rules in case of breach) on investment in structured products, which were implemented in the Italian Code of Private Insurance and furtherly amended (May 2015) to incorporate the new requirements (Legislative Decree 12 May 2015 n 74). The Solvency II directive, by introducing requirements on insurers' investment in securitisation, sets more risk-sensitive rules and criteria to reflect properly the specific features of securitisation instruments. These refer to: a. Capital Requirements for all types of investments calibrated as a 99.5% value at risk over a 1 year time horizon; b. due diligence principle to be applied when investing in securitisation; c. governance arrangements d. transparency rules and requirements to publicly disclose information of any investments in securitisation. Please also refer to the European Commission's response. Other actions: Communications issued by the competent authorities. Moreover, new specific rules concerning institutional investors which invest in structured products are established by Securitisation Regulation (i.e. Regulation (UE) 2402/2017 as amended by Regulation (UE) 557/2021) which include due diligence, risk retention and transparency rules together with the criteria for Simple, Transparent and Standardised ("STS") securitisations. These rules are directly applicable and do not require any transposition.

**Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation**
**Update and next steps: highlight main developments since 2019 survey**

Insurance sector: a letter to the market was issued on 14 July 2021 to provide insurers with guidelines on prudent treatment and valuation of investments in complex and/or illiquid financial instruments.

**Update and next steps: planned actions (if any) and expected commencement date**

Italy is going to finalize the designation of competent authority on STS securitisation and on securitisations involving subjects different from institutional investors.

**Relevant web-links: please provide web-links to relevant documents**

STS Regulation (Securitisation): <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1515164324229&uri=CELEX:32017R2402>  
<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0557&from=EN> CRR Regulation (Securitisation):  
<http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1515164297009&uri=CELEX:32017R2401> ; <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0558&qid=1626429080387&from=EN>; Communication of July 22, 2012:  
<http://www.consob.it/main/documenti/bollettino2013/c0062557.htm>  
[https://www.ivass.it/normativa/nazionale/primaria/CAP\\_EN.pdf](https://www.ivass.it/normativa/nazionale/primaria/CAP_EN.pdf)  
[http://ec.europa.eu/finance/insurance/solvency/solvency2/index\\_en.htm](http://ec.europa.eu/finance/insurance/solvency/solvency2/index_en.htm) [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/financial-markets/securities-markets/securitisation\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/financial-markets/securities-markets/securitisation_en)  
[https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2021/lm-14-07/Lettera\\_al\\_Mercato\\_del\\_14\\_07\\_2021.pdf](https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2021/lm-14-07/Lettera_al_Mercato_del_14_07_2021.pdf)

## II6: Securitisation - Enhanced disclosure of securitised products

### G20/FSB Recommendations

*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)*

### Remarks

Jurisdictions should indicate the policy measures and other initiatives taken in relation to enhancing disclosure of securitised products, including working with industry and other authorities to continue to standardise disclosure templates and considering measures to improve the type of information that investors receive.

See, for reference, IOSCO's [Report on Principles for Ongoing Disclosure for Asset-Backed Securities \(Nov 2012\)](#), [Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities \(Apr 2010\)](#) and [report on Global Developments in Securitisation Regulations \(November 2012\)](#), in particular recommendations 4 and 5.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
1999
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - No

**Progress to date: short description of the content of the legislation/regulation/guideline/other actions**

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). 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 relevant EU legislation. The prospectus must be approved by Consob and published according to the said Legislative Decree no. 58/1998 and Consob Regulation no. 11971/1999 on issuers. 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 above mentioned 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; (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; (i) any shareholding between the seller and the purchaser, and (i-bis) the subject indicated under Art. 7.1, par. 8 of Law no. 130/1999 (in charge of managing the capital instruments bought by the special purpose vehicle). Moreover, as far as structured products are concerned, the CRA III Regulation (Regulation (EU) no. 462/2013), which is directly applicable in Italy: (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 (i.e. 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); (ii) requires issuers or their related third 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; (iii) sets forth a rotation mechanism for credit rating agencies issuing credit ratings on re-securitisations. Furthermore, for originators, sponsors and original lenders, the sectoral legislation (CRR, AIFMD, UCITSV, Solvency II) provides for disclosure requirements in relation to the applicable risk retention obligations when investing in such securities or instruments. To this end, sponsor and originator institutions shall ensure that prospective investors have readily available access to all materially relevant data on the credit quality and performance of the individual underlying exposures, cash flows and collateral supporting a securitisation exposure as well as such information that is necessary to conduct comprehensive and well informed stress tests on the cash flows and collateral values supporting the underlying exposures. Detailed provisions in this respect are established under the Commission Delegated Regulations no. 625/2014 and no. 231/2013. The above-mentioned disclosure shall be appropriately documented and made publicly available, except in bilateral or private transactions where private disclosure is considered by the parties to be sufficient. Furthermore, the disclosure shall also be confirmed after origination. In addition to the above, detailed rules are also established for originators, sponsors and original lenders on specific disclosure requirements on materially relevant data, which should be readily accessible to investors, without excessive administrative burden. In this regard, it is also noted that in 2008, Consob invited all issuers to integrate the information contained in their financial reports to be disclosed, with consolidated information relating to investments in SPV and in structured products, including securitisations. Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (SFT Regulation), which is directly applicable in Italy since January 2016, among others, also provides for a set of measures aiming to enhancing regulators' and investors' understanding of securities financing transactions (STFs), since these transactions have been a source of contagion, leverage and procyclicality during the financial crisis and have been identified in the EU Commission's Communication on Shadow Banking as needing better monitoring. On September 18, 2019 Consob published a highlight to foster comprehensible and concise presentation of clear, specific and material risk factors in the prospectus and confirmed compliance with the ESMA Guidelines on risk factors under the Prospectus Regulation. See also EU Commission response. Moreover the Securitisation Regulation (i.e. Regulation (EU) 2017/2402 as amended by Regulation (UE) 557/2021) provides specific rules aimed at enhancing the disclosure of securitised products. Specifically, art. 7 of the aforesaid regulation establishes, inter alia, that originators should make available, in the investor report, investor materially relevant data on the credit quality and performance of underlying exposures, including data allowing investors to clearly identify delinquency and default of underlying debtors, debt restructuring, debt forgiveness, forbearance, repurchases, payment holidays, losses, charge offs, recoveries and other asset performance remedies in the pool of underlying exposures.

**Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation**

**Update and next steps: highlight main developments since 2019 survey**

**Update and next steps: planned actions (if any) and expected commencement date**

Relevant web-links: please provide web-links to relevant documents
Law no. 130/1999: <a href="https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:legge:1999;130">https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:legge:1999;130</a> STS Regulation (Securitisation): <a href="http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1515164324229&amp;uri=CELEX:32017R2402">http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1515164324229&amp;uri=CELEX:32017R2402</a> CRR Regulation (Securitisation): <a href="http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1515164297009&amp;uri=CELEX:32017R2401">http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1515164297009&amp;uri=CELEX:32017R2401</a> Legislative Decree no. 58/98 and implementing regulations: <a href="http://www.consob.it/web/consob-and-its-activities/laws-and-regulations">http://www.consob.it/web/consob-and-its-activities/laws-and-regulations</a> EU Prospectus Regulation: <a href="https://ec.europa.eu/info/law/prospectus-regulation-eu-2017-1129/law-details_it">https://ec.europa.eu/info/law/prospectus-regulation-eu-2017-1129/law-details_it</a>

### III7: Enhancing supervision - Consistent, consolidated supervision and regulation of SIFIs

#### G20/FSB Recommendations

*All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)*

#### Remarks

Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors (banks, insurers, other etc.); (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs.

Jurisdictions should not provide details on policy measures that pertain to higher loss absorbency requirements for G/D-SIBs, since these are [monitored separately](#) by the BCBS.

See, for reference, the following documents:

#### BCBS

- [Framework for G-SIBs \(Jul 2018\)](#)
- [Framework for D-SIBs \(Oct 2012\)](#)

#### IAIS

- [Holistic Framework for the Assessment and Mitigation of Systemic Risk in the Insurance Sector \(Nov 2019\)](#)
- [Application Paper on Liquidity Risk Management \(Jun 2020\)](#)
- [Draft Application Paper on Macroprudential Supervision \(Mar 2021\)](#)

#### FSB

- [Evaluation of the effects of too-big-to-fail reforms \(Mar 2021\)](#)
- [Framework for addressing SIFIs \(Nov 2011\)](#)

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Last update on: 14 December 2018 (for G- SIBs);30 November 2018 (for D-SIBs)



Progress to date: issue is being addressed through  
 Primary / Secondary legislation - No  
 Regulation / Guidelines - Yes  
 Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions  
 Directive 2013/36/EU (Capital Requirements Directive IV – CRDIV, as amended by CRD V – Directive 2019/878/EU) introduces in Europe the discipline on capital buffers for global systemically important institutions and other systemically important institutions (G-SIIs and O-SIIs buffer). In particular, for G-SIBs, the calibration and identification methodology outlined in the CRDIV resemble very closely the BCBS framework harmonized at the global level. As for the O-SIIs, although no global framework is in place, CRDIV prescriptions are in line with EBA guidelines (which have been updated in 2021) and the BCBS principles. The Bank of Italy is the authority in charge of both identifying the GSIIIs and O-SIIs located in its jurisdiction and setting the corresponding capital buffers. Bank of Italy Circular 285/2013 implements CRDIV provisions on capital buffers in Italy (currently under review to implement Directive 2019/878/EU, see § IV12). Within the context of Basel II Pillar 2, institutions deemed as systemically important are also subject to more stringent prudential requirements, especially for risk control/measurement procedures and corporate governance. Moreover, the internal guidance for supervisory activity sets higher standards for those institutions. The same approach has been adopted at Euro-area level. The European Central Bank Risk Assessment System for banking supervision links the supervisory engagement of a bank with its systemic relevance. In the absence of a specific EU legislation, the implementation for G-SIIs of the recommendations is addressed via supervisory actions and monitoring. The Italian participation into the relevant regulatory debates on policy and methodologies is driven by the aim to reinforce a consistent and consolidated supervision and regulation. In this context, IVASS has actively contributed to the IAIS work related to G-SIIs issues, and has completed the implementation of the IAIS policy measures (enhanced supervision and effective resolution) towards the Italian group Generali, initially designated as a G-SII in 2013 and 2014. Based on the outcome of the assessment methodology and the recent revision process as well as on the qualitative information Generali Group has no longer the status of G-SII as from November 2015. Despite that, IVASS considers it worth maintaining the supervisory approach and the policy measures framework unchanged, by applying to Generali Group some of the IAIS/FSB measures for the systemic entities (all except the higher loss absorbency requirements, which will be in any case applicable to all GSIIIs only as of 2019). This is pursued with a twofold perspective: (i) to ensure that Generali is following the correct path in case it is back on the designation list; (ii) to reinforce a consistent and consolidated supervision and regulation to this group in line with the international policy developments. Other actions: For banking sector, supervisory processes and prudential regulation take systemic importance of financial institutions into account, consistently with a proportionality criterion. For insurance sector, enhanced supervision and recovery and resolution measures.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey  
 The EBA has finalised the review of its binding technical standards, reflecting the changes in the methodology agreed by the BCBS in 2018 and the amendments to the CRDIV contained in Art 131 of CRDV.

Update and next steps: planned actions (if any) and expected commencement date  
 As of 1 January 2020, the new IAIS approach (Holistic Framework - HF) for mitigating systemic risk in the insurance industry is in place. The HF has resulted in enhanced macroprudential policy measures being applied proportionately to a much wider range of companies (IAIGs) than under the previous approach applied to the G-SII. In the meantime the FSB has decided to suspend the annual identification and publication of the list of G-SIIs until the end of 2022. Please also refer to the European Commission’s response.  
 IVASS, on 12 May 2020, identified the Generali Group as the only Italian IAIG (which was also the last in the FSB G-SII list in 2014) based on the criteria provided by the ComFrame. As such, IVASS has continued to apply the IAIS/FSB supervisory approach and the policy measures framework (enhanced supervision and effective resolution) to Generali Group.

Relevant web-links: please provide web-links to relevant documents  
[https://www.bancaditalia.it/compiti/stabilita-finanziaria/politica-macroprudenziale/unicredit\\_20201204/index.html](https://www.bancaditalia.it/compiti/stabilita-finanziaria/politica-macroprudenziale/unicredit_20201204/index.html)  
<https://www.bancaditalia.it/compiti/stabilita-finanziaria/politica-macroprudenziale/com-ist-sist-20201130/index.html>  
<http://www.iaisweb.org/index.cfm?event=getPage&nodeId=25233>  
<http://www.iaisweb.org/page/supervisory-material/financial-stability-and-macroprudential-policy-and-surveillance/file/61179/updated-g-sii-assessment-methodology-16-june-2016>  
[https://www.eba.europa.eu/sites/default/documents/files/document\\_library/Publications/Draft%20Technical%20Standards/2020/RTS/935712/Final%20report%20-%20Draft%20RTS%20on%20methodology%20for%20GSIIIs\\_.pdf](https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Draft%20Technical%20Standards/2020/RTS/935712/Final%20report%20-%20Draft%20RTS%20on%20methodology%20for%20GSIIIs_.pdf)

### III8: Enhancing supervision - Establishing supervisory colleges and conducting risk assessments

#### G20/FSB Recommendations

*To establish the remaining supervisory colleges for significant cross-border firms by June 2009.*  
(London)

*We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges.* (Seoul)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2017 IMN survey. The BCBS and IAIS will be monitoring implementation progress in this area with respect to banks and insurers respectively.
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### III9: Enhancing supervision - Supervisory exchange of information and coordination

#### G20/FSB Recommendations

*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)

*Enhance the effectiveness of core supervisory colleges.* (FSB 2012)

#### Remarks

Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on 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.

Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.11.2014

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

BI, Consob and IVASS cooperate to facilitate the discharge of their respective supervisory and regulatory responsibilities. According to art. 7 of the Consolidated Banking Law and art. 4 of the Consolidated Law on Finance, BI, Consob and IVASS may not invoke professional secrecy in their dealings with each other. As regards international cooperation, according to Article 7 of the Consolidated Law on Banking and Article 4 of the Consolidated Law on Finance BI and Consob may cooperate, with or without entering into cooperation agreements, both with EU and non-EU competent authorities in order to facilitate the performance of their respective functions. This includes the exchange of confidential information, subject, in case of third country authorities, to the existence of adequate provisions concerning professional secrecy. In October 2007, BI and Consob signed an MOU that established two permanent committees: (i) the strategic committee to discuss and exchange information on major issues, and (ii) the technical committee that deals with operational aspects and implementation of guidance issued set by the strategic committee. In addition, specific Protocols discipline their cooperation on particularly relevant shared duties as cooperation in the supervision of investment services and asset management activities, in the supervision of financial conglomerates, and in the safeguard of financial stability. Securities sector: The results of the 2013 FSAP carried out by the IMF acknowledge the existence of effective arrangements and a robust regulatory and supervisory framework to ensure coordination and cooperation on a national and cross-border level. Consob's ability to provide information to foreign regulators has been assessed as part of the screening process under the IOSCO MMoU. Consob is a signatory to that agreement and to the ESMA (former CESR) MMoU. In addition, it has entered into a large number of bilateral MoUs with other securities and financial services regulators dealing with the exchange of information for enforcement purposes (for instance, 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 well as the AIFMD MoUs indicated above). Moreover, Consob participates to a number of international groups, including groups at ESMA and IOSCO level aimed at, among others, strengthening information exchange and cooperation between competent authorities. In addition to the above, MAR new provisions on cooperation (directly applicable in Italy) further strengthen the principles of cooperation and exchange of information among competent authorities (see next column). Furthermore, ESMA and the ECB have concluded a Memorandum of Understanding (MoU) that will allow the exchange of information and cooperation to help both authorities in fulfilling their respective mandates. The framework proposed by the MoU covers cooperation in the field of statistics, risk management, supervision, market infrastructures and regulation. It also includes a cooperative arrangement between the ECB, relevant national central banks (NCBs), ESMA and the authorities competent to supervise CSDs participating in T2S that is to be signed by the parties. See also the response from the UE Commission. Banking sector: The BI cooperates with foreign financial authorities in accordance with the framework set by the EU legislation which provide for that the EU bank supervisors must cooperate with each other, with other EU non-bank supervisors and with the EU supervisory authorities. The exchange of information cannot be impeded or impaired by confidentiality obligations (professional and/or bank secrecy). EU legislation bounds all EU supervisors and authorities to comply with stringent confidentiality requirements. Consequently, according to Article 7 of the Consolidated Law on Banking (Legislative Decree 385/1993) and Article 4 of the Consolidated Law on Finance (Legislative Decree 58/1998) BI may cooperate, with or without entering into cooperation agreements, both with EU and non-EU competent authorities in order to facilitate the performance of their respective functions. This includes the exchange of confidential information, subject, in case of third country authorities, to the existence of adequate provisions concerning professional secrecy. In addition, specific provisions of the CRD IV regulate cooperation and collaboration between EU supervisors involved in the supervision of cross border groups and, in particular, within the colleges of supervisors. The CRD IV provisions have been implemented and complemented by the Bank of Italy in the "Guide for supervisory activity" (Circular n. 269, Part One, Section I, Chapter V, "relationships with foreign supervisory authorities"). The BI has signed Multilateral Memorandum of Understanding for the functioning of EU colleges in respect to almost the cross border groups of which it is either home or host supervisor. Within the colleges 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 and coordination in the development of best practices is also ensured on a regular basis. Website platforms ensure an efficient and comprehensive information exchange. 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 some of the authorities according to the issues to be addressed. This approach increases the effectiveness of the supervisory activity carried out. Finally, the Bank of Italy cooperates with the ECB and other euro area supervisory authorities within the contest of the Single Supervisory Mechanism. The specific features of this cooperation are described in the European Legislation and in the Bank of Italy regulation on the Supervision of banks (Circular n. 285, "Supervisory Regulation for banks"). The participation in EBA/ESRB committees and working groups also provides EU supervisors with the opportunity to enhance cooperation and to develop common approaches to bank supervision. In line with article 55 of the CRD IV, article 7, paragraph 7 of the Consolidated Law on Banking states that within the framework of cooperation agreements and equivalent obligations of confidentiality the BI may exchange information related to the performance of supervisory functions with the competent authorities of non-EU Member States. The Bank of Italy have signed 10 Memorandum of Understanding with banking supervisors from non-EU countries. The cooperation and information exchange between the Bank of Italy and non-EU supervisors may anyway as well occur in the absence of a formal, written, cooperation agreement, provided that effective reciprocity conditions are met. The September 2013 ROSC on BCP and IOSCO principles by the IMF recognized that the Italian financial system regulators (Bank of Italy, Consob, IVASS) actively collaborate and exchange information according to a sound legal and regulatory framework and sophisticated arrangements for offsite supervision, that have resulted in a robust system of supervision. Insurance sector: In November 2012 IVASS became signatory of the IAIS MMOU for the exchange of information among supervisors. IVASS also signed a bilateral MoU with third country Authorities - the Insurance Supervisor of Missouri and the insurance supervisor of Serbia, the Albanian Financial Supervisory Authority and the China Banking and Insurance Regulatory Commission. An MMoU on supervisory cooperation and exchange of information between the UK

authorities (BoE/PRA and FCA) and the insurance supervisors of the EEA was signed in 2019. More in general, Italian EU cross-border groups have exchanged information and coordinated their activities within the European 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 and in case of emergency situations. The General Protocol on the collaboration of the insurance supervisory authorities of the EU (now in the form of a Decision) was revised to align its the content with the Solvency II directive and to strengthen the cooperation between the Home and Host Authorities when pursuing cross-border activity. The decision became effective on 1 May 2017. IVASS also actively participates in informal coordination platform set up by EIOPA to strengthen the coordination and cooperation of NCAs involved in the supervision of cross-border business.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents

Consolidated law on banking: <https://www.bancaditalia.it/compiti/vigilanza/intermediari/Testo-Unico-Bancario.pdf> Legislative Decree no. 58/98 and implementing regulations: <http://www.consob.it/web/consob-and-its-activities/laws-and-regulations> MoUs signed by Consob: [http://www.consob.it/main/consob/cosa\\_fa/impegni\\_internazionali/accordi.html](http://www.consob.it/main/consob/cosa_fa/impegni_internazionali/accordi.html) MiFID2: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0065&from=EN> MAR: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0596&from=EN> <https://www.esma.europa.eu/press-news/esma-news/esma-national-securities-regulators-and-ecb-exchange-information> [https://www.esma.europa.eu/sites/default/files/library/esma70-145-100\\_final\\_report\\_draft\\_its\\_cooperation\\_between\\_ncas\\_art\\_25\\_of\\_mar.pdf](https://www.esma.europa.eu/sites/default/files/library/esma70-145-100_final_report_draft_its_cooperation_between_ncas_art_25_of_mar.pdf) [http://www.consob.it/documents/46180/46181/Acc\\_BI\\_Cnsb\\_20180608.pdf/da0e3d7e-a4ae-4d03-8c55-b1b89c638205](http://www.consob.it/documents/46180/46181/Acc_BI_Cnsb_20180608.pdf/da0e3d7e-a4ae-4d03-8c55-b1b89c638205) See also response by EU Commission. <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R2014&from=EN> [https://www.eiopa.europa.eu/content/guidelines-exchange-information-within-colleges\\_en?source=search](https://www.eiopa.europa.eu/content/guidelines-exchange-information-within-colleges_en?source=search) <https://www.ivass.it/normativa/internazionale/convenzioni-internazionali/index.html?com.dotmarketing.htmlpage.language=3>

MEF consultation on the transposition/implementation of the MiFID2/MiFIR framework:

[http://www.dt.tesoro.it/it/consultazioni\\_pubbliche/consultazione\\_strumenti.html](http://www.dt.tesoro.it/it/consultazioni_pubbliche/consultazione_strumenti.html) MAR framework:

<https://www.esma.europa.eu/regulation/trading/market-abuse>

<https://eiopa.europa.eu/Publications/Protocols/ESAs%20and%20EFTA%20SA%20MMoU%20-%20Signed.pdf> MoU signed by IVASS with Albania: [https://www.ivass.it/normativa/internazionale/convenzioni-internazionali/documenti/accordi/mou\\_IVASS-FSA.pdf](https://www.ivass.it/normativa/internazionale/convenzioni-internazionali/documenti/accordi/mou_IVASS-FSA.pdf)

### III10: Enhancing supervision - Strengthening resources and effective supervision

#### G20/FSB Recommendations

*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)*

*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)*

*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)*

#### Remarks

Jurisdictions should indicate any steps taken on recommendations 1, 2, 3, 4 and 7 (i.e. supervisory strategy, engagement with banks, improvements in banks' IT and MIS, data requests, and talent management strategy respectively) in the FSB [thematic peer review report on supervisory frameworks and approaches to SIBs \(May 2015\)](#).

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.05.2008
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes

**Progress to date: short description of the content of the legislation/regulation/guideline/other actions**

Banking and securities sector: The legal mandate and powers of the relevant authorities for the regulation and supervision of financial entities are clearly stated under the Consolidated Law on Banking and the Consolidated Law on Finance providing Bank of Italy and Consob with supervisory powers over investment firms, banks providing investment services and asset management companies. While Bank of Italy is responsible for banking supervision and for the stability of financial intermediaries (see also below for the insurance sector), Consob monitors, among others, the transparency and correctness of investment firms and asset management firms, and the orderly functioning of the markets, and the efficiency and transparency of the market in corporate control and the capital market. The Consolidated Law on Finance contains a number of general principles defining the objectives of the securities regulation regime that guide the exercise by Consob and the Bank of Italy of their regulatory discretions. Moreover, the Italian regulatory regime takes in due account the need to avoid regulatory arbitrage, which is particularly relevant in the area of financial innovation, in view to ensure that the same rules apply regardless to the legal nature of the product, entity and the type of distribution channel, ensuring that there are no unregulated, unsupervised activities. Consob is entrusted with extensive regulatory, supervisory and enforcement powers to perform its mandate. Consob is an independent agency and can adopt decisions without any external political interference. 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. Consob personnel has constantly increased during the last years and it is professional and skilled, having qualifications in law, economics and finance and participating to ongoing training programs. 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, including both a bottom-up (involving all Consob units) and a top-down approach (ensuring sustainability and consistency of the strategies). The process includes analysis of the external and internal contexts, the impact on supervised entities and cost-benefit assessments.

Insurance sector: By implementing the Solvency II framework, the national legislation and IVASS regulation have gradually introduced provisions enhancing supervisory strategy and analytical tools to align with, and better reflect the Solvency II risk-based approach. To this purpose, since 2013, an internal reorganisation took place and resources were reallocated on the key activities. A Macroprudential Surveillance Division was set up to mirror the new risk perspective followed by the establishment of a Division on Risk Assessment supporting the Micro-prudential Supervision Department for the quantification and management of insurance, financial, credit, operational risks of insurance groups and solo undertakings. The reorganisation was supported by a general revision of the monitoring procedures, supervisory strategy and analytical tools. The actions taken refer to: a. Revision of the internal Guide to Supervisory Activities; b. Focus on Risk analysis and linkage between Risk Assessment Framework (RAF) and Risk appetite/tolerance; c. Proportionality principle applied to the supervisory actions; d. Reinforcement of the IT platform and the Business Intelligence to gather and process Solvency II reporting; e. Intensified dialogue with the Industry, market consultants and financial analysts on risks-related issues; f. Dialogue with statutory auditors which was IVASS Regulation n. 42/2018 laying down provisions on the external audit of public disclosure (SFCR), increasing the quality and accuracy of the solvency information publicly released by undertakings and groups; g. Participation in EIOPA's work to strengthen the convergence to supervisory practices by identifying best practices applied at EU level (e.g. Thematic peer reviews, Internal Models) with the aim to investigate the development of the insurance market (at micro and macro level) and safeguard consumers from risks/uncertainties arising from activities, tools and technologies newly introduced in the financial system (Fintech, cyber risk, big data). Other actions: Letter to the market, internal procedures addressed through the Guide to Supervisory Activities.

**Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation**

**Update and next steps: highlight main developments since 2019 survey**

**Update and next steps: planned actions (if any) and expected commencement date**

On the basis of the outcome of the work conducted by Consob's Fintech working group, further measures could be envisaged. The studies on digital innovation in the insurance sector, such as Fintech (Insurtech), IT innovation and cyber risk are carried out by a dedicated internal Committee within IVASS. IVASS has contributed, in close cooperation with other national supervisory, to design the legal framework of Fintech, setting-up the national Fintech Committee under the umbrella of the Ministry of Economics and Finance MEF and defining terms and procedures for the launch of regulatory sandboxes. In Italy, Decree 100/2021 issued by the Ministry of Economy and Finance, has recently introduced the so-called "regulatory sandbox", a controlled environment where supervised entities and FinTech operators will be able to test, for a limited period of time, technologically innovative products and services in the banking, financial and insurance sectors, working in close liaison with the supervisory authorities (The Bank of Italy, Consob and Ivass). The Bank of Italy has also launched an innovation centre ("Milano Hub") that aims at accelerating digital evolution of the financial market and encouraging the attraction of talent and investments through consulting services, mentorship, and educational components for financial intermediaries, start-ups, and research centres.

Relevant web-links: please provide web-links to relevant documents
<p>Legislative Decree no. 58/98 and implementing regulations: <a href="http://www.consob.it/web/consob-and-its-activities/laws-and-regulations">http://www.consob.it/web/consob-and-its-activities/laws-and-regulations</a> Law n. 262/2005: <a href="http://www.camera.it/parlam/leggi/05262l.htm">http://www.camera.it/parlam/leggi/05262l.htm</a> The full text of the Supervisory risk assessment Guideline is only for BI consultation, not publicly available. An extract can be found at <a href="https://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/circolari/c269/index.html?com.dotmarketing.htmlpage.language=1">https://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/circolari/c269/index.html?com.dotmarketing.htmlpage.language=1</a> Law n. 262/2005: <a href="http://www.camera.it/parlam/leggi/05262l.htm">http://www.camera.it/parlam/leggi/05262l.htm</a></p> <p><a href="https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2016/lm-12-https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2016/lm-12-07/index.html?com.dotmarketing.htmlpage.language=3">https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2016/lm-12-https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2016/lm-12-07/index.html?com.dotmarketing.htmlpage.language=3</a></p> <p><a href="https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2018/n42/Regolamento_IVASS_42_2018_en.pdf?language_id=3">https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2018/n42/Regolamento_IVASS_42_2018_en.pdf?language_id=3</a> (in Italian only)</p> <p><a href="https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2018/n38/Regolamento_38_2018.pdf?language_id=3">https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2018/n38/Regolamento_38_2018.pdf?language_id=3</a> (in Italian only)</p> <p><a href="https://www.ivass.it/operatori/sandbox/index.html?com.dotmarketing.htmlpage.language=3">https://www.ivass.it/operatori/sandbox/index.html?com.dotmarketing.htmlpage.language=3</a></p> <p>Consob and OCF MoU on cooperation:  <a href="http://www.consob.it/documents/46180/46181/prot_Cnsb_OCF_20180628.pdf/5acdc6ed-443b-4350-a6eb-02b998b81e66">http://www.consob.it/documents/46180/46181/prot_Cnsb_OCF_20180628.pdf/5acdc6ed-443b-4350-a6eb-02b998b81e66</a></p> <p>Consob resolution establishing the stakeholder group and relevant charter:  <a href="http://www.consob.it/documents/46180/46181/d20477.pdf/ef979bea-6143-4199-93a4-6e89f5271617">http://www.consob.it/documents/46180/46181/d20477.pdf/ef979bea-6143-4199-93a4-6e89f5271617</a></p> <p>Decree 100/2021 issued by the Ministry of Economy and Finance, establishing the Italian regulatory sandbox <a href="https://www.gazzettaufficiale.it/atto/serie_generale/caricaDettaglioAtto/originario?atto.dataPubblicazioneGazzetta=2021-07-02&amp;atto.codiceRedazione=21G00109&amp;elenco30giorni=true">https://www.gazzettaufficiale.it/atto/serie_generale/caricaDettaglioAtto/originario?atto.dataPubblicazioneGazzetta=2021-07-02&amp;atto.codiceRedazione=21G00109&amp;elenco30giorni=true</a></p>

## IV11: Macroprudential frameworks and tools - Establishing oversight regulatory framework

### G20/FSB Recommendations

*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 and private pools of capital to limit the build up of systemic risk. (London)*

*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)*

### Remarks

Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place in your jurisdiction since the global financial crisis.

Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among national authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.05.2015

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
<p>Banking and securities sector: In Italy the primary responsibility for safeguarding the stability of the national financial system is assigned to the Bank of Italy, which is the national authority with responsibilities over the banking system and large parts of the rest of the financial system, some important financial markets and financial infrastructures. The legislative decree 12 May 2015 n.72 (article 53-ter on macro-prudential measures) completed the Italy's transposition of the CRD IV and the Bank of Italy has been identified as the designated authority responsible for the activation of the macroprudential instruments provided for by CRDIV/CRR legislation (as amended by Directive 2019/878/EU). The Bank of Italy, which plays a prominent role in the field of financial stability, has several means for interacting with the other sectoral authorities. As to the insurance sector, the Governing Board of Ivass partially overlaps with that of the Bank of Italy and is chaired by the Bank's Director General. Furthermore, senior officials from Ivass are regularly involved in the periodical meetings within the Bank of Italy where risks for the financial stability are assessed. Cooperation is also in place, through Memorandum of Understandings, with Covip (pension funds) and Consob (markets). According to the law, requests for information from one of these supervisory authorities to another (including the new macroprudential authority) cannot be opposed if advanced for supervisory purposes. The Bank of Italy has been assessed fully compliant with the ESRB recommendation on intermediate objectives and instruments of macroprudential policy (ESRB/2013/1). All the intermediate objectives considered by the ESRB recommendation are currently pursued by the Bank of Italy. The Bank of Italy has under its direct control at least one macroprudential instrument for each intermediate objective. The activation of such instruments is based on a wide set of indicators used to identify vulnerabilities and risks for the financial system. The main instrument to mitigate excessive credit growth is the Countercyclical Capital Buffer (CCyB). The appropriate level for CCyB is determined by the Bank of Italy using estimates of the aggregate credit-to-GDP gap and an additional set of indicators, which provide reliable early warnings on the build-up of systemic risk in the Italian banking sector. A top-down stress testing framework has been developed to assess the resilience of the financial sector and to monitor the emergence of systemic risks. For assessing the risks to financial stability arising from the real estate market, the Bank of Italy uses a methodology based on two pillars: 1) early warning models; 2) analysis of a wide range of cyclical and structural indicators related to the real estate sector. In addition, a fully-fledged structural model has been developed in which house prices are related to main real determinants (i.e., household disposable income, demographics, dwelling stocks, inflation expectations) and credit variables (i.e., costs and flows of mortgages to households and to developers). The Bank of Italy also uses regularly models to assess and forecast the financial vulnerability of households and firms. The Bank of Italy monitors risks related to "Too-big-to-fail" institutions (for details, see recommendation 7). According to the Consolidated Law on Finance, the role of Consob in the identification of financial stability risks posed by financial entities, including shadow banking entities, is complementary to that of BI, however Consob contributes to a great extent to risk identification and monitoring. In particular, Consob priorities, strategic objectives and general planning, including non-bank financial entities, are defined through a formal procedure based on a risk-based scenario analysis, which includes both a bottom-up (involving all Consob units) and a top-down approach (ensuring sustainability and consistency of the strategies). The process includes analysis of the external and internal contexts, the impact on supervised entities and cost-benefit assessments. In this respect, Consob has broad powers to gather information in order to carry out the aforesaid analysis. See also response by EU Commission. Insurance sector: Pursuant to Art 5(1ter) of the Italian Code of Insurance and also pursuant to Directive 2009/138/EC, IVASS is required to take into account, in times of exceptional movements in the financial markets, the potential pro-cyclical effects of its actions, also on other Member States. In the context of the European analysis on the (ultra) low interest rate, EIOPA has proposed to develop a framework for a macroprudential approach under Solvency II IVASS has enhanced the internal processes for an intensified monitoring and analysis of the ongoing risks, by increasing the reporting requirements (e.g on interest rate) or conducting national stress testing, long term solvency projections, scenario and sensitivity analyses as well as investment behaviour surveys taking into account the low interest environment and potential effects . By implementing the EIOPA GLs on the reporting for financial stability purposes, IVASS gathers data on a quarterly basis, additional to the SII reporting, to perform ad-hoc macro-prudential analysis on trend and developments and to identify potential impacts on the on the national insurance market. IVASS Regulation n. 21/2016 on regular quantitative information to be transmitted to IVASS for purposes of financial stability and macro prudential supervision was issued on 10 May 2016. For the years 2018-2020,, IVASS has set its strategic objectives planning several initiatives aimed at adapting its supervisory models to changing needs and at consolidating macro-prudential methodologies. The objective is expressed in the following lines of action: - broaden the methodologies for risk analysis to identify and mitigate potential critical factors for the stability of the sector and potential negative impacts on the financial and economic system, also strengthening the information exchanges aimed at facilitating micro-prudential supervisory actions; - oversee international fora to input the development of macro-prudential policy measures and tools at European and global level.</p>
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation



Update and next steps: highlight main developments since 2019 survey

The amendments to the CRD IV/CRR made by Directive 2019/878/EU and Regulation (EU) 2019/876 entered into force on 27 June 2019 and include a number of targeted improvements to the macro-prudential provisions, notably increased flexibility in the use of existing macro-prudential instruments while eliminating the macro-prudential use of Pillar 2, and streamlined activation and reciprocation procedures for macro-prudential instruments establishing the ESRB as the notification hub for macro-prudential measures.

On April 28th 2021, the Bank of Italy issued for public consultation the regulatory proposals on capital reserves and macroprudential instruments based on the characteristics of customers or loans (also referred to as borrower-based measures), also aimed at implementing Directive 2019/878/EU (CRDV).

In particular, the following have been subject to public consultation:

- the amendments to Part One, Title II, Chapter 1, of the Bank of Italy Circular communication no. 285/2013, concerning the provisions on the capital reserve requirements for banks. This amendment introduces the capital reserve for systemic risk buffer (SyRB) for banks and authorised banking groups in Italy and it helps to align to the European rules (CRDV and EBA guidelines) with regard to the capital reserves.
- the introduction of Chapter 12, Part Three, in the Bank of Italy Circular no. 285/2015 for the introduction of macroprudential borrower-based instruments into national legislation. This amendment is aimed at introducing borrower-based measures. These instruments, which are not harmonized at European level, aim to strengthen the resilience of the financial system by imposing limits on borrowers' risk-taking. These limits can refer to the financial situation of borrowers themselves or to characteristics of the loan granted, thereby limiting the excessive growth of the riskiest exposures. In particular, if deemed necessary to preserve the stability of the national financial system, the Bank of Italy can impose on new loans a number of restrictions in terms of: loan-to-value (LTV) ratio and loan-to-income (LTI) ratio; debt-to-income (DTI) ratio and debt service-to-income (DSTI) ratio; leverage, and the maximum maturity and amortization requirements of loans.

For further details, see on the Bank of Italy's website the consultation document outlining its provisions on 'Capital buffers and borrower-based macroprudential instruments'. The public consultation closed on 2021, June 27th.

The need to extend the macro-prudential tools has been recommended by the International Monetary Fund (IMF).

In December 2020, the EIOPA delivered its Opinion on the review of Solvency II legislation (Directive 2009/138/EC), in response to the specific requests of the European Commission. The measures indicated by EIOPA concern interventions on capital liquidity, companies' exposures and forms of preventive planning. One of the proposed measures, namely limiting or suspending, in exceptional cases, dividend distribution, variable remuneration and share buy-backs, has been tested during the COVID-19 crisis by implementing the updated recommendations ESRB/2020/15 on dividend distribution and remuneration policies, and the EIOPA Statement. (See also response by EU Commission).

Lastly, the European authority proposed broadening the current regulatory framework with minimum harmonized rules for managing crises at European level to facilitate cooperation between Member States. A legislative proposal from the European Commission based on EIOPA's Opinion is expected by October 2021.

Building on the EIOPA Opinion, the European Commission has recently adopted a legislative proposal, amending the Solvency II Directive, which introduces targeted macro-prudential rules. The newly proposed tools are consistent with the international standards on systemic risk developed by the IAIS. Once adopted by the EU co-legislators, the legislative proposal will provide national authorities in each Member State with an enhanced macro-prudential toolkit to identify promptly any source of systemic risk that may arise from (re)insurance activities.

These targeted improvements to Solvency II will be reinforced by the parallel introduction of a new crisis management framework.

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents

[http://www.gazzettaufficiale.it/atto/serie\\_generale/caricaDettaglioAtto/originario?atto.dataPubblicazioneGazzetta=2016-09-01&atto.codiceRedazionale=16G00181&elenco30giorni=false](http://www.gazzettaufficiale.it/atto/serie_generale/caricaDettaglioAtto/originario?atto.dataPubblicazioneGazzetta=2016-09-01&atto.codiceRedazionale=16G00181&elenco30giorni=false) (IN ITALIAN ONLY)  
<http://www.gazzettaufficiale.it/eli/id/2015/06/12/15G00087/sg> (IN ITALIAN ONLY) <http://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:decreto.legislativo:2015-11-16;180> (IN ITALIAN ONLY) <http://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:decreto.legislativo:2015-11-16;181> (IN ITALIAN ONLY)  
<http://www.gazzettaufficiale.it/eli/id/2016/03/8/16G00038/sg> (IN ITALIAN ONLY)  
<https://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/circolari/c285/> (IN ITALIAN ONLY);  
<https://www.bancaditalia.it/compiti/vigilanza/normativa/consultazioni/2021/riserve-capitale/2021.04.28-consultazione.pdf> (IN ITALIAN ONLY)  
[https://www.eiopa.europa.eu/content/opinion-2020-review-of-solvency-ii\\_en](https://www.eiopa.europa.eu/content/opinion-2020-review-of-solvency-ii_en)  
[https://www.esrb.europa.eu/pub/pdf/recommendations/esrb.recommendation201215\\_on\\_restriction\\_of\\_distributions\\_during\\_the\\_COVID-19\\_pandemic~2502cd1d1c.en.pdf](https://www.esrb.europa.eu/pub/pdf/recommendations/esrb.recommendation201215_on_restriction_of_distributions_during_the_COVID-19_pandemic~2502cd1d1c.en.pdf)  
 IVASS recommendation on dividend distribution and variable remuneration policies  
[https://www.ivass.it/media/comunicati/documenti/2020/ivcs457en.pdf?language\\_id=3](https://www.ivass.it/media/comunicati/documenti/2020/ivcs457en.pdf?language_id=3)

## IV13: Macroprudential frameworks and tools - Enhancing monitoring and use of macroprudential instruments

### G20/FSB Recommendations

*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)*

*Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)*

### Remarks

Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks.

Please indicate the use of tools for macroprudential purposes over the past year, including: the objective for their use; the process to select, calibrate and apply them; and the approaches used to assess their effectiveness.

See, for reference, the following documents:

- FSB-IMF-BIS progress report to the G20 on [Macroprudential policy tools and frameworks \(Oct 2011\)](#)
- CGFS report on [Operationalising the selection and application of macroprudential instruments \(Dec 2012\)](#)
- IMF staff papers on [Macroprudential policy, an organizing framework \(Mar 2011\)](#), [Key Aspects of Macroprudential policy \(Jun 2013\)](#), and [Staff Guidance on Macroprudential Policy \(Dec 2014\)](#)
- IMF-FSB-BIS paper on [Elements of Effective Macroprudential Policies: Lessons from International Experience \(Aug 2016\)](#)
- CGFS report on [Experiences with the ex ante appraisal of macroprudential instruments \(Jul 2016\)](#)
- CGFS report on [Objective-setting and communication of macroprudential policies \(Nov 2016\)](#)
- IMF [Macroprudential Policy Survey database](#)

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
2015

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - No
Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

Banking and Financial sector: Completion of transposition of CRD IV and introduction of macroprudential instruments. The legislative decree 12 May 2015 n.72 (article 53-ter on macroprudential measures) completed the Italy's transposition of the CRD IV and the Bank of Italy has been identified as the designated authority responsible for the activation of the macroprudential instruments provided for by CRDIV/CRR legislation. The Circular No. 285 'Supervisory provisions for banks' was modified accordingly. Macroprudential instruments have been introduced: (i) identification of global systemically important institutions (G-SII) and other systemically important institutions (O-SII; for details, see recommendation 7) and (ii) implementation of the capital conservation buffer. Moreover, BI undertakes ad-hoc system-wide analysis to identify risks and summarizes results in internal notes, and an output in this respect is the Financial Stability Report. Article 136 of Directive 2013/36/EU (Capital Requirements Directive, CRD IV) requires the designated national authorities to adopt a framework for setting macroprudential tools, such as the Countercyclical Capital Buffer (CCyB) rate as of 1 January 2016. The European directive was enacted in Italy by Bank of Italy Circular No. 285/2013 'Supervisory Instructions for Banks'. Legislative Decree 72/2015 nominates the Bank of Italy as the authority designated to adopt macro-prudential measures in the banking sector, including the CCyB. The rules apply to banks and investment firms at the individual and the consolidated level. Based on an analysis of the reference indicators the Bank of Italy has decided to set the CCyB rate (for exposures to Italian counterparties) at zero per cent for all quarters from 2016 to 2018. In October 2016 the Bank of Italy decided to implement the transitional arrangement for the application of the capital conservation buffer (CCoB) provided for by the Capital Requirements Directive 2013/36/EU (CRD IV), which permits its gradual phasing-in. This decision amends the one made in 2013, when the CRD IV was transposed, to bring forward the application of the 'fully loaded' buffer (2.5 per cent of risk-weighted assets) on a consolidated basis for banking groups and individually for stand-alone banks. In 2016 the Bol considered a request for reciprocity in relation to: 1) a measure adopted by the central bank of Belgium to reduce the risks connected with bank exposures collateralized by residential housing situated in that country; and 2) a decision by the central bank of Estonia to impose a systemic risk buffer (SRB) on its own credit institutions. There are no branches of Italian banks in Belgium or in Estonia and any cross-border exposures are of limited amounts, so the Bank of Italy did not take measures. In March 2018 the Bol assessed a request for reciprocation of a macroprudential measure adopted in Finland to reduce the risks related to exposures of banks to the country's residential real estate market. Italian banks have no branches in Finland and the exposures of banks and Italian financial companies to the Finnish real estate sector are negligible; the Bank of Italy therefore decided not to extend the measure to its own banks. In line with the provisions of Recommendation ESRB/2015/1 (on recognising and setting countercyclical buffer rates for exposures to third countries), which provides that the designated national authorities identify annually the third countries to which their domestic banking sectors are materially exposed and monitor the risks stemming from excessive credit growth towards these countries, the Bank of Italy has identified the following material third countries for Italy: Russia, Turkey, Switzerland and the USA. Since they have already been identified by the ESRB as material for the entire European Union and are monitored by the ESRB itself, the Bank of Italy further determined not to carry out any direct monitoring of the risks associated with these countries. An analytical framework for assessing financial stability risks arising from the real estate sector in Italy has been developed.

Securities sector: The role of Consob is complementary. In particular, Consob employs specific risk evaluation models, taking into account the qualitative and quantitative information provided by regulated entities, including non-bank financial entities, and performs quantitative analysis to support supervisory functions; the related output feeds into Consob priorities, strategic objectives and general planning. See also response by EU Commission.

Insurance sector: Since 2013, IVASS has been conducting a six-monthly survey on the exposure to interest rate risk of life insurers offering with guaranteed products, while on a quarterly basis an additional survey focuses on main trends and vulnerabilities. To gauge the exposure of the national insurance market to the main insurance, financial and macro-economic risks and is updated quarterly, IVASS also relies on its Risk Dashboard (and at EU level too), which has doubled the risk indicators and categories, and on the ORSA analysis from a macro-prudential perspective. Ad-hoc analysis are also carried out to investigate specific issues (e.g credit ratings, insurance-banking nexus, run-off portfolio). Sensitivity analysis and national stress tests are regularly performed to assess the consequences that market movements and adverse events could have on the insurance sector.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

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**Update and next steps: highlight main developments since 2019 survey**

Since 2019, based on the analysis of the reference indicators, the Bol kept the CCyB at zero percent.

Every year the Bol identifies the G-SIIs and the O-SIIs, using the methodology established by European law and EBA guidelines, which rely on a range of indicators (including size, complexity and interconnectedness). For 2022 the Bol confirmed the designation of UniCredit group as a G-SII; while for 2021 it has confirmed the designation of UniCredit, Intesa Sanpaolo, Banco BPM and Banca Monte dei Paschi di Siena banking groups as O-SIIs.

In December 2018 the Bol has evaluated the request for reciprocity of a Belgian measure, which called for the imposition of a risk-weight add-on on retail exposures secured by residential immovable property located in Belgium. Italian banks had no branches in Belgium and their cross-border exposures to households resident in Belgium were negligible. The Bol has decided not to reciprocate the measure. In April 2019 the Bol considered the requests for reciprocation relating to two macroprudential measures adopted in France and Sweden. The French measure limits the exposures of systemically important institutions to highly-indebted large non-financial corporations resident in France; while the Swedish measure is aimed at reducing risks connected with banks' retail exposures collateralized by residential housing located in Sweden. Italian banks' exposures to the risks indicated by the respective authorities in France and Sweden are far below the minimum thresholds. The Bol accordingly decided not to apply any of the measures. In July 2021 the Bol assessed a reciprocation request of a measure adopted in Luxembourg, which introduces limits on LTV for new mortgage loans on residential real estate located in Luxembourg with differentiated restrictions across categories of borrowers. There are no branches of Italian banks in Luxembourg and any cross-border exposures are of limited amounts, so the Bank of Italy decided not to reciprocate the measure.

In line with the provisions of Recommendation ESRB/2015/1, the Bol annually identifies the third countries to which the domestic banking sector is materially exposed. In 2021, the Bol identified the following material third countries for Italy: Russia, the United States, Switzerland and the UK. These four countries will be monitored directly by the ESRB, which has included them among those identified as material for the entire European Economic Area.

IVASS toolbox for risks identification, assessment and monitoring is complemented by: i) a liquidity monitoring conducted on a monthly basis; ii) an annual monitoring on derivatives to assess potential impact of interest rate changes on the variation margin requests iii) quali-quantitative surveys to assess ongoing and/or planned initiatives by the major Italian groups on climate related-risk; iv) PRIIPs monitoring following the attribution to IVASS of intervention powers for financial stability purposes (e.g. imposing limitations, temporary restrictions or deferments for certain types of transactions or options granted to policyholders (a letter to the market was issued providing guidance to overcome inconsistencies in the criteria used by companies for the reporting).

With the Covid-19 outbreak, IVASS has set up a monthly monitoring on the solvency position of the Italian undertakings. Following the ESRB analysis on the impact on European insurers' assets of a potential downgrading of corporate bonds with rating A and BBB to fallen angel, IVASS has replicated the analysis at a national level.

