

Jurisdiction: *Italy*

2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I. Hedge funds					
1 (1)	Registration, appropriate disclosures and oversight of hedge funds	<p>We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul)</p> <p>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)</p>	<p>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 take place every 2-3 years henceforth (i.e. in 2019 or 2020).</p>		

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2 (2)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	<p>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.</p> <p>In addition, jurisdictions should state whether they are:</p> <ul style="list-style-type: none"> - 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. <p>Jurisdictions can also refer to Principle 28 of the 2010 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input type="checkbox"/> Final rule (for part of the reform) in force since: <p><input checked="" type="checkbox"/> Implementation completed as of: 19 January 2015</p> <p>Issue is being addressed through:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: MoUs, see below <p>Short description of the content of the legislation/ regulation/guideline:</p> <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</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>(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, as at September 2015, ESMA had approved 44 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</p>	

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				<p>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> <p>Highlight main developments since last year's survey:</p> <p>No major developments; the system is already running.</p> <p>Web-links to relevant documents:</p> <p>http://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/regolamenti/20120508/REG-19GEN2015.pdf</p> <p>https://www.esma.europa.eu/sites/default/files/library/2015/11/aifmd_mous_signed_by_eu_authorities_by_16_september_15.xlsx</p> <p>https://www.esma.europa.eu/sites/default/files/library/2015/11/2013-998_guidelines_on_the_model_mous_concerning_aifmd.pdf</p> <p>http://www.consob.it/main/consob/cosa_fa/impegni_internazionali/accordi.html</p> <p>https://www.imf.org/external/pubs/ft/scr/2013/cr13353.pdf</p>	

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3 (3)	Enhancing counterparty risk management	<p>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)</p> <p>Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)</p>	<p>Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties.</p> <p>In particular, jurisdictions should indicate whether they have implemented recommendation 3 of the IOSCO Report on Hedge Fund Oversight (Jun 2009).</p> <p>In their responses, jurisdictions should not provide information on the portion of this recommendation that pertains to Basel III, since it is monitored separately by the BCBS.</p> <p>Jurisdictions can also refer to Principle 28 of the 2010 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: January 2014 (with the entry into force of the CRR).</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Supervisory action connected to the validation of the Credit Counterparty Risk models used by the banks that typically interface Highly Leveraged Institutions: banks are requested to internally authorize (proper committees are involved) significant activities with Highly Leveraged Institutions. In its implementation of the standardized approach for credit</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>risk the Bank of Italy envisaged that exposures to investment funds not subject to limitations on the use of leverage (hedge funds) should be assigned a risk weight of 150%. The Bank of Italy may apply a higher risk weight in the event of adverse market conditions. The Bank of Italy may also require a 150% risk weight for exposures to investment funds associated with particularly high risk (see Regulation (EU) no. 575/13 (CRR). In addition, the Bank of Italy's Guide for the supervisory activities requires inspectors – when assessing counterparty credit risk during on-site visits – to check whether the bank takes special precautions when it deals with counterparties whose financial conditions can rapidly deteriorate as a consequence of high leverage (e.g. hedge fund).</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Stringent risk management requirements also apply to hedge funds operators. In particular, in accordance with Bank of Italy Regulation on collective asset management and Bank of Italy and CONSOB's Joint Regulation on organisation and processes of intermediaries, as amended to implement Directive Directive 2011/61/EU on Alternative Investment Fund Managers (AIFMD), AIFMs have to comply with organisational and operational standards such as the risk and liquidity management, due diligence when investing in assets of limited liquidity, valuation of the assets of the AIFs managed, identification, prevention, managing and monitoring of conflict of interests. The latest assessment of the implementation of Principle 28 of the</p>	

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				<p>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. For insurance sector, the national Regulations require insurance undertakings to have in place investment policies. In particular under Regulation 36 the investment policy shall be subject to a specific resolution adopted by the administrative body, and shall be reviewed at least once a year before submission to IVASS. Insurance undertakings shall have in place ad-hoc procedures to gauge and manage risks stemming from investments in hedge funds, which include forward-looking quantitative assessment. Additionally undertakings are required to assess the risk exposure to hedge funds both by a look-through analysis and by the asset managers assessment. Focussing more on the insurance-related investment activities, exposure to hedge funds cannot be higher than 10% of the technical provisions that have to be covered.</p> <p>Highlight main developments since last year's survey:</p> <p>No major developments for banking system and listed entities; the system is already running. Regarding insurance companies, in June 2016 IVASS issued Regulation n. 24 on Investments and assets covering technical provision to strengthen the existing provisions on governance and investment risk management (under Regulation n. 36). In line with the Solvency II framework, the regulation doesn't set any specific limit on investments, given that capital requirements calibrated on risk exposure are envisaged (i.e. market risk, counterparty risk, etc). The regulation requires insurance</p>	

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				<p>undertakings to set quantitative limits according to their risk appetite and to focus more on the assets covering technical provisions, by ensuring compliance with the liability side. Further requirements applied to hedge funds may originate from provisions set for derivatives</p> <p>Web-links to relevant documents:</p> <p>Consob and the Bank of Italy Regulation on the organisation and procedures of intermediaries providing investment services or collective investment management services : http://www.consob.it/mainen/documenti/english/laws/bi_consob_20071029.htm https://www.imf.org/external/pubs/ft/scr/2013/cr13353.pdf https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2016/n24/Regulation_No_24_of_06.06.2016.pdf?language_id=3</p>	

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II. Securitisation					
4 (4)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)	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 take place every 2-3 years henceforth (i.e. in 2019 or 2020).		

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5 (5)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)	<p>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.</p> <p>Jurisdictions may reference IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009).</p> <p>Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: July 22, 2013</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Communications issued by the competent authorities (see below)</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>N/A</p> <p>Planned actions (if any) and expected commencement date:</p> <p>As mentioned in the previous column, the discussions between the Council and the European Parliament on the EU Commission proposals on securitisation are still underway. Once adopted and entered into force, they will be directly applicable in Italy.</p> <p>Web-links to relevant documents:</p> <p>https://ec.europa.eu/info/business-economy-euro/banking-and-finance/financial-markets/securities-markets/securitisation_en</p>

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				<p>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. For details, see response under recommendation no. 14.. 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</p>	
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				<p>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 refers 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.</p> <p>Highlight main developments since last year's survey:</p> <p>At EU level, on 30 May, 2017 a political Agreement was achieved between the</p>	
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				<p>European Parliament and the Council on the legislative package on securitization proposed by the European Commission on 30 September 2015. Indeed, the above-mentioned package include: (i) the Securitisation Regulation that will apply to all securitisations and include due diligence, risk retention and transparency rules together with the criteria for Simple, Transparent and Standardised (“STS”) Securitisations; (ii) amendments the Capital Requirements Regulation to make the capital treatment of securitisations for banks and investment firms more risk-sensitive and able to reflect properly the specific features of STS securitisations. In particular, the first of the two new proposed Regulations, which will be directly applicable in Italy, includes a single Article that will apply to all types of regulated institutional investors engaging in business in or through the EU, providing for detailed and common due diligence provisions and risk retention requirements in relation to investment in securitisations. See also response by the EU Commission. With reference to the insurance sector, in June 2016 IVASS issued Regulation n.24 concerning Investments and Assets covering Technical provisions. Given the information already provided in recommendation 3 (see under “Planned action and expected commencement date”), structured products are applied the same rules, in terms of governance and investment risk management, and are treated similarly to derivatives. The Regulation indeed addresses the use of financial derivatives, and envisages provisions to cover these instruments and to deal with potential implications stemming from the collateralization. The use of derivative instruments /structured products is meant to be consistent with the principles of sound and prudent management of the</p>	
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				<p>undertaking as well as with the prudent person principle that limits insurance and reinsurance undertakings' investments to assets that they can properly identify, measure, monitor, manage, control and report.. The exposure to market risks stemming from the use of such instruments has to be equivalent to that which can be obtained by directly using the underlying assets based on balanced and prudent portfolio management.</p> <p>Web-links to relevant documents:</p> <p>Communication of July 22, 2012: http://www.consob.it/main/documenti/bollettino2013/c0062557.htm Delegated Regulation (EU) no. 231/2013: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:083:0001:0095:en:PDF EU Commission proposals on securitisation: http://ec.europa.eu/finance/securities/securitisation/index_en.htm https://www.ivass.it/normativa/nazionale/primaria/Code_of_Private_Insurance.pdf?language_id=3 http://ec.europa.eu/finance/insurance/solvency/solvency2/index_en.htm https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2016/n24/Regulation_No_24_of_06.06.2016.pdf?language_id=3 https://eiopa.europa.eu/regulation-supervision/guidelines</p>	
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6 (6)	Enhanced disclosure of securitised products	Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	<p>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.</p> <p>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.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 1999</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>As mentioned above, the discussions between the Council and the European Parliament on the EU Commission proposals on securitisation are still underway. Once adopted and entered into force, they will be directly applicable in Italy. Furthermore, the implementation of the MiFID2/MiFIR framework is currently underway. The Ministry of Economy and Finance, with the support of Consob and Bank of Italy, has already carried out a consultation on the proposed changes to the Consolidated Law on Finance transposing MiFID2 (ended last June 2016) and the results of such consultation are in the process of being finalised. The final rules are scheduled to be published before 3 July 2017.</p> <p>Web-links to relevant documents:</p> <p>MEF consultation on the transposition/implementation of the MiFID2/MiFIR framework: http://www.dt.tesoro.it/it/consultazioni_pubbliche/consultazione_strumenti.html</p>

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				<p>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; and (i) any shareholding between the seller and the purchaser.</p>	

