



Acceptance by CONSOB on 19 March 2009

ACCEPTED MARKET PRACTICES

Liquidity Enhancement Agreements and Purchase of own shares to set up a shares warehouse position

Accepted market practice n. 1

Liquidity Enhancement Agreements

Description of the practice

Definitions

1. For the purposes of this practice the following definitions shall apply:
 - a) **Financial Instruments:** shares or units of closed-end funds of the Interested Party admitted to trading on regulated markets in Italy or other European Union countries;
 - b) **Interested Party:** the issuer of the shares referred to under letter a) above or any other party in control relationships with said issuer and authorised by the issuer itself to subscribe the Contract, or an asset management company which manages the closed-end funds referred to under letter a) above;
 - c) **Financial Intermediary:** the intermediary authorised to provide the investment services and activities referred to under Article 1, paragraphs 5a), 5b), 5d) and 5e) of Legislative Decree no. 58/1998 (Italian Consolidated Law on Finance) who subscribes the Contract;
 - d) **Contract:** the liquidity enhancement agreement between the Interested Party and the Financial Intermediary relating to the Financial Instruments;
 - e) **Activity carried out with risk to the Interested Party:** liquidity enhancing activity carried out by the Financial Intermediary upon assignment by the Interested Party in the case where the economic effects of the trading activities carried out in execution of the Contract apply to the Interested Party;
 - f) **Activity carried out with risk to the Financial Intermediary:** liquidity enhancing activity carried out by the Financial Intermediary upon assignment by the Interested Party in the case where the economic effects of the trading activities carried out in execution of the Contract apply to the Financial Intermediary;
 - g) **Market:** regulated market or multilateral trading facility (MTF) where the activity is carried out.

The Contract

2. This practice allows an Interested Party to enter into a Contract with a Financial Intermediary in order to enhance for a specified period of time the Market liquidity of the Financial Instruments thereby favouring regular trading activity and avoiding price fluctuations which are not in line with the market trend.
3. The Financial Intermediary shall directly enter the orders into the Market. If the Financial Intermediary is not a member of the Market, it shall specify in the Contract the intermediary through which it intends to enter orders into the Market. This intermediary shall, in turn, directly enter the orders into the Market. In such a case the Financial Intermediary can appoint only one delegated intermediary for each Market.
4. The relationship between the Interested Party and the Financial Intermediary shall be formalised in



the Contract, which shall be in written form. The Interested Party may enter into only one Contract for each Financial Instrument.

5. The Contract may provide that the activity is carried out with risk to the Interested Party or with risk to the Financial Intermediary. In both cases the Financial Instruments or cash used may be property of the Interested Party, the Financial Intermediary or third parties.

6. The Financial Intermediary shall keep separate records of all the information regarding the orders placed or entered into the Market, the related transactions, and, if the activity is carried out with risk to the Interested Party, regarding the cash movements related to said activity, and shall also identify, through any verifiable means, the relevant Financial Instruments or, in alternative, hold them in a separate account for the purposes of said identification.

7. The Contract shall establish the maximum limits for the positions that can be opened on the buy or on the sell side (without considering the positions already held when the activity started); these limits shall be proportionate to the purposes of the Contract and in any case for each Market no higher than 2% of the Financial Instruments being issued. Considering all Markets, these limits shall not exceed 2% of the Financial Instruments being issued. The Contract can establish that these limits can be exceeded in the exceptional cases indicated below under paragraph no. 20, letter a) and letter c). The above-mentioned percentage is calculated when the activity started and it is updated at the beginning of each subsequent quarter as well as when any significant change of the Financial Instruments issued occurs.

8. Financial Instruments purchased or made available to the Financial Intermediary by the Interested Party cannot be used in order to hold long-term shareholdings. Cash made available to the Financial Intermediary by the Interested Party can be transferred to the Interested Party only upon completion of the activity set forth in the Contract. Financial Instruments purchased or made available to the Financial Intermediary by the Interested Party cannot be allocated to other purposes before the completion of the activity set forth in the Contract. Article 132 of the Italian Consolidated Law on Finance applies.