Based on the specific safeguards against liquidity risks drawn up by the IAIS in the ICPs, starting from March 2020 IVASS has intensified the monitoring and enhanced the current reporting running a regular monitoring exercise, within EIOPA, to accurately investigate current and forecast liquidity positions. IVASS also participates in the EU projects on climate risk monitoring (pilot dashboard) related to the insurance protection gap for natural catastrophes.

**Update and next steps: planned actions (if any) and expected commencement date**

See response by EU Commission.

**Relevant web-links: please provide web-links to relevant documents**

[https://www.bancaditalia.it/compiti/stabilita-finanziaria/politica-](https://www.bancaditalia.it/compiti/stabilita-finanziaria/politica-macroprudenziale/index.html?com.dotmarketing.htmlpage.language=1)

[macroprudenziale/index.html?com.dotmarketing.htmlpage.language=1](https://www.bancaditalia.it/compiti/stabilita-finanziaria/politica-macroprudenziale/index.html?com.dotmarketing.htmlpage.language=1)

<https://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/circolari/c285/index.html> (IN ITALIAN ONLY)

<http://www.gazzettaufficiale.it/eli/id/2015/06/12/15G00087/sg> (IN ITALIAN ONLY)

<https://www.bancaditalia.it/pubblicazioni/qef/2015-0278/index.html?com.dotmarketing.htmlpage.language=1>

<https://www.bancaditalia.it/pubblicazioni/qef/2016-0323/index.html?com.dotmarketing.htmlpage.language=1>

Opinion on the supervision of the use of climate change risk scenarios in ORSA

([https://www.eiopa.europa.eu/content/consultation-draftopinion-supervision-of-use-of-climate-change-risk-scenarios-orsa\\_en](https://www.eiopa.europa.eu/content/consultation-draftopinion-supervision-of-use-of-climate-change-risk-scenarios-orsa_en)).

The pilot dashboard on insurance protection gap for natural catastrophes, [https://www.eiopa.europa.eu/content/pilot-dashboard-insurance-protectiongap-natural-catastrophes\\_en](https://www.eiopa.europa.eu/content/pilot-dashboard-insurance-protectiongap-natural-catastrophes_en).

<https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2020/lm-15-12/>).

## V13: Improving credit rating agencies (CRAs) oversight- Enhancing regulation and supervision of CRAs

### G20/FSB Recommendations

*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)*

*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)*

*Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)*

*We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)*

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2019 survey.
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V14: Improving credit rating agencies (CRAs) oversight - Reducing the reliance on ratings

**G20/FSB Recommendations**

*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)*

*We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and competition among credit rating agencies. (Los Cabos)*

*We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)*

**Remarks**

Jurisdictions should indicate the steps they are taking to address the recommendations of the [May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings](#), including by implementing their [agreed action plans](#). Any revised action plans should be sent to the FSB Secretariat so that it can be posted on the FSB website.

Jurisdictions may refer to the following documents:

- FSB [Principles for Reducing Reliance on CRA Ratings \(Oct 2010\)](#)
- FSB [Roadmap for Reducing Reliance on CRA Ratings \(Nov 2012\)](#)
- BCBS [Basel III: Finalising post-crisis reforms \(Dec 2017\)](#)
- IAIS [ICP guidance](#) 16.9 and 17.8.25
- IOSCO [Good Practices on Reducing Reliance on CRAs in Asset Management \(Jun 2015\)](#)
- IOSCO [Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and the Use of External Credit Ratings \(Dec 2015\)](#).

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
01.07.2013

Progress to date: issue is being addressed through  
 Primary / Secondary legislation - Yes  
 Regulation / Guidelines - Yes  
 Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

Securities sector: CRA III Regulation (directly applicable since 21 June 2013) establishes principles to reduce overreliance on credit ratings, as well as related regulatory changes in the asset management sector (amendments to the UCITS Directive and AIFMD) and occupational and retirement pensions (amendments to the Occupational Retirement Provision Directive). Initiatives at the national level are to a large extent strictly connected with the implementation of the roadmap set forth under EU legislation to reduce over-reliance on CRA ratings. In particular, under these provisions, reference to mechanistic reliance on credit ratings for assessing the creditworthiness of an entity or financial instrument shall be avoided and own credit assessments should be encouraged. In line with such provisions, under a joint and coordinated initiative, on 22 July 2013, CONSOB, Banca d'Italia, IVASS and COVIP issued parallel communications aimed at reducing over-reliance on credit ratings in the investment choices of collective investment portfolio managers, insurance companies, and pension funds. In particular, Consob draws the attention to the fact that in the exercise of its own management discretion in relation to each UCITS, the collective portfolio manager must adopt correct, transparent and appropriate internal credit risk assessment processes and perform the necessary due diligence activities before ordering the execution of investment or disinvestment transactions related to, or depending from, a certain level of the credit rating or credit rating changes. Moreover, for each UCITS managed, the collective portfolio manager has to keep records documenting the aforesaid analyses and assessment activities that form the basis of the investment and disinvestment decisions taken. See also EU Commission response on Insurance sector: In the Insurance Code a specific provision to reduce the mechanistic reliance on external ratings has been introduced (art.30-bis, paragraph 11 and 12), which implements the EU delegated regulation on Solvency II on this matter. IVASS has contributed to the definition of an Implementing Technical Standard (ITS) which regulates the credit rating assigned by certified ECAIs. As described in the ITS, firms have to assess the appropriateness of any external rating with alternative tools in order to avoid the over-reliance. Banking sector: The use of external credit ratings for prudential purposes is regulated by the Reg. UE 575/2013 (CRR), directly applicable to Italian credit institutions and investment firms. In parallel, ESMA has in charge the registration/certification and the supervision of Credit Rating Agencies (CRAs) (see Reg. 1060/2009 and its subsequent updates). On the other end, the Bank of Italy's Guide for the supervisory activities (Circ. 269/2008) states that, in order to assess the quality of the credit portfolio, the in dept analysis on individual exposures must be based on information not connected to external credit ratings (e.g. information contained in Bank of Italy credit register and internal ratings when available). As far as CCPs are concerned, the EMIR regulation and delegated legislation include specific provisions aimed at limiting the reliance on CRAs by CCPs. The Italian CCP, the Cassa di Compensazione, was authorized in May 2014 and, in that occasion, a general check of its compliance with the EMIR regulation was made, including the reliance or not on CRAs. Furthermore, in the ongoing supervision also this issue is monitored by the Italian competent authorities. Italy's action plan to Implement the Financial Stability Board Principles for Reducing Reliance on Credit Rating Agency Ratings has also been published (see link below). Other actions: The Joint Communication by national competent authorities and Italy's action plan (see below).

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date  
 See EU Commission response.

Relevant web-links: please provide web-links to relevant documents

Italy's action plan: [http://www.consob.it/main/consob/cosa\\_fa/impegni\\_internazionali/FSB\\_action\\_plan.html](http://www.consob.it/main/consob/cosa_fa/impegni_internazionali/FSB_action_plan.html) See also EU Commission response. [https://www.ivass.it/normativa/nazionale/primaria/Code\\_of\\_Private\\_Insurance.pdf?language\\_id=3](https://www.ivass.it/normativa/nazionale/primaria/Code_of_Private_Insurance.pdf?language_id=3) <https://www.bancaditalia.it/compiti/polmon-garanzie/gestione-garanzie/qualita-crediti/index.html?com.dotmarketing.htmlpage.language=1>

## VI15: Enhancing accounting standards - Consistent application of high-quality accounting standards

### G20/FSB Recommendations

*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)*

### Remarks

Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (e.g. equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial position and performance. They should also explain the system they have for enforcement of consistent application of those standards.

Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: <https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/>.

As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of recognition, fair value measurement and disclosure requirements.

In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new accounting requirements for the measurement of expected credit losses on financial assets that are being introduced by the IASB and FASB.

See, for reference, the following BCBS documents:

- [Supervisory guidance for assessing banks' financial instrument fair value practices \(Apr 2009\)](#)
- [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#)
- [Regulatory treatment of accounting provisions - interim approach and transitional arrangements \(March 2017\)](#)

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Financial statements of the financial year closing or ongoing on 31 December 2005
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes



**Progress to date: short description of the content of the legislation/regulation/guideline/other actions**

As required by the Italian and the European Union's legislation, the financial statements must conform with the requirements of the relevant European directives and with the IFRS issued by the International Accounting Standards Board (IASB) as endorsed in the European Union. According to Regulation (EC) n° 1606/2002 the International Financial Reporting Standards (IFRS) are incorporated into EU legislation by the European Commission if they meet the criteria provided by the Regulation. The IFRS are endorsed by the Commission after obtaining the binding opinion of the committee composed of representatives from Member State (ARC -Accounting Regulatory Committee). The legislative Decree 38/05, as amended by Law No. 145/2018, identifies the companies which are mandatorily required or permitted to adopt the International Accounting Standards (IAS/IFRS) in preparing Consolidated and Separate Financial Statements, as follows: - Publicly traded entities and publicly accountable entities are mandatorily required to fill their consolidated and separate financial statement according to IAS/IFRS. According to Law No. 145/2018, issuers whose securities are widely held, unlisted banks and other unlisted supervised financial intermediaries have now the option and not anymore the obligation to fill their consolidated and separate financial statement according to IAS/IFRS; - Publicly traded insurance entities/ private insurance entities are mandatorily required to fill their consolidated financial statement according to IAS/IFRS; - Entities other than those that are allowed to prepare abridged accounts are permitted to fill their consolidated and separate financial statements according to IAS/IFRS. The scope of the mandatory application in Italy is wider than that provided by Regulation (EC) no 1606/2002, which is limited to consolidated financial statements of publicly traded entities. The wide use in Italy of an high quality set of accounting standard is aimed at improving investor protection and enhancing their confidence. 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 Financial statements published by banks and other supervised financial intermediaries. The Bank of Italy has reviewed the schemes and templates of Circular n. 262/2005 due to the application of IFRS 9 since 1 January 2018. On December 22, 2017, the updated Circular n. 262/2005 was published. Enforcement on financial information issued by listed companies is carried out by Consob on a systematic basis. According to Article 89-quater of Consob Regulation no. 11971/1999 on issuers, 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 (see in this respect ESMA Guidelines on enforcement of financial information, in force since December 29, 2014 and implemented by Consob. Moreover, ESMA issued new Guidelines applicable starting from 2022). 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. 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 fact and arrange publication of supplementary information as necessary in order to reinstate correct market information. See also EU Commission response. Other actions: 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, as well as Consob participates to the ESMA work in this respect, actively contributing to the evolution of accounting standards, by providing the accounting standard setters with analysis and comments in due process, and providing guidance for the application of the relevant accounting standards. The Ministry of Economy and Finance, operating with Bank of Italy, Consob and IVASS, is involved 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 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 adoption of the IAS/IFRS in Italy was introduced by the Legislative Decree nr. 38 of February 28, 2005, exercising the options contained in the Regulation (EC) no 1606/2002 of the European Parliament and of the Council of 19 July 2002.

Insurance sector: IVASS issued the national regulation (Regulation no. 7/2007) regarding standardized schemes and templates, in order to ensure a consistent and homogeneous "disclosure" in the Financial statements published by insurers. IFRS 17 will replace the current IFRS 4, which was introduced as an interim standard and did not entail major changes to the accounting for insurance contracts being inspired by local GAAP. IVASS Regulation 7/2007 is going to be revised to take into account IFRS 17. For supervisory purposes, firms adopt the SII framework, which provides for supervisory balance sheet whose principles are inspired by the IFRS (except for the valuation of RT whose principles are directly regulated by delegated acts and national regulations).

Regulation n.34 on governance, recognition and valuation of assets and liabilities other than Technical Provisions was issued in February 2017 and implements EIOPA guidelines on the valuation criteria.

**Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation**

**Update and next steps: highlight main developments since 2019 survey**

**Update and next steps: planned actions (if any) and expected commencement date**

Endorsement of IFRS 17 is in progress (positive ARC vote with optional carve-out about annual cohort).

<p>Relevant web-links: please provide web-links to relevant documents</p> <p>Consolidated Law on Finance and relevant implementing regulations: <a href="http://www.consob.it/web/consob-and-its-activities/laws-and-regulations">http://www.consob.it/web/consob-and-its-activities/laws-and-regulations</a> 2014 ESMA Guidelines: <a href="https://www.esma.europa.eu/system/files_force/library/2015/11/2014-807_-_final_report_on_esma_guidelines_on_enforcement_of_financial_information.pdf?download=1">https://www.esma.europa.eu/system/files_force/library/2015/11/2014-807_-_final_report_on_esma_guidelines_on_enforcement_of_financial_information.pdf?download=1</a>  ESMA Guidelines (applicable starting from January 2022): <a href="https://www.esma.europa.eu/file/69118/download?token=G7uRimGU">https://www.esma.europa.eu/file/69118/download?token=G7uRimGU</a></p> <p>Consob Communication No.0031948/17<a href="http://www.consob.it/documents/46180/46181/c0031948.pdf/2d682d8c-ef70-44dd-aac1-b9a307d97189">http://www.consob.it/documents/46180/46181/c0031948.pdf/2d682d8c-ef70-44dd-aac1-b9a307d97189</a>; See also EU Commission response- <a href="https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2007/n07/index.html">https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2007/n07/index.html</a> (in Italian only)  <a href="https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2017/n34/Regolamento_n._34_del_7_febbraio_2017.pdf?language_id=3">https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2017/n34/Regolamento_n._34_del_7_febbraio_2017.pdf?language_id=3</a>  <a href="https://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/circulari/c262/index.html">https://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/circulari/c262/index.html</a> BCBS Guidelines on accounting for expected credit losses: <a href="http://www.bis.org/bcbs/publ/d350.htm">http://www.bis.org/bcbs/publ/d350.htm</a> EBA Guidelines on credit institutions “credit risk management practices and accounting for expected credit losses”: <a href="https://www.eba.europa.eu/-/eba-publishes-final-guidelines-on-credit-institutions-credit-risk-management-practices-and-accounting-for-expected-credit-losses">https://www.eba.europa.eu/-/eba-publishes-final-guidelines-on-credit-institutions-credit-risk-management-practices-and-accounting-for-expected-credit-losses</a> Report on results from EBA impact assessment of IFRS 9: <a href="https://www.eba.europa.eu/documents/10180/1360107/EBA+Report+on+impact+assessment+of+IFRS9">https://www.eba.europa.eu/documents/10180/1360107/EBA+Report+on+impact+assessment+of+IFRS9</a></p>
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## VII16: Enhancing risk management - Enhancing guidance to strengthen banks’ risk management practice

### G20/FSB Recommendations

*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)*

*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)*

*Regulators and supervisors in emerging markets will enhance their supervision of banks’ operation in foreign currency funding markets. (FSB 2009)*

*We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)*

### Remarks

Jurisdictions should indicate the measures taken in the following areas:

- guidance to strengthen banks’ risk management practices, including BCBS good practice documents ([Corporate governance principles for banks](#), [External audit of banks](#), and the [Internal audit function in banks](#));
- measures to monitor and ensure banks’ implementation of the BCBS [Principles for Sound Liquidity Risk Management and Supervision \(Sep 2008\)](#);
- measures to supervise banks’ operations in foreign currency funding markets;<sup>1</sup> and
- extent to which they undertake stress tests and publish their results.

Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital requirements for CCPs), since these are [monitored separately by the BCBS](#).

