

Jurisdiction: Italy

2014 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. Refining the regulatory perimeter					
1 (1)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking ¹	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level. (London)	Jurisdictions should indicate the steps taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies, mortgage insurance companies, credit hedge funds) and conduits/SIVs etc.	<input type="checkbox"/> Not applicable <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>	Planned actions (if any): See response from the EU Commission. Expected commencement date: Web-links to relevant documents: See response from the EU Commission.
(1)		We agree to strengthen the regulation and oversight of the shadow banking system. ² (Cannes)	Jurisdictions should indicate policy measures to strengthen the regulation and oversight of the shadow banking system. See, for reference, the recommendations discussed in section 2 of the October 2011 FSB report: Shadow Banking: Strengthening Oversight and Regulation.	<input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : <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 checked="" type="checkbox"/> Reform effective (completed) as of: See below Short description of the content of the legislation/ regulation/guideline: Law	

¹ Some authorities or market participants prefer to use other terms such as “market-based financing” instead of “shadow banking”. The use of the term “shadow banking” is not intended to cast a pejorative tone on this system of credit intermediation. However, the FSB is using the term “shadow banking” as this is the most commonly employed and, in particular, has been used in the earlier G20 communications.

² This recommendation will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

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				<p>no. 262/2005 (Article 23) requires the Bank of Italy and Consob to review, at least every three years, the contents of their regulations in order to adapt them to the evolution of market conditions and the interests of investors. This entails also a review of unregulated products, markets, market participants and activities. The current perimeter of the Italian regulatory regime includes, in addition to traditional banks (deposit takers), various non-banking institutions: finance companies (leasing, factoring, consumer credit), investment firms, asset management companies, hedge funds, real estate funds, etc). The regulatory framework is consistent with the principle that entities undertaking similar risks should be subject to the “equivalent prudential requirements” integrated with the “proportionality criterion”. Moreover, the Italian regulatory regime takes in due account the need to avoid regulatory arbitrage, in order to ensure that the same rules apply regardless of the legal nature of the product and of the type of distribution channel. In particular, according to article 5 of the Banking Law, Bank of Italy’s (BI) supervisory powers may be used to</p>	

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				<p>ensure the overall stability of the financial system and are addressed to all banking and financial intermediaries. Therefore, in addition to supervisory powers for bank and banking groups, prudential regulation is extended also to other financial entities: art. 108 (for non bank financial companies), 114-quarter (for e-money institutions) and 114-septies (for payment institutions). The same applies to investment firms and asset managers, according to article 5 of the Consolidated Law on Finance, under which BI and Consob powers may be used to ensure the overall stability and good functioning of the financial system (see para 1, lett. c). The Legislative Decree 141/2010 of 13 August 2010 amended the Consolidated Law on Banking in order (among other aspects) to reform the provisions governing non-bank financial intermediaries, financial agents & loan brokers, financial guarantors (regulated respectively through two self-regulatory bodies). In the case of Consob the Strategic Planning process is a key vehicle for the identification of regulatory and supervisory actions needed. The process starts with the analysis of the external</p>	

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				<p>environment, followed by the identification of the main risks that can affect regulated entities and their potential impact, as well as the risk that such external environment and the triggering of such risk on regulated entities could have on the regulatory objectives. The final outcome of it is a set of strategic priorities for the following three years. The strategic planning can also lead to proposals to the Ministry for the Economy and Finance for changes in legislation. The Strategic Plan is updated on a yearly basis. Specific timing, roles, responsibilities, activities and resources to achieve such strategic priorities are defined in an annual Operating Plan, which is prepared with the contribution of all operating Divisions (bottom-up approach). The Operating Plan also includes a plan of regulatory actions that the authority intends to undertake during the year. See also response from the EU Commission.</p> <p>Highlight main developments since last year's survey: See response from EU Commission. In addition, it may be worth mentioning that Legislative Decree no. 58/1998 (the Italian Consolidated Law on Finance) has been recently</p>	

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				<p>amended to transpose AIFMD directive (Alternative investment management directive) which reviews the overall regulatory framework establishing provisions on alternative investment fund managers (hedge funds, real estate funds, private equity, etc.), and in order to implement two EU Regulations concerning European Venture Capital Funds (EuVECA, EU Regulation no. 345/2013) and European Social Entrepreneurship Funds (EuSEF, Regulation no. 346/2013).</p> <p>Web-links to relevant documents: In addition to the document referred to in the response from the EU Commission, see: http://ec.europa.eu/internal_market/finances/shadow-banking/index_en.htm http://ec.europa.eu/internal_market/consultations/2012/shadow/public-authorities/italy_en.pdf Law no. 262/2005: http://www.consob.it/main/documenti/Regolamentazione/normativa/leg262_2005.html?hkeywords=&docid=6&page=0&hits=38 Legislative Decree no. 58/1998: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm</p>	

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II. Hedge funds					
2 (2)	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>Jurisdictions should state whether Hedge Funds(HFs) are domiciled locally and, if available, indicate the size of the industry in terms of Assets Under Management (AUM) and number of HFs. Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO’s Report on Hedge Fund Oversight (Jun 2009).</p> <p>In particular, jurisdictions should specify whether:</p> <ul style="list-style-type: none"> - HFs and/or HF managers are subject to mandatory registration - Registered HF managers are subject to appropriate ongoing requirements regarding: <ul style="list-style-type: none"> • Organisational and operational standards; • Conflicts of interest and other conduct of business rules; • Disclosure to investors; and • Prudential regulation. 	<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 checked="" type="checkbox"/> Implementation ongoing or completed :</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 type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</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 checked="" type="checkbox"/> Reform effective (completed) as of: See below <p>Short description of the content of the legislation/ regulation/guideline: Hedge Funds managers have been regulated and supervised in the same way as UCITS Managers since 1999. Hedge funds managers are subject to authorization and have to comply with rules on general</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any): The review of the overall regulatory framework on hedge funds and other alternative funds will be completed in the second half of 2014 by implementing the AIFMD directive (Alternative investment management directive) into the secondary regulation. A public consultation is being conducted within the process of implementation of AIFMD in order to adopt the necessary amendments to the national secondary legislation. Amendments to the primary law (Consolidated Law on Finance) have been introduced by the legislative decree no. 44/2014 of 4 March 2014. As regards the contents of the AIFMD and its implementing Regulation, and the relevant web-link, see the response by the EU Commission.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>organisation (including specific requirements on risk management), capital adequacy, internal control systems, rules of conduct and conflict of interest. Regulation on funds covers, inter alia, the valuation of fund assets and its NAV calculation, the disclosure obligations towards investors (Annual and semi-annual accounts) and requires the appointment of a depositary bank with the same duties as UCITS depositaries. Regular reporting of data on positions (at level of single security held by each fund) and risk exposure is provided to the competent authorities on a monthly basis by open ended funds and on semi-annual basis by closed ended funds. However, the overall regulatory framework on hedge funds and other alternative funds has been reviewed in 2013/2014 in the process of implementation of the AIFMD directive (Alternative investment management directive), due to be transposed by Member States by July 22, 2013. In this regard, as mentioned above, Legislative Decree no. 58/1998 (the Italian Consolidated Law on Finance) has been recently amended (by Legislative Decree no. 44/2014) to transpose the AIFMD</p>	

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				<p>and a public consultation is being conducted to adopt the necessary amendments to the implementing national secondary legislation. Moreover, Commission Delegated Regulation (EU) no. 231/2013 of December 19, 2012, supplementing the AIFMD Directive, applies as of July 22, 2013. As regards the contents of the AIFMD and its implementing Regulation, and the relevant web-link, see response from the EU Commission.</p> <p>Highlight main developments since last year's survey: The overall regulatory framework on hedge funds and other alternative funds has been reviewed in 2013/2014 in the process of implementation of the AIFMD directive (Alternative investment management directive), due to be transposed by Member States by July 22, 2013. As mentioned above, Legislative Decree no. 58/1998 (the Italian Consolidated Law on Finance) has been recently amended (by Legislative Decree no. 44/2014) to transpose the AIFMD and a public consultation is being conducted to adopt the necessary amendments to the implementing national secondary legislation. Moreover, Commission</p>	

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				<p>Delegated Regulation (EU) no. 231/2013 of December 19, 2012, supplementing the AIFMD Directive, applies as of July 22, 2013.</p> <p>Web-links to relevant documents: Legislative Decree no. 58/1998: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm Consob Regulation no. 16190 of 29 October 2007 as subsequently amended (Consob Regulation on Intermediaries) http://www.consob.it/mainen/documenti/english/laws/reg16190e.htm 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 Bank of Italy Regulation of May 8, 2012 http://www.bancaditalia.it/vigilanza/normativa/norm_bi/circ-reg/REG-8MAG2012.pdf Public consultation on the draft implementing Regulation of Article 39 of Legislative Decree no. 58/1998, concerning the identification of the general criteria with which Italian collective investment undertakings shall comply:</p>	

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				http://www.dt.tesoro.it/it/regolamentazione_settore_finanziario/consultazioni_publiche_online_corrente/consultazione_publica_art_39.html	

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3 (3)	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 the high level principles in IOSCO’s Report on Hedge Fund Oversight (Jun 2009) on sharing information to facilitate the oversight of globally active fund managers.</p> <p>In addition, jurisdictions should state whether they are:</p> <ul style="list-style-type: none"> - Signatory to the IOSCO MMoU - 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>In particular, jurisdictions should indicate those jurisdictions where an MoU is in place that provides for oversight when a hedge fund is located in one of these jurisdictions and manager is located elsewhere.</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 checked="" type="checkbox"/> Implementation ongoing or completed :</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>Status of progress :</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 checked="" type="checkbox"/> Reform effective (completed) as of: second half of 2013 <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>According to Article 4 of the Consolidated Law and Article 7 of the Consolidated Law on Banking, both Consob and the B.I. may co-operate “by exchanging information or otherwise”</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any): BI to enter into written cooperation agreements with third countries authorities in case an effective need exists.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>with foreign authorities (including non-EU competent authorities, provided that they are subject to confidentiality requirements). Information received by Consob or the BI pursuant to activities of international cooperation are covered by official secrecy and may not be transmitted to other Italian authorities or to third parties without the consent of the authority that supplied it. Furthermore the BI, Consob, Covip (the pension funds regulator) and IVASS cooperate by exchanging information and otherwise for the purpose of facilitating their respective functions and may not invoke professional secrecy in their mutual relations. According to the BI Regulation on Collective Fund Management (of 8 May 2012, Title VI) cross border activity of funds managers is allowed, given the possibility for national competent authorities to cooperate with third countries foreign ones Consob has signed several MOUs, in addition to the IOSCO Multilateral Memorandum of Understanding, the CESR (Committee of European Securities Regulators) now ESMA Multilateral Memorandum (a list of MMoUs signed by Consob is available</p>	

