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Newsalert

Department of Finance and Regulated Entities
Securitisation provisions of the 2021 Budget Law

Law No. 178 of 30 December 2020, published in the Official Journal No. 322, Ordinary Supplement No. 46, of 30 December 2020 (the **"2021 Budget Law**"), has introduced, *inter alia*, certain amendments to the Italian securitisation law (Law No. 130 of 30 April 1999, "**Law 130**").

First, the scope of Law 130 is amended to provide that **SPVs may finance the acquisition of receivables by borrowing from third parties instead of issuing securities**. This amendment significantly broadens the ways in which SPVs can raise finance in line with what is provided for in other European jurisdictions, where securitisation SPVs can also raise finance through other bank debt instruments, such as loans.

In this case, references in Law 130 to securities should be to financings and references to security holders should be to creditors of payments due by the funded entity under such financings.

In light of this amendment, it seems that financings granted to the SPVs would be subject to the tax regime applicable to securities under Legislative Decree No. 239 of April 1, 1996, which provides, *inter alia*, for a set of exemptions from the substitute tax on interest paid to non-resident, qualifying recipients.

A second amendment concerns **the extension of the segregation provided by the legislation to all sums paid by the assigned debtor(s) or "*however received in satisfaction of the assigned receivables***". The rule provides that all such sums are to be used exclusively, by the securitisation SPV, to satisfy the rights incorporated in the securities issued, by the same or by another company, or deriving from financing granted to the same by entities authorised to the activity of granting financing, to finance the purchase of such credits, as well as to pay the costs of the operation. (Article 1(214)).

The specification of the source of the sums intended to satisfy the incorporated rights ("*the sums ... however received in satisfaction of the assigned claims*") is intended to overcome the limitation imposed by the literal wording of Law 130 in referring only to the sums paid by the debtor(s).

Finally, the 2021 Budget Law clarifies the interpretation of the rules set forth in Article 7.1, paragraph 4, first sentence, of Law 130 on the securitisation of *non-performing* loans in order to **confirm the possibility for securitisation SPVs to acquire assets and contractual relationships also in the context of corporate transactions**.

Paragraph 4 of Article 7.1 recognises the possibility of establishing special purpose vehicles (the so-called ReoCos or LeaseCos) to directly acquire the real estate and other (registered) assets securing the relevant receivables, including property financed by leasing contracts, regardless of whether such contracts have been terminated, together with the related contractual rights.

In such respect, the 2021 Budget Law clarifies that this provision is to be interpreted in the sense that the acquisition by the ReoCos or LeaseCos does not necessarily have to take place through sale and purchase transactions, but may also be carried out through demergers or other aggregation transactions.

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LAW No 130 of 30 April 1999

Securitisation provisions.

1. Scope and Definitions

1. This Law applies to securitisation transactions carried out through the assignment for consideration of monetary receivables, existing and future, identifiable in block in the event of plurality of receivables, where the following requirements are met:

a) the assignee is a company referred to in Article 3 below; and

b) the amounts paid by the assigned debtor or debtors or otherwise received as repayment

of the assigned receivables are applied by the assignee only in satisfaction of the notes issued, by the assignee or by another company, or arising from loans granted to them by entities authorised to grant loans, to finance the acquisition of the receivables and to cover any transaction costs. In case of granting of loans, references in this law to the notes referred to in this law shall be made to the loans and references to the noteholders referred to in this law shall be made to the creditors of the payments due from the financed entities pursuant to such loans.

1-*bis*. This Law applies also to securitisation transactions carried out by way of subscription or purchase of bonds and similar securities or financial drafts (*cambiali finanziarie*) by the securitisation company, but excluding in all cases securities representing capital, hybrid and convertible securities. In the event of transactions carried out by way of subscription or purchase of securities, any reference to the assigned debtors shall be deemed a reference to the company issuing the notes. In the event that the notes issued by the securitisation company are to be acquired by qualified investors as defined in Article 100 of Legislative Decree No 58 of 24 February 1998, debt securities that are to be subscribed by a securitisation company may also be issued in derogation of the provisions of Article 2483, second paragraph, of the Civil Code, and the listing requirement provided by Article 2412 of the Civil Code shall be deemed satisfied in respect of bonds also in the event that only the notes issued by the securitisation company are listed.