<sup>1</sup> Only the emerging market jurisdictions that are members of the FSB should respond to this specific recommendation.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation since November 2014 supervisory actions are taken in the SSM context
Progress to date: issue is being addressed through
Primary / Secondary legislation - No Regulation / Guidelines - No Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Since November 2014 Italian significant institutions (currently, the 12 largest Italian banks) are subject to the direct supervision of the Single Supervisory Mechanism (SSM). In the new methodology adopted for banking supervision the quality of the management of liquidity risk is among the most important issues to be assessed for evaluating the viability of banks. Other actions: SSM supervisory manual and "ECB Guide to the internal liquidity adequacy assessment process (ILAAP)". For all other Italian banks (less significant institutions), subject to the direct supervision of Bank of Italy, the sound management of liquidity risk is supervised using a methodology in line with IMF and Basel Recommendations and EBA Guidelines on SREP. Directive 2013/36/EU (CRD IV, as amended by Directive 2019/878/EU - CRDV) implements into EU law the Basel Committee's corporate governance principles for banks, including in particular aspects concerning boards' responsibilities, qualifications, structure and composition, senior management, risk management, compensation and disclosure. The Directive has been transposed in Italy through Bank of Italy's Circular no. 285/2013 (which is going to be updated to implement CRDV).
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
In line with the evolution of the EU regulatory framework on risk management, since 2019, in particular, the following Guidelines of the European Supervisory Authorities (ESA) have been implemented in the national regulatory framework: - <input checked="" type="checkbox"/> EBA "Guidelines on outsourcing arrangements (EBA/GL/2019/02)" as binding regulations for banks (Circular 285/2013, Part I, Title IV, Ch. 3, Sections I and IV); the new rules, applicable in Italy since the 24th of September 2020, establish the internal governance arrangements, including sound risk management, that banks and other intermediaries should implement when they outsource functions, in particular with regard to the outsourcing of critical or important functions; - <input checked="" type="checkbox"/> EBA "Guidelines on loan origination and monitoring (EBA/GL/2020/06)" as non-binding supervisory expectations (orientamenti di vigilanza); the "orientamenti" apply in Italy since the 21st of July 2021, and specify the internal governance arrangements, processes and mechanisms for loan origination and monitoring, the requirements on credit and counterparty risk, and requirements in relation to the creditworthiness assessment of consumers; - <input checked="" type="checkbox"/> ESMA "Guidelines on outsourcing to cloud service providers (ESMA50-164-4285)" as non-binding supervisory expectations (orientamenti di vigilanza); these Guidelines apply in Italy from end-July 2021, and specify the internal governance arrangements, including sound risk and security management, that banks and other intermediaries and market operators should implement when they outsource functions to cloud service provider.
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents
For EBA GL on outsourcing: <a href="https://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/circolari/c285/">https://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/circolari/c285/</a> (see Circular 285 "ristampa integrale", Part I, Title IV, Ch. 3, Sections I and IV); For EBA GL on loan origination: <a href="https://www.bancaditalia.it/compiti/vigilanza/normativa/orientamenti-vigilanza/elenco-esa/note/Nota-n-13-del-20-luglio-2021.pdf">https://www.bancaditalia.it/compiti/vigilanza/normativa/orientamenti-vigilanza/elenco-esa/note/Nota-n-13-del-20-luglio-2021.pdf</a> For ESMA GL on cloud outsourcing: <a href="https://www.bancaditalia.it/compiti/vigilanza/normativa/orientamenti-vigilanza/elenco-esa/note/Nota-12-del-13.07.21.pdf">https://www.bancaditalia.it/compiti/vigilanza/normativa/orientamenti-vigilanza/elenco-esa/note/Nota-12-del-13.07.21.pdf</a>

## VII17: Enhancing risk management - Enhanced risk disclosures by financial institutions

### G20/FSB Recommendations

*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)*

*We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)*

### Remarks

Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS 7 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](#) and [Implementation Progress Report by the EDTF \(Dec 2015\)](#), and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.

In addition, in light of the new IASB and FASB accounting requirements for expected credit loss recognition, jurisdictions should set out any steps they intend to take (if appropriate) to foster disclosures needed to fairly depict a bank's exposure to credit risk, including its expected credit loss estimates, and to provide relevant information on a bank's underwriting practices. Jurisdictions may use as reference the recommendations in the report by the Enhanced Disclosure Task Force on the [Impact of Expected Credit Loss Approaches on Bank Risk Disclosures \(Nov 2015\)](#), as well as the recommendations in Principle 8 of the BCBS [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#).

In their responses, jurisdictions should not provide information on the implementation of Basel III Pillar 3 requirements, since this is [monitored separately](#) by the BCBS.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
31.12.2013
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

**Progress to date: short description of the content of the legislation/regulation/guideline/other actions**

Securities sector: In general, in addition to prospectus requirements for public offerings and market abuse disclosure obligations, issuers with securities admitted to trading in a RM, including listed financial institutions, are subject to a comprehensive set of disclosure obligations on a periodic and ongoing basis in accordance with EU legislation. Some disclosure requirements are also provided by the listing rules in relation to issuers of securities negotiated in a MTF (admission document, financial reports, etc), and for issuers whose securities are widely held (defined on the basis of quantitative criteria). In relation to the application of IFRS, see recommendation no. 15. Furthermore, quarterly interim management statements may be published within forty-five days of the end of the first and third quarters of the financial year. They must contain: (i) a general description of the financial position and economic outlook of the issuers and its subsidiaries; (ii) an explanation of material events and transactions that have taken place during the relevant period and their impact on the financial position of the issuer and its controlled undertakings. Sectoral provisions are established for the asset management/investment fund sector, which require asset management companies to prepare an annual and a semi-annual report for each CIS they manage. AMCs' Accounts must be prepared in accordance with IFRS. In addition to the above, for the offering of CIS, the preparation of a comprehensive prospectus is required, which must include all relevant information about the CIS, including, among others, information about the asset valuation methodology; procedures for subscription, redemption and pricing of units; custodial arrangements; investment policy; risks; fees and charges. Offerors of CIS must post (and constantly update) on their website the prospectus, periodic financial reports and, if not included in the prospectus, the fund rules. Updated data on the risk-reward profile and costs of a CIS must be disclosed to investors by the end of February of each year, as well as any changes not otherwise communicated to the information given in the KIID. Moreover, as mentioned above, as far as structured products are concerned, the CRA III Regulation (Regulation (EU) no. 462/2013), which is directly applicable in Italy, requires the issuer, the originator and the sponsor of a structured financial 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). Insurance sector: The Delegated Act 2015/35 and the Solvency II regime (Directive 2009/138/EC) envisage a wide set of rules covering both narrative reporting and quantitative information, aiming at enhancing the public disclosure by insurance undertakings (Delegated Act : TITLE I - chapter XII and title II, chapter V). The EU commission also issued the Implementing Regulation (EU) 2015/2452 of 2 December 2015 laying down technical standard with regard to the procedures, formats and templates of the Solvency and Financial condition report. In this context, EIOPA supported the implementation into the EU member States by publishing Guidelines on reporting and public disclosure which provide a supervisory guidance on the disclosure issue. The provisions on public disclosures have been implemented in the Italian Code of Insurance (art. 47-septies, 47-octies, 47-novies and 47-decies and in art. 216-novies) concerning the public disclosure of Solvency and Financial Condition Report (SFCR). The EIOPA Guidelines were adopted with the issuing of IVASS regulation n.33, after the public consultation period. In line with the above, the regulation is intended to require also further details on some aspects already covered in the EU legislation. Furthermore, for banks, Bank of Italy issues the national regulation regarding the formats and notes of the financial statements that have to be adopted by banks ("Circular 262 of 22 December 2005"). Moreover, regarding the implementation of the disclosures requirements of IFRSs on the expected credit loss recognition as well as on the other relevant issues on the implementation of the IFRS9 for financial institution, ESMA set up a temporary task force (Financial Institution Task Force, FITF) that is developing enforcers' expertise and contributing to the development of a common supervisory culture with regards to the specific questions related to the financial reporting according to the new standards, primarily by financial institutions. Consob actively participate to the work of the FITF. In this context, it is worth citing the Public statement released by ESMA on the accounting implications of the COVID-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9.

**Update and next steps: highlight main developments since 2019 survey**

In the Opinion on the Solvency II review, EIOPA proposes some revisions to the supervisory reporting and to public disclosure, by deleting information of little use; including new information set (e.g. on cyber risk and non-life products); and simplifying the reporting templates. The EC proposal amending some requirements of Pillar 3 of the Solvency II Directive, largely incorporates EIOPA suggestions.

Publication of the new EU Regulation no. 2020/852 (Taxonomy Regulation) establishing a framework to facilitate sustainable investment.

EU Proposal on Corporate Sustainability Reporting Directive concerning disclosure on sustainability amending the Accounting Directive (2013/34/EU)

**Update and next steps: planned actions (if any) and expected commencement date**

Forthcoming publication and entry into force of the new EU Regulation on disclosures relating to sustainable investments and sustainability risks and amending Directive (EU) 2016/2341.

Relevant web-links: please provide web-links to relevant documents

Web-links to relevant documents Legislative Decree no. 58/98 and implementing regulations: <http://www.consob.it/web/consob-and-its-activities/laws-and-regulations>  
[https://eiopa.europa.eu/GuidelinesSII/EIOPA\\_EN\\_Public\\_Disclosure\\_GL.pdf](https://eiopa.europa.eu/GuidelinesSII/EIOPA_EN_Public_Disclosure_GL.pdf)  
<https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2016/n33/index.html> (in Italian only)  
[https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2016/lm-12-07/Lettera\\_al\\_mercato\\_7\\_dicembre\\_2016.pdf](https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2016/lm-12-07/Lettera_al_mercato_7_dicembre_2016.pdf) (in Italian only)  
<https://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/circolari/c262/index.html>  
[https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2018/lm-28-03/Lettera\\_al\\_mercato\\_del\\_28\\_marzo\\_2018.pdf](https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2018/lm-28-03/Lettera_al_mercato_del_28_marzo_2018.pdf)  
[https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2018/lm-12-01/Lettera\\_al\\_mercato\\_del\\_12\\_gennaio\\_2018\\_Esiti\\_analisi\\_ORSA\\_2017.pdf](https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2018/lm-12-01/Lettera_al_mercato_del_12_gennaio_2018_Esiti_analisi_ORSA_2017.pdf)  
[https://www.esma.europa.eu/sites/default/files/library/esma32-63-951\\_statement\\_on\\_ifrs\\_9\\_implications\\_of\\_covid-19\\_related\\_support\\_measures.pdf](https://www.esma.europa.eu/sites/default/files/library/esma32-63-951_statement_on_ifrs_9_implications_of_covid-19_related_support_measures.pdf)

## VIII18: Strengthening deposit insurance - Strengthening of national deposit insurance arrangements

### G20/FSB Recommendations

*National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)*

### Remarks

Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.

All other jurisdictions should describe any significant design changes in their national deposit insurance system since the issuance of the revised IADI [Core Principles for Effective Deposit Insurance Systems](#) (November 2014).

In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance (based on IADI's 2016 [Handbook](#)) with the revised Core Principles:

- If so, jurisdictions should highlight the main gaps identified and the steps proposed to address these gaps;
- If not, jurisdictions should indicate any plans to undertake a self-assessment exercise.

Progress to date:

Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation

08.03.2016

Progress to date: issue is being addressed through

Primary / Secondary legislation - Yes

Regulation / Guidelines - Yes

Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
The transposition process of the EU directive on Deposit Guarantee Schemes (DGSD) has been completed with the Legislative Decree No. 30/2016 enacted in March 2016. With respect to the previous legislative framework, a level of coverage of 100,000 euro per depositor has been confirmed; the main change is the adoption of ex ante funding equal to 0.8% of covered deposits. In addition, the transposition law of Directive on Recovery and Resolution of credit institutions (BRRD), enacted in November 2015, has introduced depositor preference; that is, the DGS subrogating to reimbursed depositors has a preferential ranking in insolvency proceedings.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
In November 2015 the EU Commission adopted a proposal for a European Deposit Insurance Scheme (EDIS), aimed at mutualizing and reducing banking risks at the EU level while strengthening depositors' protection. According to the proposal, EDIS would progressively evolve from a reinsurance scheme into a fully mutualized co-insurance scheme over a number of years. A joint Deposit Insurance Fund (DIF) at the Banking Union level would be created: it would be managed by the Single Resolution Board and filled by contributions paid by banks. Some Member States have raised objections to the proposal and its timing, deeming it necessary that further risk reduction measures are implemented as a prerequisite for the EDIS' establishment. In this respect, a draft report amending the Commission's proposal for EDIS was then submitted to the EU Parliament, in which important changes were made to the design of the EDIS and to the timetable for implementation. To resume the political debate, in October 2017 the European Commission issued a new Communication on the completion of the Banking Union, in which a less ambitious project for the creation of the EDIS was presented. Currently, negotiations are still at a standstill, due to the aforementioned diverging views of Member States on the level and sequence of risk reduction and risk sharing measures. A High Level Working Group has been set up to make political progress and continue to work at technical level. Discussions are currently underway on the possible implementation of the so called "Hybrid model", which has been presented as a potential compromise model entailing the access by national Deposit Guarantee Schemes (NDGSs) to additional financial resources provided by a central DIF and via mandatory lending from other NDGSs.
Relevant web-links: please provide web-links to relevant documents
<a href="http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52015PC0586">http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52015PC0586</a>

## IX19: Safeguarding financial markets integrity and efficiency - Enhancing integrity and efficiency

### G20/FSB Recommendations

*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. (Gannes)*

### Remarks

Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.

Jurisdictions should indicate the progress made in implementing the recommendations:

- in relation to dark liquidity, as set out in the IOSCO [Report on Principles for Dark Liquidity \(May 2011\)](#).
- on the impact of technological change in the IOSCO [Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency \(Oct 2011\)](#).
- on market structure made in the IOSCO Report on [Regulatory issues raised by changes in market structure \(Dec 2013\)](#).

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
1999, with the entry into force of the Consolidated Law on Finance. However, further measures in this regard have been introduced when implementing, at national level: (i) Directive 2004/39/EC and Directive 2006/3/EC in 2007 (ii) the ESMA Guidelines on Automated Trading (which have subsequently been integrated under Directive 2014/65/EU, MIFID II, and Regulation No. 600/2014, MiFIR, and thus implemented under the IT Consolidated Law on Finance) -, (iii) Regulation (EU) no. 648/2012 (EMIR).
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation



<p>Progress to date: short description of the content of the legislation/regulation/guideline/other actions</p>
<p>Regulation of markets is governed by Title I and Title I-bis of Part III of the Consolidated Law on Finance, and related regulations, notably Consob Regulation No. 20249/2017 on markets, implementing the relevant European legislative acts (mainly Directive 2004/39/EC and 2014/65/UE on markets in financial instruments - MiFID1 and MiFID 2 - and Directive 2003/6/EC on market abuse - MAD1), aimed at making financial markets more efficient, resilient and transparent and at ensuring the integrity of securities markets. Supervision on regulated markets and trading systems is conducted by Consob and by Banca d'Italia, for wholesale markets in government securities. Consob is also the competent authority for market abuse investigations. 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, after consulting the Bank of Italy 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 supervisory activity carried out by Consob (and by Bank of Italy 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. Furthermore, RMs and MTFs operators are required to monitor transactions executed by market participants through their trading facilities to identify any infringement of the rules adopted by the market operator, abnormal trading terms or conducts classifiable as market abuse. In this respect, Consob: a) has access to real time data on trading activity in order to be timely aware of any issues arising from the functioning of the trading system; b) directly participate to test activities performed by Borsa Italiana when new functionalities are introduced or updated. 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 on systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities 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 Bank of Italy requested them to comply with ESMA Guidelines with a communication on April 30, 2012 and with the Bank of Italy Supervisory Instructions of August 28, 2012. Moreover, on April 30, 2012, the Bank of Italy and Consob have published a joint communication in relation to the systems and controls in an automated environment for intermediaries, in implementation of the said Guidelines. These Guidelines have subsequently been integrated under MiFID 2/MiFIR framework and implemented in Italy under the Consolidated Law on Finance and the aforementioned Consob Regulation on markets. 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, as mentioned above respectively approved and verified by Consob or by the Ministry for Economy and Finance for wholesale markets in government securities, after consulting the Bank of Italy and Consob. Information on dark trading and dark orders is included in the data set provided to the regulators. To increase availability and better access by market participants to pre- and post-trade transparency information required under the MiFID II/MiFIR framework, ESMA has recently adopted Guidelines on the MiFIDII/MiFIR obligations on market data, which have been implemented by Consob, as communicated to the public by Consob notice of October 7, 2021. In particular, these Guidelines clarify MiFID II/MiFIR requirements on the obligation for market data providers to make pre- and post-trade information available to the public in real time on a reasonable commercial basis and free of charge 15 minutes after the publication (so-called delayed data). In addition, further transparency in OTC derivative markets is ensured by the provisions of Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties (CCPs) and trade repositories (TRs) (EMIR), which is directly applicable in Italy. In fact, the main obligations under EMIR are: (i) central clearing for certain classes of OTC derivatives; (ii) application of risk mitigation techniques for non-centrally cleared OTC derivatives; (iii) reporting to trade repositories; (iv) application of organisational, conduct of business and prudential requirements for CCPs; (v) application of requirements for Trade repositories, including the duty to make certain data available to the public and relevant authorities. Regulation (EU) 2015/2365 of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (SFT Regulation), which is directly applicable in Italy since January 2016, among others, also increases transparency, providing for a set of measures aiming to enhancing regulators' and investors' understanding of securities financing transactions (STFs), since these transactions have been a source of contagion, leverage and procyclicality during the financial crisis and have been identified in the EU Commission's Communication on Shadow Banking as needing better monitoring. Other actions: Ongoing supervision and Consob Resolution on ESMA Guidelines on automated trading.</p>
<p>Update and next steps: highlight main developments since 2019 survey</p>
<p> </p>
<p>Update and next steps: planned actions (if any) and expected commencement date</p>
<p> </p>

