

DECREE OF THE MINISTER OF THE ECONOMY AND FINANCE  
WHICH SUBSTITUTES THE MINISTERIAL DECREE N. 219 OF 13 MAY 1999

Regulation identifying the characteristics of wholesale trading in financial  
instruments and regulating  
wholesale trading in government bonds

THE MINISTER OF THE ECONOMY AND FINANCE

Having regard to the Legislative Decree No. 58 of 24 February 1998 (Consolidated Law) and, in particular:

- paragraph 10 of Article 61, which establishes that the Minister of the Economy and Finance, after having consulted the Bank of Italy and Consob, shall specify the characteristics of wholesale trading in financial instruments with a view to the application of the provisions of the Consolidated Law;
- Article 66 thereof, which establishes that the Minister of the Economy and Finance, after having consulted the Bank of Italy and Consob, shall regulate and authorize wholesale markets for government bonds and approve their rules, also by way of derogation from the provisions of Chapter I of Title I of Part III of the Consolidated Law;
- paragraph 6 of Article 77-*bis*, which establishes that the Minister of the Economy and Finance, after having consulted the Bank of Italy and Consob, shall specify the minimum requirements for the wholesale Multilateral Trading Facilities (MTF) for government bonds;
- paragraph 2-*bis* of Article 79-*bis*, which establishes that the Minister of the Economy and Finance, after having consulted the Bank of Italy and Consob, may extend, in whole or in part, pre-trade and post-trade transparency requirements to wholesale market in government bonds;

Having also regard to Articles 61, 62, 63, 64, 65, 67, 69, 70, 70-*bis*, 70-*ter*, 71, 72, 75, 76, 77, 80, 90, 189, 190 and 195 of the Consolidated Law;

Having regard to the Ministerial Decree No. 219 of 13 May 1999;

Having regard to the Ministerial Decree No. 126167 of 28 December 2007 regarding transactions for stripping, trading and re-bonding of the coupon components, of the inflation-indexed component and of the stripped bond of the government bonds;

Having regard to the Ministerial Decree of 26 February 2007, which specifies the characteristics of wholesale trading in financial instruments;

Having regard to paragraphs 3 and 4 of Article 17 of Law No. 400 of 23 August 1988;

Having consulted the Bank of Italy and Consob;

Having regard to the opinion of the Council of State, issued in the meeting of the advisory section for legislative acts of the Government on....;

Having regard to the communication to the President of the Council of Ministers pursuant to paragraph 3 of Article 17 of Law No. 400/1988 (Note No. ...);

ADOPTS  
the following Regulation:

**Article 1**  
**Scope**

1. This decree regulates the characteristics of wholesale trading in financial instruments with a view to the application of the provisions of Legislative Decree No. 58 of 24 February 1998, the wholesale trading of government bonds on regulated markets and on Multilateral Trading Facilities, the pre-trade and post-trade transparency regime of wholesale government bonds transactions.

**Article 2**  
**Definitions**

1. Terms used in this decree are listed and defined as follows:

- a) "Consolidated Law": Legislative Decree 58 of 24 February 1998, and subsequent amendments thereto;
- b) "Minister/Ministry": the Minister/Ministry of the Economy and Finance;
- c) "Regulated wholesale market for government bonds": multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in government bonds – in the system and in accordance with its non-discretionary rules – in a way that results in a wholesale contract, and which is authorised and functions regularly;
- d) "Management company": the management company of a regulated wholesale market for government bonds authorised by the Minister of the Economy and Finance pursuant to Article 66 of the Consolidated Law;
- e) "Wholesale Multilateral Trading Facility (MTF) for government bonds" means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in government bonds – in the system and in accordance with non-discretionary rules – in a way that results in a wholesale contract;
- f) "professional clients": a client meeting the criteria laid down in Annex II of the 2004/39/EC Directive (MiFID).