1-*ter*. The securitisation companies referred to in Article 3, also at the same time and in addition to the operations carried out according to the paragraphs 1 and 1*bis* of this article or to paragraph 1, letter (a), of Article 7, may grant loans to any subjects other than individuals and enterprises with annual balance sheet total of less than euro 2 million directly or through a bank or financial intermediary registered in the register referred to in Article 106 of the consolidated act of laws on banking and financial activities, referred to in Legislative Decree No 385 of 1 September 1993, acting in its own name, subject to compliance with the following conditions:

a) the borrowers shall be identified by a bank or a financial intermediary registered in the register referred to in Article 106 of Legislative Decree No 385 of 1 September 1993, as subsequently amended, such bank or financial intermediary being entitled to carry out also the activities identified in Article 2, paragraph 3, part c);

b) the notes issued by such securitisation companies to finance the provision of fundings shall be intended for (*"riservati a"*) qualified investors as defined in Article 100 of Legislative Decree No 58 of 24 February 1998;

c) the bank or the financial intermediary referred to in letter a) shall retain a significant economic interest in the transaction, in accordance with the rules set out by the implementing provisions of the Bank of Italy;

1-*quater*. In the event that the financing referred to in paragraph 1-*ter* takes place through a bank or financial intermediary registered in the register referred to in Article 106 of the consolidated act of laws on banking and financial activities, referred to in Legislative Decree No 385 of 1 September 1993, Article 7, paragraph 2-*octies*, of this law shall also apply to the receivables arising from the same financing, the related collections and the proceeds deriving from the enforcement or realisation of the assets and rights which in any way constitute the guarantee of the repayment of such receivables.

2. In this Law any reference to the "consolidated banking act" shall be deemed a reference to Legislative Decree No 385 of 1 September 1993, as subsequently amended, which contains the consolidated act of laws on banking and financial activities.

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2. Programme of the transaction

1. The notes referred to in Article 1 are financial instruments which shall be subject to the provisions of Legislative Decree No 58 of 24 February 1998, which contains the consolidated act of laws on financial intermediaries.

2. The assignee or the issuer, where different, shall draw up the prospectus.

3. In the event that the notes issued in the context of securitisation transactions are offered to professional investors, the prospectus shall contain the following information:

a) the assignor, the assignee, the characteristics of the transaction, with regard to both the receivables and the notes issued to finance the transaction;

b) the entities responsible for the issue and the placement of the notes;

c) the entities responsible for the collection of the assigned receivables and for the cash management and payment services;

d) the conditions under which, for the benefit of the noteholders, the assignee is permitted to assign the purchased receivables;

e) the conditions under which the assignee may reinvest in other financial activities the proceeds resulting from the management of the assigned receivables which are not immediately used for the satisfaction of the noteholders rights;

f) any ancillary financial transactions carried out to ensure the successful outcome of the securitisation transaction;

g) the minimum essential information to be specified in the notes to be issued and the means by which the prospectus will be made available to the public in order to ensure easy awareness to the noteholders;

h) the costs of the transaction and the conditions under which the assignee may deduct such costs from the amounts received from the assigned debtor or debtors, as well as estimates of the transaction's profits and the beneficiary of such profits;

i) any corporate relationship existing between the assignor and the assignee;

i-bis) the subject set out in Article 7.1, paragraph 8.

4. In the event that the notes issued in the context of the securitisation transactions are offered to non-professional investors, the transaction must be rated by third party operators.

4-*bis*. In the event that the notes issued in the context of the securitisation transactions are intended for (*"riservati a"*) qualified investors as defined in Article 100 of Legislative Decree No 58 of 24 February 1998, the notes may be subscribed also by a single investor.

5. The National Commission for Companies and the Stock Exchange (CONSOB) shall determine, through its own regulation to be published in the Official Gazette, the professional requirements and the criteria to ensure the independence of the rating agents, as well as information on any relationships between such rating agents and the transaction parties, even if such evaluation is not compulsory.

6. The services indicated under paragraph 3 letter (c) of this article must be provided by banks or financial intermediaries registered in the register referred to in Article 106 of Legislative Decree No 385 of 1 September 1993. Other entities which intend to provide the services indicated under paragraph 3 (c) of this article must apply for the registration in the register referred to in Article 106 of Legislative Decree No 385 of 1 September 1993, even if they do not carry out the activities listed under paragraph 1 of such article but provided that they meet the relevant requirements specified therein.

6-*bis*. The entities referred to in paragraph 6 shall verify the compliance of the transactions with the law and the prospectus.

7. The prospectus shall be made available on demand to the noteholders.

3. Securitisation companies

1. The assignee, or the issuer where different, shall have the sole corporate object of carrying out one or more receivables securitisation transactions.

2. The receivables relating to each of the transactions (meaning both the receivables against the assigned debtor or debtors, and any other receivable accrued in the context of the transaction in favour of the company referred to in paragraph 1), the relevant collections and the financial assets purchased through such collections form separate assets from the assets of the company and from those relating to other transactions. On each separate asset no actions are permitted by creditors other than the holders of the notes issued in order to finance the purchase of the receivables.