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				<p>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 (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); (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</p>	

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				<p>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</p>	

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				<p>Communication on Shadow Banking as needing better monitoring. See also EU Commission response</p> <p>Highlight main developments since last year's survey:</p> <p>As also mentioned above under recommendation no. 5, on May 30, 2017 a political Agreement was achieved between the European Parliament and the Council on the EU Commission's proposals on securitisations including provision on disclosure requirements. In particular, the Regulation on a common framework for securitisations ensures that investors will have all the relevant information on securitisations at their disposal. It covers all types of securitisations and applies across sectors. To facilitate both the use of the information by investors and the disclosure by originators, sponsors and Securitisation Special Purpose Entity (SSPE) the Regulation requires originators, sponsors and SSPE's to make freely available the information to investors, via standardised templates, on a website that meets certain criteria such as control of data quality and business continuity. Specific rules are also established for those transactions qualified as Simple, Transparent and Standardised ("STS") Securitisations. The current above-mentioned framework might be further refined as a consequence of the implementation of MiFID2/MiFIR package, which is in the process of being transposed/implemented into the national legal framework and that provides strengthened disclosure requirements for investment firms in the provision of investment services. See also response by the EU Commission.</p>	

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				<p>Web-links to relevant documents:</p> <p>Law no. 130/1999: http://www.consob.it/main/documenti/Regolamentazione/normativa/leg130.htm?hkeywords=&docid=2&page=0&hits=7#2</p> <p>Legislative Decree no. 58/1998: http://www.consob.it/main/documenti/english/laws/fr_decree58_1998.htm</p> <p>Delegated Regulation (EU) no. 231/2013: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:083:0001:0095:en:PDF</p> <p>SFT Regulation: http://ec.europa.eu/finance/financial-markets/securities-financing-transactions/index_en.htm EU</p> <p>Commission proposals on Securitisations: http://ec.europa.eu/finance/securities/securitisation/index_en.htm</p>	

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III. Enhancing supervision					
7 (7)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	<p>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.</p> <p>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.</p> <p>See, for reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • Framework for G-SIBs (Jul 2013) • Framework for D-SIBs (Oct 2012) <p><u>IAIS:</u></p> <ul style="list-style-type: none"> • Global Systemically Important Insurers: Policy Measures (Jul 2013) and revised assessment methodology (updated in June 2016) • IAIS SRMP guidance - FINAL (Dec 2013) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: Last update on: 15 December 2016 (for G- SIBs);30 November 2016 (for D-SIBs)</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: For banking sector, supervisory processes and prudential regulation take systemic importance of financial institutions into account, consistently with a proportionality criterion. For insurance sector,</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>In the absence of a specific European legislation on G-SII, 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 addition, IAIS’ proposal is to investigate the activity-based approach to complement the current entity-based approach.</p> <p>Web-links to relevant documents:</p> <p>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</p>

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			<ul style="list-style-type: none"> • <i>Guidance on Liquidity management and planning (Oct 2014)</i> <p><u>FSB:</u></p> <ul style="list-style-type: none"> • <i>Framework for addressing SIFIs (Nov 2011)</i> 	<p>enhanced supervision and recovery and resolution measures.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Directive 2013/36/EU (Capital Requirements Directive IV – CRDIV) 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 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. 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</p>	

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				<p>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 actively contributes 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 GSII only as of 2019). This is pursued with a twofold perspective: (i) ensure that Generali is following the correct path in the case it is back on the designation list; (ii) reinforce a consistent and consolidated supervision and regulation to this group in line with the international policy developments Please also refer to the European Commission’s response</p> <p>Highlight main developments since last year’s survey:</p> <p>As for the G-SIBS, on December 15, 2016 the Bank of Italy(BoI) has once again identified the UniCredit banking group as a global systemically important</p>	

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				<p>institution (G-SII) authorized to operate in Italy. UniCredit group has been included in the first subcategory of global systemic importance; as a consequence, and also considering the phase-in period defined by CRD IV, the UniCredit group is required to maintain a capital buffer for the G-SIIs equal to respectively 0.50 per cent of its total risk exposure from 1 January 2017, 0,75 per cent from 1 January 2018, 1 per cent from 1 January 2019. As for the O-SIIs, on November 30, 2016 the BoI has identified the UniCredit, Intesa Sanpaolo and Monte dei Paschi di Siena banking groups as other systemically important institutions (O-SIIs) authorized to operate in Italy in 2017. The three groups will have to maintain a capital buffer for the O-SIIs of 1.00, 0.75 and 0.25 per cent respectively of their total risk exposure, to be achieved within four years starting from 1 January 2018. The decision to identify the three banking groups as O-SIIs was taken pursuant to BoI Circular No. 285/2013 on prudential regulations for banks, which implements Directive 2013/36/EU (CRD IV) in Italy and specifies the criteria on which the methodology for identifying the O-SIIs is based. The assessment was carried out following the European Banking Authority Guidelines(EBA/GL/2014/10), which outlines the criteria and the data required to identify O-SIIs in EU jurisdictions. The assessment covered all banking groups, as well as all banks not part of a banking group, operating in Italy. Investment firms operating in Italy were exempted, consistently with the option acknowledged by the EBA relevant authorities not to include such companies whenever indicators</p>	

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				<p>conceived for banks were inappropriate to determine the intrinsic riskiness of investment firms. The identification process considered, for each bank or banking group, the four categories set by the EBA Guidelines to determine their systemic importance within each jurisdiction, i.e.: size, importance in the Italian economy, complexity, and interconnectedness with the financial system. Considering the data as at 31 December 2015, the overall score which indicates the domestic systemic importance of the three banking groups is above the threshold set at 350 basis points that the EBA Guidelines use to identify O-SIIs. To calibrate the O-SII buffer, six buckets of systemic importance have been defined, based on the results of a cluster analysis. A buffer equal to zero per cent is assigned to the first bucket; the buffer then increases by 0.25 percentage points for each of the subsequent buckets. The decision to require an O-SII buffer for the three banking groups takes account of the following: -the need to strengthen stability of systemic institutions while also avoiding adverse effects on credit supply and on the economic recovery, through an adequate transitional period; - the level playing field principle and the need to ensure consistency with measures adopted by other European jurisdictions; -the recent decision to make the introduction of the capital conservation buffer more gradual, which eliminates one of the reasons why last year the O-SII buffer was set to zero per cent (see the press release on the identification of Italian O-SIIs for 2016). Pursuant to the regulations, the decisions on the identification of the O-SIIs and on</p>	

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				<p>the level of the O-SII buffer will be reviewed at least once a year. Insurance Sector: IVASS continues to apply the enhanced supervision and the recovery and resolutions measures envisaged in the GSII's policy measures, by requesting Geneali to provide an annual update of the systemic risk management plan and the liquidity risk management plan within the group, including in crisis situations, as well as the recovery plan and resolution strategies in the case of a crisis</p> <p>Web-links to relevant documents:</p> <p>https://www.bancaditalia.it/compiti/stabilita-finanziaria/politica-macroprudenziale/identificazione-unicredit-2016/Comunicato_identification_unicredit_2016.pdf?language_id=1</p> <p>https://www.bancaditalia.it/compiti/stabilita-finanziaria/politica-macroprudenziale/identificazione-unicredit/OSII_30.112016_comunicato_en.pdf?language_id=1</p>	

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8 (8)	Establishing supervisory colleges and conducting risk assessments	<p>To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)</p> <p>We agreed to conduct rigorous risk assessment on these firms [G-SIFs] through international supervisory colleges. (Seoul)</p>	<p>Reporting in this area should be undertaken solely by home jurisdictions of global systemically important insurers (G-SIIs). The BCBS is separately monitoring implementation progress in this area with respect to banks.</p> <p>Please indicate the progress made in establishing and strengthening the functioning of supervisory colleges for G-SIIs, including the development of any joint supervisory plans within core colleges and leveraging on supervisory activities conducted by host authorities.</p> <p>See, for reference, the following IAIS documents:</p> <ul style="list-style-type: none"> • ICPs 24 and 25, especially guidance 25.1.1 – 25.1.6, 25.6, 25.7 and 25.8 • Application paper on supervisory colleges (Oct 2014) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: See below</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: See below.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Insurance sector: In the insurance sector colleges of supervisors have been already established for all Italian cross-border groups since 2001, under the aegis of the Helsinki Protocol on the group supervision signed by the EEA supervisory Authorities dated 11 May</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>2000. Since 2010, all Italian cross-border groups have approved a concrete work plan to coordinate the supervisory work of the different members of the colleges. Following the national implementation of the Directive 2009/138/EC (Solvency II) through the updating of the Italian Code of Private insurance in March 2015 and the implementation of the Guidelines issued by EIOPA and ESAs regarding the functioning of the college of supervisors for cross-border insurance groups and financial conglomerates, in March 2016 IVASS has reviewed its internal Supervisory Guide - “Guide for the supervisory activity” (a handbook of rules governing the supervisory review process, specifically the part regarding the “Cooperation with other supervisory authorities - college of supervisors”). According to Solvency II, the college of supervisors represent the tool for effective and efficient supervision on cross-border insurance groups and financial conglomerates. Securities sector According to Article 4 of the Consolidated Law on Finance (Legislative Decree 58/1998) Consob and the BI may enter into cooperation agreements with other EU competent authorities in order to facilitate the performance of their respective functions; such agreements may provide for the delegation of supervisory tasks. Consob and the BI may as well cooperate, including through the exchange of confidential information, with third country authority, subject to the existence of provisions concerning professional secrecy. The same Article 4 of the Consolidated Law on Finance provides that, in order to facilitate the supervision on a consolidated basis with</p>	