9. Financial Instruments purchased (sold) in execution of the Contract (and therefore excepted those held when the Contract was signed) shall be sold (purchased) on the Market before the expiry date of the Contract, unless the Contract envisages the possibility to close those positions in a subsequent period, and provided that the conditions set forth by this practice are complied with. If the activity is carried out using Financial Instruments or cash made available to the Financial Intermediary by the Interested Party, the Contract may, as an alternative, allow the transfer of the above Financial Instruments or cash to another intermediary which has subscribed a new liquidity agreement. The Interested Party which intends to rescind the Contract before the expiry date shall give adequate advance notice of its intention to the Financial Intermediary, taking into account available information concerning the size of the positions opened by the Financial Intermediary and related Market liquidity.

Conditions of independence of the Financial Intermediary

10. The Financial Intermediary shall decide in an independent manner its trading activity on the Financial Instruments. The Interested Party cannot give any specific instructions on the trading activity, unless the instructions are given to comply with paragraph no. 21 below. The Financial Intermediary shall not be in control relationships with the Interested Party and it shall take trading decisions independently from any interest that the Interested Party or other parties in control relationships with the Interested Party have in relation to the price of the Financial Instruments.

11. The Financial Intermediary is required to adopt an organisational structure such that trading decisions concerning the activities regulated by this practice are independent from the interests related to investment services and activities it carried out and, in particular, independent from the orders to trade that it receives from clients or it places on behalf of clients (including possible orders to trade that the Financial Intermediary receives from the Interested Party beyond the relationship regulated by this practice) or on own account, and vice versa.

12. If the liquidity enhancing activity is carried out with risk to the Financial Intermediary, it may be performed in a way not segregated from the activity undertaken by the same Financial Intermediary in its capacity of specialist in the Financial Instruments on that Market and from those activities



indicated under paragraph no. 21 below (share buy-back programs carried out in compliance with the conditions set forth by Regulation EC no. 2273/2003 or by other accepted market practices). This is without prejudice to paragraph no. 6 above regarding the keeping of separate records of all the information thereof.

13. The business unit of the Financial Intermediary authorised to take trading decisions shall not receive any inside information from the Interested Party.

14. The remuneration methods of the Financial Intermediary shall be consistent with the purposes of the activity, shall not alter the effective exposure to risk of each party as defined in the Contract, and shall not provide incentives to the Financial Intermediary to influence prices or trades. As an example, the absence of maximum caps for fees related to each transaction and to the whole activity is not consistent with the above-mentioned purposes.

Conditions for trading

15. Enhancing liquidity involves engaging in trades on the Market with the level of continuity deemed necessary to favour regular trading activity and avoid price fluctuations which are not in line with market trend.

16. During the life of the Contract, the number of Financial Instruments purchased shall tend to be equal to the number of Financial Instruments sold. Therefore, the Financial Intermediary shall close the opened positions as soon as possible, i.e. avoiding to delay closing the opened positions, taking into account, among others, liquidity conditions of the Market and the difference between current prices and prices of the opened positions. All positions opened on a Market shall be closed on the same Market. Pre-arranged trades, i.e. matched orders of opposite signs with specific counterparties for predefined amounts and/or at predetermined prices, and off-market transactions (such as block trades) are not covered by this practice, thus they shall not be taken into account in order to quantify the opened positions and, for instance, they are not subject to trading conditions and disclosure requirements mentioned in this practice.

17. Buy orders shall be entered at a price not higher than the highest price between the last independent trade and the highest current independent bid on the Market where the buy orders are entered into.

18. Sell orders shall be entered at a price not lower than the lowest price between the last independent trade and the lowest current independent ask on the Market where the sell orders are entered into.