2-*bis*. No actions by entities other than those referred to in paragraph 2 are permitted in respect of the accounts of the companies referred to in paragraph 1 opened either with the account bank or with the entities identified under Article 2, paragraph 3 (c), for the deposit of the amounts paid by the assigned debtors, as well as any other amount paid or otherwise belonging to the company pursuant to the ancillary activities performed under each securitisation transaction or otherwise pursuant to the transaction documents. Such amounts can be used by the companies referred to in paragraph 1 solely for the purpose of discharging the claims due to the entities referred to in paragraph 2 and the hedging counterparties of the hedging agreements aimed at hedging the risks related to the assigned receivables and the notes, as well as paying the other transaction costs. Should any of the proceedings referred to in Title IV of the consolidated banking act or any insolvency proceedings be commenced in respect of the custodian *(depositario)*, the amounts deposited in such accounts and those credited during the course of the relevant proceeding shall not be subject to any suspension of payments and shall be immediately and fully paid-back to the company without the need to file any petition (*domanda di ammissione al passivo o di rivendica*) and outside of the distribution plans or the sums repayment plans.

2-*ter*. In respect of the accounts opened by the entities performing the services specified under Article 2, paragraph 3, letter c) in the context of securitisation transactions, including upon delegation by the entities referred to in Article 2, paragraph 6, being the accounts for the deposit of the amounts collected on behalf of the companies referred to in paragraph 1 and paid by the assigned debtors, no actions by the creditors of such entities are permitted except in relation to the relevant exceeding amounts collected and due to the companies referred to in paragraph 1. Should any insolvency proceedings be commenced against such entities, the amounts deposited in such accounts and those credited during the course of the relevant proceeding shall be immediately and fully paid-back to the companies referred to in paragraph 1 in an amount equal to the sums which have been collected and are due to the companies referred to in paragraph 1, without the need to file any petition and outside of the distribution plans or the sums repayment plans.

3. The companies referred to in paragraph 1 shall be incorporated as stock companies (*società di capitali*). Without prejudice to any reporting obligations for statistical purposes, the Bank of Italy, on the basis of the deliberations of the CICR, may require additional reporting requirements from companies referred to in paragraph 1 relating to securitised receivables in order to register the debt exposure of the parties to which the receivables relate.

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4. Formalities and perfection of the assignment

1. The provisions of Article 58, paragraphs 2, 3 and 4 of the consolidated banking act shall apply to the assignment of receivables carried out under this Law. In relation to assignments – even not in block – regarding receivables referred to in Article 1 of Law No 52 of 21 February 1991, in order to achieve the effects referred to in paragraph 2 below, it is sufficient that the notice of the assignment published in the Official Gazette sets out the indication of the assignor, the assignee and the date of the assignment. If expressly agreed by the parties, such assignments may also be subject to Article 5, paragraphs 1, 1-*bis* and 2 of Law No 52 of 21 February 1991.

2. From the date of the publication of the notice of the assignment in the Official Gazette or from the date certain at law on which the purchase price has been paid, even in part, no actions are permitted in relation to the purchased receivables and the amounts paid by the assigned debtors other than in defence of the rights referred to in Article 1, paragraph 1, letter (b) above, and, in derogation from any other provisions, the relevant assigned debtors may not set-off the receivables purchased by the securitisation company with such debtors receivables *vis-à-vis* the assignor arisen after such date. From such date, the assignment of the receivables is enforceable in respect of:

a) any other assignee of the assignor, whose purchase of receivables has not been made enforceable vis-à-vis third parties on a prior date;

b) the creditors of the assignor who have not attached the receivable before the publication of the assignment.

2-*bis*. In case of assignment of receivables arising out of credit lines or other forms of revolving credit facilities, including those settled through a current account, the performance of the enforceability formalities provided for in this article triggers the effects set out herein, including in relation to all future receivables arising out of such agreements, upon condition that the agreements have been entered into prior to the date of performance of such formalities.

3. Articles 65 and 67 of Royal Decree No 267 of 16 March 1942, as subsequently amended, or, from the date of entry into force of Legislative Decree No 14 of 12 January 2019, Article 164, paragraph 1, and Article 166 of the same legislative decree, shall not apply to the payments made by the assigned debtors to the assignee.

4. For securitisation transactions governed by this Law the terms of two years and one year as provided for under Article 67 of Royal Decree No 267 of 16 March 1942, as subsequently

amended, or, from the date of entry into force of Legislative Decree No 14 of 12 January 2019, Article 164, paragraph 1, and Article 166 of the same legislative decree, are reduced to six months and three months, respectively.

4-*bis*. Articles 69 and 70 of Royal Decree No 2440 of 18 November 1923, as well as any other provisions of law requiring different or additional formalities to those set forth herein, shall not apply to assignments made in the context of securitisation transactions. In the event that the role referred to in Article 2, paragraph 3, letter c), is performed by, or transferred to, an entity other than the assignor, a notice shall be published in the Italian Official Gazette and delivered to the assigned public entity debtors by way of registered mail return receipt.