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				<p>regards to groups operating in several different EU Member States, on the basis of agreements reached with the competent authorities, the BI defines forms of collaboration and coordination, sets up colleges of supervisors and takes part to colleges of supervisors set up by other authorities. Regulation no. 1095 of 2010 assign a specific role to ESMA to contribute to promoting and monitoring the efficient, effective and consistent functioning of the colleges of supervisors. Consob signed specific protocols with other EU competent authorities for the supervision of branches of banks or investment firms providing investment services in Italy, within the framework of the CESR protocol for the supervision of branches under MiFID (CESR/07-672). As regards market infrastructures (CCP) a role has also been given to ESMA in promoting and monitoring colleges of supervisors under the EMIR Regulation (Regulation no. 648/2012). In relation to credit rating agencies, since July 2011 all registration and supervisory responsibilities were transferred to ESMA. ESMA has been active ensuring coordination with National Competent Authorities (NCAs) and non-EU regulators. ESMA has also finalized MoUs with a number of jurisdictions. In particular, NCAs have referred information to ESMA regarding the activities of CRAs in the local financial markets which has been used in the relevant reviews or in other supervisory follow-up. In 2013 supervisory colleges have been established, which met for the first time in November 2013. In addition to the enhancement of the on-going dialogue with third-country authorities at the</p>	

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				<p>IOSCO level, ESMA contributed to the drafting of the recommendations for Supervisory Colleges for CRAs (published on 30 July 2013 on IOSCO's website) - which recommended establishing supervisory colleges for internationally active CRAs and provided preliminary guidelines on the colleges' functioning. Moreover, on December 22, 2014, the Joint Committee of the ESAs has published joint guidelines on the supervisory convergence for financial conglomerates, aiming at clarifying and enhancing cooperation between national competent authorities on cross-border groups that have been identified as financial conglomerates. The Joint Guidelines focus on how authorities should cooperate in order to achieve a supplementary level of supervision of financial conglomerates. The Joint Guidelines should also enhance the level playing field in the financial market and reduce administrative burdens for firms and supervisory authorities. The areas covered by the Joint Guidelines include in particular the mapping of the financial conglomerate structure and written agreements; the coordination of information exchange, supervisory planning and coordination of supervisory activities in going concern and emergency situations; the supervisory assessment of financial conglomerates; and other decision-making processes among the competent authorities. The Joint Guidelines apply as from 23 February 2015. See also EU Commission response</p>	

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				<p>Highlight main developments since last year's survey:</p> <p>Within the EIOPA context , efforts are made to provide colleges with added value and tools based on SII reporting to harmonise the information set exchange. In this regard, analytical reports are currently being developed to allow for more in-depth cross-border market analysis, to track the past developments and the present situation, as well as to identify underlying trends, potential risks and weak areas within the college of supervisors.</p> <p>Web-links to relevant documents:</p> <p>http://www.consob.it/main/documenti/Regolamentazione/normativa_In/dlgs58_1998.htm</p> <p>https://www.ivass.it/normativa/nazionale/primaria/Code_of_Private_Insurance.pdf?language_id=3</p> <p>https://eiopa.europa.eu/publications/eiopa-guidelines/guidelines-on-operational-functioning-of-colleges</p> <p>https://eiopa.europa.eu/publications/eiopa-guidelines/guidelines-on-the-conv-of-supervisory-practices-rltng-to-theconsistency-of-supervisory-coord</p> <p>https://eiopa.europa.eu/publications/eiopa-guidelines/guidelines-on-the-exchange-of-information-within-colleges</p> <p>https://www.ivass.it/normativa/internazionale/internazionale-ue/its/2015/2014/ITS_2015_2014_en.pdf?language_id=3</p>	

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9 (9)	Supervisory exchange of information and coordination	<p>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)</p> <p>Enhance the effectiveness of core supervisory colleges. (FSB 2012)</p>	<p>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.</p> <p>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).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: November 2014</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: MoUs</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>The existing framework will be further strengthened in the near future as a result of the implementation/transposition of some of the most recent pieces of EU legislation. In particular: - MiFID II establishes a general framework of cooperation between National Competent Authorities (NCAs) for the implementation of its provisions. MiFID2 provisions also empower ESMA to establish regulatory technical standards, as well as standard forms, templates and procedures for the exchange of information between competent authorities when cooperating in supervisory activity, on-the-spot verifications and investigations for competent authorities, to be adopted by means of delegated acts of the European Commission, directly applicable in Italy. The publication of these rules in the Official Journal of the EU is expected in the near future. In the process of transposition of MiFID2, article 4 of the Consolidated Law on Finance is also proposed to be amended to clearly specify that the Bank of Italy and Consob are required to cooperate and exchange information with the European Central Bank with the purpose to facilitate the discharge of the respective mandates, in order to recognize the new competences of the ECB in the supervision of the banking sector. As mentioned above, the transposition/implementation of the MiFID2/MiFIR framework is currently underway and the final rules are scheduled to be published before 3 July 2017; - specific technical standards (both regulatory and implementing TS) on</p>

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				<p>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</p>	<p>cooperation under MAR are in the process of being developed by ESMA to be sent to the EU Commission for endorsement. In particular, those standards would cover the following aspects: cooperation with ESMA (Art. 24 (3) MAR); obligation to co-operate (Art. 25 (9) MAR); cooperation with third countries (Art. 26 (2) MAR) and exchange of information with ESMA (Art. 33 (5) MAR). In this respect, on June 1, 2017 ESMA issued standards on cooperation between national competent authorities under MAR. Further set of standards on cooperation with the other authorities mentioned in art. 25 MAR is under finalisation. As for MiFID2 technical standards, they would be adopted by means of the European Commission's delegated acts and will be directly applicable in Italy".</p> <p>Web-links to relevant documents:</p> <p>MEF consultation on the transposition/implementation of the MiFID2/MiFIR framework: http://www.dt.tesoro.it/it/consultazioni_publiche/consultazione_strumenti.html MAR framework: https://www.esma.europa.eu/regulation/trading/market-abuse</p>

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				<p>CE SR) 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</p>	

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				<p>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 suof 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 CRDIV 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</p>	

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				<p>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</p>	

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				<p>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 - within the colleges context . 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. The involvement and coordination with the other financial supervisors is to be considered also in an emergency situation.</p> <p>Highlight main developments since last year's survey:</p> <p>Securities sector: The current above-mentioned framework might be further refined as a consequence of the implementation of MiFID2/MiFIR package, which is in the process of being transposed/implemented into the national legal framework. As mentioned in the next column, on June 1, 2017 ESMA issued standards on cooperation between national competent authorities under MAR. Banking sector: No major developments in the exchange of information among national and international supervisory authorities; the system is already running since many years, and the same SSM is effectively functioning since more than one. Insurance sector: The update of IVASS Supervisory Handbook in March 2016 takes into account the latest regulation</p>	

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				<p>regarding the exchange of information among supervisors (Commission Implementing Regulation (EU) 2015/2014 of 11 November 2015 and EIOPA Guidelines on exchange of information on a systematic basis within colleges). Recently the General Protocol on the collaboration of the insurance supervisory authorities of the EU has been revised to implement the recommendations of the EIOPA Peer Review Report on the freedom to provide services regime applied in the EU member States and the EIOPA Report on branching-out. The revision was also needed to align the content of the Protocol (now it is in the form of a Decision on the collaboration of the insurance supervisory authorities) 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.</p> <p>Web-links to relevant documents:</p> <p>Consolidated Law on Finance: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm MoUs signed by Consob: 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</p>	

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				<p> https://www.esma.europa.eu/sites/default/files/library/esma70-145-100_final_report_draft_its_cooperation_between_ncas_art_25_of_mar.pdf See also response by EU Commission. http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015R2014&from=EN https://eiopa.europa.eu/GuidelinesSII/EIOPA_EN_Exchange_info_colleges_GLS.pdf https://eiopa.europa.eu/Publications/Protocols/EIOPA-BoS-17-014%20Annex%20Decision%20on%20the%20collaboration%20of%20the%20insurance%20supervisory%20authorities.pdf </p>	

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10 (10)	Strengthening resources and effective supervision	<p>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)</p> <p>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)</p> <p>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)</p>	<p>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).</p> <p>Jurisdictions should also indicate any steps taken or envisaged in terms of resources/expertise, supervisory measures and/or regulation to strengthen the oversight of risks associated with financial innovation (FinTech).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: May 2008</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Letter to the market, internal procedures addressed through the Guide to Supervisory Activities</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Banking and securities sector: The legal mandate and powers of the relevant authorities for the regulation and supervision of financial entities are</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>On the basis of the outcome of the work conducted by Consob's Fintech working group, further measures could be envisaged.</p> <p>Web-links to relevant documents:</p> <p>N/A</p>

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				<p>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</p>	

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				<p>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.</p> <p>Insurance sector: The purpose of supervision is the sound and prudent management of insurance and reinsurance undertakings and transparency and fairness in the behavior of undertakings, intermediaries and the other insurance market participants with regard to stability, efficiency, competitiveness and the smooth operation of the insurance system, to the</p>	