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				<p>on Consob’s website). On July 18, 2012, ESMA approved the Guidelines on the model MoU concerning consultation, cooperation and the exchange of information related to the supervision of AIFMD entities. Within the framework of the said Guidelines, as at July 2013, ESMA had approved 38 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 above-mentioned agreements have been negotiated by ESMA on behalf of 31 EU/EEA national competent authorities for securities markets supervision. The co-operation arrangements include the exchange of information, cross-border on-site visits and mutual assistance in the enforcement of the respective supervisory laws. The agreements cover third-country alternative investment fund managers (AIFMs) that market alternative investment funds (AIFs) in the EU and EU AIFMs that manage or market AIFs outside the EU. The agreements also cover co-operation in the cross-border supervision of depositaries and AIFMs’</p>	

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				<p>delegates. National securities regulators in the EU, as the supervisors of AIFMs, are in the process of signing MoUs with those jurisdictions relevant to their market. See also EU Commission response</p> <p>Highlight main developments since last year's survey: The number of co-operation arrangements approved by ESMA in the framework of the Guidelines on the model MoU concerning consultation, cooperation and the exchange of information related to the supervision of AIFMD entities increased to 38, as detailed above. As at February 20, 2014, Consob has signed 22 of the above-mentioned arrangements with non-EU national competent authorities. Moreover, on March 27, 2013, ESMA also issued new Guidelines on cooperation arrangements and information exchange between competent authorities and between competent authorities and ESMA, which provide for competent authorities to enter into and comply with the provisions of a multilateral memorandum of understanding (MMoU) establishing a general framework for cooperation arrangements and information exchange</p>	

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				<p>between competent authorities and between competent authorities and ESMA.</p> <p>Web-links to relevant documents: http://www.esma.europa.eu/news/ESMA-publishes-signed-AIFMD-cooperation-agreements http://www.consob.it/main/consob/cosa_fa/impegni_internazionali/accordi.html See also EU Commission response</p>	

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4 (4)	Enhancing counterparty risk management	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)	<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 the Basel III rules for credit exposures to highly leveraged counterparties (para 112 of Basel III (Jun 2011) – see also FAQ no 1b.4 on Basel III counterparty credit risk, Dec 2012), and principle 2.iii of IOSCO Report on Hedge Fund Oversight (Jun 2009). Jurisdictions should also indicate the steps they are taking to implement the new standards on equity exposures (Capital requirements for banks' equity investments in funds, Dec 2013) by 1 January 2017.</p> <p>For further reference, see also the following documents :</p> <ul style="list-style-type: none"> • BCBS Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • BCBS Banks' Interactions with Highly Leveraged Institutions (Jan 1999) 	<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 checked="" type="checkbox"/> Implementation ongoing or completed :</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:</p> <p>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 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</p>	<p>Planned actions (if any): When evaluating the adequacy of the counterparty risk modelling practices of the Italian major banks, due attention will be paid to the fulfilment of the criterion suggested by the BCBS (para 415 i) as for the estimation of the PDs assigned to Highly Leveraged Institutions.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
(4)		Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17,FSF 2008)			

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				<p>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 risks.</p> <p>Status of progress :</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"/> Reform effective (completed) as of: <p>Short description of the content of the legislation/ regulation/guideline: Stringent risk management requirements apply to hedge funds operators (see the legislation mentioned under recommendation no. 2 above).</p> <p>Highlight main developments since last year's survey: Please note that as of 1.1.14 the above mentioned provisions are included in the Regulation (EU) no. 575/13 (CRR)</p> <p>Web-links to relevant documents:</p>	

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III. Securitisation					
5 (5)	Improving the risk management of securitisation	<p>During 2010, supervisors and regulators will:</p> <ul style="list-style-type: none"> implement IOSCO’s proposals to strengthen practices in securitisation markets. (FSB 2009) <p>The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London)</p> <p>Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)</p>	<p>Jurisdictions should indicate the progress made in implementing the recommendations contained in:</p> <ul style="list-style-type: none"> IOSCO’s <i>Unregulated Financial Markets and Products (Sep 2009)</i>, including justification for any exemptions to the IOSCO recommendations; and BCBS’s Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf. <p><i>Jurisdictions may also indicate progress in implementing the recommendations of the IOSCO’s Report on Global Developments in Securitisation Regulation (Nov 2012).</i>³</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 checked="" type="checkbox"/> Implementation ongoing or completed :</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:</p> <p>Status of progress :</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 checked="" type="checkbox"/> Reform effective (completed) as of: 28 January 2011 for CRD 2; 18 November 2011 for CRD 3 (entry into force 31 December 2011)</p> <p>Short description of the content of the legislation/ regulation/guideline: In</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation: See response from the EU Commission on the approved CRDIV/CRR.</p> <p>Planned actions (if any): See response from the EU Commission on the approved CRDIV/CRR.</p> <p>Expected commencement date: See EU Commission response</p> <p>Web-links to relevant documents: See response from the EU Commission</p>

³ Jurisdictions should not provide responses on IOSCO recommendations concerning the alignment incentives associated with securitisation (including risk retention requirements) since these will be covered by an IOSCO peer review in 2014.

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				<p>July 2009, the Basel Committee revised the prudential regulatory framework on securitisations. Changes related to the mandatory retention requirements, enhanced due diligence and improved disclosure have been incorporated in the EU legislation via Directive 2009/111(EC (so called CRD 2); changes related to securitisation positions included in the trading book, complex re-securitisations, disclosure on securitisations) have been incorporated with Directive 2009/76/EC (CRD 3). CDR 2 changes referred to securitisation have been implemented in the national prudential regulation (Circular no. 263/2006) together with related guidelines issued on 31 December 2010 by CEBS (EBA). CRD 3 changes have been implemented in national prudential regulation (the above mentioned Circular no. 263/2006) by the end on 2011, according to the deadline provided in the Directive. The transposition process of rules concerning securitisations included designing the new provisions, public consultation, processing received comments, approval of final regulations. Italian regulations are in line with the relevant international principles,</p>	

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				<p>guidelines and recommendations. The new rules aim to align interests between originators/sponsors and the investors by a mandatory retention requirements, appropriate due diligence and disclosure requirements. Moreover, according to CRD 3, the new rules provide the same prudential treatment for securitisations both in the trading and in the banking book. Disclosure requirement under “Pillar 3” have also been enhanced (see point 8). See also EU Commission response</p> <p>Highlight main developments since last year’s survey: Starting from 1 January 2014 the Regulation (EU) no. 575/2013 (CRR) on prudential requirements for credit institutions and investment firms became applicable. CRR repealed directives 2006/48 and 2006/49 as modified by CRD 2 and CRD 3. The regulation is directly applicable in all its elements and it does not need national implementation. In order to take into account the direct applicability of CRR, Circular 263/2006 was repealed by Circular 285/2013. See also EU Commission response</p> <p>Web-links to relevant documents: http://www.bancaditalia.it/vigilanza/nor</p>	

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				mativa/norm_bi/circ-reg/vigprud/Circolare_263_2006.pdf See also EU Commission response	

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6 (6)	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)	<p>Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines.</p> <p>See, for reference, the following principles issued by IAIS:</p> <ul style="list-style-type: none"> • ICP 13 – Reinsurance and Other Forms of Risk Transfer; • ICP 15 – Investments; and • ICP 17 - Capital Adequacy. <p>Jurisdictions may also refer to:</p> <ul style="list-style-type: none"> • IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008). • Joint Forum’s consultative document on Mortgage insurance: market structure, underwriting cycle and policy implications (Feb 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 checked="" type="checkbox"/> Implementation ongoing or completed :</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 type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</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 checked="" type="checkbox"/> Reform effective (completed) as of: March 2009</p> <p>Short description of the content of the legislation/ regulation/guideline: In the Italian insurance market there are no monoline insurers because according to IVASS regulations dated 1991, Italian undertakings cannot underwrite pure financial risks i.e. risks related to the settlement of financial operations, loans,</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>securitization, stock exchange placing, assets backed securities, etc. In March 2009 IVASS issued Regulation n. 29 recasting and simplifying the above mentioned rules concerning the classification of risks that can (or cannot) be underwritten by insurance undertakings.</p> <p>Highlight main developments since last year's survey: No specific development to signal</p> <p>Web-links to relevant documents: http://www.ivass.it/ivass/imprese_jsp/PageRegolamentiList.jsp</p>	