19. For the purposes of the application of paragraphs no. 17 and no. 18 above, orders to trade entered into the Market and transactions carried out on the Market by the Financial Intermediary outside the liquidity enhancement activity are deemed as “independent” where the independence conditions set forth in paragraphs no. 10, no. 11, no. 13 and no. 14 above are complied with. The trading orders entered and the transactions carried out by the Financial Intermediary in its capacity of specialist in the Financial Instruments, if this activity is carried out in a not separated way, or in the performance of those activities carried out as intermediary assigned to coordinate the share buy-back programme in compliance with the provisions of Regulation EC no. 2273/2003 or of other accepted market practices, are not deemed as “independent”.

20. The number of Financial Instruments purchased (sold) on the Market in one trading day shall not exceed 25% of the average daily volume of Financial Instruments traded on the same Market in the previous 20 trading days. The 25% limit can be exceeded in the following cases:

- a) in specific and exceptional days, for the sole purpose of enhancing liquidity, in order to face the existence of an extraordinary pressure on the Financial Instruments from the buy side or from the sell side;
- b) during a short period, where conditions of extreme low liquidity on the Market exist; in this case the 50% limit of the above-mentioned average daily volume cannot be exceeded;
- c) in presence of general market conditions characterised by high price volatility due to exceptional events, for a limited period of time set out by a Consob’s resolution.

21. If a share buy-back programme is in force, involving the purchase of own shares in compliance with



the provisions of Regulation EC no. 2273/2003 or of any other accepted market practices, the number of Financial Instruments purchased by the Financial Intermediary to be considered for the purpose of the limits set forth in paragraph no. 20 above shall include the Financial Instruments purchased by the Interested Party during such buy-back programmes. To this end, the Interested Party provides the Financial Intermediary with the necessary instructions before starting the trading activity on the Market.

22. During the auction phases, and particularly during the closing auction, the Financial Intermediary shall pay attention to ensure that its orders do not have a material influence on the share price.

23. The Financial Intermediary shall not operate:

- in case of IPOs or secondary offerings, in the periods referred to in Article 8(2) and 8(3) of Regulation EC no. 2273/2003 during which the stabilisation activity can be carried out;

- in case of public offers to buy and/or exchange, from the date of the announcement of the offer to the conclusion of the acceptance period; the Financial Intermediary is allowed to accept the offer by selling the Financial Instruments purchased during the activity.

Disclosure of the Contract and trading activity

24. When entering into the Contract, the Interested Party shall disclose without delay to the public the followings:

- the fact that the Contract has been entered into;
- the starting date of the liquidity enhancement activity;
- the identification details of the Financial Intermediary and, if the Market rules make available to the Market members the identifying code of the intermediary which enters orders to trade into the trading book, the identification details of any other intermediary that is a member of the Market and has been appointed by the Financial Intermediary to execute transactions on the Market;
- the Markets on which the activity will be carried out;
- if the activity is carried out with risk to the Interested Party,
 - a) the number of Financial Instruments and/or the amount of cash made available to the Financial Intermediary by the Interested Party;
 - b) the maximum limits for the opened positions set forth in paragraph no. 7 above;
- any other relevant condition set out in the Contract (it is not required to specify the economic terms and conditions and the duration of the activity).

25. Any change to the information disclosed pursuant to paragraph no. 24 above shall be disclosed without delay to the public.

26. In case of activity carried out with Financial Instruments owned by the Interested Party, the Financial Intermediary shall establish procedures for the immediate disclosure to the Interested Party of the transactions carried out, in order to allow the Interested Party to fulfil disclosure obligations to the public and to Consob according to regulations in force.

27. In cases, other than those mentioned in paragraph no. 26 above, where the activity is carried out with risk to the Interested Party, the Financial Intermediary shall report to the Interested Party within 15 days from the end of each quarter information on the number and value of Financial Instruments purchased and/or sold during the quarter on each Market as well as the number of Financial Instruments which represented the overall open position at the beginning and at the end of the quarter in each Market. The Interested Party shall publish the information received without delay.

28. The information pursuant to paragraphs no. 24, no. 25 and no. 27 above shall be disclosed to the public using the methods set forth for the dissemination of inside information.