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				<p>protection of policyholders and of those entitled to insurance benefits as well as to consumer information and protection. IVASS is entitled to issue regulations and guidelines to implement the EU and the Italian primary law. By pursuing this objective and according to its remit, IVASS is still focussed on the undergoing adoption process of the solvency II rules. This has led to provisions a enhancement of supervisory strategy and analytical tools to align with, and better reflect the Solvency II risk-based approach. To this purpose, an internal reorganisation took place and resources were reallocated on the key activities. A Macroprudential Surveillance Division was also set up to mirror the new risk perspective. IVASS has increased the resources devoted to the new macro-prudential analysis department with the objective of strenghtening the following activities: (i) performing macro-prudential analysis on the Italian insurance market; (ii) identifying, assessing and monitoring macro-prudential risks; (iii) assessing the potential effects of stressed situation potentially emerging in the financial markets towards insurancee undertakings (this is done also in coordination with EIOPA). In the view of devising a early warning system, the macroprudential surveillance department has been reinforced with additional expertise to contribute to the development of risk indicators and tools for a timely detection or monitoring of risk drivers and vulnerabilities and conducting sensitivity analysis. IVASS has being collecting information from insurance undertakings to this purpose. A Division on Risk Assessment has also been</p>	

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				<p>recently established to support the Micro-prudential Supervision Department for the quantification and management of insurance, financial, credit, operational risks of insurance groups and solo undertakings. To respond to the new Solvency II risk-based approach, to the solvency valuation metrics, the enlarged data inflow and the reporting timelines, IVASS has undertaken a general revision of its monitoring procedures, supervisory strategy and analytical tools. The actions taken refer to: a. Revision of the internal Guide to Supervisory Activities, which is the key document reporting on the supervisory strategy. The approach reflects and support the ‘new mind-set’ following the risk-oriented Solvency II perspective. 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: based on the EIOPA preparatory GLs on facilitating an effective dialogue between competent authorities supervising insurance undertakings and statutory auditor(s) and the audit firm(s) carrying out the statutory audit of those undertakings, IVASS published a letter to the market in December 2016. It gives an insight on the supervisory position for high quality public disclosure on solvency and financial condition of insurance</p>	

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				<p>undertakings and regarding the potential role of external audit” g. Participation in EIOPA work to strengthen the convergence to supervisory practices by identifying best practices applied at EU level (e.g. Thematic peer reviews, Internal Models) IVASS closely monitor the development of the insurance market, which may significantly affect the level and type of risks with an impact on the efficiency and integrity of insurance/financial markets, (at micro and macro level) and on the protection of consumers arising from activities, tools and technologies newly introduced in the financial system.(Fintech, cyber risk, big data).</p> <p>Highlight main developments since last year’s survey:</p> <p>Fintech With particular focus on blockchain and distributed ledger technologies, in the last quarter of 2015, the Bank of Italy set up a task force on digital innovations. The group contains representatives from different departments of the Bank, including experts in the field of Information Technology, Economic Research, Payments System Oversight, Monetary Policy, Macro-prudential Analysis and Banking Supervision. The work of the task force aims to encourage the development in the country of private business initiatives dealing with digital innovations, guiding them to operate in accordance with local regulation. In this context, the group also tries to - understand if regulatory or oversight interventions are actually needed; - analyse possible future scenarios in which public blockchains or private distributed ledger technologies can be</p>	

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				<p>used by financial intermediaries to streamline their back-office processes; - explore opportunities for central banks to take advantage of emerging digital innovations, in order to carry out their tasks and act in the public interest more efficiently. Moreover, in accordance with the above-described internal strategic process, Consob has established a new Information Infrastructure Division, so as to encourage the automation of supervisory processes. Furthermore, as regards regulation and supervision of high-frequency trading, see response under recommendation no. 19. Consob has also tackled the issue of Fintech in a number of research papers available on its website. In addition to the above, to make a more in-depth reflection on the developments of Fintech, Consob has recently established a dedicated Fintech working group, also involving the collaboration with some primary Italian universities. In particular, the aim of the group is to coordinate futures work streams on this matter, starting with a financial education project, taking into account the work carried out so far at international level. Based on the current discussion at EU and national level on financial innovation, Ivass has recently set up an internal cross-function working group on Fintech in insurance (Insurtech). The tasks mandated to the innovation lab is to track trends, and area of developments, to assess risks and opportunities stemming from new technologies, to analyse any supervisory gap and annually produce a report on the main findings. These objectives are achieved by means of:</p> <ul style="list-style-type: none"> • targeted studies on IT innovation within the whole financial 	

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				<p>sector including market players, industry associations, Academics, IT providers, market analysts; • dialogue and information sharing with other national Authorities, government bodies and service companies • dialogues with the insurance industry and data collection on behaviours and market practices; analysis of market and supervisory practices, technology applications and market solutions, implications on competition and prices • considerations on risks and impacts on consumers and propose risk prevention measures</p> <p>Web-links to relevant documents:</p> <p>Consolidated Law on Finance: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm Law n. 262/2005: http://www.camera.it/parlam/leggi/052621.htm https://www.ivass.it/normativa/nazionale/secondaria-ivass/lettere/2016/lm-12-07/Lettera_al_mercato_7_dicembre_2016.pdf (in Italian only) The full text of the Supervisory risk assessment Guideline is only for BI consultation, not publicly available. An extract can be found at https://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/circolari/c269/index.html?com.dotmarketing.htmlpage.language=1 Consolidated Law on Finance: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm Law n. 262/2005: http://www.camera.it/parlam/leggi/052621.htm https://www.ivass.it/pubblicazioni-e-statistiche/pubblicazioni/relazione-annuale/2016/index.html?com.dotmarketing.htmlpage.language=3 (Report on cyber risk in IVASS Annual report)</p>	

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IV. Building and implementing macroprudential frameworks and tools					
11 (11)	Establishing regulatory framework for macro-prudential oversight	<p>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)</p> <p>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)</p>	<p>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.</p> <p>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.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: May 2015</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <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</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>The 2015 European Delegation Law came into force on 16 September 2016. The Government has 12 months since then to implement the provisions provided by the Recommendation ESRB/2011/3 on the macroprudential mandate of national authorities. See also response by EU Commission.</p> <p>Web-links to relevant documents:</p> <p>See response by EU Commission.</p>

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				<p>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 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. Once the national macroprudential authority, as stipulated by the 2015 European Delegation Law (see section on planned actions), will be established, the Bank of Italy will play a leading role in it. In particular, article 10 of the mentioned law provides for the establishment of a Macroprudential Policy Committee composed of the Heads of the supervisory authorities, and the Ministry of Economy and Finance and the Italian Competition Authority as observers, chaired by the Bank of Italy. 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</p>	

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				<p>(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 buildup of systemic risk in the Italian banking sector. A top-down stress test 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</p>	

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				<p>variables (i.e., costs and flows of mortgages to households and to developers). The Bank of Italy monitors risks related to “Too-big-to-fail” institutions. The Bank of Italy has identified Unicredit Group spa as a G-SII and O-SII and two other groups as O-SII: Intesa-SanPaolo and Monte dei Paschi di Siena (for details on the buffers applied, see recommendation 12). 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 low interest rate, EIOPA</p>	

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				<p>has proposed to develop a framework for a macroprudential approach to the low interest rate environment under Solvency II, identifying objectives and instruments to address the low interest rate environment. In line with this proposal, and in application of the Solvency II regime, IVASS has been continuing a process of intensified monitoring and analysis of the ongoing risks, by increasing the reporting requirements with regard to the 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.</p> <p>Highlight main developments since last year's survey:</p> <p>Banking sector: A law implementing European legislation - the 2015 European Delegation Law - which includes provisions for delegating the Government to implement Recommendation ESRB/2011/3 on the macroprudential mandate of national authorities, has been published on 1 September 2016 and came into force on 16 September 2016. In particular, article 10 of the mentioned law provides for the establishment of a Macroprudential Policy Committee composed of the Heads of the supervisory authorities, and the Ministry of Economy and Finance and the Italian Competition Authority as observers, chaired by the Bank of Italy, empowered to collect information and make recommendations to the participating authorities, with a “comply or explain” mechanism. Insurance sector: By implementing the EIOPA GLs</p>	

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				<p>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 on periodic quantitative information to be transmitted to IVASS for purposes of financial stability and macro prudential supervision and relative data transmission terms and procedures was issued on 10 May 2016.</p> <p>Web-links to relevant documents:</p> <p>https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2016/n21/index.html https://eiopa.europa.eu/GuidelinesSII/EIOPA_EN_FS_GLs.pdf 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)</p>	

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12 (12)	Enhancing system-wide monitoring and the use of macro-prudential instruments	<p>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)</p> <p>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)</p> <p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p>	<p>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.</p> <p>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.</p> <p>See, for reference, the following documents:</p> <ul style="list-style-type: none"> • 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 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 2015</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Supervisory monitoring For insurance sector, stress test, risk dashboard, regular monitoring of financial stability of the national market, sensitivity analysis, peer comparison analysis</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>See response by EU Commission.</p> <p>Web-links to relevant documents:</p> <p>See response by EU Commission.</p>

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			<p><i>Policies: Lessons from International Experience (Aug 2016)</i></p> <ul style="list-style-type: none"> • CGFS report on <i>Experiences with the ex ante appraisal of macroprudential instruments (Jul 2016)</i> • CGFS report on <i>Objective-setting and communication of macroprudential policies (Nov 2016)</i> 	<p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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 UniCredit banking group as a global systemically important institution (G-SII) authorized to operate in Italy in 2015 and 2016 and (ii) implementation of the capital conservation buffer without any further transitional period (date of entry into force: 1/1/2014). 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</p>	

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				<p>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 of 2016. Moreover the Bank of Italy has identified the UniCredit, Intesa Sanpaolo and Monte dei Paschi di Siena banking groups as domestic systemically important institutions (other systemically important institutions, O-SIIs) authorized to operate in Italy. The Bank of Italy has decided to set an additional capital buffer ('O-SII buffer') equal to zero per cent for 2016 for the three banking groups. The decision to identify the three banking groups as O-SIIs was taken pursuant to Bank of Italy Circular No. 285/2013 on prudential regulations for banks, that also specifies the criteria on which the methodology for identifying the O-SIIs is based. The assessment was carried out following the European Banking Authority Guidelines (EBA/GL/2014/10), which set out the criteria and the data required to identify O-SIIs in EU jurisdictions. 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:</p>	