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7 (7)	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 product.</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 checked="" type="checkbox"/> Implementation ongoing or completed :</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>Status of progress :</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 checked="" type="checkbox"/> Reform effective (completed) as of: SECURITIES MARKET: see below; INSURANCE: Jun. 2009, Jan. 2011 and 30 June 2014.</p> <p>Short description of the content of the legislation/ regulation/guideline: 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</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any): See EU Commission response INSURANCE Directive 2009/138/EC which will enter into force as of January 2016 also contains provisions (rules on investment, governance, rules in case of breach) on investment in structured products. The Directive has to be implemented by Member States by 31st March 2015.</p> <p>Expected commencement date: See EU Commission response</p> <p>Web-links to relevant documents: See EU Commission response</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>order to limit regulatory and product arbitrage and enhance investor protection in relation to products more difficult to understand, in 2005 the same financial instruments related distribution and disclosure rules were applied horizontally also to financial products issued or distributed by banks and insurance undertakings. Moreover, the scope of application of prospectus- related requirements was extended to any offer of financial products to the public. On March, 2009 Consob issued “Guidance on the distribution of illiquid financial products” (Res. no. 9019104) providing recommendations to intermediaries on how they are expected to comply with Italian legal provisions implementing MiFID in relation to the distribution of illiquid financial products - such as for instance OTC derivatives, financial insurance policies and unlisted bank bonds – to retail clients. The aim is to ensure that adequate processes are put in place by intermediaries to prevent mis-selling of financial products which do not have an active secondary market or are particularly complex. Moreover, in 2012, ESMA issued “Guidelines on certain aspects of the MiFID suitability</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>requirements” (ESMA/2012/387), which have been implemented in Italy through Consob’s Res. n. 12084516 of October 2012. With regard to CIS, asset management companies and SICAV shall ensure a high level of diligence in the selection and ongoing monitoring of investments, in the best interests of CIS and the integrity of the market. For the purpose of the above, they shall, for each CIS, develop a decision making process structured as follows: (a) acquire reliable, up-to-date information as necessary to prepare forecasts and carry out analyses; (b) define the consequent general investment strategies; (c) before ordering the operations, and considering the characteristics of the potential investment, carry out a qualitative and quantitative analysis of its contribution to risk-return profiles and the liquidity of the CIS managed; (d) ensure that investment decisions are implemented in compliance with the investment objectives, investment strategies and risk limits of the CIS they manage. Moreover, according to the CRA III Regulation collective portfolio managers shall not solely or mechanistically rely on CRA ratings for assessing the</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>creditworthiness of an entity or financial instrument, but they shall make their own credit assessment. In line with such provisions, under a joint initiative, on 22 July 2013, CONSOB, BI, 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. The communications taking into account the respective sectoral regulatory frameworks focus on the obligations, for asset management companies, insurance companies and pension funds, of a correct assessment of creditworthiness of the investment activities and a diligent, transparent and correct behaviour in the interest of investors, pension funds participants and market stability. In its communication, 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</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>depending from, a certain level of the credit rating or credit rating changes. Moreover, for each UCITS managed, the collective portfolio manager has to keep records documenting the aforesaid analyses and assessment activities that form the basis of the investment and disinvestment decisions taken.</p> <p>Highlight main developments since last year's survey: SECURITIES MARKET Consob is conducting a consultation on the distribution of complex financial products to retail clients, in order to bring to the attention of the market the proposal to introduce a series of monitoring procedures to strengthen investor protection. The consultation document is in line with the recent guidance issued by ESMA and makes use of the work of IOSCO and is in keeping with the principles of the forthcoming MiFID2, which will attribute to national supervisory authorities, amongst other things, the power to impose limitations and/or prohibitions also on the placing of complex financial products. More specifically, the consultation proposes: a) that brokers should adapt to the indications provided by ESMA in two distinct opinions entitled "MiFID</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>practices for firms selling complex products" of 07 February 2014 and the opinion on "Good practices for product governance arrangements" of 27 March 2014) on conduct to be followed in the stage of planning and selling structured and/or complex products, assuming that consideration of the needs and characteristics of their customers is the priority criterion of reference; b) that brokers should abstain from selling to retail customers some types of products characterised by the highest complexity and that they should in any case undertake to distribute complex products only in the context of highly-evolved consultancy services. The consultation, which is open to the entire market, will end on 30 June with the objective of releasing a Communication on the subject. CRAIII and Consob Communication of July 22, 2013, as further described above. See also EU Commission response INSURANCE Reg. 36 has been recently amended (amendments entered into force as of 30 June 2014) in order to anticipate the implementation of some governance and investment principles provisions of Solvency II, not in contrast with the</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>current regime. For instance, the Regulation has been amended to require undertakings, when they use derivatives, to provide evidence that the objectives of risk reduction or effective management of the portfolio are met. Moreover, the counterparty of the derivatives' exposure shall have an adequate credit quality.</p> <p>Web-links to relevant documents: SECURITIES MARKET Consob Resolution no. 9019104/2009: http://www.consob.it/main/documenti/bollettino2009/c9019104.htm?hkeywords=9019104&docid=31&page=0&hits=32 ESMA's Guidelines on certain aspects of the MiFID suitability requirements: http://www.esma.europa.eu/system/files/2012-387.pdf Consob's Resolution n. 12084516 of October 25, 2012: http://www.consob.it/main/documenti/bollettino2012/c12084516.htm Public consultation on the distribution of complex financial products to retail clients file:///C:/Documents%20and%20Settings/serio/Documenti/Downloads/consultazione_intermediari_mercati_20140528%20(1).pdf Consob Communication of July 22, 2012 http://www.consob.it/main/documenti/bollettino2012/c12084516.htm</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>lettino2013/c0062557.htm See also EU Commission response INSURANCE http://www.ivass.it/ivass/impresse_jsp/HomePageSezione.jsp?nomeSezione=NORMATIVA&ObjId=90237&titolo=NORMATIVA</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
8 (8)	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 taken for enhancing disclosure of securitised products.</p> <p>See, for reference, IOSCO’s Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012) and IOSCO’s Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010).</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 checked="" type="checkbox"/> Implementation ongoing or completed :</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>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input checked="" 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"/> Reform effective (completed) as of:</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 paragraph 2). According to Article 94 paragraph 3 and</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any): See EU Commission response</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Article 113 paragraph 1 of Legislative Decree no. 58/1998, the prospectus for public offers and admissions to trading of EU financial instruments must be drafted in compliance with models provided for in the EU Commission Regulation no. 809/2004/EC, as subsequently amended. The prospectus must be approved by Consob and published according to the said Legislative Decree no. 58/1998 and Consob Regulation no. 11971/1999. It must be delivered to the holders of securities upon request (Article 2 paragraph 7 of Law no. 130/1999). Pursuant to Article 2 paragraph 3 of the abovementioned Law, if the securities are offered to professional investors, the prospectus must contain the following information: (a) the seller and the purchaser, the main features of the transaction, with regard to both receivables and the securities issued to finance the transaction; (b) the arranging and placing agent; (c) the collecting and paying agent; (d) the conditions upon which the purchaser is permitted to assign the receivables, for the benefit of the holders of the securities; (e) the conditions upon which the purchaser can re-invest (in other financial investments)</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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. Moreover, if the securities issued in the securitisation are offered to non-institutional investors, a credit rating must be given by a third party. Law no. 130/1999 entrusts Consob to set forth by regulation the professional and independence requirements for CRA and the information to be given to investors on the relationships, if any, between the CRA, the originator, the special purpose vehicle, the paying agent and any other party to the securitisation transaction, including when a credit rating is issued in</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>cases other than one prescribed by the aforesaid provision (Consob Regulation no. 12175 of 1999). According to Article 69-decies of Consob Regulation no. 11971/1999, the activities of issuance of ratings must be performed in accordance with Regulation no. 1060/2009/EC, as subsequently amended. As far as structured products are concerned, the CRA III Regulation: (i) requires the issuer, the originator and the sponsor of a structured finance instrument established in the EU 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</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>least two different CRAs, independent from each other, for the provision of the rating; (iii) sets forth a rotation mechanism for CRAs issuing credit ratings on re-securitisations</p> <p>Highlight main developments since last year's survey: CRAIII Regulation disclosure requirements See also EU Commission response</p> <p>Web-links to relevant documents: Law no. 130/1999: http://www.consob.it/main/documenti/Regolamentazione/normativa/leg130.htm?hkeywords=&docid=2&page=0&hits=7#2 Legislative Decree no, 58/1998: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm See also EU Commission response</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IV. Enhancing supervision					
9 (9)	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 the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs.⁴</p> <p>See, for reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • Framework for G-SIBs (Nov 2011) • Framework for D-SIBs (Oct 2012) • BCP 12 (Sep 2012) <p>IAIS:</p> <ul style="list-style-type: none"> • Global Systemically Important Insurers: Policy Measures (Jul 2013) • ICP 23– Group wide supervision <p>FSB:</p> <ul style="list-style-type: none"> • Framework for addressing SIFIs (Nov 2011) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</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: See below "Short description of the content of the legislation/ regulation/guideline"</p> <p>Status of progress :</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 checked="" type="checkbox"/> Reform effective (completed) as of: See below</p> <p>Short description of the content of the legislation/ regulation/guideline: The Bank of Italy’s prudential regulations</p>	<p>Planned actions (if any): Bank of Italy will continue to actively participate in the FSB SIFI project and other working groups of the BCBS which are evaluating and discussing policy options to deal with SIFIs. Bank of Italy will finalise in the coming months a methodology “EBA-compliant” to identify the domestic O-SIIs and will assess the need (if any) for capital buffers. Consob is also contributing to the FSB work related to global systemically important non-bank financial entities (non-bank G-SIFIs), as well as to the IOSCO work stream on the development of an Assessment Methodologies for Identifying Non-Bank Non-Insurer Global Systemically Important Financial Institutions IVASS actively participate in the IAIS work related to G-SIIs (Globally Systemic Important Insurers) and has started the implementation of policy measures towards the Italian designated G-SIIs</p> <p>Expected commencement date:</p>