4-*ter*. In case of assignment of receivables arising out of credit lines or other forms of revolving credit facilities, including those settled through a current account, the right to enforce the assigned receivable shall be exercised by the assignee in accordance with the provisions of the relevant agreement or, in the absence of any agreement, by serving not less than a fifteen days prior notice. In the case of the assignment of receivables with the characteristics referred to in Article 7.1, paragraph 1 below, the assignor bank may also transfer to a bank or financial intermediary referred to in Article 106 of legislative decree No 385 of 1 September 1993, in accordance with Article 58 of the same legislative decree, the commitments or the faculty of disbursement deriving from the relevant credit facility agreement, separately from the account to which the credit facility is linked and maintaining the domiciliation of that account. As a result of the assignment, the collections recorded on this account continue to be charged to the debts arising from the credit facility agreements, even if they arise after the assignement, in accordance with the contractual procedures. Collections and the proceeds from the enforcement or realisation of assets and rights which in any way constitute a security for the repayment of such claims constitute segregated assets separated in all respects from those of the transferring bank domiciliary of the account and from those relating to other transactions. No actions on each of the segregated assets may be carried out by creditors other than the noteholders and, in their interest, by the company referred to in paragraph 1 of Article 3, or by the bank or finance company referred to in Article 106 of Legislative Decree No 385 of 1993, which are the assignees of the commitments or of the powers of disbursement except for the excess of the amounts collected and owed to such subjects. Provisions of Article 3, paragraphs 2 and 2-*bis* shall apply where appropriate.

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5. Notes issued against purchased receivables.

1. Articles 129 and 143 of the consolidated banking act shall apply to the notes issued by the assignee or the issuer in order to finance the purchase of the receivables.

2. The prohibition of collection of savings from the public provided for in Article 11, paragraph 2, of the consolidated banking act and the quantitative limits to collections as provided

for in current legislation shall not apply to issuances of the notes; moreover, Articles 2410 to 2420 of the Italian civil code shall not apply.

2-bis The notes issued in the context of the securitisation transactions referred to in Article 1, even if not intended to be traded on a regulated market or through multilateral trading facilities, and even if not rated by third party operators, constitute assets eligible in order to cover the technical reserves of insurance companies pursuant to Article 38 of Legislative Decree No 209 of 7 September 2005, as subsequently amended. Within 30 days from the entry into force of this provision, the Italian Authority for the Supervision of Insurance Companies (*Istituto per la Vigilanza sulle Assicurazioni* or *IVASS*) shall issue a regulation providing detailed rules as to the cover of the technical reserves by the above mentioned assets. Investment in the notes referred to in this paragraph is also compatible with the provisions currently in force regarding the limits of investments of pension funds.

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6. Tax and Accountancy Provisions.

1. For the purposes of the application of income tax, the notes referred to in Article 5 are subject to the same treatment applicable to bonds issued by joint stock companies whose shares are listed on a regulated Italian Stock Exchange and to similar securities, including the regime provided for under Legislative Decree No 239 of 1 April 1996.
2. In the event that the assignment relates to receivables arising out of the transactions referred to in Articles 15, 16 and 19 of Presidential Decree No 601 of 29 September 1973, then the tax benefits provided by the aforementioned Article 15 shall continue to apply.
3. The losses incurred in respect of each of the assigned assets, the guarantees granted in favour of the assignee and on the assets, other than those assigned, which are used as collateral for the securitisation transactions, as well as the reserves created in relation to the guarantees issued in favour of the assignee, can be allocated directly to capital reserves, provided that they relate to securitisation agreements entered into within two years of this Law coming into effect; such items shall be allocated in the income statement *pro-rata* in the financial year in which the depreciation or the reserves were recorded and in the four successive financial years. In respect of the securitisation transactions, any depreciation in value and the reserves not yet included in the income statement must be specified in the notes to the financial statements.
4. In the circumstances contemplated under paragraph 3 above, the depreciation of the assets referred to therein shall be included in the income for the relevant financial years as recorded in the income statement.
5. The loss of tax revenues as a result of the provisions of this article equal to ITL 300 million per annum from 1999 to 2005 will be compensated for in the years 1999, 2000 and 2001 by way of a reduction of the corresponding amount indicated for the State budget on the basis of the

same three-years financial statements within a specified account referred to as "Special Reserve" of the financial statements of The Ministry of Treasury for the financial year 1999.

6. The Minister of the Treasury, Budget and Economic Planning is authorised to make, by decree, the necessary budgetary changes.

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7. Other transactions.

1. The provisions of this Law shall apply, where appropriate:

a) to receivables securitisation transactions carried out by means of the granting of loans to the assignor by the securitisation company which issue the notes, the effect of which is the transfer of the risk inherent in the receivables to the extent agreed and upon the agreed terms;

b) to assignments to mutual investment funds, having as object receivables, established under Legislative Decree No 58 of 24 February 1998;

b-*bis*) to securitisations of revenues arising out of the ownership of immovable property, registered movable property, or rights *in rem* or *in personam* over any such property.