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				<p>IVASS implemented the following main prudential indicators/tools for the insurance sector: 1. Assessment of the vulnerabilities of the insurance sector: IVASS developed national exercises in order to detect vulnerabilities in the insurance sector timely (such as: exposure to government bonds and to banking system, cash management analysis, use of emergency plan). Specific qualitative and quantitative information requests are made to a selected sample of undertakings, on quarterly basis and on a semi-annual basis; 2. Questionnaires to the main Italian life insurance players (ad hoc analysis, e.g. on the low interest rate environment; on credit ratings) 3. Quarterly monitoring on financial stability. This is carried out on a quarterly basis on available data. It is focused on the main risk drivers of the Italian insurance sector. It is submitted to the Top Management of IVASS and shared with Micro-Surveillance Division (linkage between micro and macro supervision). Some specific information are also published on a semi-annual basis within the Financial Stability Report of the Bank of Italy and the IVASS' Annual Report. 4. Sensitivity analysis on Interest rate risk. On semi-annual basis IVASS asks life insurance companies to assess their exposures to interest rate risk, i.e. to assess the impact of an unexpected change in interest rates on their ability to discharge their obligations under with-profits policies. 5. Stress test. Since 2005, stress test have been introduced in the Italian insurance market. Insurance undertakings shall run the stress test exercise: • on the main risk factors • at least annually • as instrument to decide</p>	

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				<p>their risk policy and results shall be submitted to the Board of Directors). From IVASS' perspective standardized stress tests are used both • to analyse the impact of specific adverse scenarios on the financial stability of the insurance sector and to identify systemic risks. 6. Risk Dashboard (RD). As far as the use of macroprudential tools is concerned, a Risk Dashboard covering the Italian market was introduced four years ago based on the experience gained in the EIOPA context. The dashboard gauges the exposure of the national insurance market to the main insurance, financial and macro-economic risks and is updated quarterly. IVASS Risk Dashboard encompasses 24 indicators for 7 categories of risks (macro, credit, profitability and so on). The main outcomes of the Risk Dashboard are systematically reported to the internal Crisis Management Committee 7. ORSA (Own Risk and Solvency Assessment). Solvency II framework and the implementing IVASS Regulation n.32 (issued on 9 November 2016) requires that the ORSA report is part of the business strategy. The report follows a risk-based and forward looking approach to assess the main risks drivers and provide the Supervisors with an insight on the variables and market conditions which may threaten the stability and solvency of the market and need to be carefully addressed. It also allows to detect the business orientation , the portfolio composition and any management actions which may be undertaken. In the EIOPA context, IVASS is also contributing to the definition of key indicators and peer comparison at EU level within the</p>	

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				<p>EIOPA activities. The focus is on the design of potential risk based reports or on identification of early warning indicators which could be used for SII analytics. The revision of the existing Italian Supervisory Handbook is on-going. It implements the EU guidelines, among others, on oversight, reporting and gives guidance on the operationalization of individual macro-prudential instruments.</p> <p>Highlight main developments since last year's survey:</p> <p>Banking sector: Based on an analysis of the reference indicators the Bank of Italy (BoI) has decided to set the CCyB rate (for exposures to Italian counterparties) at zero per cent for the first three quarters of 2017. The BoI has identified the UniCredit banking group as a global systemically important institution (G-SII) authorized to operate in Italy in 2017. Based on data as at 31 December 2015, the UniCredit group is in the first subcategory of global systemic importance. During the transitional period envisaged under Directive 2013/36/EU, the UniCredit group is required to maintain a capital buffer for the G-SIIs equal to: 0.50 per cent of its total risk exposure from 1 January 2017; 0.75 from 1 January 2018; 1.00 per cent from 1 January 2019. The BoI has identified the UniCredit, Intesa Sanpaolo and Monte dei Paschi di Siena banking groups as other systemically important institutions (O-SIIs) authorized to operate in Italy in 2017. The three groups will have to maintain a capital buffer for the O-SIIs of 1.00, 0.75 and 0.25 per cent respectively of their total risk exposure, to be achieved within four years. In</p>	

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				<p>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. Recently the BoI 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 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</p>	

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				<p>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. Insurance sector: The regular monitoring on financial stability is performed quarterly rather than monthly in line with the SII data availability. IVASS Risk Dashboard is currently under revision to address financial stability risks more effectively. The change in the methodology and the increased set of indicators (more forward-looking) and graphs are consistent with the revision process in place of the EIOPA Risk Dashboard. IVASS is currently engaged in the analysis of the impact that Long Term Guarantees measures (LTG) measures may have on the financial situation of undertakings, on the consumer protection, on Investments, products and financial stability. The analysis performed at national level is supporting and complementing the relevant work ongoing within the EIOPA context on the use of LTG measures and of Transitional measures applicable during the transition phase to the full Solvency II implementation.</p> <p>Web-links to relevant documents:</p> <p>https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2016/n32/index.html (in Italian only)</p> <p>https://www.bancaditalia.it/compiti/stabilita-finanziaria/politica-macroprudenziale/index.html?com.dotmarketing.htmlpage.language=1</p>	

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				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	

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V. Improving oversight of credit rating agencies (CRAs)					
13 (13)	Enhancing regulation and supervision of CRAs	<p>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)</p> <p>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.</p> <p>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.</p> <p>The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)</p> <p>Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance</p>	<p>Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their consistency with the following IOSCO document:</p> <ul style="list-style-type: none"> • Code of Conduct Fundamentals for Credit Rating Agencies (Mar 2015) (including on governance, training and risk management) <p>Jurisdictions may also refer to the following IOSCO documents:</p> <ul style="list-style-type: none"> • Principle 22 of Principles and Objectives of Securities Regulation (Jun 2010) which calls for registration and oversight programs for CRAs • Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003) • Final Report on Supervisory Colleges for Credit Rating Agencies (Jul 2013) <p>Jurisdictions should take into account the outcomes of any recent FSAP/ROSC assessment against those principles.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: June 2013</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: For instance, MoUs</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>July 2011 all registration and supervisory responsibilities over credit rating agencies were transferred to ESMA. Registration and certification are core</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>See response by the EU Commission.</p> <p>Web-links to relevant documents:</p>

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		<p>obligations for CRAs) as early as possible in 2010. (FSB 2009)</p> <p>We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)</p>		<p>activities within ESMA’s supervisory responsibilities. Applicants are granted registration only if they demonstrate their ability to meet all the regulatory requirements. Any firm that is established in the EU and is carrying out credit rating activities in the EU without prior registration is operating in breach of Articles 2(1) and 14(1) of the Regulation. At the end of 2016, there were 26 EU registered CRAs and 4 certified CRAs (third-country CRAs whose ratings can be used in the UE, subject to a previous decision by the European Commission on the equivalence of the non-EU country regulatory and supervisory regime on CRAs and the establishment of a cooperation arrangement between ESMA and the relevant non-EU country Authority). The EU Regulation requires that CRAs put in place written procedures and methodologies providing for a fair and thorough analysis of all information relevant to credit analyses. CRAs are also required to put in place procedures for permanent monitoring as well as regular updates of credit ratings as new information becomes available. The EU Regulation also requires CRAs to take all necessary steps to ensure that the issuing of a credit rating is not affected by any existing or potential conflict of interest or business relationship involving the credit rating agency issuing the credit rating, its managers, rating analysts, employees, any other natural person whose services are placed at the disposal or under the control of the credit rating agency, or any person directly or indirectly linked to it by control. As regards supervisory aspects, the EU CRA Regulation</p>	

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				<p>provides ESMA with a set of enforcement powers in cases where a regulated CRA fails to meet registration requirements after its initial registration including the power to withdraw a firm’s license, if licensing requirements are no longer met. So far, ESMA has conducted a number of thematic and individual investigations in order to verify the level of compliance by registered CRAs with the requirements set forth in the Regulation. Moreover, ESMA has been active ensuring coordination with National Competent Authorities (NCAs) and non-EU regulators and has finalized MoUs with a number of jurisdictions. In addition, the cooperation with third country regulators has been reinforced with the establishment of supervisory colleges and through the enhancement of the on-going dialogue at the IOSCO level, as ESMA contributed to the drafting of the recommendations for Supervisory Colleges for CRAs (published on 30 July 2013 on IOSCO’s website). The Regulation has been amended in 2011 and 2013. See also EU Commission response.</p> <p>Highlight main developments since last year’s survey:</p> <p>See response by the EU Commission. On March 23, 2017 ESMA issued Guidelines on the validation and review of Credit Rating Agencies’ methodologies, to ensure a consistent application of validation and review measures by CRAs.</p> <p>Web-links to relevant documents:</p> <p>See response by EU Commission.</p>	

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14 (14)	Reducing the reliance on ratings	<p>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)</p> <p>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)</p> <p>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)</p> <p>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</p>	<p>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.</p> <p>Jurisdictions may refer to the following documents:</p> <ul style="list-style-type: none"> • FSB Principles for Reducing Reliance on CRA Ratings (Oct 2010) • FSB Roadmap for Reducing Reliance on CRA Ratings (Nov 2012) • BCBS Consultative Document Revisions to the Standardised Approach for credit risk (Dec 2015) • 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 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: July 2013</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: See also below the Joint Communication by national competent authorities and Italy’s action plan.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Italy’s action plan to Implement the Financial Stability Board Principles for Reducing Reliance on Credit Rating Agency Ratings has also been published</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>See EU Commission response.</p> <p>Web-links to relevant documents:</p>