⁴ The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>already take the systemic importance of supervised financial institutions into account, according to a proportionality criterion. In the context of Basel II Pillar 2, institutions deemed as systemically important are subject to more stringent prudential requirements than other intermediaries, especially for risk control/measurement procedures and corporate governance. At the same time, the internal guidance for supervisory activity sets higher standards for those institutions. In 2006, the Bank of Italy, Consob and ISVAP (now IVASS) signed a coordination agreement on identification and capital adequacy of financial conglomerates. In Europe the CRDIV introduces a discipline on capital buffers. Specific provisions relate to buffers for global systemically important institutions and other systemically important institutions (G-SIIs and O-SIIs buffer). The former recalls the G-SIB buffer and identification methodology as set by the BCBS while the latter recalls, with some differences, the BCBS D-SIB framework. On the O-SIIs the EBA has recently issued the guidelines that should be taken into consideration by the national authorities to identify the O-SIIs</p>	<p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>located in their jurisdiction (such guidelines are currently subject to public consultation). The Bank of Italy participated to the drafting of the EBA guidelines and contributed to the EBA data collection exercise whose final goal was to test the methodology the guidelines propose and whose results have been used to calibrate thresholds for identification purposes. According to the CRDIV both buffers should (G-SIIs)/could (O-SIIs) be implemented by the national authority from 1 January 2016. CRDIV provisions on capital buffers have been implemented in Italy through the Bank of Italy Circular 285/2013. The Bank of Italy is the authority in charge of identifying the G-SIIs and O-SIIs located in its jurisdiction and setting, if appropriate, the capital buffer for O-SIIs. Concerning the latter aspect, an array of different methodologies for identifying the systemic importance of domestic banks has been evaluated by the Bank of Italy for internal purposes. However, these results have not been disclosed and domestic SIBs have not been formally identified. Considering the recent issuance of a consultation document for</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>EBA guidelines on O-SIIs, the coming months will be devoted to the finalisation of an EBA-compliant identification methodology. Internal work aimed at evaluating the need to impose a buffer on the O-SIIs that will be identified according to the methodology is still ongoing.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>10 (10)</p> <p>(10)</p>	<p>Establishing supervisory colleges and conducting risk assessments</p>	<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-SIFIs] through international supervisory colleges. (Seoul)</p>	<p>Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Please indicate whether supervisory colleges for all significant cross-border firms (both banks and insurance companies) have been established and whether the supervisory colleges for G-SIFIs are conducting rigorous risk assessments.</p> <p>Principle 13 of BCBS <u>Core Principles for Effective Banking Supervision</u> and <u>Good practice principles on supervisory colleges (Oct 2010)</u> may be used as a guide for supervisor to indicate the implementation progress. For further reference, see the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • <u>Core Principles for Effective Banking Supervision (Sep 2012)</u> <p>IAIS :</p> <ul style="list-style-type: none"> • <u>ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges</u> • <u>Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges</u> <p>IOSCO:</p> <ul style="list-style-type: none"> • <u>Principles Regarding Cross-Border</u> 	<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 checked="" type="checkbox"/> Implementation ongoing or completed :</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: See below and response from the EU Commission. <p>Status of progress :</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 checked="" type="checkbox"/> Reform effective (completed) as of: BANKING: 31.12.2007 as regards (13) and 31.12.2011 as regards (14); INSURANCE: May 2000 <p>Short description of the content of the legislation/ regulation/guideline: According to Article 4 of Leg. Decree no. 58/1998, in order to facilitate the performance of their respective</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
			<p><i>Supervisory Cooperation (May 2010)</i></p>	<p>functions, Consob and the BI may enter into cooperation agreements with other EU competent authorities that may provide for the delegation of supervisory tasks. Consob and the BI may cooperate, including through the exchange of confidential information, with third country authority, subject to the existence of provisions concerning professional secrecy.</p> <p>The same Article provides that, in order to facilitate the supervision on a consolidated basis with regards to groups operating in several different EU Member States, on the basis of agreements reached with the competent authorities, the BI defines forms of collaboration and coordination, sets up colleges of supervisors and takes part to colleges of supervisors set up by other authorities.</p> <p>The BI is the home/consolidating supervisor for the 2 largest Italian cross-border banking groups - Unicredit (UCG) and Intesa Sanpaolo (ISP). Their colleges of supervisors were established in 2006 and 2007 respectively. Both colleges have been holding regular plenary meetings</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>since their establishment. Written MMoUs for the supervision of UCG and ISP have been concluded, in accordance with the EU legislation. The MoUs were signed by the relevant EEA and some non-EEA supervisory authorities</p> <p>Since 2011 the risk assessment process for both groups has been conducted according to the EBA Guidelines for the joint assessment of the financial situation, risk profile and the required levels of own funds under Pillar 2 at the consolidated level and at the level of each entity.</p> <p>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)</p> <p>As regards market infrastructures (CCP) and the role given to ESMA (Regulation no. 648/2012), see response from the EU Commission.</p> <p>Regulations no. 1093, 1094 and 1095 of 2010 assign a specific role to EBA,</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>EIOPA and ESMA to contribute to promoting and monitoring the efficient, effective and consistent functioning of the colleges of supervisors (see response from the EU Commission).</p> <p>As regards CRAs, since July 2011 registration and supervisory responsibilities were transferred to ESMA. ESMA has also finalized MoUs with a several 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. The cooperation with third country regulators has been reinforced in 2013 with the establishment of supervisory colleges, 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 IOSCO level, ESMA contributed to the drafting of the recommendations for Supervisory Colleges for CRAs, which recommended establishing supervisory colleges for internationally active CRAs and</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>provided preliminary guidelines on the colleges' functioning.</p> <p>See also EU Commission response</p> <p>INSURANCE</p> <p>Colleges of supervisors have been established for all Italian cross-border groups since 2001, under the aegis of Helsinki Protocol on the group supervision signed by the EEA supervisory Authorities in May 2000.</p> <p>Since 2010, all Italian cross-border groups have approved a work plan to coordinate the supervisory work of the different members of the colleges. The areas covered by the work plans are, amongst the others: assessment of the solvency position of the group; definition of an emergency plan; monitoring of intra-group transactions and risk concentration; approval of a joint-timetable for the pre-application of internal model.</p> <p>IVASS has recently reviewed the internal Supervisory Guide (a handbook of rules governing the supervisory review process). The guide sets out that - in the setting of priorities within the annual</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>supervisory planning - any need for international cooperation related to large insurance undertakings and groups are of important value as an input for the supervisory planning. This means that outcomes/elements from the college planning activity (both in case IVASS is Group or host supervisor) have to be taken into account when planning the supervisory activity</p> <p>In addition it is stated that the cooperation among authorities is a prerequisite for the conduct of the review process and prudential supervision on cross-border groups, especially for those of greater importance in the EU</p> <p>Highlight main developments since last year's survey: As regards CRA supervision carried out by ESMA, the cooperation with third country regulators has been reinforced in 2013 with the establishment of supervisory colleges, which met for the first time in November 2013. INSURANCE New principles in the IVASS internal supervisory guide</p> <p>Web-links to relevant documents: http://www.eba.europa.eu/Supervisory-</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Colleges/Publications/CEBS-guidelines-for-the-operational-functioning-of.aspx http://www.eba.europa.eu/Supervisory-Colleges/Publications/CEBS-s-Guidelines-for-the-joint-assessment-and-joi.aspx http://www.eba.europa.eu/Legislative Decree no, 58/1998: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm INSURANCE https://eiopa.europa.eu/fileadmin/tx_dam/files/publications/protocols/nl194_helsinki_gbfi.pdf</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>11 (11)</p> <p>(11)</p>	<p>Supervisory exchange of information and coordination</p>	<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 regulatory, supervisory or legislative changes that will 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 checked="" type="checkbox"/> Implementation ongoing or completed :</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:</p> <p>See below</p> <p>Status of progress :</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 checked="" type="checkbox"/> Reform effective (completed) as of: BANKING: 31.12.2007 (colleges); 31.12.2011 (joint risk assessment); INSURANCE: Nov. 2012</p> <p>Short description of the content of the legislation/ regulation/guideline: BI, Consob and IVASS cooperate to facilitate the discharge of their respective supervisory and regulatory</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p> <p>http://www.bancaditalia.it/vigilanza/normativa/norm_naz</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>responsibilities. According to art. 7 of the Consolidated Banking Law and art. 4 of the Consolidated Law on Finance, BI, Consob and IVASS may not invoke professional secrecy in their dealings with each other. In October 2007, BI and Consob signed an MOU that established 2 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. See also response under no. 10 As regards international cooperation, as mentioned above in the response under no. 10, under Article 4(2) and (3) of the Consolidated Law, Consob and the BI may exchange confidential information they hold or search for information at the request of a foreign regulator (this applies to both EU and non-EU regulators). Article 4(7)</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>provides that Consob and BI may also exercise the powers conferred on them by law for the purpose of co-operating with other authorities and at their request. They may therefore activate their own compulsory powers, if necessary, to collect information or the documents required by a foreign authority without the need for them to have an independent interest in the matter. Information can be provided on an unsolicited basis. The provision of unsolicited assistance is also a principle under EU legislation (Directive 2003/6/EC and Directive 2004/39/EC) BANKING The BI cooperates with foreign financial authorities in accordance with the framework set by the EU legislation which provide for that the EU bank supervisors must cooperate with each other, with other EU non-bank supervisors and with the EU supervisory authorities. The exchange of information cannot be impeded or impaired by confidentiality obligations (professional and/or bank secrecy). EU legislation bounds all EU supervisors and authorities to comply with stringent confidentiality requirements. Specific activities are in place in the field of Crisis Management.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>SECURITIES MARKET Consob’s ability to provide information to foreign regulators has been assessed as part of the screening process under the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (IOSCO MMoU). Consob is also a signatory to the Committee of European Securities Regulators (now ESMA) Multilateral MoU. 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. Moreover, as above mentioned, 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 the cooperation arrangements under the AIFMD and Consob’s experience in colleges of supervisors for CRAs, see responses under no. 3 and no. 10 above.</p> <p>INSURANCE In November 2012 IVASS (former ISVAP) became signatory of the</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>IAIS MMOU for the exchange of information among supervisors. More in general, Italian EU cross-border groups have exchanged information and coordinated their activities within EIOPA framework for colleges, including the signing of coordination arrangements within specific colleges. The exchange of information and the coordination of activities have included also supervisors of other financial sectors, when relevant.</p> <p>Highlight main developments since last year's survey: Specific provisions of the CRD IV regulate cooperation and collaboration between supervisors involved in the supervision of cross border groups and, in particular, within the colleges of supervisors. 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</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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. The guidelines issued by the EBA complete the framework for cooperation between EU supervisors in many crucial areas of cross-border bank supervision. Finally the participation in EBA/ESRB groups and working groups 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</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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. See also EU Commission response.</p> <p>Web-links to relevant documents: Legislative Decree no, 58/1998: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm http://www.eba.europa.eu/Supervisory-Colleges/Publications/CEBS-guidelines-for-the-operational-functioning-of.aspx</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (12)	Strengthening resources and effective supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)	No information on this recommendation will be collected in the current IMN survey since a peer review is taking place in this area during 2014.		
(12)		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)			
(12)		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)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V. Building and implementing macroprudential frameworks and tools					
13 (13)	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 banks⁵ 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 that have taken place in the past two years, including changes in: i) mandates and objectives; ii) powers and instruments; iii) transparency and accountability arrangements; iv) composition and independence of the decision-making body; and v) mechanisms for domestic policy coordination and consistency.</p> <p>Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant information among different authorities – where this applies – on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.</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 checked="" type="checkbox"/> Implementation ongoing or completed :</p> <p>Issue is being addressed through :</p> <p><input 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:</p> <p>SECURITIES MARKET: Consob publishes regularly (on a half-yearly basis) a risk outlook which analyses the economic situation and the trends in the evolution of financial markets. In particular, the risk outlook describes the evolution of the macro-economic environment, the equity market, the situation of intermediaries. It also includes a risk dashboard providing</p>	<p>Planned actions (if any): Adopting a law to establish a new Committee, composed of the heads of the supervisory authorities and the Ministry of Economy and Finance, according to modalities to be defined, with the power to make recommendations to the authorities and to other public bodies on the use of prudential measures to contain systemic risk. Concerning the powers to collect and share relevant information among different authorities on financial institutions, markets and instruments to assess the potential for systemic risk no gaps has been identified and thus no follow up action is required.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

⁵ The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>information on sovereign risk, equity over/undervaluation, stock market liquidity, credit risk and other indicators. The outlook contributes to the identification of the main risk factors in order to achieve Consob's institutional objectives. Consob also participates in the work of CEMA, a standing committee set up by ESMA to analyse and discuss risks for the financial market at EU level. CEMA also prepares a risk outlook for the EU as a whole.</p> <p>Status of progress :</p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by: Possibly end-2014</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"/> Reform effective (completed) as of:</p> <p>Short description of the content of the legislation/ regulation/guideline: The current legal framework assigns responsibilities in the area of financial stability to three entities (BI, IVASS, and Consob) although in practice BI plays a leading role. According to article 5 of Legislative Decree no. 58/1998 (the Consolidated Law on Finance), the Bank of Italy and Consob powers may be used</p>	