2. In case of transactions carried out through the granting of a loan, the references to the assignor and the assignee shall be deemed references to the borrower and the lender, respectively.

2-*bis*. In case of transactions carried out through assignment to a mutual investment fund, the services specified in Article 2, paragraph 3, letter *c)*, may be performed, as an alternative to the entities referred to in Article 2, paragraph 6, by the asset management company managing the fund. Articles 4 and 6, paragraph 2 hereof, as well as any remaining provisions of this Law, where appropriate, shall apply to the assignments of the receivables to the fund.

2-*ter*. The provisions of Article 5, paragraph 2-*bis*, shall apply, where appropriate, to the companies and entities mentioned therein for the purpose of the investment in the units of the funds referred to in Article 7, paragraph 2-*bis*.

2-*quater*. This Law applies also to the securitisation of receivables arising out of the granting of one or more loans by the company issuing the notes. In case of transactions carried out through the granting of loans, the references to the assignor and the assignee shall be deemed references to the borrower and to the lender, respectively, and the references to the assigned debtors shall be deemed references to the borrowers. The provisions of Articles 1, 2, 3, 5, 6 and 7 shall apply, where appropriate, to such transactions.

2-*quinquies*. From the date certain at law on which the loan relating to the securitisation transactions referred to in paragraph 2-*quater* above is provided, even if only in part, in relation

to the receivables and any sums paid by the debtors only actions aimed at protecting the rights referred to in Article 1, paragraph 1, letter b are permitted.

2-*sexies*. In the transactions referred to in paragraph 2-*quater* the notes issued by companies to finance the advance of the loans or the purchase of receivables shall be intended for (*"riservati a"*) qualified investors as referred to in Article 100 of Legislative Decree No 58 of 24 February 1998.

2-*septies*. In addition to the other obligations provided by this Law, the entities referred to in Article 2, paragraph 6, shall verify the accuracy of the transactions entered into pursuant to paragraph 2- *quater* and the compliance thereof with applicable regulation.

2-*octies*. The borrower who holds receivables that are the subject of securitisation under paragraph 1, letter a may allocate those receivables, and the rights and assets that in any way constitute security for the payment of those receivables, to the satisfaction of the securitisation company's rights or to other ends, and in doing so may also segregate those receivables, rights and assets, with the ability to grant a pledge over the aforementioned assets and rights that secure the receivables arising out of the loan granted by the securitisation company.

2-*novies*. The agreement made in relation to such a transaction may provide for an obligation upon the borrower to pay the securitisation company all of the amounts arising out of the securitised receivables, similarly to a transfer.

7.1. Securitisation of non-performing receivables by banks and financial intermediaries [33].

1. The assignments of receivables, which are defined as non-performing based on the provisions of the competent authorities, and which are assigned by banks and financial intermediaries enrolled with the register under Article 106 of the consolidated banking act and which have their registered office in Italy and, at the request of the debtor, carried out as part of transactions having a social value that provide for the leasing to the debtor, by the supporting vehicle company, of the property pledged as collateral for the assigned receivable,, are subject also to the present article.

2. The securitisation companies referred to in Article 3 that are assignees of receivables referred to in paragraph 1 can grant loans having the purpose of improving the recovery perspectives of such receivables and to support the return *in bonis* of the assigned debtor in compliance with the conditions provided for in Article 1, paragraph 1- *ter*.

3. In the context of economic and financial rebalancing plans (*piani di riequilibrio economico e finanziario*) agreed with the assignor, or of agreements executed under Articles 124, 160, 182-*bis*, and 186-*bis* of the Royal Decree 16 March 1942, No 267, and, from the date of

entry into force of Legislative Decree No 14 of 12 January 2019, under Articles 57, 60, 84, 85 and 240 of the same legislative decree or, of similar agreements or proceedings for the reorganization or restructuring provided for under other legal provisions, the securitisation companies referred to in Article 3 can purchase or underwrite shares, quotas and other securities, and other equity instruments deriving from the conversion of part of the receivables of the assignor, and grant loans with the purpose of improving the recovery perspectives of the assigned receivables and support the return *in bonis* of the assigned debtor. In this case the provisions of Articles 2467 and 2497-*quinquies* of the Italian civil code shall not apply. The amounts deriving in any way from such shares, quotas, and other securities and equity instruments are deemed to be, for the effects of this law, payments made by the assigned debtors and are destined exclusively to the satisfaction of the rights embedded in the issued securities and to the payment of the costs of the transaction [(34)]. The loan may also be granted to subjects which assume the liabilities of the assigned debtors or to parties with whom the same debtors have control or liaison relationships pursuant to Article 2359 of the Italian Civil Code.