## TITLE I - CHARACTERISTICS OF THE WHOLESALE TRADING IN FINANCIAL INSTRUMENTS

### Article 3

#### Identification of the characteristics of the wholesale trading in financial instruments

1. Wholesale trades are considered as those trades in which the dealers trade on their own account or, in the case of authorised persons, execute orders of professional clients against proprietary capital.
2. The minimum tradable lots may be of no less than EUR 500,000 for government bonds and EUR 250,000 for private bonds and public bonds other than government bonds.
3. In cases of trades of securities resulting from coupon-stripping transactions, the minimum tradable lots may be no less than EUR 500,000 for the stripped security and for the component indexed to inflation, if any, and EUR 100,000 for the coupons.

## TITLE II – REGULATED WHOLESALE MARKETS FOR GOVERNMENT BONDS

### Article 4

#### Financial resources of the management companies and determination of related and instrumental activities

1. The minimum capital for the management companies is set at five million euros.
2. The management companies have available, at the time of authorisation and on an ongoing basis, financial resources sufficient for making possible the orderly functioning of the regulated markets managed, having regard to the nature and the extent of the transactions concluded on the market and to the range and degree of the risks to which they are exposed.
3. The regulations issued by Consob pursuant to letter *b*) of paragraph 2 of Article 61 of the Consolidated Law shall apply to the wholesale markets for government securities.

### Article 5

#### Management companies shareholders

1. The buyers and sellers shall inform the management company, within 24 hours, of any purchase

or transfer of shareholdings that result in exceeding the 5% threshold of ordinary share capital with voting rights in the management company, in compliance with the provisions of paragraph 6 of Article 61 of the Consolidated Law.

2. The management companies shall inform without delay the Ministry, the Bank of Italy and Consob of any purchase or transfer of shareholdings that result in exceeding the 5% threshold of ordinary share capital with voting rights, providing documentation to confirm that the buyers meet the integrity requirements pursuant to paragraph 5 of Article 61 of the Consolidated Law and the implementing provisions in relation thereto. Paragraph 7 of Article 61 of the Consolidated Law shall apply; in case of noncompliance, paragraph 5 of Article 14 of the Consolidated Law shall apply. The challenge may also be proposed by the Bank of Italy within the deadline set by paragraph 6 of article 14 of the Consolidated Law.

3. The management companies shall inform the Ministry, the Bank of Italy and Consob of any change in the list of shareholders resulting from the purchases and transfers referred to in paragraph 1. In addition, when submitting annual financial statements to the Ministry, the Bank of Italy and Consob, the management companies shall communicate an updated version of the list of shareholders with an indication, for each holder of shares exceeding 5% of ordinary share capital, of:

- a) the number of shares with voting rights held;
- b) the percentage of shares with voting rights with respect to the total shares with voting rights.

4. The management companies shall publish the list of shareholders on an annual basis, even through their Internet web site. Appropriate publicity shall also be arranged with respect to changes in the list of shareholders.

5. Paragraph 8-*bis* of Article 61 of the Consolidated Law shall apply.

## **Article 6** **Management company members**

1. The management companies shall inform without delay the Ministry, the Bank of Italy and Consob of the identity of the persons holding office as directors, managers and auditors, as well as of the persons who actually direct regulated market activities and transactions, and all subsequent changes in the identity of said persons. A copy of the minutes of the meeting of the responsible corporate body during which corporate officers are appointed shall be submitted to the Ministry, the Bank of Italy and Consob by the management company within 30 days.

2. The failure of persons performing administrative, managerial or control functions to meet the integrity, expertise and independence requirements of paragraph 3 of Article 61 of the Consolidated Law shall result in disqualification from office. The disqualification shall be declared by the responsible corporate body within thirty days of the appointment or of the date on which it learns that the requirements are no longer satisfied. In the event of inaction, the disqualification shall be declared by the Bank of Italy.

3. Should it be deemed appropriate, the Bank of Italy may request the exhibit of the documentation proving that the persons holding office as directors, managers and auditors meet the integrity, expertise and independence requirements and proving the nonexistence of any cause for suspension from the office or the absence of any impediment.