29. The Contract shall be filed to Consob without delay, also in case of any amendment thereto. At the same time the Interested Party notifies the Market management company of the duration of the



Contract, the identity of the possible other intermediary appointed by the Financial Intermediary to execute transactions on the Market, and the maximum limits indicated in paragraph no. 7 above for the positions that can be opened on the buy or on the sell side.

Rationale for why the practice would constitute market manipulation

The liquidity enhancement activity could give misleading signals to market participants. The reduction of price movements due to the liquidity enhancement activity could lead to artificial price levels.

This practice cannot benefit from the exemption from the prohibitions of market abuse pursuant to Article 8 of Directive 2003/6/EC since its objective does not meet the conditions set forth by Regulation EC no. 2273/2003.

Factors to be taken into account when considering market practice

Commission Directive 2004/72/EC Article 2

Non-exhaustive list of factors to be taken into account by the Competent Authorities when assessing particular practices, whether they occur on a regulated market or on an OTC market

- The level of transparency of the relevant market practice to the whole market (art. 2(1)(a))

Transparency of market practices by market participants is crucial for considering whether a particular market practice can be accepted by competent authorities. The less transparent a practice is, the more likely it is not to be accepted. However, practices on non regulated markets might for structural reasons be less transparent than similar practices on regulated markets. Such practices should not be in themselves considered as unacceptable by competent authorities (preamble 2).

Consob's conclusion

In addition to the obligations set forth by current regulations, the Interested Party shall ensure appropriate transparency, through the methods set forth for the disclosure of inside information, in relation to the key terms of the Contract and any amendment thereto.

Moreover, on a quarterly basis the Interested Party shall publish, using the same modalities indicated above, the information received from the Financial Intermediary on transactions carried out during the relevant quarter.

The Contract shall also be transmitted to Consob without delay.

- The need to safeguard the operation of market forces and the proper interplay of the forces of supply and demand (art. 2(1)(b)).

Market practices inhibiting the interaction of supply and demand by limiting the opportunities for other market participants to respond to transactions can create higher risks for market integrity and are, therefore, less likely to be accepted by competent authorities (preamble 1).

Consob's conclusion

This practice does not impede the normal interaction of demand and supply. Transactions carried out by the Financial Intermediary under this practice are reactions to orders which, considering the volumes and size of the market, create an imbalance between demand and supply.

The Contracts facilitate the interaction between demand and supply may also be a key factor in this interaction since they aim at enhancing liquidity for otherwise illiquid financial instruments, thereby favouring regular trading activity and avoiding price fluctuations which are not in line with the market trend.

- The degree to which the relevant market practice has an impact on market liquidity and efficiency (art. 2(1)(c)).



Market practices which enhance liquidity and efficiency are more likely to be accepted than those reducing them (preamble 1).

Consob's conclusion

The objective of this practice is specifically to improve market liquidity and efficiency.

- The degree to which the relevant practice takes into account the trading mechanism of the relevant market and enables market participants to react properly and in a timely manner to the new market situation created by the practice (art. 2(1)(d)).

Consob's conclusion

In the performance of liquidity enhancement activity, the Financial Intermediary must trade on markets in accordance with their trading rules and within the standard trading hours.

- The risk inherent in the relevant practice for the integrity of, directly or indirectly, related markets, whether regulated or not, in which the relevant financial instrument is traded within the whole Community (art. 2(1)(e)).

Particular market practices in a given market should not put at risk market integrity of other, directly or indirectly, related markets throughout the Community, whether those markets be regulated or not. Therefore, the higher the risk for market integrity on such a related market is within the Community, the less those practices are likely to be accepted by competent authorities (preamble 3).

Consob's conclusion

This practice sets forth various mechanisms to protect the integrity of the market. These mechanisms concern measures to ensure independence of the trading decisions and minimize conflicts of interest as well as provisions designed to avoid that trading activities carried out under this practice have undesired effects on prices.

The Contract establishes the independence of the Financial Intermediary vis-à-vis the Interested Party which shall not give to the Financial Intermediary any instructions to drive its decisions related to the buy or sale of the Financial Instruments. The trading decisions of the Financial Intermediary shall be taken independently from any interest that the Interested Party or other parties in control relationships with the Interested Party have in relation to the price of the Financial Instruments. The Financial Intermediary shall not belong to the same group of the Interested Party.