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				<p>– inter alia – to ensure the overall stability and good functioning of the financial system (see para 1, lett. c). Article 2 of the Consolidated Law of Finance also provides that both Consob and the BI are required to consider, in case of crisis or tensions on financial markets, the effects of their actions on the stability of other EU Member States’ financial systems. A Committee for the Safeguard of Financial Stability (CSFS) was formed via a 2008 Memorandum of Understanding (MoU) between the MEF and the financial sector supervisory authorities. It does not have a statutory mandate. Although the MoU provides for cooperation and exchange of information and the prevention and management of systemic crisis, the CSFS does not meet regularly or carry out crisis preparedness measures. With regard to the EU supervisory architecture, and according to Article 2 of the Consolidated Law, Consob and the BI, in the performance of their respective competences, are parties to the ESFS and participate in its activities. They must cooperate closely with the ESRB and the authorities within the ESFS – including EBA, EIOPA and ESMA - and provide them with all</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>information necessary for the fulfilment of their tasks in accordance with Union legislation (Article 4 paragraph 2). For details on the ESRB and the Recommendations issued by it, see response from the EU Commission. BI's financial stability mandate covers a broad scope of financial institutions, including banks and non banks credit institutions, investment services providers and market infrastructures. Several divisions/units within the BI contribute to financial stability analysis, and a Financial Stability Committee within BI assists in integrating views on systemic risk. In response to the ESRB recommendation no.3/2011 to designate a single authority entrusted with the conduct of macroprudential policy, and entrust it with sufficient tools to pursue its mandate, a draft law is being considered which would lead to the establishment of a new Committee, composed of the heads of the supervisory authorities and the Ministry of Economy and Finance, according to modalities to be defined. The Committee should make recommendations to the authorities and to other public bodies on the use of prudential measures to contain systemic</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>risk. Recommendations should be under the “comply or explain” mechanism. The BI should maintain a leading role in this Committee. INSURANCE 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. IVASS has the power to collect information from insurance undertakings to this aim.</p> <p>Highlight main developments since last year’s survey: In response to the ESRB recommendation no.3/2011 to designate a single authority entrusted with the conduct of macroprudential policy, and entrust it with sufficient tools to pursue its mandate, a draft law is being considered which would lead to the establishment of a new Committee, composed of the heads of the supervisory authorities and the Ministry of Economy and Finance, according to modalities to be defined. The Committee should make recommendations to the authorities and to other public bodies on the use of prudential measures to contain systemic</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>risk. Recommendations should be under the “comply or explain” mechanism. The BI should maintain a leading role in this Committee. See also EU Commission response INSURANCE IVASS has recently built up a new macro-prudential analysis department with the objective of carrying out macro-prudential analysis and assessment in the Italian insurance market, to monitor macro-prudential risks and assess the potential effects towards insurance undertakings of stressed situation in the financial markets. This is done also in coordination with EIOPA.</p> <p>Web-links to relevant documents: Legislative Decree no. 58/1998: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm Regulations establishing ESRB, EBA, EIOPA and ESMA: http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2010:331:SOM:EN:HTML Consob’s risk outlooks: http://www.consob.it/mainen/consob/publications/riskoutlook/index.html See also EU Commission response</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>14 (14)</p> <p>(14)</p>	<p>Enhancing system-wide monitoring and the use of macro-prudential instruments</p>	<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 public reports, where available) the types of systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels. Please indicate the use of macroprudential tools in the past two years, including the objective for their use and the process used to select, calibrate, and apply them.</p> <p>See, for reference, the CGFS document on Operationalising the selection and application of macroprudential instruments (Dec 2012).</p> <p>Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on Macroprudential policy tools and frameworks (Oct 2011), and the IMF staff papers on Macroprudential policy, an organizing framework (Mar 2011) and on Key Aspects of Macroprudential policy (Jun 2013).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</p> <p><input checked="" type="checkbox"/> Implementation ongoing or completed :</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:</p> <p>See below "Short description of the content of the legislation / regulation / guideline" and "Highlight main developments since the last year's survey"</p> <p>Status of progress :</p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by: Possibly end-2014</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"/> Reform effective (completed) as of:</p> <p>Short description of the content of the legislation/ regulation/guideline: See also responses from the EU Commission</p>	<p>Planned actions (if any): See EU Commission response Additional macro-prudential instruments will be put in place and assigned to the BI in the context of Basel III and CRD-IV, including a countercyclical capital buffer, capital surcharges for systemic institutions, and new liquidity requirements.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>and response under recommendation no. 13 above. BI's financial stability mandate covers a broad scope of financial institutions, including banks and non banks credit institutions, investment services providers and market infrastructures. Several divisions/units within the BI contribute to financial stability analysis, and a Financial Stability Committee within BI assists in integrating views on systemic risk. To monitor systemic risk, the BI makes use of a wide range of analytical tools, including a number of early-warning indicators of financial stability and stress tests to assess the resilience of the banking system. Top-down stress tests are also used to assess the internal capital adequacy calculations performed by banks and to calibrate Pillar 2 requirements. The BI also monitors shadow banking and non-banking institutions and is working to enhance its toolkit, in particular metrics of risk concentration within the system. Some prudential tools have already been used in the banking and insurance sectors to mitigate systemic risk, such as limits on maturity mismatch, loan-to-value limits on mortgages secured by residential real</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>estate. For the insurance sector, IVASS conducts system-wide analysis of the insurance sector using several tools, many of them in coordination with ESRB/EIOPA. IVASS annual industry-wide stress test has been replaced by the EIOPA stress tests.</p> <p>Highlight main developments since last year's survey: INSURANCE IVASS implemented the following main prudential indicators/tools for the insurance sector: 1. Assessment of vulnerabilities: Based on a 2011 EIOPA's survey, 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). IVASS requests specific qualitative and quantitative information to a selected sample of undertakings, on quarterly basis (sovereign exposure, investment policy banking exposure, including exposure to CDS, financial transaction involving transformation of liquidity degree and Solvency estimation) and semi-annual basis (all the information asked quarterly as well as: structure of marketed products; reinsurance</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>programs- traditional and alternative risk transfer; Crisis management plan and Main source of risks – both Current evaluation and forward looking evaluation); 2. Questionnaires to the main Italian life players (ad hoc analysis, e.g. on the low interest rate environment; on credit ratings) 3. Monthly monitoring on financial stability. This is carried out on a monthly basis and based on available data. It is focused on the main risk drivers of 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. 4. Sensitivity analysis on Interest rate risk. IVASS systematically asks (since September 2013 and on semi-annual basis) to 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 (IVASS Regulation n.20). Since 2005, stress test have been introduced in the Italian</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>insurance market. Insurance undertakings shall run stress test • on main risk factors • at least annually • as instrument to decide their risk policy and results shall be submitted to the Board of Directors). IVASS can require the results of the analysis together to the decisions made by Board of Directors IVASS can require standardized stress tests: • on specific risk factors • based on homogeneous shock levels for insurance market • as instrument to analyze the impact of on the financial stability of insurance sector of specific adverse scenarios and in order to identify systemic risks 6. Risk Dashboard (RD). By taking inspiration from the European Risk Dashboard developed by EIOPA, our RD encompasses 24 indicators for 7 categories of risks (macro, credit, profitability and so on). IVASS Customization: • all the suitable Indicators (not the macro' ones) have been weighted with the gross written premiums • all the Indicators have been computed mainly using market and insurance Italian data • Indicators have been computed for the whole Italian market (all Italian undertakings not only the main groups). Data are based on</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>individual balance sheets not on consolidated ones. • the main Indicators in terms of risk (taking into account Italian specificities) have been chosen (24 out of 40 EIOPA Indicators). • 2 new Indicators have been introduced (already used in internal analysis) • Scores have been calibrated in a different way whenever it have been deemed necessary (due to Italian specificities)</p> <p>Web-links to relevant documents: Legislative Decree no. 58/1998: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm See also EU Commission response</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (15)	Improved cooperation between supervisors and central banks	Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain. (Rec. V.8 , FSF 2008)	Please describe the institutional framework through which information sharing between supervisors and the central bank takes place, e.g. through internal or inter-agency committee or bilateral MoUs. Please also describe any initiative to remove identified obstacles to enhance cooperation and information sharing.	<input type="checkbox"/> Not applicable <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> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Bank of Italy, IVASS and CONSOB are parts of the Italian Committee for the safeguarding of Financial Stability, which is chaired by the Minister of Finance (see also response under recommendation no. 13 above regarding the said Committee and the exchange of information between the Italian competent authorities). The protocol which sets forth the Committee for the safeguarding of Financial Stability is in line with the Memorandum of Understanding on co-operation between the Banking Supervisors, Central Banks and Finance	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Ministries of the European Union in financial crisis situations. The cooperation between supervisors and central banks is enhanced by the new EMIR Regulation (Regulation no. 648/2012). The Bank of Italy specific internal procedures ensure regular exchange of information among different departments (Supervision, Market Operations, Payments Systems) involved in the prevention and management of a banking crisis.</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input checked="" type="checkbox"/> Draft published as of:</p> <p><input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: See above</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year's survey: See response from the EU Commission.</p> <p>Web-links to relevant documents: MoUs between Consob and other national authorities: http://www.consob.it/main/consob/cosa_f</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				a/cooperazione/protocolli_intesa.html?symlink=/main/intermediari/impres_investimento/protocolli_intesa.html See EU Commission response	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI. Improving oversight of credit rating agencies (CRAs)					
16	Enhancing regulation and supervision of CRAs	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their consistency with the following IOSCO document:	<input type="checkbox"/> Not applicable <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> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <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: See below "Short description of the content of the legislation / regulation / guideline" Status of progress : <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 checked="" type="checkbox"/> Reform effective (completed) as of: Regulation 1060/2009 effective as of 1 January 2010, Regulation 513/2011 effective as from 1 July 2011, CRA III Regulation agreed, entry into publication and entry into	If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation: Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(16)		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.	<ul style="list-style-type: none"> • Code of Conduct Fundamentals for Credit Rating Agencies (May 2008) Jurisdictions may also refer to the following IOSCO documents:		
(16)		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.	<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 		
(16)		The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)	<ul style="list-style-type: none"> • Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003) 		
(16)		Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)	<ul style="list-style-type: none"> • Final Report on Supervisory Colleges for Credit Rating Agencies (Jul 2013) 		
(New)		We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>force foreseen in June 2013.</p> <p>Short description of the content of the legislation/ regulation/guideline: Since July 2011 all registration and supervisory responsibilities over CRAs were transferred to ESMA. Registration and certification are core 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. There were 22 registered CRAs on a group basis and two certified CRAs at the end of 2013. 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. In particular, CRAs are required to use rating methodologies that are “rigorous, systematic, continuous and subject to validation based on historical experience, including back-testing”. CRAs are also required to put in place procedures for permanent monitoring as well as regular</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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 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. Other actions: 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</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>MoUs with a number of jurisdictions. In addition, the cooperation with third country regulators has been reinforced in 2013 with the establishment of supervisory colleges, which met for the first time in November 2013 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).</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: Regulation (EU) No 462/2013 of 21 May 2013 amending Regulation (EC) No 1060/2009 on credit rating agencies: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:146:0001:0033:EN:PDF Regulation (EC) No 1060/2009 on credit rating agencies: http://www.esma.europa.eu/system/files/L_302_1.pdf ESMA annual report 2013 on CRAs: http://www.esma.europa.eu/system/files/2014-151_cra_annual_report_2013_and_work_plan.pdf</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (17)	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</p>	No information on this recommendation will be collected in the current IMN survey since the report of the second stage of the thematic peer review has been published recently [insert link whenever published].		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
(New)		<p>would enhance transparency of and 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>			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII. Enhancing and aligning accounting standards					
18 (18)	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 deemed to be equivalent to IFRSs as published by the IASB or are otherwise of a high and internationally acceptable quality, and provide accurate and relevant information on financial 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/Jurisdiction-profiles.aspx.</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 checked="" type="checkbox"/> Implementation ongoing or completed :</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: <p>The Bank of Italy contributes to the improvement of international accounting standards participating in the working groups on accounting issues established at the BCBS and EBA level. These fora actively contribute to the evolution of accounting standards, by providing the accounting standard setters with analysis and comments in due process. The Bank of Italy co-operates, together with other national authorities (Consob and IVASS), with the Ministry of Finance in the endorsement process of</p>	<p>Planned actions (if any): INSURANCE IVASS is contributing to the implementation of Directive 34/2013 (the new Accounting Directive) in the field of insurance. The aim is to get local GAAP closer to IFRS.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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.</p> <p>Status of progress :</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 checked="" type="checkbox"/> Reform effective (completed) as of: See below <p>Short description of the content of the legislation/ regulation/guideline: All issuers and financial institutions are required to apply IAS/IFRS accounting standards in Italy. Enforcement on financial information issued by listed companies is carried out by Consob on a systematic basis. According to Article 89-</p>	

