

ZERO COUPON BONDS (CTZS)

CTZs are bonds with maturities of 24 months, subject to reopening which can reduce their original duration.

The remuneration is entirely determined by the difference between the nominal value and the issue price.

CTZ auction is reserved to institutional intermediaries authorised in accordance with the legislative decree 24th February 1998, no. 58 (see section "[Authorized dealers](#)").

CTZ MAIN FEATURES

Currency	Euro.
Maturity	24 months.
Remuneration	Discount at issuance.
Auction mechanism	Marginal auction referred to price.
Auction frequency	Monthly.
Settlement dates	T+3 on the primary and secondary market.
Market conventions	actual /365 for the yield calculation.
Redemption	At par, single payment on maturity.

PRACTICAL INFORMATION ABOUT CTZS

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

- 1. INVESTING IN CTZS**
- 2. MINIMUM DENOMINATION**
- 3. AUCTION MECHANISM**
- 4. MATURITY**
- 5. AUCTION CALENDAR**
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1. INVESTING IN CTZ

Zero coupon bonds are issued with a maximum maturity of 2 years. CTZs are listed in the regulated secondary market, in particular the electronic Government bond market for retail investors (round lots of 1,000 € or multiples thereof) and the electronic wholesale market of Government bonds for trades worth not less than 2.5 million €.

Thanks to their characteristic of being zero-coupon bonds, CTZs are easy to manage because the financial outgo 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 CTZ during an auction, must book it by an authorised intermediary within the day preceding the auction.

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

Up front fees set for CTZs amount to 0.20% and are given by the Treasury to financial intermediaries. Consequently, intermediaries must apply to the purchasers only the auction price, without any further fee.

2. MINIMUM DENOMINATION

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

3. AUCTION MECHANISM

CTZs are discount bonds redeemable at par. Their interest results from the difference between redemption value and issue price.

The issue takes place through a marginal auction referred to the price, without any indication of the minimum price, as explained in the special section. There is also a mechanism of speculative bid exclusion. This mechanism is showed in detail in every issue decree. The same decree sets the supplementary auction terms, reserved to specialist in Government bonds, technically assuming the shape of a following tranche. Only specialists who took part in the first day auction, can have access to this supplementary placement.

The amount of any bid cannot be less than 500,000 Euro.

Any of the three bids which can be done by the single intermediary must indicate the nominal value to subscribe and the corresponding price, with a difference of at least 0.001% among them.

Bank of Italy is responsible for the execution of the CTZ auction.

As compensation for the service, the Treasury pays to Bank of Italy a commission of 20 basis points on the nominal amount subscribed. This commission will be awarded, totally or partially, to operators participating in the auction, consequently financial intermediaries cannot apply any further fees to retail investors apart from the auction price (see also section “Government bond auctions”).

4. MATURITY

Maturity set for CTZs is of 24 months.

5. AUCTION CALENDAR

Auctions for 24 month CTZs take place monthly when BOTs auction is held.

6. AUCTION COMMUNICATIONS

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