The Financial Intermediary shall adopt an organisational structure such that trading decisions concerning the activity regulated by this practice are independent from the interests related to investment services and activities carried out by the Financial Intermediary and, in particular, independent from the orders to trade that the Financial Intermediary receives from clients or places on behalf of clients (including possible orders to trade that the Financial Intermediary receives from the Interested Party beyond the relationship regulated by this practice) or on its own account, and vice-versa.

- The outcome of any investigation of the relevant market practice by any competent authority or other authority mentioned in Article 12, paragraph 1 of Directive 2003/6/EC, and in particular whether the relevant market practice breached rules or regulations designed to prevent market abuse, or codes of conduct, be it on the market in question or on directly or indirectly-related markets within the Community (art. 2(1)(f)).

Consob's conclusion

In Consob's experience, there have been no violations of market abuse regulation related to the liquidity enhancement activity carried out through independent intermediaries.

Similar practices have been accepted in other EU countries.



- The structural characteristics of the relevant market including whether it is regulated or not, the types of financial instrument traded and the type of market participants, including the extent of retail investors participation in the relevant market (art. 2(1)(g)).

Consob's conclusion

This practice concerns financial instruments traded on cash markets where retail investors involvement may be significant. Nevertheless, the involvement of retail investors does not represent a risk since this practice enables retail investors to buy and sell financial instruments under reasonable conditions of liquidity. This practice is therefore favourable to retail investors.

Overriding Principles

Overriding principles to be observed by Competent Authorities to ensure that accepted market practices do not undermine market integrity, while fostering innovation and the continued dynamic development of financial markets:

- new or emerging accepted market practices should not be assumed to be unacceptable by the Competent Authority simply because they have not been previously accepted by it;
- Practising fairness and efficiency by market participants is required in order not to create prejudice to normal market activity and market integrity.
- Competent Authorities should analyse the impact of the relevant market practice against the main market parameters such as weighted average price of a single session, daily closing price, specific market conditions, before carrying out the relevant market practice.

Consob's conclusion

Consob has analysed the impact of this practice against the main market parameters and, consequently, has made the liquidity enhancing activity subject to a set of trading requirements regarding the price and quantity of orders entered into the market by the Financial Intermediary.

Consob will monitor the transactions carried out under this new practice and will analyse their impact against the main market parameters.

In compliance with regulations, this practice is approved by Consob by resolution.

Accepted market practice n. 2

Purchase of own shares to set up a shares warehouse position

Description of the practice

Definitions

1. For the purposes of this practice the following definitions shall apply:

- a) **Shares:** the Issuer's shares admitted to trading on Italian or other EU countries regulated markets;
- b) **Issuer:** the issuer or its subsidiaries that buy the Shares;
- c) **Appointed Financial Intermediary:** the intermediary appointed by the Issuer to coordinate the Share buy-back programme fully independently from, and without being influenced by, the Issuer itself with regard to the exact timing of the purchases.

Purposes

2. This practice allows the Issuer, directly or indirectly, or the Appointed Financial Intermediary to buy Shares on regulated markets so that the Issuer can hold and use them for:

- a) the possible use of the Shares as a consideration in extraordinary transactions, including exchange of shareholdings, with other parties in the performance of transactions in the interest



of the Issuer itself;

- b) fulfillment of obligations deriving from programmes for allocation, free of charge or against payment, of Share-options or Shares to members of the board of directors, employees and consultants of the Issuer itself or to members of the board of directors, employees and consultants of subsidiary companies of the Issuer itself, and from programmes for free allocation of Shares to shareholders.