4. The management companies shall promptly inform the Ministry, the Bank of Italy and Consob of any change in the composition of the corporate bodies. In addition, when submitting financial statements, the management companies shall inform the Ministry, the Bank of Italy and Consob of the updated composition of the corporate bodies.

## **Article 7** **Market regulations**

1. The organization and the operation of wholesale market for Italian and foreign government bonds shall be governed by rules approved by the management companies' shareholders' meeting or oversight board, or, should the shares of the management companies be traded in a regulated market, by the Board of Directors or by the management board of the companies. The regulations may give to the companies' management bodies the power to determine implementing provisions.

2. The management companies shall establish transparent and non-discretionary rules and procedures for fair and orderly trading, as well as objective criteria for the efficient execution of orders. The regulations shall in any case establish:

- a) the conditions and the procedures for the admission of dealers to trading, with reference, among other matters, to capital adequacy, organizational characteristics and transaction levels;
- b) the conditions and the procedures for the carrying out of trading, with reference, among other matters, to the technical procedures and the minimum number of participants;
- c) the dealers' obligations as well as the measures that can be adopted with respect to dealers not fulfilling their obligations;
- d) the bonds and the contracts admitted and the criteria for determining the minimum tradable quantities;
- e) the conditions and the procedures for suspending and removing dealers and bonds from trading;
- f) the procedures for ascertaining, publishing and disseminating prices and for processing and disseminating aggregate data on prices and quantities traded;
- g) the conditions and the procedures for the clearing, settlement and guarantee of the transactions concluded on the markets.

3. The regulations referred to in the preceding paragraph and any subsequent amendments thereto shall be approved within sixty days by the Minister, after having consulted the Bank of Italy and Consob, upon verifying their conformity with the present Regulation and with EU legislation and their suitability to ensure the overall efficiency of the market, adequate and correct disclosure and the orderly carrying out of the trades.

4. The management companies shall provide appropriate disclosure, even through their Internet web site, of the full and updated text of the regulation and of any related implementing measure.

**Article 8**  
**Organisational requirements**

- 1) The management companies shall:
  - a) adopt arrangements to identify clearly and manage the potential adverse consequences, for the operation of the market or for its participants, of any conflict of interest between the interest of the regulated market, its owners or its operator and the sound functioning of the regulated market, and in particular where such conflicts of interest might prove prejudicial to the accomplishment of any function referred to in Article 11;
  - b) adopt appropriate measures to identify, mitigate and manage the risks to which they are exposed or which may compromise the regular functioning of the market;
  - c) adopt arrangements for the sound management of the technical operations of the system, including the establishment of effective contingency arrangements to cope with the risks of system disruptions;
  - d) adopt effective arrangements to facilitate the efficient and timely finalization of the transactions executed under the systems managed.
  
2. The management companies, at the time of authorisation and constantly thereafter, shall provide the information necessary to allow the Minister and the Bank of Italy to ascertain the existence of the arrangements necessary to satisfy the obligations referred to in paragraph 1.

**Article 9**  
**Authorisation of the wholesale markets in government bonds**

1. Within sixty days of the date of receipt of the management company's application, the Minister, after having consulted the Bank of Italy and Consob, which shall deliver their opinion within thirty days of the request, shall authorize the operation of the markets when:
  - a) the management company demonstrates that it meets the requirements of paragraphs 2, 3, 4 and 5 of Article 61 of Consolidated Law and the implementing provisions in relation thereto;
  - b) the management company has presented a programme of operations setting out the types of business envisaged and the organisational structure of the management company;
  - c) the management company's regulation has been approved pursuant to Article 7.
  
2. Where the Ministry requests additional information from the management company, the deadline referred to in the preceding paragraph shall be interrupted and a new deadline of thirty days shall elapse from the date of receipt of such information.

**Article 10**  
**Withdrawal of authorisations**

1. The authorisation of the operation of wholesale markets for government bonds may be withdrawn upon the occurrence of the conditions set in Article 75 of the Consolidated Law.

