

DECREE OF THE PRESIDENT OF THE REPUBLIC OF 30 DECEMBER 2003 n. 398
(published in the Official Gazette of 9/3/2004, Supplement ordinary n. 37)

Consolidated Act of the regulations and legislative provisions regarding public debt

Amendments introduced by Article 387 of the budget law 2015
(Stability Law 2015)

(published in the Official Gazette of 29/12/2014, Supplement ordinary n. 99)

Updated to January, 1st 2015

ITEM III
Sinking fund

Section I

FUNDAMENTAL PROVISIONS

Art.44 (L)

Government bond sinking fund

1. On a basis consistent with the European Central Bank's monetary-policy guidelines, the account titled Government bond sinking fund set up at the Bank of Italy, is transferred, along with the related balances, to the Cassa Depositi e Prestiti S.p.A., subject to the signing of a special agreement with the Ministry. The conditions for maintaining the account and the means for purpose of reducing, according to the means provided by this consolidated act, the aggregate of government securities outstanding.³² (L)
2. The administration of the fund, in accordance with paragraph 1, is assigned to the Minister, assisted by a consultative committee composed of:
 - a) the General Director of the Treasury, who presides;
 - b) the State Paymaster-General;
 - c) the Director of State Revenues;
 - d) the Director of State Property. (L)
3. The Minister presents an annual report to Parliament on the administration of the fund together with the final accounts. The provisions of Law no.1041, of November 25, 1971, and subsequent modifications, do not apply to the administration of the fund. (L)

Art.45 (L)

Contributions to the fund

1. The following are conferred to the fund:

- a) Government bonds, established by Ministerial Decree that defines the category and modality therein implied, returned by the purchasers as payment due for the sale of real estate, that is, State-owned, whose disinvestment is provided in accordance with current regulations;
 - b) other proceeds arising from the sale of State holdings; from such proceeds are always excluded the real estate disinvestments pursuant to paragraphs 86 to 109 of art.3, of Law no. 662, of December 23, 1996;
 - c) the receipts deriving from extraordinary Government taxes, within the limits established by the respective legislative provisions;
 - d) any appropriation by the Minister;
 - e) the proceeds arising from donations or testamentary provisions, but in any case, destined for the purpose of the fund;
 - f) the proceeds deriving from the sale of investments or real estate confiscated by the judiciary and corresponding to sums illegally extracted from the public administration;
 - g) the sum, up to a maximum of 15.493.706.973 euro (30.000 billion lire), on the authority pursuant to art.3, paragraph 5, of Law no. 539, of December 24, 1993. (L)
2. The sums relative to the contributions pursuant to paragraph 1, flow to the appropriate revenue chapter of the State budget, to be then reassigned to the proper provisional budget item of the Ministry in order to be conveyed to the fund.
3. The Minister has the authority to present, by proper Decree, the necessary changes to the budget. (L)

Art.46 (L)

*Criteria and modalities for the utilization of the fund*³³

1. The fund makes use of the contributions pursuant to art.45:
- a) in the case provided for by letter a) of art.45, for the equivalent reduction of the outstanding Government bonds equal to their nominal value;
 - b) with reference to letters b), c), d), e), f), and g), of art.45, in the purchase of Government bonds, or the reimbursement of bonds maturing after January 1, 1995, as well as for the purchase of shares

³² Paragraph thus substituted by paragraph 387,lett.d) of art. 1, Law of 23 December 2014, no. 190

³³ Heading thus amended by paragraph 387,lett.e), n1 of art. 1, Law of 23 December 2014, n

owned by companies of which the Treasury is the only share-holder, for the purpose of their disinvestment. (L)

2. The buying operations pursuant to paragraph 1 are carried out through the Bank of Italy or by other certified intermediaries.³⁴(L)

2-bis. Minister's decrees will establish the modalities to utilize the fund.³⁵ (L)

3. The provisions of art.5, paragraph 6, are applied to the balances of the fund.³⁶ (L) .

4. [...] (L)³⁷

Art.47 (L)

Discharge of bonds held in the fund

1. The Government bonds conferred to the fund or purchased by itself, cannot be redeemed or traded and are aimed at reducing the amount of the debt. (L)

2. The bonds still outstanding in paper form are sent to the Directorate that provides for their subsequent annulment. (L)

Section II

PROCEDURAL PROVISIONS

Art.48³⁸ (R)

Utilization of the fund

1. The utilisation of the sums available in the fund is provided by the issuance of acts and dispositions of the General Director of the Treasury, or, by delegation, by the Head of public debt for the following purposes:

a)Purchase of outstanding Government bonds;

b)reimbursement of maturing Government bonds;

c)purchase of shares held by companies in which the Ministry is the only shareholder, for the purpose of their disinvestment. (R)