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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>supplementary information as necessary in order to reinstate correct market information. The BI issues the national regulation (Circular n. 262/2005) regarding standardized schemes and templates, in order to ensure a consistent and homogeneous "disclosure" in the Annual Report published by banks and other supervised financial intermediaries.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: Legislative Decree no. 58/1998: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm Consob Regulation no. 11971/1999: http://www.consob.it/mainen/documenti/english/laws/reg11971e.htm</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>19 (19)</p> <p>(19)</p>	<p>Appropriate application of Fair Value Accounting</p>	<p>Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009)</p> <p>Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF 2009)</p>	<p>Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting.</p> <p>See, for reference, the following BCBS documents:</p> <ul style="list-style-type: none"> • <u>Basel 2.5 standards on prudent valuation (Jul 2009)</u> • <u>Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)</u> 	<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 checked="" type="checkbox"/> Implementation ongoing or completed :</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:</p> <p>See below "Short description of the content of the legislation / regulation / guideline"</p> <p>Status of progress :</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 checked="" type="checkbox"/> Reform effective (completed) as of: 2009</p> <p>Short description of the content of the legislation/ regulation/guideline: BANKING As reported in the response 18 above, all Italian banks apply</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any): See EU Commission response.</p> <p>Expected commencement date: See EU Commission response.</p> <p>Web-links to relevant documents: See EU Commission response.</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>IAS/IFRS according to the Regulation (EC) no 1606/2002 of the European Parliament and of the Council of 19 July 2002. The Bank of Italy has no power in terms of valuation in the context of financial statements. The Bank of Italy, as prudential supervisor, has issued a regulation that, consistently with the Basel 3 framework and the CRR/CRD IV package (Regulation 575/2013 and Directive 2013/35), requires value adjustments both in the trading book and in the banking book (to consider factors like liquidity risk, model risk, etc).</p> <p>INSURANCE Due to the turbulence in the financial market, Italian legislation (law n.2/2009) established temporary measures on corporate assets' valuation (which was implemented at insurance sectoral level by ISVAP regulations n. 28 e 37) as counter-cyclical measures to cope with the crisis. In early 2012, the persistent financial market instability called for an extension and redefinition of the above mentioned temporary measures until the entry into force of the Solvency II Directive (Law n. 14 of February 2012). So currently, under the Italian legislation insurance undertakings have the temporary option not to account for</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>unrealized losses (related to not durable investments for solo entities; and to Available For Sale at group level) for solvency purposes, but this option shall be limited to EU government bonds, provided that an equity non-distributable reserve equal to the unrealized losses has been posted. IVASS has powers of intervention in case of any threaten to the solvency position of the insurers.</p> <p>Highlight main developments since last year's survey: The Bank of Italy, as prudential supervisor, has issued a regulation that, consistently with the Basel 3 framework and the CRR/CRD IV package (Regulation 575/2013 and Directive 2013/35), requires value adjustments both in the trading book and in the banking book (to consider factors like liquidity risk, model risk, etc).</p> <p>Web-links to relevant documents: Legislative Decree no. 58/1998: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm Consob Regulation no. 11971/1999: http://www.consob.it/mainen/documenti/english/laws/reg11971e.htm. Insurance: http://www.ivass.it/ivass/impresse_jsp/PageDocumenti_regolamenti.jsp?&nomeSezione=NORMATIVA&ObjId=220097</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Enhancing risk management					
20 (20)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. In particular, please indicate the status of implementation of the following standards:	<input type="checkbox"/> Not applicable <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> <input checked="" type="checkbox"/> Implementation ongoing or completed :	Planned actions (if any): BANKING For larger and more complex banks the effectiveness of the practices devoted to risk data aggregation and risk reporting will be assessed, taking into account the principles recently stated by the BCBS. Expected commencement date: Web-links to relevant documents:
(20)		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)	<ul style="list-style-type: none"> • BCBS <u>Basel III: International framework for liquidity risk measurement, standards and monitoring (Dec 2010)</u> • BCBS <u>Principles for sound stress testing practices and supervision (May 2009)</u> 	Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: The supervision of banks risk management practices has been further enhanced, especially with regard to the treatment of liquidity risk. Within the supervisory framework the soundness of risk management governance scores as a key element of institutions' assessment. Emphasis on this topic is specifically put when performing regular on-site visits.	
(20)		Regulators and supervisors in emerging markets ⁶ will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)	Jurisdictions may also refer to FSB's <u>thematic peer review report on risk governance (Feb 2013)</u> and BCBS <u>Peer review of supervisory authorities' implementation of stress testing principles (Apr 2012)</u>		
(20)		We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)			

⁶ Only the emerging market jurisdictions that are members of the FSB may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Status of progress :</p> <ul style="list-style-type: none"> <input checked="" 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 checked="" type="checkbox"/> Reform effective (completed) as of: 1 January 2014 <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>BANKING The Italian regulatory framework is fully compliant with the current European legislation: the liquidity risk management principles, provided for by Directive 2013/36/EU, and in particular by art. 86, are fully implemented in the Italian prudential regulation (Circular n. 263 /2006) which also includes a thorough transposition of the Basel Principles for sound liquidity risk management and supervision and all EBA (CEBS) guidelines pertaining liquidity risk management. Banks are required to equip themselves with an effective liquidity risk governance and management system, including procedures for identifying the risk factors, measuring the risk exposure, carrying out stress tests, selecting appropriate risk mitigating initiatives,</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>setting up emergency plans, verifying compliance with limits and reporting to the governing bodies. Starting from 1 January 2014, Italian banks are subject to Regulation (EU) n. 575/2013 of the European Parliament and of the Council on prudential requirements (CRR) and in particular to Part VI on the Liquidity Coverage Requirement (LCR) and the Net Stable Funding Requirements (NSFR). In December 2013, the Bank of Italy has issued Circular n. 285/2013 where national discretions provided for by the CRR have been exercised, thus making the liquidity regulation envisaged in the CRR fully applicable. In compliance with such Regulation, all Italian banks are subject to LCR and NSFR reporting requirements starting from 2014.</p> <p>Highlight main developments since last year's survey: BANKING According to the current European regulatory framework (CRR/CRD IV) Italian banks are currently subject to liquidity reporting requirements (i.e. elements eligible for the LCR and the NSFR ratios are reported via harmonized European templates on a regular basis to be monitored). In December 2013, the Bank of Italy has</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>issued Circular n. 285/2013 where national discretions provided for by the CRR have been exercised, thus making the liquidity regulation envisaged in the CRR fully applicable. In compliance with such Regulation, all Italian banks are subject to LCR and NSFR reporting requirements starting from 2014.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (21)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed. (Pittsburgh)	Jurisdictions should indicate steps taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2013. Jurisdictions may also refer to the relevant IMF Financial Soundness Indicators at http://fsi.imf.org/ .	<input type="checkbox"/> Not applicable <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> <input checked="" type="checkbox"/> Implementation ongoing or completed : Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: In the last years Bank of Italy has adopted the following supervisory actions to face the issues of impaired assets and capital strengthening: a) within the SREP 2012, potential losses stemming from sovereign exposures (sovereign risk) and non performing loans (provisioning risk) have been assessed on the basis of statistical stress testing methodologies; where relevant, ad hoc capital buffers have been considered when evaluating banks’ capital adequacy; b) Top 40 banking groups (accounting for more than 90% of total assets of the Italian banking	Planned actions (if any): In the SREP 2013, Bank of Italy is going to deal the issues of impaired asset provisioning and capital strengthening using the same tools used in 2012 (stress testing statistical methodologies, on site examinations results, target-trigger ratio approach, ad hoc recommendations where needed). Expected commencement date: Web-links to relevant documents: http://www.bancaditalia.it/vigilanza/publicazioni/bollvig/2013/03_13/provv_cg/bi_cg/20130313_III.pdf

