

Regulations for the management of the liquidity available on the Treasury Account held at Bank of Italy for treasury purposes and similar accounts and for the selection of the counterparties participating in the operations.



The Minister of Economy and Finance

GIVEN the D.P.R. no. 398 of 30 December 2003, concerning the consolidated act of legislative dispositions and regulations in matters of public debt (hereinafter “Consolidated Act”), and in particular article 3;

GIVEN, in particular, the article 5, paragraph 5, of the Consolidated Act, as amended by article 47, paragraph 1, of Law no. 196 of 31 December 2009;

GIVEN the second sentence of the aforementioned article 5, paragraph 5, of the Consolidated Act, which establishes that the procedures for liquidity management transactions and selection of counterparties admitted to the operations are established by a Minister’s decree, based on criteria of transparency, efficiency and competitiveness;

GIVEN the agreement (hereinafter “Agreement”) between the Ministry of Economy and Finance (hereinafter “Ministry”) and the Bank of Italy (hereinafter “Bank”) of 22 March 2011 regarding the management of the Treasury Account held at Bank of Italy for treasury purposes and similar accounts (hereinafter “Account”) approved by the Minister’s Decree of 29 July 2011;

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Article 1

Scope

1. The present decree regulates the procedures in order to manage the liquidity held on the Account and the selection of the counterparties with which the transactions on the financial markets will be conducted.

Article 2

Liquidity management transactions

1. The Account is managed through funding or investment operations held on the money market as well as through other transactions in use in financial markets.

2. The Ministry also has the possibility to invest the liquidity available on the Account, in tied deposits with fixed maturity, according to the conditions disciplined by article 6 of the Agreement.

3. With the abovementioned transactions, the Ministry pursues the aim of maintaining the daily balance of the Account at a value close to the level determined in article 2, paragraph 2, of the Agreement. The Ministry retains, however, the right to suspend the operations, as per article 8 of the Agreement.

4. The technical details regarding the transactions mentioned in the preceding paragraphs 1 and 2 are defined in the special protocol between the Bank and the Ministry, mentioned in article 5, paragraph 5, of the Agreement and in the implementation measures mentioned in the following article 6, paragraph 2.

Article 3

Implementation of liquidity management transactions

1. The transactions mentioned in the preceding article 2, paragraph 1, can be carried out through auction or bilateral trade in any business day in which the TARGET2 gross settlement system (hereinafter “TARGET2”) is operational and they will, usually, have a maturity of one business day (so-called “overnight” maturity).
2. The transactions mentioned in the preceding paragraph are held by the Bank and do not entail fees or commissions to be charged to the Ministry.
3. The Ministry can also hold transactions on its own via bilateral negotiations. In order to coordinate all the transactions, the Ministry informs the Bank beforehand of the activity. The Ministry also provides the details of the executed transactions to the Bank, which will manage their settlement via TARGET2.

Article 4

Counterparties admitted to the transactions

1. Specialists in Government bonds – as defined in articles 23 and 28 of the Ministerial Decree no. 216 of 22 December 2009, as amended – as well as the counterparties belonging to the same corporate group as the Specialist, can participate in the transactions mentioned in the preceding article 2, paragraph 1.
2. Other counterparties selected by the Ministry on the basis of structural and trustworthiness criteria – which include credit standing and capitalization and any other criteria useful to guarantee the efficiency of the transactions – may also be admitted to the transactions mentioned in the preceding paragraph.
3. The Bank may request counterparties to draw up and respect special technical agreements, to participate in the auctions.
4. Transactions via bilateral trade, mentioned in the preceding article 3, can be carried out with the counterparties mentioned in the preceding paragraphs 1 and 2, as well as with authorities or public bodies which manage the liquidity of European Union Member States and with the institutions established for the safeguard of the Euro Area stability acknowledged by the Italian Republic.
5. The list of the counterparties mentioned in the present article is public and is managed by the Ministry, which informs the Bank beforehand of its updating.

Article 5

Credit risk in liquidity investment transactions

1. Credit risk management, in liquidity investment transactions, is ensured by credit limits – assigned by the Ministry to each counterparty – or by the request of financial instruments as a guarantee to the transactions (so-called “collateral”).

2. With a later Ministerial decree the categories of financial activities that will be accepted as collateral in investment transactions with the counterparties and the criteria for the management of guarantees will be determined.
3. The operational management of credit lines and collateral is entrusted to the Bank of Italy.

Article 6

Disposition of liquidity management transactions

1. The financial transactions mentioned in the present decree are ordered by the Director General of the Treasury or, by delegation, by the Head of the Public Debt Management.
2. For the implementation of the present decree, the Ministry adopts directives in which the technical details regarding the operational procedures, the participation of counterparties and the accounting of the transactions mentioned in the preceding article 2 are defined.

Article 7

Final provisions

1. The present decree is effective for all purposes from the date of entry into force of the Agreement. From that date, the decree of the Minister of Economy and Finance no. 83002 of 30 December 2005, concerning “Discipline of financial transactions borne on the Treasury Account held at Bank of Italy for treasury purposes”, is abrogated.
2. The present decree will be sent to the controlling body as per current legislation and will be published in the Official Gazette of the Italian Republic.

Rome, October 25th 2011

THE MINISTER

This translation into English is intended solely as a convenience to the English-reading public. The only official version is the Italian one, as published in the Official Gazette of the Italian Republic.