

TREASURY BILLS (BOTS)

BOTs are short-term securities with maturities up to 365 days. The remuneration, determined entirely by the difference between the nominal value and the issue price, for fiscal purpose is considered anticipated, because tax for individual investors is applied at the moment of the subscription.

BOT auctions are reserved to institutional intermediaries, authorised in accordance with the legislative decree 24th February 1998, no. 58 of the Minister of Economy and Finance (see section "[Authorized dealers](#)").

Starting from April 2009, auction bids for BOTs are expressed in terms of yield rather than price, in accordance with the prevailing practice on the Euro area money market.

BOTS MAIN FEATURES

Currency	Euro.
Maturity	3/6/12 months, or any other maturity within one year (flexible BOTs).
Remuneration	Discount at issuance.
Auction mechanism	Competitive auction referred to yield.
Auction frequency	Monthly (at mid month for quarterly and annual BOTs, at the end of the month for semi-annual BOTs); flexible BOTs: whenever cash management needs are to be met.
Settlement dates	T+3 on the primary market, T+2 on the secondary market.
Market conventions	Actual /360 for the yield calculation.
Redemption	At par, single payment on maturity.

PRACTICAL INFORMATION ABOUT BOTS

Some useful information about the features and functionality of this instrument are outlined below.

- 1. INVESTING IN BOTS**
- 2. MINIMUM DENOMINATION**
- 3. AUCTION MECHANISM**
- 4. MATURITY**
- 5. AUCTION CALENDAR**
- 6. AUCTION COMMUNICATIONS**

1. INVESTING IN BOTs

Treasury Bills are issued with maturity equal to or less than one year and are listed in the regulated markets, in particular the electronic Government bond market for limited quantities (for round lots of 1,000 euro or multiples thereof) and the electronic cash market for wholesale trades worth not less than 2.5 million euro.

Thanks to their characteristic of being *zero-coupon bonds*, BOTs are easy to manage because the financial outflow required for this kind of investment is less than the redemption nominal value and there is no need to reinvest periodical interest flows.

Those wishing to buy a BOT during an auction, must book it by an authorised intermediary within the day preceding the auction.

Being bonds subject to a dematerialised regime, subscribed BOT amounts are represented by the account registration in favour of the entitled.

Rules on bank transparency fixed the amount fee final customers can be charged of for BOT subscription: 0.05% for bonds with residual maturity equal to or less than 80 days; 0.10% for bonds with residual maturity of between 81 and 170 days; 0.20% for bonds with residual maturity of between 171 and 330 days and 0.30% for bonds with residual maturity no lower than 331 days .

In case the total sale price, inclusive of tax and the fee mentioned in the previous paragraph, amounts to more than 100, the maximum amount of such fee is reduced in order to guarantee clients a burden of not more than 100 euro, for every 100 euro of subscribed capital.

These commissions must be added to the price, which is the weighted average auction price, applied by intermediaries to purchasers.

2. MINIMUM DENOMINATION

BOTs can be subscribed for a minimum amount of 1,000 euro or multiples thereof.

3. AUCTION MECHANISM

BOTs are discount bonds redeemable at par. Their interest is given by the difference between the redemption and subscription price.

The issue takes place through a competitive bidding without any indication of the minimum price.

Any of the five bids which can be done by a single intermediary - none of them can be less than 1,5 million Euro – must indicate the nominal value to subscribe and the relative price, with a difference of at least 0.01% among them. Bank of Italy is responsible for the execution of the BOT auction operations (see also section “Government bond auctions”). After the end of the allocation of 6 Month BOT, a supplemental placement of the same securities, reserved to Specialist in Government Bonds, is arranged. This second tranche is at least 10% of the amount offered in the first day auction.

4. MATURITY

Standard maturities set for BOTs, expressed in days, are of about 3, 6 and 12 months.

The Treasury, however, in case of particular cash requirements, can also issue BOTs with different maturities. The relative issuance dates must be promptly communicated to the market. It is also possible, to reopen BOTs issues in following tranches, as for medium and long-term securities.

5. AUCTION CALENDAR

As planned in the annual calendar of Government bond auction, quarterly and annual BOT auctions are held at mid month, while semi-annual BOT auctions at the end of the month. Flexible BOTs are issued whenever a cash management tool is required.

6. AUCTION COMMUNICATIONS

The relevant information can be accessed at the pages “[BOTs offering annuancements](#)” and “[BOTs latest auction results](#)” of the Public Debt web site (http://www.dt.tesoro.it/en/debito_publico/).