4. One or more supporting vehicle company can be established, in the form of a stock company (*società di capitali*), having the exclusive corporate purpose of acquiring, managing and developing, in the exclusive interest of the securitisation transaction, directly or through one or more supporting vehicle company, authorised to take over, in whole or in part, the original debt, the registered movables and real estate properties, as well as the other goods and rights granted or constituted, in any form, as a collateral of the receivables which are the object of the securitisation, including the goods which are the object of financial lease agreements, even if terminated, even jointly with the relationships arising from such agreements, as the case may be. The transfer of such assets and rights may also take place pursuant to paragraphs 2 and 3 of Article 58 of the consolidated banking act, as well as paragraphs 4, 5 and 6 of the same article, even if it does not concern assets or legal relationships identifiable in block. The same procedures apply to transfers pursuant to paragraph 5 of this article. The amounts in any way deriving from the holding, managing, or disposal of such goods and rights, due by the vehicle company to the securitisation company referred to in Article 3, are deemed to be, for the effects of this law, payments made by the assigned debtors and are destined exclusively to the satisfaction of the rights embedded in the issued securities and to the payment of the costs of the transaction. [(35)]. The assets, rights and sums in any way deriving from the same, as well as any other rights acquired as part of the operation referred to in this paragraph, or in paragraph 5 below, constitute assets separate in all respects from those of the companies themselves and from those relating to other operations. No actions on the segregated assets may be carried out by creditors other than the securitisation company in the interest of the noteholders issued by the company for the securitisation of receivables.

4-*bis*. The registration, mortgage and cadastral taxes are applied at a fixed rate on the deeds and transactions relating to the transfer for any reason, including judicial or in the context of insolvency proceedings, of the assets and rights referred to in paragraphs 4 and 5, in favour of the supporting vehicle company, including any debt take over, and guarantees of any kind, by anyone and at any time granted, in favour of the securitisation company or other lender and in

relation to the securitisation transaction, with respect to the assets and rights acquired by the supporting vehicle companies pursuant to paragraph 4, any subrogation, deferral, splitting and cancellation, even partial, including the related credit assignments.

4-*ter*. The tax provisions applicable to companies carrying out financial leasing activities shall apply to the supporting vehicle company being the transferee of the leasing agreements and relationships and the assets deriving from such activity. Article 35, paragraph 10- *ter*.1, of Decree Law No 223 of 4 July 2006, converted, with amendments, by Law No 248 of 4 August 2006, shall apply to transfers of real estate object of leasing agreements anyway terminated by the user realised to and from the same company. For registrations in public registers and land registers made for any reason in relation to the assets and rights acquired by the supporting vehicle company, registration, mortgage and cadastral taxes are payable at a fixed rate.

4-*quater*. For what concerns deeds and measures involving the subsequent transfer, in favour of subjects carrying out business activities, of ownership or rights *in rem*, including rights of guarantee, on real estate purchased by the supporting vehicle companies in relation to the securitisation transaction, registration, mortgage and cadastral taxes are due at a fixed rate, under the condition that the purchaser declares in the relevant deed that he intends to transfer them within five years from the date of purchase. If this condition is not met within the following five years, registration, mortgage and cadastral taxes are payable by the purchaser at the ordinary measure and an administrative sanction of 30% shall apply, in addition to the default interest referred to in Article 55, paragraph 3, of the consolidated law on registration tax, approved by Presidential Decree No 131 of 26 April 1986. From the expiry of the five-year period, the term for the recovery of ordinary taxes by the tax authorities starts to run. This is without prejudice to the provisions of paragraph 5.

4-*quinquies*. The deeds and measures referred to in paragraph 4-*quater* issued in favour of subjects who do not carry on business activities are subject to registration, mortgage and cadastral taxes at a fixed rate of 200 euro each, provided that the conditions laid down in note II-*bis*) in Article 1 of the tariff, part one, attached to the consolidated law on registration tax, approved by Presidential Decree No 131 of 26 April 1986. In the event of a false declaration in the deed of purchase or resale within five years from the date of the deed, the provisions set out in that note shall apply.

5. In the case in which the assignment has as an object, jointly with the goods that are the object of financial leasing, also the relevant financial lease agreements, or the legal relationships arising from the termination of such agreements, the vehicle company referred to in paragraph 4 has to be consolidated in the balance sheet of a bank even if it does not belong to a banking group, and has to be incorporated for specific securitisation transactions and shall be wound up once the transaction is finished; the limitation of the corporate purpose, of the operational prospects and of the authorisation for indebtedness have to result from the applicable contractual provisions and the company's by-laws. The activities under the agreements and the financial lease relationships assigned pursuant to this article are conducted by the subject that renders the

services indicated in Article 2, paragraph 3, letter c), or by a subject authorised to perform the activity of financial lease, identified pursuant to paragraph 8 of this article. The tax provisions applying to the companies that perform a financial lease activity shall fully apply to the vehicle company which is the assignee of agreements and financial lease relationships and of the assets arising from such activity. The benefits originally foreseen in Article 35, paragraph 10-*ter*.1, of the law-decree of 4 July 2006, No 223, converted, with changes, by the law 4 August 2006, No 248., shall apply in full to the transfer of real estate properties made by the same company.