2. Purchases pursuant to letter a) of paragraph 1, can be carried out in the following ways:

a)by charge, conferred by the General Director of the Treasury, or by delegation by the Head of public debt, to the Bank of Italy or other selected intermediaries, for bonds issued on the domestic market amongst the Specialists in Government bonds in accordance with art.33, indicating the maximum price acceptable;

b)by competitive bidding auction limited to the Specialists in Government bonds in accordance with letters a), who operate either for themselves or for their clients. (R)

3. The costs of the purchasing operations pursuant to the preceding paragraph are met by monies in the fund. The aforesaid costs include the value of the bond, any additional costs and charges, and also any accrued interest due on the coupon. (R)

4. The consequent relationship between the Ministry, the Bank of Italy or the selected intermediaries, is governed by specific agreements. (R)

³⁴ Paragraph thus amended by paragraph 387,lett.e), n2 of art. 1, Law of 23 December 2014, no. 190

³⁵ Paragraph thus added by paragraph 387,lett.e), n3 of art. 1, Law of 23 December 2014, no. 190

³⁶Paragraph first substituted by paragraph 4 of article 47 of Law no. 196 of 31 December 2009, as of 1 January 2010, abiding the dispositions of paragraph 6 of article 52 of the same law and then thus substituted by paragraph 387,lett.e), n4 of art. 1, Law of 23 December 2014, no. 190

³⁷Paragraph repealed by paragraph 387,lett.e), n5 of art. 1, Law of 23 December 2014, no. 190

³⁸For the repeal of the present article see paragraph 388 of art. 1, Law of 23 December 2014, no. 190

5. In the event provided for by paragraph 1, letters a) and b), the General Director of the Treasury, or by delegation, the Head of public debt, communicates each time to the Bank of Italy, the total amount and type of Government bonds he intends to reimburse or buy utilizing the fund³⁹. (R)

6. (R)⁴⁰

Art.49⁴¹ (R)

Duties of the Bank of Italy and of the appointed intermediaries

1. In the event that the bonds purchased were issued on the domestic market, the Bank of Italy notifies Monte Titoli S.p.A. in order to cancel the said bonds by the appropriate entry in the centralised accounts and notifies these charges to the Directorate. Each of the operations shows the nominal value, interest and any costs. (R)

2. In the event that the bonds purchased are loans issued on the international markets, the Bank of Italy or the appointed intermediaries duly notify the total amount and types of bonds, to the Directorate. If the bond has the complete document of title, the Directorate sees to the release of a new complete certificate, upon receipt of the old, duly annulled. (R)

Art.50⁴² (R)

Specifics of the appointment of the Bank of Italy and the intermediaries

1. The appointment provided for by art.48, paragraph 2, letter a), must specify:

a) the type of bond in question and the total amount that can be repurchased;

b) the period of time in which purchases can be carried out;

c) the limits of the regulation;

d) the maximum price acceptable for each bond;

e) the payment due to the Bank of Italy or to the other intermediaries for the service rendered. (R)

2. In every case, the Ministry reserves the right to review the maximum price pursuant to point d), if the market conditions should change significantly during the purchasing period. (R)

Art.51⁴³ (R)

Auction procedure

1. The auction by competitive bidding, pursuant to art.48, paragraph 2, letter b), limited to the Specialists, is administered by the Bank of Italy. The auction processes are carried out in the presence of an officer of the Ministry with notarial powers, who sees to the compilation of an appropriate report wherein are indicated the prices adjudicated. (R)

2. The Treasury communicates the date and auction procedure, as well as the type of bonds that can be purchased. (R)

3. Offers considered inappropriate are not accepted. (R)

³⁹Paragraph thus amended by paragraph 387,lett.f), n1 of art. 1, Law of 23 December 2014, no. 190

⁴⁰Paragraph repealed by paragraph 387,lett.f), n2 of art. 1, Law of 23 December 2014, no. 190

⁴¹ For the repeal of the present article see paragraph 388 of art. 1, Law of 23 December 2014, no. 190

⁴² For the repeal of the present article see paragraph 388 of art. 1, Law of 23 December 2014, no. 190

⁴³ For the repeal of the present article see paragraph 388 of art. 1, Law of 23 December 2014, no. 190

Art.52⁴⁴ (R)

Duties subsequent to auction

1. As soon as the auction has finished, the type and amount of Government bonds actually withdrawn from the market is ascertained, by proper Decree, also specifying the relative coupons. (R)
2. The Government bonds withdrawn from the market, through the procedures indicated in the preceding articles, are communicated to the Directorate that adopts measures to:
 - a) reduce the amount of debt by the amount of the corresponding nominal value of the said bonds;
 - b) enter the consequent modifications in the corresponding budget lines, for that regarding interest forecasts, and also that for reimbursement at maturity. (R)

⁴⁴ For the repeal of the present article see paragraph 388 of art. 1, Law of 23 December 2014, no. 190