Relevant web-links: please provide web-links to relevant documents
<p>ESMA's Guidelines on systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities: <a href="http://www.esma.europa.eu/system/files/esma_2012_122_en.pdf">http://www.esma.europa.eu/system/files/esma_2012_122_en.pdf</a> Consob Resolution no. DME/120270714 of April 4, 2012:  <a href="http://www.consob.it/main/documenti/bollettino2012/c12027074.htm?hkeywords=comunicazione&amp;docid=3&amp;page=0&amp;hits=11">http://www.consob.it/main/documenti/bollettino2012/c12027074.htm?hkeywords=comunicazione&amp;docid=3&amp;page=0&amp;hits=11</a>            Consob and the Bank of Italy Resolution of April 30, 2012:  <a href="http://www.consob.it/main/regolamentazione/esma_documenti/index.html">http://www.consob.it/main/regolamentazione/esma_documenti/index.html</a> MAR: <a href="https://ec.europa.eu/info/law/market-abuse-regulation-eu-no-596-2014/amending-and-supplementary-acts/implementing-and-delegated-acts_en#relatedlinks">https://ec.europa.eu/info/law/market-abuse-regulation-eu-no-596-2014/amending-and-supplementary-acts/implementing-and-delegated-acts_en#relatedlinks</a> Consob Communication no. 0069306 (in Italian)  <a href="http://webint/main/documenti/bollettino2017/c0069306.htm?hkeywords=&amp;docid=11&amp;page=0&amp;hits=111">http://webint/main/documenti/bollettino2017/c0069306.htm?hkeywords=&amp;docid=11&amp;page=0&amp;hits=111</a> Consolidated Law on Finance and relevant implementing regulations: <a href="http://www.consob.it/web/consob-and-its-activities/laws-and-regulations">http://www.consob.it/web/consob-and-its-activities/laws-and-regulations</a>            ESMA Guidelines on the MiFIDII/MiFIR obligations on market data (<a href="https://www.esma.europa.eu/press-news/esma-news/esma-publishes-final-mifidiimifir-obligations-market-data">https://www.esma.europa.eu/press-news/esma-news/esma-publishes-final-report-mifidiimifir-obligations-market-data</a>)            See also EU Commission response.</p>

## IX20: Safeguarding financial markets integrity and efficiency - Regulation of commodity markets

### G20/FSB Recommendations

*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)*

*We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO's principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)*

### Remarks

Jurisdictions should indicate whether commodity markets of any type exist in their national markets.

Jurisdictions should indicate the policy measures taken to implement the principles found in 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 [update to the survey](#) published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
2007, with the introduction of article 66-bis into the Italian Consolidated Law on Finance and the implementation of Directive 2004/39/EC (MiFID) and Directive 2006/3/EC on market abuse.

Progress to date: issue is being addressed through  
 Primary / Secondary legislation - Yes  
 Regulation / Guidelines - Yes  
 Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

Legislative Decree no. 58/1998 provides for some specific rules applying to energy and gas derivative markets. In particular, article 62-sexies of the Consolidated Law on Finance widens the scope of the provisions of Chapter I, Part III, Title I - bis of the Decree, concerning regulated markets (about, for instance, market rules, authorization, recording of transactions, clearing, guarantee and settlement systems, supervision), also to regulated markets for the trading of electricity and gas derivatives and to companies operating such markets. Moreover, article 62 sexies sets the conditions for the coordination of competences, roles and functions of Consob (supervising both trades in energy derivatives and the relevant market operator, Borsa Italiana S.p.A.) and the Authority for Electricity and Gas (supervisor of the energy spot markets) and requires the stipulation of special memoranda of understanding. The Autorità di Regolazione per Energia Reti e Ambiente (ARERA - Authority for Electricity and Gas) is the competent authority for the supervision of the underlying energy market, where the reference price for the financial futures contracts is determined. Consob and ARERA (previously AEEG) signed the required MoU in 2008 for the exchange of the relevant information between the two authorities. The MoU provides for the establishment of a Technical Committee and a Contact Body intended to manage the exchange of information between the two authorities. More in details, Consob and the Authority for Electricity and Gas shall provide to each other mutual assistance and cooperation, including by means of exchange of information. This is without prejudice to the jurisdictions of Consob and the Authority for Electricity and Gas on, respectively, commodity derivatives and on spot markets. According to the aforementioned article, Consob is under a duty to: (i) agree with the Authority for Electricity and Gas on the authorisation and changes to the market rules of energy derivatives market operators and trading venues, as well as on the recognition of foreign energy derivatives markets, the withdrawal of the authorisation of energy derivatives market operators, the authorisation of relevant clearing and settlement systems, the changes in the control structure of energy derivatives market operators; (ii) consult the Authority for Electricity and Gas before the stipulation of agreements with the competent authorities of other EU Member States with a significant importance for the functioning of energy derivatives market operators and investors in Italy.. The approach followed considers the role of Consob in pursuing transparency, the orderly conduct of trading and investor protection, and the competence of the Authority for Electricity and Gas for the stability and the competitiveness of electricity and gas markets, as well as for the safety and the good functioning of national electricity and gas distribution networks. Moreover, Article 62-sexies provides that energy and gas derivatives markets should also be subject to the rules of the Consolidated Law on Finance dealing with the measures required to the companies authorized to manage a regulated market for the efficient operation of the market (including, for instance the establishment and maintenance of effective devices and procedures for the control and observance of the regulation and the adoption of all the provisions and measures required to prevent and identify insider trading and market manipulation) and the supervisory powers available to Consob in order to ensure the transparency of the market, the orderly conduct of trading and the protection of investors (among which, for instance, the power to request information to the operators of the regulated market and to carry out inspections). Consob may exercise additional powers pursuant to article 187-octies of the Consolidated Law on Finance in respect to market abuse cases. In particular, in this respect, it is worth mentioning that the new European Market Abuse Regulation (MAR) provides for specific rules relating to commodity markets taking into account that trading in financial instruments, including commodity derivatives, can be used to manipulate related spot commodity contracts and spot commodity contracts can be used to manipulate related financial instruments, aiming at capturing these inter-linkages. Indeed, the new regime extends scope of current MAD to, among others, emissions allowances; and spot commodity markets that impact financial instruments and vice versa. A specific definition of inside information in relation to derivatives on commodities and emission allowances is also provided under article 7 of MAR. As mentioned above, further transparency is also ensured under the EMIR regime. Other actions: MoUs.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents

Consolidated Law on Finance and relevant implementing regulations: <http://www.consob.it/web/consob-and-its-activities/laws-and-regulations> As regards the MiFID2 package and MAR and subsequent implementing measures, see: [https://ec.europa.eu/info/law/market-abuse-regulation-eu-no-596-2014\\_en](https://ec.europa.eu/info/law/market-abuse-regulation-eu-no-596-2014_en) [https://ec.europa.eu/info/law/markets-financial-instruments-mifid-ii-directive-2014-65-eu\\_en](https://ec.europa.eu/info/law/markets-financial-instruments-mifid-ii-directive-2014-65-eu_en) [https://ec.europa.eu/info/law/markets-financial-instruments-mifir-regulation-eu-no-600-2014\\_en](https://ec.europa.eu/info/law/markets-financial-instruments-mifir-regulation-eu-no-600-2014_en) MoU between , Consob and the Authority for Electricity and Gas (in Italian): [http://www.consob.it/main/consob/cosa\\_fa/cooperazione/protocollo\\_consob\\_energiagas\\_20080806.pdf](http://www.consob.it/main/consob/cosa_fa/cooperazione/protocollo_consob_energiagas_20080806.pdf) See also EU Commission response.

## IX21: Safeguarding financial markets integrity and efficiency - Reform of financial benchmarks

### G20/FSB Recommendations

*We support the establishment of the FSB's Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO's Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)*

Collection of information on this recommendation will continue to be deferred given the ongoing reporting of progress in this area by the FSB Official Sector Steering Group, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.

## X22: Enhancing financial consumer protection - Enhancing financial consumer protection

### G20/FSB Recommendations

*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)*

### Remarks

Jurisdictions should describe progress toward implementation of the OECD's [G-20 high-level principles on financial consumer protection \(Oct 2011\)](#).

Jurisdictions may refer to OECD's [September 2013 and September 2014 reports](#) on effective approaches to support the implementation of the High-level Principles, as well as the [G20/OECD Policy Guidance on Financial Consumer Protection in the Digital Age](#), which provides additional effective approaches for operating in a digital environment. The effective approaches are of interest across all financial services sectors – banking and credit; securities; insurance and pensions – and consideration should be given to their cross-sectoral character when considering implementation. In the case of private pensions, additional guidance can be found in the [Good Practices on the Role of Pension Supervisory Authorities in Consumer Protection Related to Private Pension Systems](#).

Jurisdictions should, where necessary, indicate any changes or additions that have been introduced as a way to support the implementation of the High-level Principles, to address particular national terminology, situations or determinations.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation

For the securities sector: 1999, with the entry into force of the Consolidated Law on Finance. However, a number of measures have been adopted afterwards and in the recent years to further strengthen the principles already contained under the Consolidated Law on Finance of 1998. Further regulation for banking sector: July 2009 (with the "Regulation on transparency in banking services and conduct rules in the relationship between intermediaries and clients"), as subsequently amended (last amendment in June 2021).

Progress to date: issue is being addressed through

Primary / Secondary legislation - Yes  
 Regulation / Guidelines - Yes  
 Other actions (such as supervisory actions) - Yes

**Progress to date: short description of the content of the legislation/regulation/guideline/other actions**

The Italian legislation on financial consumer protection is fully aligned with the OECD/G20 principles high level principles on financial consumer protection. As regards the securities sector, according to the Consolidated Law on Finance, Consob has responsibility, among others, for transparency and proper conduct of business by intermediaries (Article 5(3)) and the protection of investors. The rules of conduct applicable in the provision of investment services, lastly updated in accordance with the MiFID II/MiFIR package (applicable from 3 January 2018), are set forth in Legislative Decree no. 58/1998 and Consob Regulation No. 20307/2018 (which also refers to provisions under Delegated Regulation (EU) 2017/565, directly applicable at national level). Specific provisions are also set forth for the rules of conduct, deriving from IDD Directive (Dir. 2016/97), applicable in the distribution of insurance-based investment products (IBIPs) by banks and financial intermediaries, as provided by the aforementioned Consob Regulation no. 20307/2018 amended on this topic in 2020 (by Consob Decision no. 21466 on 29th July 2020) and applicable from 31st March 2021. As regards the provision of investment services of portfolio management and investment advice, from 10 January 2021 it is also applicable, at national level, Regulation (EU) 2019/2088 on sustainability related disclosures in the financial services sector (SFDR). 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, providing specific rules for investment firms on the written format and delivery of the contract, marketing material, and information to be provided to and requested from retail clients when providing investment services. Intermediaries are also required to provide on a periodic basis detailed information to clients about the provision of services, including fees. Moreover, the scope of application of prospectus related requirements was extended to any offer of financial products to the public. The principle to act honestly, fairly and professionally in accordance with the best interests of the clients/collective investment schemes (for asset managers) and the provisions on conflict of interest have been confirmed by the recent regulatory initiatives at EU level (AIFMD, EuVECA, EuSEF, ELTIF) and accordingly transposed/implemented in Italy. In addition to the above, Consob issued a number of Communications in order to ensure an adequate level of investor protection in relation to the distribution and sale of particular financial instruments, such as, for instance, the 2009 Communication on the distribution of illiquid assets to retail investors, the Communication No. 0097996 of 22 December 2014 for intermediaries on the subject of distribution of complex financial products to retail customers, the Communication of February 7, 2017 concerning the risks raised by investments in CFDs and binary options and, further, the decisions in 2019 about two product intervention permanent measures on CFDs and binary options in order to enhance investors protection in continuity with ESMA temporary product intervention measures on the same type of products (Decisions no. 20975 and 20976 on 20th June 2019). In 2010 Consob also signed a protocol of understanding with the BI, COVIP, ISVAP (now IVASS) and the Competition and Market Ombudsperson to promote and create joint initiatives on the investor protection, to strengthen the existing reciprocal cooperation tools and to coordinate future activities. As member of the European Securities and Markets Authority (ESMA), Consob also organizes consultations on ESMA documents and standards before their adoption. In addition to the above, it is noted that Consob has a Division for Consumer Protection to deal, among others, with investors' complaints. This Division, in accordance with the internal procedure on the complaints' handling, performs a preliminary analysis of the complaints and of the possible action to be taken by Consob and forwarding them to the operational unit in charge of the subject matter to follow up the case.

With reference to the enforcement against the unauthorised financial activities, Consob's set of powers has been further expanded from July 2019. In particular, Consob is now empowered to directly order the providers of Internet connectivity, operators of other telecommunication networks and providers of telecommunication services to ban the access to the web-site (including foreign website) from the Italian territory (URLs). The power can be exercised in case of unauthorised provision of investment services/activities as well as in case of public offers of financial instruments/products for which a prospectus was not issued even if mandated. The power proved to be very effective to promptly stop on-line illegal activities and supported the credibility of Consob in the fight against online illegal misconducts.

On the homepage of Consob website ([www.consob.it](http://www.consob.it)), the section "Watch out for scams!" provides useful information for the purpose of warning investors in relation to unauthorised financial initiatives.

Finally, in the implementation of the European Directive on alternative dispute resolution (ADR) for consumers (2013/11/UE), Consob established by Resolution no. 19602 of May 4, 2016 the Arbitrator for Financial Disputes (AFC), in order to resolve disputes (for compensation up to Euro 500,000) between retail investors and intermediaries for the breach of the conduct rules in the provision of investment services. There is an obligation for intermediaries to join the AFC. In any case, the investor may appeal against the AFC's decisions before the judicial authority.

Insurance sector: on 22 February 2016, the Directive on Insurance Distribution (IDD) entered into force with implementation date into the national legislation on 1 July 2018 and application date set from 1 October 2018. The IDD seeks a level playing field between participants in insurance sales in order to improve consumer protection, market integration and competition. It applies to all insurance products – life and non-life products, insurance-based investment products (IBIPs) – and to all distribution channels (banks, financial intermediaries, insurance intermediaries and insurance companies as direct sellers) including on an ancillary basis non-insurance professionals (for example travel agents selling travel insurance). It should be noted that the competence, at a national level, for the supervision on the distribution of insurance products is shared between Consob and IVASS as follows:

- Consob is competent for the distribution of IBIPs made by banks and financial intermediaries;
- IVASS is competent for the distribution of IBIPs made by insurance intermediaries and insurance companies acting as direct sellers, as well as for the distribution of insurance products different from IBIPs made by both insurance and financial intermediaries.

In this regard, the national set of rules is quite articulated, as, at a first stage, IVASS issued the Regulation n. 40/2018 on 2 August 2018 laying down provisions on insurance and reinsurance distribution of insurance products different from IBIPs and thus implementing the IDD. Later on, in 2020, after a close cooperation between Consob and IVASS in order to introduce coordinated provisions implementing IDD at national level (to ensure uniformity in the regulations applicable to the sale of IBIPs regardless of

the distribution channel and overall consistency and effectiveness of the system of supervision over IBIPs), the two Authorities issued two different sets of rules concerning the distribution of IBIPs by banks and financial intermediaries (as regards Consob) and by insurance intermediaries and insurance companies acting as direct sellers (as regards IVASS). In particular, the two regulations were both issued in August 2020 and entered into force on 31st March 2021 (Consob Regulation no. 20307/2018 amended on this topic by Decision no. 21466 on 29th July 2020 and IVASS Regulation no. 40/2018 amended on this topic by Order no. 97/2020). In addition, on 4 August 2020, IVASS issued the Regulation no. 45/2020, laying down provisions on insurance product oversight and governance (POG) requirements. On 2 August 2018, IVASS also issued the Regulation n.41/2018 on transparency, disclosure and design of insurance products -focusing primarily on the pre-contractual information. Banking sector: The Bank of Italy (BoI) issued in 2009 a “Regulation on transparency in banking services and conduct rules in the relationship between banks and financial institutions and clients”, which has been amended in the following years in order to implement several EU directives and EBA Guidelines related to consumer protection issues.