**Article 11**  
**Responsibilities of the management company**

1. The management company shall:

- a)* organize the structures, provide the market services, and establish the fees;
- b)* adopt all the acts necessary for the correct functioning of the market, establish and maintain effective systems and procedures to verify that the regulations are complied with;
- c)* adopt the provisions and acts necessary to prevent and to identify abuses of inside information and market manipulation;
- d)* decide on admitting, removing and suspending bonds, contracts and dealers from trading;
- e)* communicate to the Ministry, the Bank of Italy and Consob any violations of market regulation, reporting the initiatives undertaken;
- f)* manage and disseminate the information and documents indicated in the regulation referred to in Article 65 of the Consolidated Law, where applicable.

2. The management company shall handle the other tasks, if any, assigned to it by the Bank of Italy and Consob.

**Article 12**  
**Admission, suspension and removal of bonds and dealers from trading**

1. With respect to the wholesale markets for government securities:

- a)* the provisions contained in the regulations issued by Consob pursuant to letter *a)* of paragraph 1-ter of Article 62 of the Consolidated Law shall apply to the extent that they are applicable;
- b)* letter *c)* of paragraph 1 of Article 64 of the Consolidated Law shall not apply.

2. The management companies, in order to ensure regular market operations, may suspend or remove from trading the bonds, contracts and dealers which no longer comply with the rules of the market.

3. Without prejudice to the provisions of paragraph 1, the management companies shall promptly communicate to the Bank of Italy and Consob:

- a)* the decisions to admit dealers and bonds to trading;
- b)* the decisions to suspend and remove bonds and dealers from trading.

4. The Bank of Italy may request the management companies to suspend or remove a bond or a dealer

from trading. The decisions to suspend or remove a bond are communicated to Consob for the purposes of fulfilling the requirements of letter *b*) of paragraph 1-*quater* of Article 64 of the Consolidated Law.

5. Except where it could cause significant damage to the investors' interests or the orderly functioning of the market, the Bank of Italy shall request to suspend or remove a bond from trading on the regulated wholesale markets for government bonds, whenever such bond has been suspended or removed by the competent authorities of other EU member states. For this purpose, Consob shall inform the Bank of Italy of any decision made by the competent authorities of other EU Member States to suspend or remove bonds traded in a regulated wholesale market for government bonds.

6. The management companies shall immediately make public any decision taken pursuant to Paragraph 3, even through their Internet web site.

### **Article 13** **Dealer's access**

1. The market regulation disciplines the access of dealers to the regulated wholesale market for government bonds according to transparent and non-discriminatory rules based on objective criteria, as well as the criteria for direct or remote participation in the regulated market. Paragraph 3 of Article 62 of the Consolidated Law shall apply.

2. Non-EU investment firms and banks that are not authorised to provide in Italy the service referred to in letter *a*) of paragraph 5 of Article 1 of the Consolidated Law may access regulated markets, having regard to the rules adopted by the management companies and provided that the conditions set by paragraph 2 of Article 25 of the Consolidated Law are observed.

3. The management companies shall communicate to the Bank of Italy, upon the start of the operations of the regulated market, the list of the dealers admitted to trading on the regulated markets and shall promptly update it. The management companies shall also communicate annually to the Bank of Italy and Consob, upon the transmission of the financial statements, an updated list of the dealers admitted to trading on the regulated markets managed.

### **Article 14** **Extension of markets operation to other EU Member States**

1. The management companies that intend to provide in another EU Member State appropriate arrangements so as to facilitate access to and trading on the markets which the companies manage, shall communicate to the Bank of Italy the EU Member State in which they intend to provide such arrangements.

2. Within one month, the Bank of Italy shall transmit such information to Consob and to the

competent authority of the EU Member State in which the management company intends to provide such arrangements.

3. Upon the request of the competent authority of the host Member State, the Bank of Italy shall communicate within a reasonable time the identity of the members or participants of the regulated market established in that Member State.