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		<p>competition among credit rating agencies. (Los Cabos)</p> <p>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)</p>	<p><u><i>the Use of External Credit Ratings (Dec 2015).</i></u></p>	<p>(see link below). 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</p>	

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				<p>records documenting the aforesaid analyses and assessment activities that form the basis of the investment and disinvestment decisions taken. See also EU Commission response 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 ECAs. 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</p>	

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				<p>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 been published.</p> <p>Highlight main developments since last year's survey:</p> <p>Securities sector: As mentioned above, enhanced due diligence and internal risk assessment requirements are provided for investment in securitization under the EU Commission proposals on a common framework for securitisations, on which a political Agreement was achieved on May 30, 2017 by the Council and European Parliament. See also EU Commission response. Insurance sector: No major developments to report since last year's survey Banking sector: Bank of Italy manages an In-House Credit Assessment System (BI-ICAS) of non-financial corporations' credit claims eligible as collateral in monetary policy operations. In accordance with the Eurosystem's general principles on credit assessment, ICAS envisages a preliminary statistical assessment (ICAS Stat) followed by a qualitative and quantitative assessment by financial analysts (Expert System). In 2015 the Bank of Italy reviewed the statistical methodology used for BI-ICAS and the activity of the ICAS increased with the involvement in the expert system module of analysts of further eight local</p>	

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				<p>branches. On February 2017 eleven local branches were involved in the activity of rating production. The system is being used in particular by small banks which usually do not have an Internal Rating Based models for the credit risk assessment. At the end of 2016 there were 44 banks which have chosen BI-ICAS to assess the claims they pledge as collateral in monetary policy operations (they were 38 in 2015).</p> <p>Web-links to relevant documents:</p> <p>Italy's action plan: 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.bancaditalia.it/compiti/polmon-garanzie/gestione-garanzie/qualita-crediti/index.html?com.dotmarketing.htmlpage.language=1</p>	

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VI. Enhancing and aligning accounting standards					
15 (15)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	<p>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.</p> <p>Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: http://www.ifrs.org/Use-around-the-world/Pages/Analysis-of-the-G20-IFRS-profiles.aspx.</p> <p>As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value recognition, measurement and disclosure.</p> <p>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.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: Financial statements of the financial year closing or ongoing on 31 December 2005</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: 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</p>	<p>Planned actions (if any) and expected commencement date: See EU Commission response.</p> <p>Web-links to relevant documents:</p>

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			<p>See, for reference, the following BCBS documents:</p> <ul style="list-style-type: none"> • <u>Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)</u> • <u>Guidance on credit risk and accounting for expected credit losses (Dec 2015)</u> 	<p>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 Bank of Italy, Consob and IVASS, with the Ministry of Finance are also 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.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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</p>	

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				<p>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 composes of representatives from Member State (ARC -Accounting Regulatory Committee). The legislative Decree 38/05 identifies the companies which are mandatorily required or permitted to adopt the International Accounting Standards (IAS/ISFR) in preparing Consolidated and Separate Financial Statements, as follows: - Publicly traded entities, banks, publicly accountable entities, regulated financial entities are mandatorily required to fill their consolidated and separate financial statement according to IAS/IFRS, including issuers whose securities are widely held; - 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. Therefore, 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</p>	

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				<p>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 is working on reviewing the schemes and templates of Circular n. 262/2005 due to the application of IFRS 9 since 1 January 2018. On May 3, 2017, the draft of new Circular n. 262/2005 was published. The public consultation will expire on July 3, 2017. The final regulation is expected to be published by the end of 2017. 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). 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.</p>	

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				<p>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.</p> <p>Highlight main developments since last year's survey:</p> <p>Securities sector: On January 28, 2016, Consob has also published Communication no. 0007780/16, in accordance with ESMA's statement on European common enforcement priorities for 2015 financial statements, in order to identify the issues in the balance sheets which, in the current market environment, are considered as a priority in terms of disclosure of the information to be provided in the financial reports as at December 31, 2015. The above-mentioned Communication does not introduce additional regulatory requirements but draws the attention of the persons responsible for the drafting of the financial statements to a detailed and exhaustive application of the applicable provisions and accounting principles. See EU Commission response. Insurance sector: After a public consultation last year on the revision of IVASS Regulation n.. 7 (issued on 7 July 2007) concerning the Financial account of (re)insurance undertakings applying the international accounting standards and</p>	

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				<p>Regulation n.22 (issued on 22 April 2008) concerning the provisions and layout of the accounts of the financial statements and half-yearly reports of the insurance and reinsurance undertakings, IVASS amended both Regulations to comply with the SII provisions and the EU Directive on Accounting. IVASS has recently issued (February 2017) the Regulation n.34 on governance, recognition and valuation of assets and liabilities other than Technical Provisions to implement EIOPA guidelines on the valuation criteria.</p> <p>Banking sector: The Bank of Italy was actively involved in the implementation activities related to the adoption of IFRS 9 (1 January 2018); in particular: - the BCBS Guidelines on accounting for expected credit losses that was published in December 2015; - the EBA Guidelines on credit institutions' credit risk management practices and accounting for expected credit losses was published in May 2017 and; - the EBA impact assessments of IFRS 9 on a sample of EU banks. A first exercise was concluded and its results were published in November 2016. A second exercise has been launched and is on-going. The new exercise builds on the objectives of the first impact assessment, namely the estimated impact of IFRS 9 on regulatory own funds, the interaction between IFRS 9 and other prudential requirements and the implementation issues relating to IFRS 9. Since last year, the Bank of Italy has been meeting financial institutions and Assirevi (the association of auditing firms) to verify the degree of implementation of IFRS 9, - the ECB/SSM thematic review on IFRS 9, which aims at: (i) evaluating how</p>	

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				<p>institutions are prepared for introduction of IFRS 9; (ii) assessing its potential impact on credit institutions' provisioning practices. See EU Commission response.</p> <p>Web-links to relevant documents:</p> <p>Consolidated Law on Finance: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm Consob Regulation on Issuers: http://www.consob.it/mainen/documenti/english/laws/reg11971e.htm ESMA Guidelines: 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 Consob Communication no. 0007780/16; http://www.consob.it/documents/46180/46181/c0007780.pdf/cdc94c97-fc16-4550-acc6-78568166a059 See also EU Commission response- https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2007/n07/index.html (in Italian only) https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2008/n22/index.html https://www.ivass.it/normativa/nazionale/secondaria-ivass/regolamenti/2017/n34/Regolamento_n_34_del_7_febbraio_2017.pdf?language_id=3 https://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/circolari/c262/index.html Consolidated Law on Finance: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm Consob Regulation on Issuers:</p>	

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				http://www.consob.it/mainen/documenti/english/laws/reg11971e.htm ESMA Guidelines: 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 BCBS Guidelines on accounting for expected credit losses: http://www.bis.org/bcbs/publ/d350.htm EBA 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 Report on results from EBA impact assessment of IFRS 9: https://www.eba.europa.eu/documents/10180/1360107/EBA+Report+on+impact+assessment+of+IFRS9	

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VII. Enhancing risk management					
16 (16)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	<p>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)</p> <p>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)</p> <p>Regulators and supervisors in emerging markets² will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)</p>	<p>Jurisdictions should indicate the measures taken in the following areas:</p> <ul style="list-style-type: none"> • 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;¹ and • extent to which they undertake stress tests and publish their results. <p>Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: since November 2014 supervisory actions are taken in the SSM context</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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

² Only the emerging market jurisdictions that are members of the FSB may respond to this recommendation.

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		We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)	requirements for CCPs), since these are monitored separately by the BCBS .	<input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: SSM supervisory manual Short description of the content of the legislation/ regulation/guideline: Since November 2014 the 13 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. Highlight main developments since last year's survey: No major developments; the system is already running. Web-links to relevant documents:	

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17 (17)	Enhanced risk disclosures by financial institutions	<p>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)</p> <p>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)</p>	<p>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.</p> <p>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</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 31.12.2013</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: See below</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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			<i>accounting for expected credit losses (Dec 2015)</i>	<p>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 must 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. 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</p>	

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				<p>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</p>	

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				<p>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”).</p> <p>Highlight main developments since last year’s survey:</p> <p>Securities sector: On April 27, 2017 Consob issued amendments to the Consob Regulation on Issuers to strenghten the disclosure in the investment funds’ offering documents, among others, on custodians and on compensation policies. Insurance sector: Following the requirements set by the Solvency II Directive and the EIOPA GLs on reporting and public disclosure, IVASS issued Regulation n. 33 concerning the supervisory reporting and the public disclosure. To ensure the supervisor to perform a prudential surveillance/monitoring a control system</p>	

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				<p>have to be put in place and information requirements must be observed. Regarding the public information insurance undertakings publish annually a Solvency and Financial Condition Report reporting on their business annual returns, the system of governance, their risk profile for solvency purposes and the assessment of, assets and liability including the capital /management whose according to the SII directive and the EIOPA GLs on this matter. The content of this report is complemented with additional information for supervisory purposes and is regularly sent to IVASS . The implementation phase of this regulation was supported by a letter to the market issued on 7 December 2016, which provides details on the auditing of data and information reported in the Solvency and Financial Condition Report for 2016 Banking and Financial sector: With a supervisory letter of 31 January 2013 the Bank of Italy required banks to take into account the recommendations provided by the Enhanced Disclosure Task Force in the preparation of their Annual Reports, possibly starting from end-2012 Annual Reports. In addition, some amendments to Circular 262/2005, applying from end-2013 Annual Reports, have been made to take into account the recommendations provided by the Enhanced Disclosure Task Force (EDTF). The disclosure requirements of IFRS 13 “Fair Value Measurement” have been adopted through an amendment of the Circular 262/2005, issued in January 2014. In the context of the forthcoming implementation of IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” (as amended by IFRS 9), Bank of Italy has prepared</p>	