3. The purposes of this practice shall be consistent with the Issuer's envisaged plans.

4. If it is no longer necessary to hold the Shares, the Issuer may allocate the Shares:

- a) to one of the purposes set out in Article 3 of Regulation EC no. 2273/2003 (reducing the capital of the Issuer, meeting obligations arising from debt instruments convertible or exchangeable into equity instruments or from Share-option allocation programmes or other Share allocation programmes in favour of employees of the Issuer or any associated company);
- b) to another purpose covered by this practice or by another accepted market practice;
- c) to a sale not covered by this practice, which must be carried out minimising market impact having due regard to prevailing market conditions.

Trading requirements

5. With regard to the transactions carried out under this practice, the Issuer and the Appointed Financial Intermediary shall comply with the conditions and restrictions set forth in Articles 5 and 6 of Regulation EC no. 2273/2003

6. Sales of Shares allowed pursuant to Article 6, paragraph 3, letters a) and b), of Regulation EC no. 2273/2003 shall not, in any case, conflict with the purpose of increasing the amount of Shares to be allocated to the "warehouse" within the period established for the duration of the programme.

7. If a Share buy-back programme is in force, involving the purchase of own Shares in compliance with the provisions of Regulation EC no. 2273/2003 or of any other accepted market practices, the number of Shares purchased to be considered for the purposes of the quantitative limits set forth in paragraph no. 5 above shall include the Shares purchased under such buy-back programmes and other accepted market practices. To this end, the Issuer provides the Appointed Financial Intermediary, if any, with the necessary instructions before starting the relevant activities.

8. The number of Shares purchased can exceed the limits set forth in Articles 5 of Regulation EC no. 2273/2003 in case of general market conditions characterised by high price volatility due to exceptional events, for a limited period of time set out by a Consob's resolution.

Disclosure requirements

9. In relation to the transactions carried out under this practice, the Issuer shall comply with the disclosure obligations set forth in Article 4 of Regulation EC no. 2273/2003, specifying in the communiqué that must be disclosed to the public prior to the start of trading also the amount of Shares to be purchased for each of the purposes indicated in paragraph no. 2 above. Any change to the above-mentioned amount shall be disclosed to the public without delay.

10. The decision, specified in paragraph no. 4 above, to allocate the Shares purchased under this practice to other purposes must be disclosed to the public without delay.

11. The information that the Issuer must publish pursuant to paragraphs no. 9 and no. 10 above are disclosed to the public using the modalities set forth for the dissemination of inside information.

12. The Issuer and the Appointed Financial Intermediary shall exchange the information necessary for the fulfilment of the disclosure obligations set out in this practice.

13. The Issuer or the Appointed Financial Intermediary, if any, shall keep records of all the information regarding the orders placed or entered into the market, the transactions carried out and the purpose under this practice to which such orders and transactions refer.

Independence requirements



14. Purchases of Shares are carried out by the Issuer or by the Appointed Financial Intermediary. If the buy transactions are not carried out by an Appointed Financial Intermediary, the Issuer must adopt effective internal organisational measures which prevent the department responsible for trading decisions from having access to inside information.

Rationale for why the practice would constitute market manipulation

Transactions aimed at setting up a so called securities “warehouse position” could give misleading signals to market participants. In addition, the reduction of price movements due to the buy-back activities could lead to artificial price levels.

Factors to be taken into account when considering market practice

Commission Directive 2004/72/EC Article 2

Non-exhaustive list of factors to be taken into account by the Competent Authorities when assessing particular practices, whether they occur on a regulated market or on an OTC market

- The level of transparency of the relevant market practice to the whole market (art. 2(1)(a))

Transparency of market practices by market participants is crucial for considering whether a particular market practice can be accepted by competent authorities. The less transparent a practice is, the more likely it is not to be accepted. However, practices on non regulated markets might for structural reasons be less transparent than similar practices on regulated markets. Such practices should not be in themselves considered as unacceptable by competent authorities (preamble 2).

Consob’s conclusion

When buying Shares under this market practice, the Issuer must comply with the ex ante and periodic disclosure obligations set forth in Article 4 of Regulation EC no. 2273/2003. The decision, if any, to allocate the Shares purchased under this practice to a purpose other than those set forth in this practice shall be disclosed to the public without delay. The information that the Issuer must publish in compliance with this practice shall be disclosed to the public using the modalities set forth for the dissemination of inside information.