### **Article 15**

#### **Designation of clearing and settlement systems by market participants**

1. The management companies shall communicate to the Bank of Italy the designations that the market participants intend to submit to the agreement referred to in letter *b*) of paragraph 2 of Article 70-*bis* of the Consolidated Law.

2. The management companies shall submit without delay to the Bank of Italy the information necessary to make the assessment referred to in Article 70-*bis* of the Consolidated Law. Should 45 days elapse from the date of the Bank of Italy's receipt of such information without the Bank of Italy having made any observations, the conditions referred to in letter *b*) of paragraph 2 of Article 70-*bis* of the Consolidated Law shall be understood to be satisfied for the systems designated.

### **Article 16**

#### **Agreements between the management companies and central counterparty, clearing and settlement systems in other EU Member State**

1. The management companies shall communicate to Consob and the Bank of Italy any planned agreement with companies managing central counterparty, clearing and settlement systems in other EU Member States for the purpose of the guarantee, clearing and settlement of some or all transactions concluded by the participants in the regulated market. The notice, to be given 45 days prior to the date on which the agreement becomes operative, shall include the following information:

- a*) the terms and content of the agreement;
- b*) the presence of links and arrangements between the central counterparty, clearing and settlement systems and the regulated market system;
- c*) the technical terms identified to guarantee the efficient regulation of transactions concluded on the regulated market.

2. By the same deadline indicated in paragraph 1, the management companies shall inform the Bank of Italy and Consob of the termination of the operations covered by the agreements referred to in paragraph 1 and of any other change in the information previously communicated.

3. In order to prevent duplication in controls, the Bank of Italy and Consob shall take into account the oversight/supervision of the systems referred to in Paragraph 1 already exercised by the competent authorities of the other EU Member States.

4. The management companies may reach agreements with companies managing central counterparty, clearing and settlement systems in non-EU countries, provided that the systems are subject to oversight/supervisory measures equivalent to those applicable under the Italian law and provide that agreements for the exchange of information with non-EU competent authorities are reached. The implementation of the agreement shall be subordinated to the verification of the existence of the conditions referred to in paragraph 2 of article 70-*bis* of the Consolidated Law. For this purpose, the management companies shall provide the information referred to in paragraph 1.

### **Article 17** **Supervision of markets**

1. The Bank of Italy shall be responsible for the supervision of the wholesale markets for government bonds, having regard to the overall efficiency and the orderly functioning of the market.

2. Consob shall be responsible for the supervision of the compliance with Title 1-*bis* of Part V of the Consolidated Law and with all other provisions implementing the 2003/6/EC directive.

3. The management companies shall provide Consob and the Bank of Italy with data and information on the transactions concluded and on the activity carried out on the market by the dealers.

4. The Bank of Italy may request the management companies to provide data, information, documents and records, also on a periodic basis, in the manner and within the deadlines it shall establish, and may also carry out inspections at such companies and request the exhibit of documents and the adoption of the measures deemed necessary.

5. The Bank of Italy, in pursuit of the objectives indicated in paragraph 1, may request market participants to provide data and information on the activity carried out. Paragraph 1 of Article 8 of the Consolidated Law, regarding information oversight, and paragraph 1 of Article 10 of the Consolidated Law, regarding inspections for the purpose of oversight, shall apply to the dealers other than authorised persons, and to the remote EU participants admitted to trading on the wholesale markets for government bonds. In the case of remote participants, the Bank of Italy shall inform Consob and the competent authorities of the home Member State of the participant.

6. The Bank of Italy shall promptly inform the Ministry of any irregularities detected in the exercise of its oversight.

### **Article 18**

## **Disclosure to Consob**

1. Consob shall ascertain that adequate and correct information is ensured to participants and other investors on the wholesale markets for government bonds.
2. Paragraph 2-*quarter* of Article 76 of the Consolidated Law shall apply.
3. Consob shall promptly inform the Ministry and the Bank of Italy of any irregularities detected in the exercise of its oversight.