In particular, Bank of Italy “Regulation” has more recently been modified to implement the EBA guidelines on product oversight and governance arrangements for retail banking products (POG) and on remuneration policies and practices for staff directly offering or providing banking products or services to customers, the JC Guidelines on complaints’ handling, as well as the EU Directive 2015/2366 (Payment Services Directive – PSD2) and the EU Directive 2014/92/EU (Payment Account Directive - PAD). In particular, the new Bank of Italy rules are aimed at ensuring that: i) retail banking products are manufactured and distributed in accordance with the interests, objectives and characteristics of the group of end customers for whom each product is designed; ii) banking and financial institutions do not introduce incentives for staff to favour their own interests, or the institution’s interests, to the detriment of customers; iii) banking and financial institutions are able to promptly and properly handle complaints received from customers; iv) adequate information is delivered to customers on the provision of payment services and on the fees related to payment accounts.

The BoI oversees the transparency and fairness of relations between banks and financial institutions and their customers. The BoI carries out regular controls on banks and financial institutions to assess and verify compliance with all the relevant provisions on disclosure, transparency and business conduct; controls on authorized agents are carried out by an ad hoc control body, namely the OAM (Organismo degli agenti e dei mediatori), which is overseen by the BoI. Controls are increasingly focused on the organizational arrangements adopted by financial institutions, to ensure that in every stage of their activity is paid due attention to the rules on transparency and to the legal and reputational risks inherent in dealing with customers.

Any spotted anomalies and breaches are addressed, and financial institutions are hence invited to enhance their compliance with the relevant provisions on transparency and fairness, and to adopt corrective actions and appropriate measures to tackle the detected issues; in case of relevant breaches, fines can be applied. In addition, the Bank of Italy has the power to adopt specific measures, including in order to reimburse clients for undue sums applied to clients.

To resolve disputes concerning banking and financial transactions and services as well as payment services, in 2009 BoI established the Banking and Financial Ombudsman (“Arbitro Bancario Finanziario” – ABF). To meet the rising demand for consumer protection, the decision-making body was bolstered in December 2016 with the establishment of four new territorial panels, in addition to the existing three. According to the Directive on alternative dispute resolution for consumers (2013/11/EU), transposed into Italian Legislative Decree 130/2015, the BoI, in its role of national competent authority for the ABF, recognized the ADR as an entity compliant with the Directive’s quality requirements; since 2016 ABF participates to the ODR Platform.

To facilitate access to the Banking and Financial Ombudsman (“Arbitro Bancario Finanziario” – ABF), in February 2018 a web portal was launched to allow customers to file and manage complaints entirely on line.

The new BoI’s provisions concerning the functioning of the ABF (available on the ABF website only in Italian) - aimed at ensuring the full alignment of the ABF regulations with the provisions of Directive 2013/11/EU and at making dispute management more efficient - have been in force since 1 October 2020. The new version of the provisions introduced, among others, instruments to further shorten the time frame of the procedure.

Financial Education -Consob’s strategic objectives include investor education and a special section of its website is devoted to the topic. It includes “Dos and Don’ts” for investors and education initiatives, as well as a warnings section notifying investors about unauthorized activities and fraudulent investment services. A system on the website assists investors to assess complex products. Consob publishes investor pamphlets (for example on investment funds). The website also includes a list of persons authorized to provide investment services and warnings against scams. In 2013, Consob has reinforced its relationships with Investors Association, by the identification of the key points of a proposed “Investor’s Charter”, aimed at providing investors concrete operational tools to raise awareness of the investors’ rights and their exercise. As member of the National Committee for the planning and coordination of financial education, Consob has been devoting increasing resources to training sessions and events, as investor education being one of its strategic priorities.

The BoI – which promotes financial education programs since 2011 and is a member of the mentioned National Committee since 2017 – is actively working on the implementation of the Italian National strategy, adopted by the Committee in 2018, through programmes and initiatives of financial education targeted to students and more vulnerable groups of adults.

More recently, the BoI has strengthened its financial education role, by establishing a dedicated Department in 2020 (see also below).

In this context, the Bank promotes financial education initiatives at schools and universities, liaising with the Ministry of Education and the Ministry of Research and Universities and other external stakeholders.

As part of the financial education programme for schools, the Bank of Italy has produced a series called “The Bank of Italy’s educational booklets”. The language and pictures take into account the need to present the content in a simple but thorough way. The “All for one, economics for all!” booklets – recently released - are the reference material for the main initiative “Financial Education in Schools programme”.

Financial education for adults is intended for both the general public and for specific groups of people. The projects intended for

particular groups, such as women and migrants, are carried out in collaboration with public and private sector organizations, which often have their own nationwide networks that coordinate with the Bank of Italy's branches and can reach a great number of people.

The Bank of Italy's financial education portal, "Economics for Everyone" provides useful information on the main areas of personal finance management and an introduction to the basics of economics.

The Bank also carries out surveys on financial literacy and qualitative analyses on financial education program effectiveness.

Promoting the insurance education is part of IVASS's objective to intensify the protection of the environment in light of the digital revolution, increasing the insurance culture with a simple insurance language. Practical and multimedia guides on Policies related to loans and financing, and general liability insurance policies, Motor Third Party Liability, Life insurance, Health insurance and other popular insurance products. A dedicated area on Educational Pamphlets presents publications designed to introduce to the primary school the insurance activity and allow middle and high school students to familiarize with Motor Liability insurance and obligations (R.C.Auto) and a Glossary helps to get familiar with new terms and ease the research. In 2019, IVASS initiated a targeted insurance education programme, which includes training sessions on insurance special topics (e.g. insurance contracts and distribution) involving the national Associations of Consumer Protection. In 2020, many initiatives were launched taking into account the audience diversity by using digital tools. Several webinars, 4 video clips and 13 newsletters on a monthly update of IVASS' activity have been made available to the adult public. For students a dedicated videogame was uploaded on IVASS website to promote a broader understanding of the basic functioning of insurance and to disseminate knowledge of some of the features of the most common policies. In the context of the Financial Education promoted by the Committee on planning and coordination of financial education activities (EDUFIN Committee) dedicated events are planned to be held in cooperation with the National Associations of Insurance Undertakings (ANIA) to promote the insurance education (s.c. Insurance Education Day). In line with the goals of the EDUFIN Committee, a survey on the Italians insurance knowledge and behaviours was conducted, financed by the Ministry of Economic Development. It was the first of such surveys in the insurance field, aiming to make up for the absence, also at an international level, of a system for measuring both the level of insurance knowledge and skills of the population and the results of which could be used for designing the strategy to strengthen them in the future.

Other actions: Letters addressed to all supervised financial intermediaries and product manufacturers addressing specific issues detected on the market or in the pre-contractual information set; face-to-face meetings with products manufacturers (securities, derivatives and IBIP manufacturers - the latter met together by Consob and IVASS); on-site inspections; exercise of enforcement powers; financial education initiatives; MoUs with relevant authorities and institutions and several MoUs with Antitrust and the major associations representing the Consumers were signed. The transposition of the IDD has driven internal initiatives and supervisory actions, championed by IVASS and strongly supported by the Ministry of Economic Development: the insurance ombudsman (Arbitro per le controversie assicurative) and the internal reorganisation are meant to respond to the new IDD regulatory system which broadens consumer rights and strengthens the levers available for supervising the market conduct of firms and intermediaries. The stronger safeguards provided for in the IDD on product design and distribution processes, relationships between companies, intermediaries and customers, and responsibilities requires operators, and supervisory authorities themselves, to rethink their approach and actions. IVASS is called upon to supervise the correctness and efficacy of the safeguards put in place by insurance companies and insurance intermediaries. In this context the insurance ombudsman and a new Consumer Protection Directorate have been set up, the latter set up to act as the technical secretariat to the insurance ombudsman in charge of complaints and insurance education. In 2018, IVASS continued its work at European level to address the exit of the United Kingdom from Europe (Brexit). In this context, IVASS issued a letter to the market on 3 October 2018 implementing one of the four EIOPA Opinions fostering a common approach to mitigate the possible impacts of a hard Brexit to ensure disclosure by undertakings to policyholders and potential policyholders. Moreover, IVASS, Bank of Italy, Consob and competent Ministries have cooperated to draft a proposal, converted into law on 23 February 2021, to ensure service continuity of contracts issued in Italy by companies from the UK, carrying out business in FoE/FoS regime. IVASS is also actively involved in other European projects and studies, which are carried out within EIOPA context. The most relevant concern: follow-up on thematic review on travel insurance and COVID-19 situation to investigate on potential issues for consumers arising from such policies, with a special focus on product design; distribution process; sales practices. - New thematic review launched in 2020 in order to explore consumer protection issues with mortgage protection and credit protection insurance sold through banks (PPI - Payment Protection Insurance). - Annual Report on cost and past performance of the main categories of retail investment, insurance and pension products to foster the participation of retail investors in capital markets by supporting the assessment of the net return of retail investment products and the impact of diverse fees and charges. Study on the impact of the pandemic on conduct risks, whose results - described in the 9th Consumer Trends Report, January 2021 - led to issuing: i) a Guide for consumers to facilitate a better understanding of insurance cover and ii) two statements addressed to companies and intermediaries on the need to contribute to the mitigation of COVID-19 risks, also in terms of product governance.

- Participation in the EIOPA work on the technical advice to be delivered to EU COM on certain aspects relating to retail investor protection concerning IBIPs.

- Participation in the ESAs joint work on PRIIPs: i) reviewing the draft technical standards (RTS) on content and form of the key information document (KID) to be delivered when selling packaged retail and insurance-based investment products (PRIIPs); ii) Level 3 guidance, such as Questions and Answers (Q&A), in order to clarify the application of the PRIIPs framework.

Please also refer to the European Commission response.

Participation in EU platforms set up by EIOPA - on its own instance or following an input of a specific National Supervisory Authority (NSA) - for those cases where a supervisory college does not exist, to manage specific files (e.g. product, critical issues) relating to EU undertakings that operate cross border - under FoS and/or under FoE - through Italian distribution network. Moreover, at the beginning of 2017 the Bank of Italy conducted the survey, proposed by the G20 German Presidency, aimed at



measuring financial literacy and inclusion among adults that will be the basis for identifying needs, target and tools to reduce the level of financial illiteracy at country level.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

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Update and next steps: highlight main developments since 2019 survey

Banking sector.

In the first half of 2019, the BoI launched ad hoc thematic reviews on lending via salary deductions as a follow up to the 2018 guidelines on this product - highly common among, and potentially costly for, consumers. The thematic review follows previously completed on-site supervisory activities focused on i) fees on overdraft and overrunning, ii) tied marketing of credit products and payment protection insurances (along with IVASS), and iii) product oversight and governance.

At the end of the 2019 to ensure that consumers have access to adequate complaints handling the BoI launched a website to file requests and complaints directly to the NCA.

The Bank of Italy, as a member in the National Committee for planning and coordination of financial education activities, recently established, contributed to design both the national website, which contains information about different financial services and products (banking, insurance, investment) and the first draft of the National Strategy, that defines measurable and time-bound objectives to increase the financial literacy level and to enhance consumer protection.

On 19 March 2020, the Bank of Italy and Consob drew up a Memorandum of Understanding aimed at regulating cooperation between the ABF and the ACF. The Protocol, which guarantees a higher and more effective level of client protection, promotes the establishment of coordination and information exchange mechanisms between the ABF and the ACF, on issues of common interest as well as on public information and financial education initiatives.

The Bank of Italy also collaborates with IVASS to facilitate the future start-up of the Insurance Ombudsman (AAS), sharing the experience gained by the ABF.

With respect to the ABF's web portal, which already allows customers to file and manage complaints entirely on line, also the intermediaries and their associations will have access to it most likely by the end of 2022.

In June 2020, Bank of Italy established a separate Directorate General in charge of Financial Consumer Protection and Financial Education that reports directly to the Board of the Bank of Italy in order to strengthen its independence within the Oversight Body from other Supervisory unit.

In March 2020, Bank of Italy and IVASS published a joint communication to the market related to the offer of non-financial products jointly with a loan. According to the communication, this kind of offer requires the adoption of appropriate conduct to ensure the correctness of relations and the effective awareness of customers on characteristics, obligations and advantages deriving from the combination of the products offered. Specifically, the combination between loans and insurance products shall comply with banking and insurance legislation as well as with provisions on unfair commercial practices in relations with consumers.

From 2020 the Bank of Italy is testing an experimental customer protection assessment model with the aim of prioritizing its control activity on transparency and fairness of relations between banks and financial institutions and their customers on a risk based approach (focused on risks for clients).

In December 2020, the BoI issued communications to the market related to the new definition of default according to art. 178 Regulation (EU) n. 575/2013 regarding the impacts of the new DoD for customers. Thus, it recommended to banks and financial institution to ensure a clear explanation to the customers about the new DoD and its effect on their relationship, in order to maintain and foster transparent and fair relations.

According to 2019/20 EBA report about the implementation of Product Oversight Governance framework, on march 2021 the BoI published a recommendation to the market, including some best practices in order to fully implement EBA's GL on product oversight and governance for retail banking products. Furthermore, it remarked the importance of the accessibility of banking and financial services, including where provided through websites and mobile device-based services, for people with disabilities.

The use of technological innovation in banking and payment services (increased during the current pandemic scenario) has given rise to additional challenges regarding consumer protection, for example with reference to payment services, where the occurrence of fraudulent and unauthorized transactions has increased over the years (as well as the complexity of both frauds and technology used to complete such transactions). Such evaluation is reflected in the number of complaints received by the Banking and Financial Ombudsman concerning payment services, which has continued to grow also through the current pandemic. The same scenario is emerging also with reference to complaints addressed to Bank of Italy.

Therefore the Bank of Italy is multiplying its initiatives, especially with consumer associations, to promote knowledge of the most common online fraud and scam mechanisms on electronic payments, like the #Truffainvista webinar, held last March 26, in collaboration with the National Consumers and Users Council (<https://www.youtube.com/watch?v=X2CWvte0a7Y>).

Beside, Consumer Protection Directorate improve the reporting and analysis of consumer complaints data in order to identify consumer risks, regulatory gaps, systemic irregularities in the market and to assess the effectiveness of regulatory measures and compliance with laws and regulations. Since the beginning of the COVID-19 pandemic the BoI started a specific report on complaints about governments' measures designed to provide temporary financial relief for consumers impacted by COVID-19.

Due to the pandemic emergency, during 2020 the Bank of Italy reduced significantly its supervisory inspections at branches of banks and other financial institutions; on-site inspections focused on customer protection at the headquarters were performed through a mixed approach (on-site and remote).

In this context, the BoI started a deep off-site supervision activity related to the conduct of banks and financial institution regarding the implementation of economic measures to support the economy managed by Member States during the COVID-19 crisis. In order to manage some possible issues for banking customers connected with the emergency, it also published two communications to the market regarding the maintenance of information channels with customers and the correct explanation of economic measure rules.

Moreover, in July 2021 the Consumer Protection Directorate has realised a tool (called EspTech) designed to support supervision on consumer complaints with machine learning techniques. This tool is going to ease and make more effective the detection of common phenomena which could be addressed at national level.

Regarding Financial education, at the beginning of 2020, the BoI conducted the second survey aimed at measuring financial

literacy and financial inclusion among adults according to the coordinated OECD/INFE toolkit. In the spring 2021, it also conducted the first survey aimed at measuring financial literacy and financial inclusion among micro-enterprises. The survey has been proposed by the G20 Italian Presidency, based on a revised OECD/INFE toolkit to take into account also digitalization of smaller enterprises and the impact of COVID -19 on small business resilience.

In spring 2021, the Bol coordinated the activities at national level for the Global Money Week (GMW) on behalf of the National Committee for financial education. The GMW is an OECD-sponsored awareness campaign promoted dedicated to young people. In June 2021, it signed a new Memorandum of Understanding with the Ministry of Education to strengthen financial literacy in schools, educational pathways for adults, and pathways for students to enter the workforce.

In October 2021, the Bol actively participated in the fourth edition of Financial Education Month, an awareness campaign composed of events and appointments for families, businesses and professionals, to enhance financial literacy, insurance, and social security.

Bol is also active in preventing the phenomenon of over-indebtedness. Since autumn 2021, Bol has been participating in the "Riparto" initiative, a project financed by the Ministry of Labor and promoted by a consumers association (Movimento Consumatori) and the Italian Christian workers associations (Associazioni Cristiane dei Lavoratori Italiani), which aims at creating a network of professionals in the capacity of debt counsellors who can help people in financial distress.