- The need to safeguard the operation of market forces and the proper interplay of the forces of supply and demand (art. 2(1)(b)).

Market practices inhibiting the interaction of supply and demand by limiting the opportunities for other market participants to respond to transactions can create higher risks for market integrity and are, therefore, less likely to be accepted by competent authorities (preamble 1).

Consob’s conclusion

The transactions carried out under this market practice are not aimed at impairing the interaction of the market forces. The data regarding the trades carried out are reported to Consob on a regular basis. In any case Consob can undertake any investigations deemed necessary to verify whether market manipulation activities are carried out.

- The degree to which the relevant market practice has an impact on market liquidity and efficiency (art. 2(1)(c)).

Market practices which enhance liquidity and efficiency are more likely to be accepted than those reducing them (preamble 1).

Consob’s conclusion

When buying Shares under this market practice, the Issuer must comply with the conditions concerning the traded volume set forth in Article 5, paragraph 2 of Regulation EC no. 2273/2003. This limit may be exceeded in case the requirements set forth in paragraph 3 of Article 5 of said EU Regulation are complied with or in case of general market conditions characterised by high price volatility due to exceptional events, for a limited period of time set out by a Consob’s resolution.



- The degree to which the relevant practice takes into account the trading mechanism of the relevant market and enables market participants to react properly and in a timely manner to the new market situation created by the practice (art. 2(1)(d)).

Consob's conclusion

The transactions are carried out on regulated markets during the standard trading hours.

- The risk inherent in the relevant practice for the integrity of directly or indirectly-related markets, whether regulated or not, in which the relevant financial instrument is traded within the whole Community (art. 2(1)(e)).

Particular market practices in a given market should not put at risk market integrity of other, directly or indirectly, related markets throughout the Community, whether those markets be regulated or not. Therefore, the higher the risk for market integrity on such a related market is within the Community, the less those practices are likely to be accepted by competent authorities (preamble 3).

Consob's conclusion

When buying Shares under this market practice, the Issuer must comply with the trading requirements and restrictions pursuant to Articles 5 and 6 of Regulation EC no. 2273/2003. These requirements ensure the protection of investors and the market integrity. Sales of Shares allowed under Article 6, paragraphs 3a) and 3b) of Regulation EC no. 2273/2003 may not, in any case, conflict with the purpose of increasing the amount of Shares to be allocated to the so called "warehouse" within the period established for the life of the programme.

- The outcome of any investigation of the relevant market practice by any competent authority and in particular whether the relevant market practice has contravened rules or regulations designed to prevent market abuse, or codes of conduct, be it on the market in question or on directly or indirectly-related markets within the Community (art. 2(1)(f)).

Consob's conclusion

There are no outcomes from investigations relating to the modalities of carrying out the activities under this practice showing breaches of market abuse regulations.

- The structural characteristics of the relevant market including whether it is regulated or not, the types of financial instruments traded and the type of market participants, including the extent of retail investors participation in the relevant market (art. 2(1)(g)).

Consob's conclusion

Trades are executed on a regulated markets. The conditions and restrictions which apply to this practice ensure the protection of investors on the relevant market.

Overriding Principles

Overriding principles to be observed by Competent Authorities to ensure that accepted market practices do not undermine market integrity, while fostering innovation and the continued dynamic development of financial markets:

- new or emerging accepted market practices should not be assumed to be unacceptable by the Competent Authority simply because they have not been previously accepted by it;
- Practising fairness and efficiency by market participants is required in order not to create prejudice to normal market activity and market integrity.
- Competent Authorities should analyse the impact of the relevant market practice against the main market parameters such as weighted average price of a single session, daily closing price, specific market conditions, before carrying out the relevant market practice.

Consob's conclusion



Consob has analysed the impact of this practice against the main market parameters and, consequently, has made the activity subject to a set of requirements.

Consob will monitor the transactions carried out under this new practice and will analyse their impact against the main market parameters.

In compliance with regulations, this practice is approved by Consob by resolution.