## **Article 19** **Supervision of management companies**

1. The management companies are subject to the supervision of the Bank of Italy, which, for this purpose, shall exercise the powers referred to in Article 17. The same powers may be exercised with respect to other persons involved in the management company's activity. For this purpose, the Bank of Italy may also proceed with the hearing of individuals. The Bank of Italy may allow auditors or experts to carry out verifications at the management companies; the expenses in relation thereto shall be charged to the party audited.
2. With its order, the Bank of Italy identifies the management companies' information reporting requirements toward itself.
3. In the event of need and urgency the Bank of Italy, even by substituting the management companies, shall adopt the measures necessary for the purpose of the efficiency and the orderly functioning of the market.
4. The Ministry, after having consulted the Bank of Italy and Consob, shall verify that the changes to the management companies' by-laws are not in contrast with the requirements of Article 61 of the Consolidated Law. The proceedings for the registration of the changes to the by-laws on the register of companies may not begin unless such verification has been done.
5. The Bank of Italy is responsible for overseeing that the market regulation is suitable for ensuring the actual achievement of the objectives referred to in paragraph 3.
6. The Ministry, upon the proposal of the Bank of Italy, made after having consulted Consob, may request the management company to make suitable changes to the market regulation so as to eliminate any dysfunction detected during the supervisory activity referred to in paragraph 5.

**Article 20**  
**Money-laundering prevention**

1. In order to minimise the risk of involvement, including unaware involvement, in money-laundering transactions, the management companies - in conformity with the applicable specific sector regulations - shall adopt organisational and procedural measures useful for increasing the awareness of market participants, ensuring integrity and operating autonomy, preventing episodes of unfaithfulness by employees and collaborators, and identifying promptly any anomalous operations by market participants.

TITLE III – WHOLESALE MTFs FOR GOVERNMENT BONDS

**Article 21**  
**Functioning requirements of the wholesale MTFs**  
**for government bonds**

1. The authorised persons and the management companies that manage an MTF shall establish and maintain:

- a)* transparent and non-discretionary rules and procedures that provide for fair and orderly trading, together with objective criteria for the efficient execution of orders;
- b)* transparent rules regarding the criteria for determining the bonds that can be traded under its systems;
- c)* transparent rules based on objective criteria governing access to its facility, in compliance with the provisions of paragraphs 1 and 2 of Article 25 of the Consolidated Law;
- d)* effective arrangements and procedures for the regular monitoring of the compliance by its users with its rules;
- e)* necessary arrangements to facilitate the efficient settlement of the transactions concluded under its system.

2. The authorised persons and the management companies that manage an MTF shall also:

- a)* provide, or be satisfied that there is access to, sufficient publicly available information to enable its users to form an investment judgement, taking into account both the nature of the users and the types of instruments traded;
- b)* clearly inform its users of their respective responsibilities for the settlement of the transactions executed in their facilities;
- c)* monitor the transactions undertaken by their users under their systems in order to identify breaches of their rules, disorderly trading conditions or conduct that may involve market abuse;
- d)* comply immediately with any instruction from the Bank of Italy to suspend or remove a security from trading.

3. The authorised persons and the management companies that manage an MTF shall comply with the obligations on the outsourcing of operational functions which are critical for the provision of the

investment activity as provided by regulations issued by Consob pursuant to Article 77-bis of the Consolidated Law.

3. The authorised persons and the management companies that manage an MTF shall provide appropriate disclosure, even through their Internet website, of the rules on the functioning of the managed system.

## **Article 22** **MTF's reporting obligations to the Bank of Italy and Consob**

1. At the time of the application for authorisation and upon any change thereafter in the information communicated, the authorised persons and the management companies that manage an MTF shall transmit to the Bank of Italy and Consob the following information:

- a) the list of the bonds and dealers admitted to trading on the systems managed;
- b) the system's operating rules;
- c) the supervisory procedures adopted for ensuring the integrity of the system and the orderly execution of trading;

d) the information on the outsourcing of operational functions which are critical for the provision of the investment activity as required by regulations issued by Consob pursuant to Article 77-bis of the Consolidated Law.