6. For the effects of Article 4, paragraph 2, the assignments made by banks and financial intermediaries pursuant to this article, that have as an object receivables not identified "in block" are published through the registration with the register of enterprises and publication in the Official Gazette of the notice of assignment, bearing indication of the assignor, the assignee, of the date of the assignment, of the general guidance information on the typology of relationships out of which the assigned receivables arise and on the period in which such relationships have arisen or shall arise, as well as of the Internet website where the assignor and the assignee will make available, until their extinction, the indicative data of the assigned receivables and the confirmation of the assignment to the assigned debtors that will request it. The effects indicated in Article 1264 of the Italian civil code are produced *vis-à-vis* the assigned debtors starting from the date of publication of the notice of assignment in the Official Gazette, and the privileges and the guarantees of any type granted by anybody or in any case existing in favour of the assignor, as well as the transcriptions (*trascrizioni*) in the public registers of the deeds of acquisition of the goods which are the object of financial leasing, included in the assignment, shall maintain their validity and their ranking for the benefit of the assignee, without any formality or annotation being necessary. The special regulations, even those on procedural matters, provided for the assigned receivables, shall remain applicable.

7. In the case set-out in paragraph 2, the management of the assigned receivables and of the loans granted by the securitisation company pursuant to Article 3 shall be entrusted to a bank or a financial intermediary enrolled with the register pursuant to Article 106 of the consolidated banking act.

8. In the case set out in paragraph 3, the securitisation company identifies a subject having the adequate competences and provided with the necessary qualifications or authorisations in compliance with the applicable law provisions, to whom, in the interest of the noteholders, the tasks of management or administration and representation power are conferred. Where the said subject is a bank, a financial intermediary pursuant to Article 106 of the consolidated banking act, an intermediary company (SIM) or an asset management company (SGR), the same subject will also verify the conformity of the activity and of the operations of the securitisation company pursuant to Article 3, to the law and to the prospectus.

8-*bis*. If the operation referred to in paragraph 1 has a social value by virtue of the participation of a social promotion association registered in the register for at least five years, or of a company or entity established by the same, which assists the future tenant in the stipulation of the lease agreement with the supporting vehicle company, the time limit referred to in the first period of

paragraph 4-*quater* is fifteen years from the date of purchase and in any case not less than the duration of the lease. The transferor, if any, to the support vehicle company is exempted from the delivery of the documents relating to urban planning and fiscal compliance, if within six months from the transfer, the preliminary inquiry procedure for the above-mentioned documents is started and the same procedure is concluded within the maximum limit of thirty-six months. The exemption is not extended to the subsequent sale made by the supporting vehicle company. In the case of a transfer made from 2020 onwards to the supporting vehicle company, the property is exempt from its own municipal tax if it continues to be used as the principal residence of the debtor of the assigned credit who possessed it before the transfer. The exemption does not apply to properties classified in cadastral categories A1, A8 and A9.

7.2. Securitisation of real estate assets and registered movable assets

1. Companies carrying out the transactions referred to in Article 7, paragraph 1, letter *b-bis* may not carry out securitisation transactions other than those referred to in Article 7, paragraph 1, letter *b-bis*. Obligations towards the noteholders, as well as any other creditor in the context of each securitisation transaction, shall be met only by means of the segregated asset with the assets and rights referred to in paragraph 2 of this article. The provisions of Article 7.1, paragraph 8, first sentence, shall apply to such transactions.

2. For each transaction the assets and rights intended to satisfy the rights of the noteholders and the counterparties to the derivative agreements for the purpose of hedging the risks inherent in the receivables and securities transferred shall be identified. The assets and rights identified, the sums deriving in any way from the same assets, as well as any other rights purchased as part of the securitisation transaction by the companies referred to in paragraph 1 constitute separate assets for all intents and purposes from those of the companies themselves and from those relating to other transactions. No actions on each segregated assets may be carried out by any creditor other than the holders of the notes issued by the companies or the lenders of the loans obtained by them or the counterparties to derivative agreements to hedge the risks inherent in the receivables and securities transferred.