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				<p>an amendment of the Circular 262/2005 including the new accounting and disclosure requirements. The amendment also reflects the changes to the EBA Implementing Technical Standards (ITS) on the reporting of financial information due to IFRS 9 (as published in November 2016). The public consultation will expire on 3 July 2017. The final regulation is expected to be published by the end of 2017.</p> <p>Web-links to relevant documents:</p> <p>Consolidated Law on Finance: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm Consob Regulation on Issuers: http://www.consob.it/web/consob-and-its-activities/laws-and-regulations 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 (in Italian only) https://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/circolari/c262/index.html</p>	

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VIII. Strengthening deposit insurance					
18 (18)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	<p>Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.</p> <p>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).</p> <p>In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance with the revised Core Principles:</p> <ul style="list-style-type: none"> • 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. 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 8 March 2016</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>On 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 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. Recently, a draft report amending the Commission’s proposal for EDIS has been recently submitted to the EU Parliament, in which important changes are made to the design of the EDIS’ stages and to the timetable for their implementation.</p> <p>Web-links to relevant documents:</p> <p>http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52015PC0586</p>

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				<p>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.</p> <p>Highlight main developments since last year's survey:</p> <p>The transposition process of the EU directive on Deposit Guarantee Schemes (DGSD) has been completed with the Legislative Decree No. 30/2016 being enacted in March 2016. In addition, the transposition law of the 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.</p> <p>Web-links to relevant documents:</p>	

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IX. Safeguarding the integrity and efficiency of financial markets					
19 (19)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	<p>Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.</p> <p>Jurisdictions should indicate the progress made in implementing the recommendations:</p> <ul style="list-style-type: none"> • 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). 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of:</p> <p>1999, with the entry into force of the Consolidated Law on Finance. However, further measures in this regard have been introduced with the implementation in Italy of Directive 2004/39/EC and Directive 2006/3/EC in 2007 and in 2012/2013, with the implementation into the Italian legal framework of the ESMA Guidelines on Automated Trading and of Regulation (EU) no. 648/2012 (EMIR).</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>See response by the EU Commission. Moreover, the implementation/transposition into the national legal framework of the new provisions of MiFIR/MiFID2 is currently underway, as already mentioned above.</p> <p>Web-links to relevant documents:</p> <p>See response by EU Commission</p>

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				<p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Ongoing supervision and Consob Resolution on ESMA Guidelines on automated trading.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Regulation of markets is governed by Title I of Part III of the Consolidated Law on Finance, and related regulations, notably Consob Regulation 16191/2007 on markets, implementing the relevant European legislative acts (mainly Directive 2004/39/EC on markets in financial instruments – MiFID1 – 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. 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 supervised activity carried out by Consob (and the 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</p>	

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				<p>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. 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</p>	

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				<p>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.</p> <p>Information on dark trading and dark orders is included in the data set provided to the regulators. 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</p>	

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				<p>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.</p> <p>Highlight main developments since last year's survey:</p> <p>The above-mentioned regulatory regime has been further strengthened with the entry into application of the new rules envisaged under MAD/MAR package on July 3, 2016. In particular, the new framework broadens the scope of instruments covered by the market abuse framework, strengthening in particular the regime for commodity and related derivative markets. It explicitly bans the manipulation of benchmarks (such as LIBOR) and reinforces the investigative and sanctioning powers of regulators. Furthermore, as mentioned above, the process for the transposition/implementation of the new rules under MiFID2/MiFIR is currently underway. In particular, these new EU legislative acts aim at increasing transparency in the markets (among others, enhanced pre- and post-trade transparency requirements are introduced). They also incorporate the provisions of the above-mentioned ESMA Guidelines on automated trading. On April 5, 2017 ESMA published Q&As providing details on how to implement certain MiFID II – MiFIR regulatory provisions on market structure</p>	

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				<p>topics. On April 6, 2017 ESMA published MiFID II Guidelines - Calibration of circuit breakers and publication of trading halts under MiFID, develop common standards for the calibration of their circuit breakers by trading venues that allow or enable algorithmic trading on their systems. On May 4, 2017 the European Commission proposed targeted amendments to EMIR to provide more proportionate and harmonised rules for over-the-counter derivatives. See also EU Commission response. Consob has been undertaking supervisory initiatives to improve the quality of information reported to trade repositories under EMIR. On May 22, 2017 Consob issued Communication no. 0069306 highlighting the main challenges which reporting counterparties are required to address.</p> <p>Web-links to relevant documents:</p> <p>ESMA's Guidelines on systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities: http://www.esma.europa.eu/system/files/esma_2012_122_en.pdf Consob Resolution no. DME/120270714 of April 4, 2012: http://www.consob.it/main/documenti/bolettino2012/c12027074.htm?hkeywords=comunicazione&docid=3&page=0&hits=11 Consob and the Bank of Italy Resolution of April 30, 2012: http://www.consob.it/main/regolamentazione/esma_documenti/index.html MAR: https://ec.europa.eu/info/law/market-abuse-regulation-eu-no-596-2014/amending-and-supplementary-acts/implementing-and-delegated-</p>	

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				<p>acts_en#relatedlinks Consob Communication no. 0069306 (in Italian) http://webint/main/documenti/bollettino2017/c0069306.htm?hkeywords=&docid=11&page=0&hits=111 See also EU Commission response.</p>	

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20 (20)	Regulation and supervision of commodity markets	<p>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)</p> <p>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)</p>	<p>Jurisdictions should indicate whether commodity markets of any type exist in their national markets.</p> <p>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).</p> <p>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.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 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.</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: MoUs.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Legislative Decree no. 58/1998 provides for some specific rules applying to</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>The implementation/transposition into the national legal framework of the new provisions of MiFIR/MiFID2 is currently underway, as already mentioned above.</p> <p>Web-links to relevant documents:</p> <p>See above</p>

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				<p>energy and gas derivative markets. In particular, article 66-bis of the Consolidated Law on Finance widens the scope of the provisions of Chapter I, Part III, Title I 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 66-bis 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 per l'energia elettrica e il gas (AEEG - 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 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,</p>	

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				<p>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 recognition of foreign energy derivatives markets, the authorisation of Italian enforcement actions against the energy derivatives market operators, the authorisation of relevant clearing and settlement systems, and urgency actions in order to ensure market integrity and transparency, whereas energy derivatives market operators fail to act; (ii) consult the Authority for Electricity and Gas before issuing regulation and resolutions on admission, suspension and exclusion of energy derivatives. 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 66-bis provides that Articles 64 and 74 of the Consolidated Law on Finance shall apply also to energy and gas derivatives markets. The above-mentioned articles deal 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)</p>	

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				<p>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.</p> <p>Highlight main developments since last year's survey:</p> <p>The new rules envisaged under MAD/MAR package are applicable since July 3, 2016. In particular, the new framework broadens the scope of instruments covered by the market abuse framework, strengthening in particular</p>	

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				<p>the regime for commodity and related derivative markets. Furthermore, as mentioned above, the process for the transposition/implementation of the new rules under MiFID2/MiFIR is currently underway. In particular, these new EU legislative acts: (i) increase scope of MiFID I with respect to changes to certain exemptions and definition of financial instruments. (ii) introduce harmonised pre- and post-trade transparency requirements. (iii) introduce commodity position limits, which will be set by National Competent Authorities based on a methodology to be determined by ESMA and will apply to all commodity derivatives admitted to trading on a platform; (iv) introduce commodity position reporting requirements onto investment firms trading on- venue and in equivalent commodity OTC contracts.</p> <p>Web-links to relevant documents:</p> <p>CONSOLIDATED LAW ON FINANCE: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm#Article_66 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/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 MoU between , Consob and the Authority for Electricity and Gas (in Italian): http://www.consob.it/main/consob/cosa</p>	

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				fa/cooperazione/protocollo_consob_energiagas_20080806.pdf	

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21 (21)	Reform of financial benchmarks	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 forthcoming FSB progress report on implementation of FSB recommendations in this area, and ongoing IOSCO work to review the implementation of the IOSCO <i>Principles for Financial Benchmarks</i> .		