2. The authorised persons and the management companies that manage an MTF shall submit to the Bank of Italy and Consob, at least once a year, the audit plan concerning the technological and ITC structures which are relevant for the provision of the investment activity, with particular reference to the ITC security measures implemented and to the planned business continuity procedures.

3. The authorised persons and the management companies that manage an MTF shall promptly communicate to the Bank of Italy and Consob the results of the audits referred to in paragraph 2, together with the measures adopted or to be adopted to remove the dysfunctions detected, and specifying the related implementation times.

4. Authorised persons and the management companies that manage on MTF shall promptly inform the Bank of Italy and Consob of any significant infringement of the rules of the systems managed and of any abnormal trading conditions. Article 65 of the Consolidated Law shall apply to the extent compatible.

5. Articles 16 and 20 shall apply to the authorised persons and to the management companies that manage an MTF.

6. Paragraph 1 of Article 8 and paragraph 1 of Article 10 of the Consolidated Law shall apply to the dealers admitted to trading on an MTF other than authorised persons.

## TITLE IV – SPECIALISTS IN GOVERNMENT BONDS

### Article 23

#### **Criteria for the enrolment in the list of Specialists in Italian government bonds**

1. The Ministry, having regard to public debt management needs, shall select Specialists in Italian government bonds among the primary dealers (market makers) in Italian government bonds operating in the wholesale regulated markets and in the wholesale MTFs for government bonds, resident in any country of the European Union.

2. "Primary Dealers" means the dealers who, in the execution of the trading activity referred to in Article 3, commit to:

- a) provide on a continuous basis bid and offer quotes in bonds, taking into account the bonds' characteristics;
- b) maintain competitive quotes, in terms of both price and quantity;
- c) execute significant trades.

3. The wholesale MTFs for government bonds referred to in paragraph 1 are identified in accordance with the provisions of a decree of the Minister, to be issued after having consulted the Bank of Italy and Consob and on the basis of the following criteria:

- a) capital adequacy of the companies managing the wholesale MTF;
- b) guarantee of business continuity;
- c) adequacy of the organisational structure;
- d) adoption of appropriate measures for identifying, mitigating and managing the risks which may compromise the regular functioning of the trading venues;
- e) capacity to manage the potential adverse consequences, for the operation of the trading venue or for its participants, of any conflict of interest;
- f) adoption of effective arrangements to facilitate the efficient and timely finalization of the transactions executed under the systems managed and to guarantee the sound management of the technical operations;
- g) adoption of regulations that, taking into account the structural characteristics of the market, the bonds traded, the size of the transactions and the type of dealers, provide for adequate pre- and post-trade transparency requirements and discipline the obligations of the dealers and the measures that can be adopted with respect to dealers not fulfilling their obligations;
- h) willingness to supply, on a timely and continuous basis, data in relation to the quoting and trading activity in Italian government bonds with the frequency, format and level of detail indicated by the Ministry;
- i) willingness to report promptly to the Ministry, the Bank of Italy and Consob on the decisions to admit, suspend and remove dealers in Italian government bonds from trading;
- j) tradable bonds as well as the number of primary dealers and transaction volumes for each bond, so that sufficient coverage of the yield curve and the significance of trading prices are guaranteed.

4. The criterion referred to in letter *h*) of paragraph 3 shall also apply in identifying the regulated markets referred to in paragraph 1.

5. The requirements and conditions for the primary dealers to request and maintain the enrolment in the List of Specialists in Italian Government Bonds set up by the Ministry, in

accordance with paragraphs 1 and 2, shall be established with the decree of the Minister referred to in paragraph 3, on the basis of the following criteria:

- a) capital adequacy;
- b) efficiency of participation in the primary market for Italian government bonds;
- c) efficiency of participation in the secondary market for Italian government bonds;
- d) suitability of the organisational structure, in particular to ensure the placing of Italian government bonds with final investors;
- e) adoption of adequate measures for identifying, mitigating and managing the risks to which dealers are exposed - risks that can compromise the regular functioning of the trading venues;
- f) capacity to manage the potential adverse consequences, for the operation of the trading venues, of any conflict of interest.