As part of its broader commitment to protect bank customers through financial education initiatives, the Bol runs several awareness and information campaigns on its financial education website "L'economia per tutti". During the Covid-19 crisis, it focused on digital financial products and government interventions to support households and businesses. The Bol also publishes "The Bank of Italy Guides", easy-to-read booklets that help consumers and small entrepreneurs understand the features of some of the most common banking and financial products. According to the rules on transparency in banking and financial services ("Regulation on transparency in banking services and conduct rules in the relationship between banks and financial institutions and clients"), financial intermediaries are required to make the guides available to their clients.

The Bol actively promotes the advancement in financial inclusion through digital financial education and awareness at the international level within the Global Partnership for Financial Inclusion, in which it holds the co-chairmanship since 2021 until 2023.

Securities markets: As regards the framework applicable to the provision of investment services, the upcoming changes/updates at national level are those related to:

- the "Capital Markets Recovery Package" as part of the European overall recovery strategy after the Covid-19 pandemic (reference is made to DIRECTIVE (EU) 2021/338 of 16 February 2021, amending Directive 2014/65/EU as regards, inter alia, information requirements and product governance, applicable from 28 February 2022);
- amendments to MiFID II delegated acts for the integration of sustainability factors in the product governance, suitability and organisational requirements. In particular, Delegated Directive (EU) 2021/1269 amending Delegated Directive (EU) 2017/593 as regards the integration of sustainability factors into the product governance obligations and Delegated Regulation (EU) 2021/1253 amending Delegated Regulation (EU) 2017/565 as regards the integration of sustainability factors, risks and preferences into certain organisational requirements and operating conditions for investment firms. The above provisions, adopted by the European Commission on 21 April 2021, were published in the Official Journal of the European Union on 2 August 2021. The changes to MiFID II Delegated Regulation will apply from 2 August 2022, while the changes to MiFID II Delegated Directive will apply from 22 November 2022.

Insurance sector: To follow-up the EU Commissions plan, which emphasises the need to standardise rules on inducements, conflicts of interest and transparency to consumers, IVASS issued in 2020 a Regulation on Product Oversight and Governance (POG), which completes the regulatory framework for the structuring an insurance product. As part of the POG process IVASS has focused on the product testing, that has to be carried out by the company prior to the product launch to verify the products value for money for the insured party, i.e. fairness of price and value in terms of the usefulness and effectiveness of the coverage and services offered and (for IBIPs), return expectations. Attention is due in particular to the value for money of unit-linked policies and unit-linked IBIPs showing critical issues related to complexity and high costs.

With regard to the preventive tools that the supervisory authorities can use to assess the market conduct when distributing insurance products, a mystery shopping pilot project, financed by the European Commission, was carried out by IVASS. During the pandemic, several legislative action have been adopted or extended to give some relief to consumers and companies/intermediaries, in particular the provision of simplified operational-wise procedures for underwriting and reporting on insurance contracts.

Following the collaboration between the Ministry of Economic Development and IVASS, the legislative decree n. 187 on 30 December 2020 was issued, introducing in particular a strengthening of : i) conduct rules on pre-contractual disclosures, conflicts of interest, and the sale of insurance products tied in other products, with enhanced safeguard and ban powers for IVASS; ii) the functionality of the arbitrator for the insurance sector; iii) sanctioning procedures made clearer and more straightforward. Regarding the EU initiatives, on 14 August 2019 the Regulation (UE) 1238/2019 on Pan-European Personal Pension Product (PEPP) entered into force with application date as of 22 March 2022, introducing high standards of consumer protection (please also refer to the European commission response). The national legal framework implementing EU PEPP Regulation has not been finalised yet.

**Update and next steps: planned actions (if any) and expected commencement date**

In a global context where technology is moving fast and is increasingly shaping our lives, it is important to find the correct balance between consumer protection and development of innovation that can bring benefits to the society as a whole. Significant risks are also present in new financial services, such as peer-to-peer lending (that is only partially regulated) with reference to which clients may be partially unaware of the risks involved, leading to additional challenges for customer protection (due to lack of transparency, to the absence of a clear regulatory framework, and to the insufficient digital financial education of clients).

This topic should be tackled also from a financial inclusion perspective.

The Bol, in its leading role within the GPF, promoted the development of a menu of digital policy options for financial literacy and financial consumer and MSME protection for enhancing digital financial inclusion. The menu was endorsed by G20 Finance Ministers and Central Bank Governors as well as by G20 Leaders in October 2021.

Relevant web-links: please provide web-links to relevant documents
<p>Consolidated Law on Finance and relevant implementing regulations: <a href="http://www.consob.it/web/consob-and-its-activities/laws-and-regulations">http://www.consob.it/web/consob-and-its-activities/laws-and-regulations</a> Consob Communication of December 22, 2014</p> <p><a href="http://www.consob.it/mainen/documenti/english/en_newsletter/2015/year_21_n-26_6_july_2015.html#news5">http://www.consob.it/mainen/documenti/english/en_newsletter/2015/year_21_n-26_6_july_2015.html#news5</a> Consob website's section on financial education: <a href="http://www.consob.it/mainen/target/investors/education/index.html">http://www.consob.it/mainen/target/investors/education/index.html</a> <a href="https://www.acf.consob.it/">https://www.acf.consob.it/</a> <a href="https://www.bancaditalia.it/compiti/vigilanza/normativa/orientamenti-vigilanza/Remunerazione-affidamenti-e-sconfinamenti.pdf">https://www.bancaditalia.it/compiti/vigilanza/normativa/orientamenti-vigilanza/Remunerazione-affidamenti-e-sconfinamenti.pdf</a>.</p> <p>As regards MiFID II package and PRIIPS Regulation and subsequent implementing measures, see EU Commission response <a href="https://eiopa.europa.eu/Publications/Consultations/EIOPA%20Technical%20Advice%20on%20the%20IDD.pdf">https://eiopa.europa.eu/Publications/Consultations/EIOPA%20Technical%20Advice%20on%20the%20IDD.pdf</a> <a href="https://eiopa.europa.eu/Publications/Technical%20Standards/Draft%20Implementing%20Technical%20Standards%20on%20the%20Insurance%20Product%20Information%20Document.pdf">https://eiopa.europa.eu/Publications/Technical%20Standards/Draft%20Implementing%20Technical%20Standards%20on%20the%20Insurance%20Product%20Information%20Document.pdf</a></p> <p><a href="https://www.ivass.it/normativa/nazionale/primaria/CAP_applicabile_da_01_10_2018.pdf">https://www.ivass.it/normativa/nazionale/primaria/CAP_applicabile_da_01_10_2018.pdf</a> (Italian version only) <a href="http://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/disposizioni/trasparenza_operazioni/Disposizioni_pro_trasparenza.pdf">http://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/disposizioni/trasparenza_operazioni/Disposizioni_pro_trasparenza.pdf</a></p> <p><a href="http://www.bancaditalia.it/compiti/vigilanza/avvisi-pub/relazioni-int-clienti/index.html?com.dotmarketing.htmlpage.language=1">http://www.bancaditalia.it/compiti/vigilanza/avvisi-pub/relazioni-int-clienti/index.html?com.dotmarketing.htmlpage.language=1</a>;  <a href="http://www.bancaditalia.it/compiti/vigilanza/avvisi-pub/relazioni-int-clienti/tutela-trasparenza/PPI-misure-tutela-clienti.pdf">http://www.bancaditalia.it/compiti/vigilanza/avvisi-pub/relazioni-int-clienti/tutela-trasparenza/PPI-misure-tutela-clienti.pdf</a>;  <a href="http://www.bancaditalia.it/compiti/vigilanza/avvisi-pub/relazioni-int-clienti/tutela-trasparenza/PPI20.pdf">http://www.bancaditalia.it/compiti/vigilanza/avvisi-pub/relazioni-int-clienti/tutela-trasparenza/PPI20.pdf</a>;  <a href="http://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/disposizioni/trasparenza_operazioni/Provvedimento.pdf">http://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/disposizioni/trasparenza_operazioni/Provvedimento.pdf</a>; <a href="http://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/disposizioni/trasparenza_operazioni/Disposizioni_trasparenza.pdf">http://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/disposizioni/trasparenza_operazioni/Disposizioni_trasparenza.pdf</a>;  <a href="http://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/disposizioni/trasparenza_operazioni/FAQ.pdf">http://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/disposizioni/trasparenza_operazioni/FAQ.pdf</a></p> <p><a href="https://www.bancaditalia.it/servizi-cittadino/index.html?com.dotmarketing.htmlpage.language=1">https://www.bancaditalia.it/servizi-cittadino/index.html?com.dotmarketing.htmlpage.language=1</a>; <a href="https://www.bancaditalia.it/media/notizia/information-for-italian-customers-from-uk-based-financial-institutions-operating-in-italy?com.dotmarketing.htmlpage.language=1">https://www.bancaditalia.it/media/notizia/information-for-italian-customers-from-uk-based-financial-institutions-operating-in-italy?com.dotmarketing.htmlpage.language=1</a>.</p> <p><a href="https://www.bancaditalia.it/compiti/vigilanza/normativa/orientamenti-vigilanza/Com-BI-IVASS-Polizze-17.3.20.pdf">https://www.bancaditalia.it/compiti/vigilanza/normativa/orientamenti-vigilanza/Com-BI-IVASS-Polizze-17.3.20.pdf</a></p> <p><a href="https://www.bancaditalia.it/media/notizie/2020/qa-nuova-definizione-default/2020.12.28-Comunicazione-banche.pdf">https://www.bancaditalia.it/media/notizie/2020/qa-nuova-definizione-default/2020.12.28-Comunicazione-banche.pdf</a></p> <p><a href="https://www.eba.europa.eu/EBA-publishes-report-on-implementation-of-the-its-guidelines-on-product-oversight-and-governance-pog-arrangements">https://www.eba.europa.eu/EBA-publishes-report-on-implementation-of-the-its-guidelines-on-product-oversight-and-governance-pog-arrangements</a></p> <p><a href="https://www.eba.europa.eu/EBA-encourages-financial-institutions-put-required-focus-consumers%E2%80%99-interests-when-applying-product">https://www.eba.europa.eu/EBA-encourages-financial-institutions-put-required-focus-consumers%E2%80%99-interests-when-applying-product</a></p> <p><a href="https://www.bancaditalia.it/compiti/vigilanza/normativa/orientamenti-vigilanza/POG.pdf">https://www.bancaditalia.it/compiti/vigilanza/normativa/orientamenti-vigilanza/POG.pdf</a></p> <p>As regard the ABF activity:  <a href="https://www.arbitrobancariofinanziario.it/homepage/index.html?com.dotmarketing.htmlpage.language=3">https://www.arbitrobancariofinanziario.it/homepage/index.html?com.dotmarketing.htmlpage.language=3</a>.</p> <p>As regards MiFID II package and PRIIPS Regulation and subsequent implementing measures, see EU Commission response. Among others, Consob issued the Recommendation no. 0096857 of October 28, 2016 concerning guidelines on the inclusion and drafting of "Investor warnings" in the offering and/or listing prospectuses (available in Italian at <a href="http://www.consob.it/documents/46180/46181/c0096857.pdf/4cb5c0cd-1024-4b8e-92a0-b2a61c15b45f">http://www.consob.it/documents/46180/46181/c0096857.pdf/4cb5c0cd-1024-4b8e-92a0-b2a61c15b45f</a>) and the Communication of February 7, 2017 concerning the risks raised by investments in CFDs and binary options (available at: <a href="http://www.consob.it/web/consob-and-its-activities/warnings?viewId=ultime_com_tutela">http://www.consob.it/web/consob-and-its-activities/warnings?viewId=ultime_com_tutela</a>). Consob issued the Recommendation no. 0096857 of October 28, 2016 concerning guidelines on the inclusion and drafting of "Investor warnings" in the offering and/or listing prospectuses (available in Italian at <a href="http://www.consob.it/documents/46180/46181/c0096857.pdf/4cb5c0cd-1024-4b8e-92a0-b2a61c15b45f">http://www.consob.it/documents/46180/46181/c0096857.pdf/4cb5c0cd-1024-4b8e-92a0-b2a61c15b45f</a>) and the Communication of February 7, 2017 concerning the risks raised by investments in CFDs and binary options (available at: <a href="http://www.consob.it/web/consob-and-its-activities/warnings?viewId=ultime_com_tutela">http://www.consob.it/web/consob-and-its-activities/warnings?viewId=ultime_com_tutela</a> ). Consob Decision no. 20975/2019 on binary options intervention measure (<a href="http://www.consob.it/web/area-pubblica/bollettino/documenti/bollettino2019/d20975.htm">http://www.consob.it/web/area-pubblica/bollettino/documenti/bollettino2019/d20975.htm</a>) and no. 20976/2019 on CFDs intervention measure (<a href="http://www.consob.it/web/area-pubblica/bollettino/documenti/bollettino2019/d20976.htm">http://www.consob.it/web/area-pubblica/bollettino/documenti/bollettino2019/d20976.htm</a>).</p> <p>ESMA product intervention measures: <a href="https://www.esma.europa.eu/sites/default/files/library/esma35-43-1000_additional_information_on_the_agreed_product_intervention_measures_relating_to_contracts_for_differences_and_binary_options.pdf">https://www.esma.europa.eu/sites/default/files/library/esma35-43-1000_additional_information_on_the_agreed_product_intervention_measures_relating_to_contracts_for_differences_and_binary_options.pdf</a> <a href="https://www.esma.europa.eu/sites/default/files/library/2018-esma35-43-1391_bo_renewal_decision_notice_en.pdf">https://www.esma.europa.eu/sites/default/files/library/2018-esma35-43-1391_bo_renewal_decision_notice_en.pdf</a></p> <p><a href="http://www.consob.it/documents/46180/46181/esma71_99_1041.pdf/dc619ca6-e30c-4120-b7c6-81b49b5376bd">http://www.consob.it/documents/46180/46181/esma71_99_1041.pdf/dc619ca6-e30c-4120-b7c6-81b49b5376bd</a> <a href="https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2017/lm-04-09/Letter_to_the_market_POG_4_9_2017_.pdf?language_id=3">https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2017/lm-04-09/Letter_to_the_market_POG_4_9_2017_.pdf?language_id=3</a></p> <p><a href="https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2020/n45/Regolamento_IVASS_n_45_del_4_agosto_2020_en.pdf?language_id=3">https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2020/n45/Regolamento_IVASS_n_45_del_4_agosto_2020_en.pdf?language_id=3</a></p> <p><a href="https://www.ivass.it/normativa/nazionale/secondaria-ivass/normativi-provv/2020/provv_97/index.html">https://www.ivass.it/normativa/nazionale/secondaria-ivass/normativi-provv/2020/provv_97/index.html</a></p> <p><a href="https://www.ivass.it/consumatori/imparaconivass/videogame-inviaggio/index.html">https://www.ivass.it/consumatori/imparaconivass/videogame-inviaggio/index.html</a></p> <p><a href="https://www.ivass.it/pubblicazioni-e-statistiche/pubblicazioni/att-sem-conv/2021/20-05-test-conoscenze/index.html?com.dotmarketing.htmlpage.language=3">https://www.ivass.it/pubblicazioni-e-statistiche/pubblicazioni/att-sem-conv/2021/20-05-test-conoscenze/index.html?com.dotmarketing.htmlpage.language=3</a></p>

List of abbreviations used

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AIF: Alternative Investment Fund  
 AIFMD: Alternative Investment Fund Managers Directive  
 BI: Bank of Italy  
 BI-ICAS: Bank of Italy - In-House Credit Assessment System  
 CCP: Central Counterparty Clearing House  
 CCyB: Countercyclical Capital Buffer  
 COREP: Common Reporting  
 COVIP: Italian Pension Fund Regulatory Authority  
 CRA: Credit Rating Agencies  
 CRD IV: Capital Requirements Directive  
 CRR: Capital Requirements Regulation  
 EBA: European Banking Authority  
 EBA ITS: Implementing Technical Standards  
 ECB: European Central Bank  
 EMIR: European Markets Infrastructure Regulation  
 ESRB: European Systemic Risk Board  
 FINREP: Financial Reporting  
 KIID: Key Investor Information Document  
 MIFID: Markets in Financial Instruments Directive  
 MIFIR: Markets in Financial Instruments Regulation  
 NAV: Net Asset Value RM: Regulated Market  
 SFT: Securities Financing Transactions  
 SRB: Single Resolution Board  
 SSM: Single Supervisory Mechanism  
 UCITS: Undertakings for Collective Investment in Transferable Securities