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X. Enhancing financial consumer protection					
22 (22)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	<p>Jurisdictions should describe progress toward implementation of the OECD’s G-20 high-level principles on financial consumer protection (Oct 2011).</p> <p>Jurisdictions may also refer to OECD’s September 2013 and September 2014 reports on effective approaches to support the implementation of the High-level Principles. 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.</p> <p>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.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 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 amended in September 2016.</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Enhancement of the consumer protection framework is expected in 2017 as a result of the implementation of EU directives on mortgage credit and payment accounts, as well as of the new rules under MiFID2/MiFIR and PRIIPs Regulation and related implementing rules and ESAs’ convergence documents. On March 31, 2017 ESMA issued Q&As promoting common supervisory approaches and practices in the application of MiFID and its implementing measures to certain key aspects that are relevant when CFDs and other speculative products are marketed and sold to retail clients. Regarding financial education, 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. Within the financial education program aimed – jointly with the Ministry of Education – to incorporate financial education in the formal school curricula, we are arranging the 10th edition for all school levels (school year 2017-2018). In order to improve the impact of the project new tools linked to the OECD financial literacy core competencies framework will be released within the end of this year. Italy has recently amended the Consolidated Banking Law in order to transpose the Directive 2014/92/EU (Payment Account</p>

				<p>Issue is being addressed through:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Letters addressed to all supervised financial intermediaries addressing specific issues detected on the market; on-site inspections; exercise of enforcement powers; financial education initiatives; MoUs with relevant authorities and institutions. For financial education, within a wider OECD project aiming at promoting and spreading the financial culture at a national level, the Bank of Italy, CONSOB, COVIP, AGCM and IVASS have signed a MoU for the execution of the project in our country and several MoUs with Antitrust and the major associations representing the Consumers were signed. <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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 are set forth in Legislative Decree no. 58/1998 and Consob Regulation 16190/2007. In order to limit regulatory and product arbitrage and enhance investor protection</p>	<p>Directive - PAD); the new rules establish a framework designed to i) enhance transparency of fees and information related to payment accounts; ii) simplify the switching of account providers; iii) guarantee to consumers the access to a range of basic payment services. Some provisions require the adoption of secondary regulation by the Minister of Economy and Finance and by the Bank of Italy; an updated version of the Bank of Italy “Regulation on transparency in banking services and conduct rules in the relationship between intermediaries and clients”, has been recently put under consultation. See also response under EU Commission.</p> <p>Web-links to relevant documents:</p> <p>See also response under EU Commission.</p>
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				<p>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 recent Communication of February 7, 2017</p>	

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				<p>concerning the risks raised by investments in CFDs and binary options. 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. 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: IVASS is actively involved in the EIOPA projects concerning the</p>	

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				<p>Insurance Distribution Directive (IDD). 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 distribution channels (intermediaries and direct sellers) including on an ancillary basis non-insurance professionals (for example travel agents selling travel insurance). The IDD was published in the Official Journal on 2 February 2016 and entered into force on 22 February 2016. Its provisions must be given legal force in each Member State within the two years following. Therefore IDD is to be implemented by 23 February 2018. IVASS was heavily involved at EIOPA level in the writing of the EIOPA Technical Advices requested by the Commission on the Insurance Distribution Directive (IDD), with specific regards to the distribution of insurance-based investment products (IBIPs) and the Product Oversight and Governance arrangements (POGs).</p> <p>Banking sector: The Bank of Italy (BoI) oversees the transparency and correctness of relations between intermediaries and their customers. The BoI carries out regular controls on banks and credit intermediaries 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 intermediaries, to ensure that in every stage of their activity is paid due</p>	

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				<p>attention to the rules on transparency and to the legal and reputational risks inherent in dealing with customers. 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. 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. Financial education is now a duty entrusted to the BoI by the Italian law as a member in the National Committee for planning and coordination of financial education activities that will be established under a recent law. BoI will contribute to implementing the first Italian National strategy both for students and adults. As a first step of the National Strategy, the BoI has conducted with other authorities a survey on the existing financial education initiatives in Italy in the three year period 2012-14. As part of IVASS institutional mission, the supervisory goal to ensure that the degree of consumer protection is strengthened and appropriate is achieved both by regulation the production and distribution phase of insurance products</p>	

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				<p>and by making the insurance costumers more conscious of products and services on the market, of the basic rules and behavior to apply when approaching insurance products, undertakings, intermediaries and the supervisor as well. The intention is to increase the insurance culture with a simple insurance language. Practical and multimedial guides on Policies related to loans and financing, and general liability insurance policies, The insurance RC Cars, 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.</p> <p>Highlight main developments since last year’s survey:</p> <p>Securities sector: As mentioned above, in 2016, the AFC was established for the resolution of disputes between retail investors and intermediaries. Moreover, enhanced rules are in the process of being implemented in Italy according to the new MiFIDII/MiFIR package and PRIIPs Regulation, such as product intervention powers. For a detailed description of those rules, see EU Commission response. Insurance sector: IVASS implemented the EIOPA guidelines on complaints handling by insurance intermediaries providing a proportionate regime which takes into account the different kind of intermediaries operating in the market. To regulate this matter the existing</p>	

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				<p>IVASS Regulation n. 24 was amended accordingly The commitment to develop The Technical Advice on the Insurance Distribution Directive (IDD) resulted in a document issued by EIOPA on 1 February 2017, regulating the following issues: requirements on POG to be applied by Insurance undertakings and distributors; procedures to be adopted by Insurance distributors to identify, prevent, manage and disclose Conflict of interest in selling IBIPs; criteria for assessing potential implications of the inducement on quality of services provided and compliance with the obligation to act in the best interest of the customers when selling IBIPs; criteria to assess non-complex IBIPs ; information to be collected by insurance distributors to run the assessment of suitability and appropriateness of IBIPs; content and format of records and periodic reports to customers for IBIPs. The commitment to the EIOPA project on the draft Implementing Technical Standards- ITS) regarding the standardised presentation of format of the information document for non-life insurance product (IPID) has been recently finalised and the resulting document was issued by EIOPA on 7 February 2017. At a national level the implementation of the EIOPA preparatory GLs on POG was initiated. Banking sector: Following the transposition of Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property into the national legislative framework, amended accordingly, an updated version of the “Regulation on transparency in banking services and conduct rules in the relationship between intermediaries and clients” entered into force in September</p>	

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				<p>2016. The new regulation enhances consumer protection in the pre-contractual stage by means of a document (European Standardized Information Sheet) containing personalized information about the credit agreement relating to residential immovable property, grants the consumer a seven days reflection period before the conclusion of the credit agreement, and introduces specific rules about foreign currency loans and procedures that creditors shall follow for the effective handling of consumers in payment difficulties. During 2016, the Bank of Italy (BoI) disposed controls on branches, covering a substantial percentage of active financial intermediaries. A number of anomalies were identified; as a consequence, several financial intermediaries were 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. 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 Banking and Financial Ombudsman (Arbitro Bancario Finanziario – ABF), recognized the ABF as an ADR entity compliant with the Directive’s quality requirements; since 2016 ABF participates to the ODR Platform. Disputes are submitted to a decision-making body divided into 7 territorial panels (jurisdiction according to the complainant’s domicile). Three panels are located at the Rome, Milan and Naples branches of the BoI; since</p>	

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				<p>December 2016, 4 new panels located in Turin, Bologna, Bari and Palermo (aims: increase ABF's awareness; reduce timing).</p> <p>Web-links to relevant documents:</p> <p>http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm http://www.consob.it/mainen/documenti/english/laws/reg16190e.htm Consob Communication of December 22, 2014 http://www.consob.it/mainen/documenti/english/en_newsletter/2015/year_21_n-26_6_july_2015.html#news5 Consob website's section on financial education: http://www.consob.it/mainen/target/investors/education/index.html https://www.acf.consob.it/ As regards MiFID II package and PRIIPS Regulation and subsequent implementing measures, see EU Commission response https://eiopa.europa.eu/Publications/Consultations/EIOPA%20Technical%20Advice%20on%20the%20IDD.pdf https://eiopa.europa.eu/Publications/Technical%20Standards/Draft%20Implementing%20Technical%20Standards%20on%20the%20Insurance%20Product%20Information%20Document.pdf https://www.ivass.it/normativa/nazionale/secondaria-ivass/publ-cons/2017/01-pc/Documento_di_consultazione_n_1_2017.pdf (Italian version only) http://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/disposizioni/trasparenza_operazioni/Disposizioni_pro_trasparenza.pdf 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-</p>	

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				<p> clienti/tutela-trasparenza/PPI-misure-tutela-clienti.pdf; http://www.bancaditalia.it/compiti/vigilanza/avvisi-pub/relazioni-int-clienti/tutela-trasparenza/PPI20.pdf; 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/Disposizioni_trasparenza.pdf; http://www.bancaditalia.it/compiti/vigilanza/normativa/archivio-norme/disposizioni/trasparenza_operazioni/FAQ.pdf; https://www.bancaditalia.it/servizi-cittadino/index.html?com.dotmarketing.htmlpage.language=1 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 http://www.consob.it/documents/46180/46181/c0096857.pdf/4cb5c0cd-1024-4b8e-92a0-b2a61c15b45f) and the Communication of February 7, 2017 concerning the risks raised by investments in CFDs and binary options (available at: http://www.consob.it/web/consob-and-its-activities/warnings?viewId=ultime_com_tutela). Consob issued the Recommendation no. 0096857 of October 28, 2016 concerning guidelines on the inclusion and drafting of “Investor </p>	

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				<p>warnings” in the offering and/or listing prospectuses (available in Italian at http://www.consob.it/documents/46180/46181/c0096857.pdf/4cb5c0cd-1024-4b8e-92a0-b2a61c15b45f) and the Communication of February 7, 2017 concerning the risks raised by investments in CFDs and binary options (available at: http://www.consob.it/web/consob-and-its-activities/warnings?viewId=ultime_com_tutela).</p>	

XI. Source of recommendations

[Hangzhou: G20 Leaders' Communique \(4-5 September 2016\)](#)

[Antalya: G20 Leaders' Communique \(15-16 November 2015\)](#)

[Brisbane: G20 Leaders' Communique \(15-16 November 2014\)](#)

[St Petersburg: The G20 Leaders' Declaration \(5-6 September 2013\)](#)

[Los Cabos: The G20 Leaders' Declaration \(18-19 June 2012\)](#)

[Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)

[Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)

[Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)

[Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)

[London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)

[Washington: The Washington Summit Action Plan to Implement Principles for Reform \(15 November 2008\)](#)

[FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)

[FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System \(2 April 2009\)](#)

[FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)

[FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)

XII. List of abbreviations used

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