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>system) have been requested to achieve (target ratio) or stay above (trigger ratio) a specific core tier 1 capital level, aimed at covering both Pillar 1 and Pillar 2 risks (including sovereign and provisioning risks); in 2012 the BI has indicated target ratios to 7 groups and trigger ratios to 21 other groups; c) in the autumn 2012, on the basis of the SREP results, the BI has started a special program of on-site visits (20 medium-large size banking groups involved) in order to assess – in cooperation with the internal control functions – the adequacy of the coverage ratio on a sample of non-performing exposures; d) in March 2013, the BI has issued a recommendation soliciting Italian banks to adopt prudent policies in the 2012 balance sheets with regard to impaired loans, management’ bonus and dividends distribution, in order to improve capital adequacy (see link); e) at the end of 2012 the bad loans coverage ratio and the core tier 1 capital ratio of major banking groups have increased to, respectively, 55% and 10,4%. The four Italian institutions (out of a total of 27 european banks)</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>identified by the EBA capital exercise (Unicredit, Banco Popolare, UBI, and MPS) were required to add EUR 15 billion.</p> <p>Status of progress :</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 checked="" type="checkbox"/> Reform effective (completed) as of: 2013 <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year's survey: A special program of on-site visits focused on provisioning was carried out between autumn 2012 and spring 2013 and is now completed. For significant banks, a new comprehensive evaluation of adequacy of provisioning has been planned in the framework of ECB's comprehensive assessment and is now underway. Besides, the regulatory environment has been strengthened with the application of new internal controls regulations, which deal explicitly with provisioning as part of the credit risk control framework (July 2013). In the first few months of 2014, 9 banking</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>groups (8 of which are involved in the ECB's comprehensive assessment) completed or announced capital increases totalling some €10 billion; for the banks subject to the assessment, these equity injections will boost capital ratios by an average of about 1 percentage point.</p> <p>Web-links to relevant documents: https://www.bancaditalia.it/vigilanza/normativa/norm_bi/circ-reg/vigprud/agg_15_del_02072013;internal&action=_setlanguage.action?LANGUAGE=it</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>22 (22)</p> <p>(New)</p>	<p>Enhanced risk disclosures by financial institutions</p>	<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 IFRS7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on Enhancing the Risk Disclosures of Banks and Implementation Progress Report by the EDTF (Aug 2013).</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 checked="" type="checkbox"/> Implementation ongoing or completed :</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:</p> <p>See below</p> <p>Status of progress :</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 checked="" type="checkbox"/> Reform effective (completed) as of: BANKING: end-2012; ; SECURITIES: Jan. 2013; INSURANCE: Mar. 2013</p> <p>Short description of the content of the legislation/ regulation/guideline: As reported in point 18 above, the Bank of Italy issues the national regulation regarding standardized schemes and</p>	<p>Planned actions (if any): The requirements of IFRS 12 “Disclosure of interests in other entities”, to be applied in UE, at the latest, as from the commencement date of the first financial year starting on or after 1 January 2014, will be adopted with a revision of Circular n. 262/2005 expected to be published by the end of 2014.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>templates to be adopted by banks and other supervised financial intermediaries in their Annual reports prepared according to IAS/IFRS (Circular n. 262/2005). In doing so, Bank of Italy ensures the alignment of those schemes and templates to the evolution of the accounting rules. The amendments to IFRS 7 “Disclosures – Transfers of Financial Assets” have been adopted in August 2012 with amendments to Circular no. 262/2005. The amendments to IFRS 7 “Disclosures – Offsetting Financial Assets and Financial Liabilities” and the new disclosures required by IFRS 13 “Fair Value Measurement”, both to be applied for annual periods beginning on or after 1 January 2013, have been adopted with a revision of Circular 262/2005 to be applied starting from end-2013 Annual Reports. With the letter of 31 January 2013 the Bank of Italy has required banks and financial intermediaries to take in to account the recommendations provided by the Enhanced Disclosure Task Force in the preparation of their Annual Reports, possibly starting from end-2012 Annual Reports. In addition, some amendments to Circular no. 262/2005, to</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>be applied starting from end-2013 Annual Reports, have been made to take into account the recommendations provided by the Enhanced Disclosure Task Force.</p> <p>Highlight main developments since last year's survey: Some amendments to Circular no. 262/2005, to be applied starting from end-2013 Annual Reports, have been made to take into account the recommendations provided by the Enhanced Disclosure Task Force</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX. Strengthening deposit insurance					
23 (23)	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 should describe any revisions made to national deposit insurance system, including steps taken to address the following recommendations of the FSB’s February 2012 thematic peer review report on deposit insurance systems:</p> <ul style="list-style-type: none"> • Adoption of an explicit deposit insurance system (for those who do not have one) • Full implementation of the Core Principles for Effective Deposit Insurance Systems jointly issued by BCBS and IADI in June 2009 (by addressing the weaknesses and gaps identified in peer review) 	<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 checked="" type="checkbox"/> Implementation ongoing or completed :</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 type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by: 2015</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"/> Reform effective (completed) as of:</p> <p>Short description of the content of the legislation/ regulation/guideline: A EU new directive on Deposit Guarantee Schemes (DGSD) has been recently approved to be implemented by June 2015. The main change is the adoption of ex ante funding for all EU countries equal to 0.8% of covered deposits. A level of</p>	<p>Planned actions (if any): EU DGSD to be implemented by June 2015.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>coverage of 100,000 euro per depositor has been confirmed. In addition, the Directive on Recovery and Resolution of credit institutions (BRRD) - to be implemented by December 2014 - has introduced depositor preference in the EU: the DGS subrogating to reimbursed depositors has a preferential ranking in insolvency.</p> <p>Highlight main developments since last year's survey: A EU new directive on Deposit Guarantee Schemes (DGSD) has been recently approved to be implemented by June 2015. The main change is the adoption of ex ante funding for all EU countries equal to 0.8% of covered deposits. A level of coverage of 100,000 euro per depositor has been confirmed. In addition, the Directive on Recovery and Resolution of credit institutions (BRRD) - to be implemented by December 2014 - has introduced depositor preference in the EU: the DGS subrogating to reimbursed depositors has a preferential ranking in insolvency</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X. Safeguarding the integrity and efficiency of financial markets					
24 (24)	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 recommendation in the following IOSCO reports in their regulatory framework:</p> <ul style="list-style-type: none"> • Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011); and • Report on Principles for Dark Liquidity (May 2011). 	<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 checked="" type="checkbox"/> Implementation ongoing or completed :</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: <p>In order to reduce the risks deriving from high frequency trading, Consob called on Borsa Italiana S.p.A. to introduce a tariff regime, known as “order-to-trade ratio fee”, which imposes limits and fees on orders entered in excess to a certain order to trade ratio. The regime is aimed at limiting the increase in the number of orders entered into the trading systems by high frequency traders, that typically send out large volumes of orders, cancelling the majority. This regime is in force on MTA since April 2012 and has determined an immediate reduction</p>	<p>Planned actions (if any): As regards the adoption of Markets in Financial Instruments Directive (commonly called MiFID II) and Market Abuse Regulation (MAR) and subsequent implementing measures, see EU Commission response</p> <p>Expected commencement date: See EU Commission response</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>of the number of orders compared with the executed transactions.</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: See EU Commission response on the adoption of Markets in Financial Instruments Directive (MiFID II) and Market Abuse Regulation (MAR) and subsequent implementing measures</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: Implementation of ESMA's Guidelines on systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities: April 4 and April 30, 2012 (see below)</p> <p>Short description of the content of the legislation/ regulation/guideline: Trade matching and execution algorithm of automated trading systems are laid down in market and trading systems rules. Consob (and the Ministry for Economy and Finance, after consulting BI and Consob, for wholesale markets in government securities), shall approve any amendment to market rules. Market microstructure and trade matching/execution systems are</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>continuously monitored through the supervised activity carried out by Consob (and Consob and the BI for wholesale markets in government securities), on orderly conduct of trading. Ad hoc reviews are also carried out where specific changes in the market microstructure are implemented by market operators. On December 22, 2011, ESMA issued Guidelines on systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities. The Guidelines have been issued by ESMA under Article 16 of ESMA Regulation (Regulation no. 1095/2010). The Italian version of the official ESMA document was published in April 2012. The above-mentioned ESMA's Guidelines do not introduce any new obligations with respect to those established in the Mifid and Market Abuse Directives but rather are aimed at ensuring a standardised, uniform, coherent application of European Union provisions to systems and controls established for trading platforms and investment companies in an automated trading environment, also in relation to the possibility of enjoying direct access or sponsored access to the market. On April 4, 2012 Consob issued a specific</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Resolution (no. DME/120270714) addressed to the Italian operators of regulated markets and MTFs requesting them to comply with the said ESMA Guidelines from May 1, 2012 and to transmit a self-assessment to Consob by July 1, 2012. As regards the operators of wholesale markets and MTFs in government securities, the B.I. requested them to comply with ESMA Guidelines with a communication on April 30, 2012 and with the B.I. Supervisory Instructions of August 28, 2012. Moreover, on April 30, 2012, the B.I. and Consob have published a joint communication in relation to the systems and controls in an automated environment for intermediaries, in implementation of the said Guidelines. The Guidelines fall under the scope of the provisions of the B.I. and Consob Regulation on organization and procedures of intermediaries providing investment services or collective investment management services. With regard to the risks posed by dark trading (i.e. dark pools, as markets where there is no pre-trade transparency), it is noted that waivers to pre-trade transparency requirements are strictly regulated at EU level. In addition, as required by the EU legislation, each and every use of a</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>waiver by regulated markets and MTF operators need to be previously authorised by Consob. The market microstructure (including the types of orders) is set out in the rules adopted by regulated markets and MTFs operators, respectively approved and verified by Consob or by the MEF for wholesale markets in government securities, after consulting the BI 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 being pursued by the entering into force 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). 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</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>relevant authorities.</p> <p>Highlight main developments since last year's survey: As regards the adoption of Markets in Financial Instruments Directive (commonly called MiFID II) and Market Abuse Regulation (MAR) and subsequent implementing measures, see EU Commission response.</p> <p>Web-links to relevant documents: http://www.borsaitaliana.it/borsaitaliana/intermediari/guide-e-moduli/pricing2aprile2012.en.pdf ESMA's Guidelines on systems and controls in an automated trading environment for trading platforms, investment firms and competent authorities: http://www.esma.europa.eu/system/files/esma_2012_122_en.pdf Consob Resolution no. DME/120270714 of April 4, 2012: http://www.consob.it/main/documenti/bollettino2012/c12027074.htm?hkeywords=comunicazione&docid=3&page=0&hits=11 Consob and the Bank of Italy Resolution of April 30, 2012: http://www.consob.it/main/regolamentazione/esma_documenti/index.html See also EU Commission response as regards the adoption of MiFID2 and MAR</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>25 (25)</p> <p>(New)</p>	<p>Regulation and supervision of commodity markets</p>	<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 report published by the IOSCO’s Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.</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 checked="" type="checkbox"/> Implementation ongoing or completed :</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:</p> <p>See below "Short description of the content of the legislation / regulation / guideline"</p> <p>Status of progress :</p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: As regards the adoption of Markets in Financial Instruments Directive (commonly called MiFID II) and Market Abuse Regulation (MAR) and subsequent implementing measures, see EU Commission response</p> <p><input checked="" type="checkbox"/> Reform effective (completed) as of: August 6, 2008</p>	<p>Planned actions (if any): As regards the adoption of Markets in Financial Instruments Directive (commonly called MiFID II) and Market Abuse Regulation (MAR) and subsequent implementing measures, see EU Commission response</p> <p>Expected commencement date: As regards the adoption of Markets in Financial Instruments Directive (commonly called MiFID II) and Market Abuse Regulation (MAR) and subsequent implementing measures, see EU Commission response</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Short description of the content of the legislation/ regulation/guideline: Legislative Decree no. 58/1998 provides for some specific rules applying to energy and gas derivative markets. In particular, article 66-bis of the Consolidated Law on Finance extends the provisions 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.</p> <p>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, <i>Borsa Italiana</i> 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 <i>Autorità per l'energia elettrica e il gas</i> (AEEG) 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</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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.</p> <p>More in details, Consob and the Authority for Electricity and Gas shall provide to each other mutual assistance and cooperation, including by means of exchange of information. This is without prejudice to the jurisdictions of Consob and the Authority for Electricity and Gas on, respectively, commodity derivatives and on spot markets. According to the aforementioned article, Consob is under a duty to: (i) agree with the Authority for Electricity and Gas on the 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</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>energy derivatives.