7-*bis*. Covered bonds

1. The provisions contained in Article 3, paragraphs 2, 2-*bis*, 2-*ter* and 3, Article 4 and Article 6, paragraph 2, shall apply, save as otherwise provided for in paragraphs 2 and 3 below, to transactions involving the assignments of receivables arising out of "*fondiari*" mortgage loans and mortgage loans, of receivables *vis-à-vis* public entities or guaranteed by them, including those identifiable in block, as well as of notes issued in the context of securitisation transactions backed by receivables of the same nature, such assignments being made by banks to companies whose sole corporate purpose is the purchase of such receivables and notes by

means of loans granted or guaranteed even by the assigning banks, and the granting of a guarantee securing the bonds issued by the same or by other banks.

2. The receivables and the notes purchased by the company referred to in paragraph 1 above and the amounts paid by the relevant debtors are applied to discharge, also pursuant to Article 1180 of the Italian civil code, the rights of the holders of the bonds identified under paragraph 1 above and of the hedging counterparties of the hedging agreements aimed at hedging the risks associated with the assigned receivables and notes and of the other ancillary agreements, as well as to pay the costs of the transaction, in priority to the repayment of the loans referred to in paragraph 1 above.

3. The provisions set forth in Article 3, paragraph 2, and Article 4, paragraph 2, shall apply in favour of the entities referred to in paragraph 2 above. For such purposes, the reference to the noteholders shall be deemed references to the holders of the bonds referred to in paragraph 1 above.

4. Articles 69 and 70 of Royal Decree No 2440 of 18 November 1923 shall not apply to the assignments referred to in paragraph 1 above. In the event that the role referred to in Article 2, paragraph 3, letter c), is performed by, or transferred to, an entity other than the bank which has assigned the receivables, a notice shall be published in the Italian Official Gazette and delivered to the assigned public entity debtors by way of registered mail return receipt. Article 67, paragraph 4, of the Royal Decree No 267 of 16 March 1942, as subsequently amended, and, from the date of entry into force of legislative decree No 14 of 12 January 2019, paragraph 4 of article 166 of the same legislative decree shall apply to the loans granted in favour of the companies under paragraph 1 above and to the guarantee granted by such companies.

5. The Minister of economy and finance shall, by way of a regulation issued pursuant to law No 400 of 23 August 1988, in consultation with the Bank of Italy, adopt implementing regulations of this article, with particular regard to the maximum ratio between covered bonds and assigned assets, the type of the assigned assets and of those assets, having an equivalent risk profile, which can be used to combine them, as well as the characteristics of the guarantee referred to in paragraph 1 above.

6. Pursuant to Article 53 of the consolidated banking act, as subsequently amended, implementing regulations of this article shall be issued. These regulations shall also establish the requirements of the issuing banks, the criteria which shall be adopted for the evaluation of the assigned receivables and notes and the terms for the combination of the assigned assets, as well as the controls which the banks shall adopt in relation to the duties set out in this article also through auditors specifically appointed for such purpose.

7. Each and every tax and fiscal duty shall be due as if the transactions under paragraph 1 above did not occur and the assigned receivables and notes are recorded in the financial statements of the assignor bank, provided that the purchase price paid for the assigned receivables and notes is equal to the latest book value of such receivables and notes and the loan under paragraph 1 above is granted or guaranteed by the abovementioned assignor bank.

7-*ter*. Applicable rules.

1. The provisions of Articles 7-*bis*, paragraphs 5 and 6, shall apply to the creation of pools of segregated assets (*patrimoni separati*) comprised of receivables and notes referred to in Article 7-*bis* paragraph 1, and to the application of the proceeds arising therefrom, regulated by Article 2447-*bis* of the Italian civil code, in order to guarantee the rights of the holders of the bonds issued by banks pursuant to Article 7-*bis*, paragraph 1.

1-*bis*. The provisions providing for financial intermediaries under Title V of Legislative Decree No 385 of 1 September 1993 shall apply to the assignees referred to in Article 7-*bis*, subject to the limits established by a regulation issued by the Minister of Economy and Finance, in consultation with the Bank of Italy, pursuant to Article 17, paragraph 3, of Law No 400 of 23 August 1988.

7-*quater*. Assignment of additional receivables and notes.

1. Article 7-*bis*, paragraphs 1, 2, 3, 4, 5 and 7, and 7- *ter*, paragraph 1, and the provisions contained therein shall also apply to the transactions, governed therein, regarding bonds and similar securities or financial drafts (*cambiali finanziarie*), receivables secured by naval mortgage, receivables due by small and medium sized enterprises, receivables arising out of leasing or factoring agreements, as well as notes issued in the context of securitisation transactions involving receivables of the same kind. Such receivables and securities may also be assigned by companies belonging to a banking group.

2. The regulation referred to in Article 7-*bis*, paragraph 5, shall also set out rules for the implementation of this article with reference to the same provisions contained therein. The same regulation shall identify the categories of receivables or securities referred to in paragraph 1 to which the provisions of this article shall apply and, shall regulate the issue of the bonds referred to in this article, distinguishing them from the bonds issued under Article 7-*bis*.