6. The Specialists in Italian government bonds, the companies managing regulated markets and those who manage the MTFs referred to in paragraph 1 shall transmit, periodically and upon request, to the Ministry and the Bank of Italy data and information about the activity carried out by the market participants, according to the provisions established in the decree of the Minister referred to in paragraph 3. The Ministry may request additional data to the Bank of Italy with regard to the activity carried out by the Specialists in Italian government bonds.

## TITLE V – TRANSPARENCY REQUIREMENTS FOR THE WHOLESALE TRADING IN GOVERNMENT BONDS

### Article 24

#### Pre- and post-trade transparency requirements for wholesale regulated markets and MTFs for government bonds

1. The management companies and those who manage wholesale MTFs for government bonds shall establish and maintain, as part of their rules, adequate pre- and post-trade transparency requirements regarding the bonds admitted to trading on the systems managed, taking into account the structural characteristics of the market, the type of the bonds traded, the size of the transactions and the type of dealers.

2. The pre- and post-trade information determined pursuant to paragraph 1 shall be made public in a manner which is easily accessible and on reasonable commercial terms.

### Article 25

#### Pre- and post-trade transparency requirements for systematic internalisers

1. The persons who intend to undertake the activity of wholesale systematic internalization with respect to government bonds, in compliance with the definition and criteria of Directive 2004/39/EC and Regulation No. 1287/2006/EC, shall establish and maintain adequate transparency requirements regarding bonds, also differentiated according to the structural characteristics of the market, the type of the bonds traded, the size of the transactions and the type of dealers.

2. The pre- and post-trading information determined pursuant to paragraph 1 shall be made public in a manner which is easily accessible and on reasonable commercial terms.

## **Article 26**

### **Post-trade disclosure by authorised persons**

1. The authorised persons who conclude wholesale transactions in government bonds admitted to trading on Italian regulated markets, outside a regulated market or an MTF or a systematic internaliser, shall make public the following information at a minimum:

- a)* the date and time of the transaction;
- b)* the identification details of the bond;
- c)* the volume and price of the transaction concluded.

2. The information referred to in paragraph 1 shall be made public by the end of the working day following the conclusion of the transaction. The information shall be made public in a manner which is easily accessible and on reasonable commercial terms.

3. In the case of transactions concluded outside a regulated markets or an MTF, the obligation referred to in paragraph 1 is fulfilled by the seller, unless otherwise agreed between the parties.

4. The management companies may provide access, on reasonable commercial terms and in a non-discriminatory basis, to the arrangements they employ for making public post-trade information to the authorised persons required to disclose the information referred to in paragraph 1.

## **Article 27**

### **Disclosure of pre- and post-trade information**

1. The pre- and post-trade information shall be made public and accessible to investors through one of the following channels:

- a)* the facilities of a regulated market or an MTF;
- b)* third party facilities;
- c)* proprietary facilities.

2. The management companies, the persons who manage MTFs and authorised persons shall inform the Bank of Italy and Consob within 15 days of the entry into force of this regulation, and thereafter within 7 days of any change, of the distribution channel used for pre- and post-trade information.

## TITLE VI –TRANSITIONAL AND FINAL PROVISIONS

### **Article 28** **Transitional and Final provisions**

1.The present regulation repeals the Ministerial Decree No. 219 of 13 May 1999, and the Decree of the Director General of the Treasury of 26 February 2007.

2. The persons who as at 31 October 2007 are registered on the list of organised trading systems and who have not issued the notification provided by the regulations issued by Consob pursuant to Article 78 of the Consolidated Law, shall comply with the pre- and post-trade transparency requirements identified in the Consob Communication of 17 April 2003, adopted with resolution No.14035.

3. The authorised persons shall comply with the obligations referred to in Article 26 by ....

Rome,  
The Minister