</p> <p>Furthermore, article 42 of Consob Regulation no. 16191 of 29 October 2007, implementing the provisions on markets of the Consolidated Law on Finance (hereinafter, Consob Regulation on Markets) provides for a specific definition of inside information in relation to derivatives on commodities, which is the “information directly or indirectly related to one or more derivatives on commodities that users of the market on which such instruments are traded expect to receive, in compliance with market practices” [...]: a) routinely made available to the users of those markets, or b) required to be disclosed in accordance with legal or regulatory provisions, market rules, contracts or customs on the relevant market or markets for the underlying commodities”.</p> <p>Moreover, the above-mentioned Article 66-bis provides that Articles 64 and 74 of the Consolidated Law on Finance shall apply also to energy and gas derivatives markets. Pursuant to Art. 64 of the Italian Consolidated Law on Finance, the companies authorized to manage a regulated market should adopt all the measures required for the efficient operation of the market, and: a) arrange</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>and maintain effective devices and procedures for the control and observance of the regulation; b) adopt all the provisions and measures required to prevent and identify insider trading and market manipulation; c) admit, exclude and suspend financial instruments and market participants to and from trading and immediately inform Consob about the decisions taken.</p> <p>According to Article 74, Consob shall supervise regulated markets and may adopt any measure in order to ensure the transparency of the market, the orderly conduct of trading and the protection of investors. Moreover, Consob may require the operator of the regulated market to communicate data and information and to transmit documents and records on a periodic or other basis in the manner and within its established time limits. Consob may also carry out inspections of the above-mentioned operators and require the exhibition of documents and the adoption of measures deemed necessary. In cases of necessity and as a matter of urgency Consob shall adopt the measures needed and may decide to act in the place of the regulated market management company.</p> <p>Concerning market abuse, Consob may</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>exercise additional powers pursuant to article 187-octies of the Consolidated Law on Finance. In particular, Consob may in relation to any person who could be acquainted with the facts: a) require information, data or documents in any form whatsoever, establishing the time limits for receipt thereof; b) require existing telephone records, establishing the time limits for receipt thereof, after the authorisation by the Public Prosecutor where they involve persons other than entities subject to Consob supervision; c) conduct personal hearings; d) seize property that may be confiscated, after the authorisation by the Public Prosecutor; e) carry out inspections, after the authorisation by the Public Prosecutor where they involve persons other than entities subject to Consob supervision; f) conduct searches within the limits provided by law and after the authorisation by the Public Prosecutor.</p> <p>Consob may further: a) avail itself of the cooperation of governmental bodies, requiring to be provided with data and information and access the information system of the tax records database; b) ask the provider for traffic records, after the authorisation by the Public Prosecutor; c) require the communication of personal</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>data, after the authorisation by the Public Prosecutor where they involve persons other than entities subject to Consob supervision; d) avail itself, where necessary, of the information contained in the of accounts and deposits; e) gain direct access, through a dedicated electronic connection, to the data contained in the Bank of Italy's Central Credit Register; e-bis) make use where necessary, also through an electronic connection, of data contained in the special section of the tax records system. Where there are grounds for suspecting cases of market abuse, Consob may impose to cease the relevant conduct as a precautionary measure.</p> <p>Highlight main developments since last year's survey: As regards the adoption of Markets in Financial Instruments Directive (commonly called MiFID II) and Market Abuse Regulation (MAR) and subsequent implementing measures, see EU Commission response</p> <p>Web-links to relevant documents: Consob Regulation on Markets Legislative Decree no. 58/1998: http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm#Article_66 http://www.consob.it/mainen/documenti/</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>english/laws/reg16191e.htm Protocol of understanding with the sport market regulator: http://www.consob.it/main/consob/cosa_fa/cooperazione/protocolli_intesa.html As regards the adoption of Markets in Financial Instruments Directive (commonly called MiFID II) and Market Abuse Regulation (MAR) and subsequent implementing measures, see EU Commission response</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 (New)	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 be deferred to the 2015 IMN survey given the ongoing policy work in this area, the reviews of interest rate and foreign exchange benchmarks during 2014, and the recent publication of IOSCO's Principles for Financial Benchmarks.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
XI. Enhancing financial consumer protection					
27 (27)	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 update report including the Annex to the report on effective approaches to support the implementation of the High-level Principles based around the following three priority principles:</p> <ul style="list-style-type: none"> • <i>Disclosure and transparency</i> • <i>Responsible business conduct of financial services providers and their authorised agents</i> • <i>Complaints handling and redress</i> 	<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 checked="" type="checkbox"/> Implementation ongoing or completed :</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: <p>BANKING: The Bank of Italy carries out regular controls on banks and credit intermediaries to verify the respect of rules on disclosure and transparency and the business conduct; controls on authorized agents are carried out by an ad hoc control body, the OAM (Organismo degli agenti e dei mediatori), overseen by the Bank of Italy. The Bank of Italy plans controls drawing on the information derived from the integrated system for monitoring intermediary-customer relations and are conducted with methods calibrated to the characteristics</p>	<p>Planned actions (if any): As regards the adoption of Markets in Financial Instruments Directive (commonly called MiFID II) and Regulation on Packaged Retail and Insurance Based Investment Products (PRIIPs) and subsequent implementing measures, see EU Commission response.</p> <p>Expected commencement date: As regards MiFID II see EU Commission response</p> <p>Web-links to relevant documents:</p> <p>As regards MiFID II see EU Commission response</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>of the intermediaries concerned (banks and other credit intermediaries). The “integrated system” includes, among others, the data obtained from checks on transparency, the outcomes of complaints to the Arbitro Bancario Finanziario (the Italian ADR) and any other fact and circumstance described in reports received by the Supervision Area of the Bank of Italy. Controls on intermediaries verify both the compliance with transparency rules and the organizational arrangements to guarantee the substantial fairness of relations with customers. Controls, and on-site inspections in particular, reflect these two dimensions of the supervision: controls on point-of-sale (lasting from 1 to 3 days) and on-site inspections on the headquarters, even focused on the compliance with transparency regulation. Controls focused increasingly on the organizational arrangements adopted to ensure that in every phase of the activity due attention is paid to the rules on transparency and to the legal and reputational risks inherent in dealing with customers. The Bank of Italy promotes the economic and financial education, in particular for young people, in line with the OECD/G20</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>principles. The project aimed at introducing financial education in schools, managed with the Ministry for Education, Universities and Research (MIUR), considers the education of the teachers by the Bank of Italy and then lessons for students done by the trained teachers. In the school year 2012-2013 this project involved over 2.000 classes and about 45.000 students. A section in the Bank of Italy’s website is dedicated to financial education, containing basic information on banking and financial products and a description of the main initiatives adopted. To improve the instruments available to the public for financial decisions, practical guides (named “guides in plain language”) concerning mortgages loans, current accounts, consumer credit and the ABF have been issued. INTERMEDIARIES: In 2010 Consob signed a protocol of understanding with BI, COVIP, ISVAP (now IVASS) and the Competition and Market Ombudsperson to promote joint initiatives on the investor protection, to strengthen the existing reciprocal cooperation tools and to coordinate future activities. Consob’s strategic objectives include investor education and a special section of its website is devoted to the topic. It includes “Dos</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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.</p> <p>Status of progress :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Draft in preparation, expected publication by: <input checked="" type="checkbox"/> Draft published as of: INSURANCE: 2014 (See below "Highlight main developments since the last year's survey") <input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: <input checked="" type="checkbox"/> Reform effective (completed) as of: See below <p>Short description of the content of the legislation/ regulation/guideline: The Italian legislation on financial consumer protection is aligned with the OECD/G20 principles According to the Consolidated Law on Finance, Consob has responsibility for transparency and proper conduct of business by intermediaries (Article 5(3)); the orderly functioning of regulated markets (Article 73 and 74); the</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>protection of investors; and the efficiency and transparency of the market in corporate control and the capital market (Article 91). To pursue such objectives Consob has power to issue regulations in the matters falling into its competence with the only limitation of matters reserved for the Ministry for the Economy and Finance or other Ministers. Moreover, Consob has licensing, supervisory, and enforcement powers over regulated entities. In particular, Consob can use all its compulsory powers in connection with authorized persons, short selling, supervision of markets and market operators, market abuse, takeovers and issuers. 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 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. In particular, according to article 23 of Legislative Decree no. 58/1998 investment firms are required to</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>enter into written contracts with retail clients for the provision of investment services or non-core services, except for the provision of advisory services. A copy of this contract is given to the customer. Details of what is required in these contracts are set out in Article 37 of Consob Regulation 16190/2007 and additional requirements for portfolio management services in Article 38. Among other things, the contract must contain details of the services to be provided and fees. In addition, articles 27-32 of Consob Regulation 16190/2007 require intermediaries to provide information to retail clients and set out the details of the information required. This includes details about: the intermediary and the services it provides; the safeguarding of client assets; financial instruments; and costs and charges. Intermediaries are also required to provide on a periodic basis detailed information to clients about: (i) the receipt, transmission and execution of orders and fees applying – for retail clients information must be provided no later than the first business day after the execution of the order (Article 53 of Consob Regulation 116190/2007); (ii) portfolio management services – for retail clients, this must contains details about</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>the client’s portfolio, including fees. As regards marketing material, advertising shall be clearly recognizable as such and contains accurate and not misleading information about the features, nature and risks of the financial products offered and the related investment. Moreover, the scope of application of prospectus-related requirements was extended to any offer of financial products to the public. Consob has a Division for Consumer Protection to deal, among others, with investors’ complaints. In this respect, Consob has recently adopted a new revised procedure for the handling of complaints.</p> <p>Highlight main developments since last year’s survey: As regards the adoption of Markets in Financial Instruments Directive (commonly called MiFID II) and Regulation on Packaged Retail and Insurance Based Investment Products (PRIIPs) and subsequent implementing measures, see EU Commission response BANKING Supervision During 2011-2013 the Bank of Italy disposed 947 controls on points-of-sale, covering 530 intermediaries. In 2013 focused inspections involved 5 intermediaries (3 belonging to major banking groups and 2 smaller banks). In 2013 controls were</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>focused on the respect of regulation concerning: conditions for credit lines and account overdraws; selling of insurance policies combined with loans; periodic communication to clients. The main anomalies detected concerned the content of transparency documents, the coherence between prices and conditions made public and those applied to customers, periodic communication to customers. As a consequence of controls, the Bank of Italy has sanctioned intermediaries and imposed remedial actions to solve the anomalies. In 2013 sanctions concerned poor advertising and pre-contractual information; application of detrimental conditions in respect of those advertised or included in the contract; incomplete indication of costs within the Effective Annual Percentage Rate (the so called TAEG); irregularities in unilateral changes to the contracts. Pursuant to article 128-ter of the Consolidated Banking Law, the Bank of Italy has started proceedings aimed at issuing orders for restitution of sums unjustifiably received from clients; in 2013 three proceedings have been started: one has been archived due to satisfactory initiatives adopted by the intermediary and two concluded with the issuing of the orders of restitution. When necessary,</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>circular letters have been addressed to the system to underline the main findings of supervisory action on a particular issue and to point out the main duties of intermediaries. INSURANCE IVASS is going to implement the EIOPA guidelines on complaints handling by insurance undertakings through amendments to IVASS Regulation n. 24. The amended draft Regulation is in public consultation.</p> <p>Web-links to relevant documents: http://www.bancaditalia.it/vigilanza/normativa/norm_naz/TUB_ottobre_2012.pdf http://www.bancaditalia.it/vigilanza/normativa/norm_bi/disposizioni-vig/trasparenza_operazioni http://www.consob.it/main/documenti/Regolamentazione/normativa/dlgs58_1998.htm http://www.consob.it/main/documenti/Regolamentazione/normativa/reg16190.htm http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm http://www.consob.it/mainen/documenti/english/laws/reg16190e.htm As regards the adoption of Markets in Financial Instruments Directive (commonly called MiFID II) and Regulation on Packaged Retail and Insurance Based Investment Products (PRIIPs) and subsequent implementing measures, see EU</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Commission response	

XII. Source of recommendations:

[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 \(1 November 2012\)](#)

XIII. List of Abbreviations used:

BI: Bank of Italy

MEF: Ministry of Economy and Finance of Italy

COVIP: Supervisory Commission of Italian Pension Funds

IVASS: Italian Insurance Supervisory Authority

Res.: Resolution

CIS: Collective Investment Schemes

EEA: European Economic Area

MTFs: Multilateral Trading Facilities

UCITS: Undertakings for Collective Investment in Transferable Securities

NAV: Net Asset Value

CRA: Credit Rating Agency

G-SIIs: Global systemically important insurers

NCAs: National Competent Authorities

ABF: Arbitro Bancario Finanziario (the Italian ADR)