

SECURING THE WHT EXEMPTION ON ITALIAN BONDS IN PRACTICE

Disclaimer: The statements herein are based on the laws and/or interpretations in force in Italy as of the date hereof and are subject to any changes in law or interpretations occurring after such date, which changes could be made on a retroactive basis. This memorandum is provided for information purposes only and cannot be relied upon in the decision to subscribe for, purchase, own or dispose of Italian Bonds and does not purport to deal with the tax consequences applicable to all categories of investors. Prospective purchasers of Italian issued bonds should consult their own tax advisers concerning the overall tax consequences of their ownership of the Bonds.

Note: the procedure to ensure gross payment on Italian Bonds is reliant on the proper clearance of the account where the relevant securities are held in custody. Prospective Noteholders who have already cleared their account status, as described in paragraph 5 below, in relation to prior Italian bond transactions would normally only be required to hold the Bonds in custody on the previously cleared account.

FOREWORD

1. Under Italian law ("**Decree 239/1996**") interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from Italian Bonds are subject to a **26% substitute tax** when received by, among others, non-Italian resident persons not acting through a permanent establishment in Italy.
2. The substitute tax applies not only upon **payment of the coupon**, but also upon **redemption and transfer of the Bonds**.
3. The substitute tax is applied by the Italian bank or other financial intermediary, or Italian permanent establishment of a foreign bank or financial intermediary, that intervenes in the payment of the relevant income.

ELIGIBLE GROSS RECIPIENTS

4. However, an **exemption** from the substitute tax applies provided that the relevant Noteholder, is:
- (a) the beneficial owner of the Interest and resident, for tax purposes, in a State or territory listed as allowing for an adequate exchange of information with Italy (the "**White List**", attached as Exhibit I); or
 - (b) an "institutional investor" – i.e., an entity whose activity consists in making or managing investments on its own behalf or on behalf of other persons – whether or not subject to tax, established in one of the States or territories included in the White List; or
 - (c) an international entity or organisations established in accordance with international agreements ratified in Italy; or
 - (d) a Central Bank or an entity which manages, *inter alia*, the official reserves of a State.

PROCEDURE: CLEARING THE RELEVANT CUSTODY ACCOUNT

5. In order to ensure gross payments, eligible non-resident investors must:
- (a) deposit, directly or indirectly, the Bonds with a resident bank or stock broker or a permanent establishment in Italy of a non-Italian resident bank or stock broker or with a non-Italian resident entity or company participating in a centralised securities management system which is connected, via data link, with the Italian Ministry of Economy and Finance; Euroclear and Clearstream are eligible entities for such purposes (all such entities are normally referred to as "**Second Level Bank**" or "**SLB**"); and
 - (b) file with the relevant custodian (i.e. their direct custody relationship, being referred to as "**First Level Bank**", that would, on its turn, hold the securities directly or indirectly with the Second Level Bank), preferably prior to or concurrently with the deposit of the Bonds (and, in any event, before any taxable event), a self-statement¹, which remains valid indefinitely until withdrawn or revoked, whose sample is attached as Exhibit II. The boxes highlighted in red refer to old legislation and may be ignored.

¹ The statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, official reserves.

Explanatory notes detailing all the relevant fields available at:
http://www.dt.mef.gov.it/export/sites/sitodt/modules/documenti_en/debito_pubblico/titoli_di_stato/instruction.pdf .

(c) Failure of a non-Italian resident Noteholder to comply in due time with all the procedures described above will result in the application of substitute tax on Interest accrued until the date when all procedure are completed. For this reason, **prospective Noteholders are advised to make sure that all appropriate custody arrangements are in place before purchasing the Bonds.**

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EXHIBIT I

White List States (as effective as of 3 rd September 2020)			
Albania	Czech Republic	Liechtenstein	Serbia
Alderney (Channel Islands)	Denmark	Lithuania	Seychelles
Algeria	Ecuador	Luxembourg	Singapore
Andorra, Principality of	Egypt	Macedonia	Sint Maarten
Anguilla, The Island of	Estonia	Malaysia	Slovak Republic
Argentina	Ethiopia	Malta	Slovenia
Armenia	Faroe Islands	Mauritius	South Africa
Aruba	Finland	Mexico	Korea, Republic of
Australia	France	Moldova	Spain
Austria	Georgia	Monaco, Principality of	Sri Lanka
Azerbaijan	Germany	Montenegro	Sweden
Bangladesh	Ghana	Montserrat	Switzerland
Barbados, The Island of	Gibraltar	Morocco	Syria
Belarus	Greece	Mozambique	Tajikistan
Belgium	Greenland	Nauru, Republic of	Taiwan
Belize	Guernsey (Channel Islands)	Netherlands	Tanzania
Bermuda Islands, The	Herm (Channel Islands)	New Zealand	Thailand
Bosnia and Herzegovina	Holy See (Vatican City)	Nigeria	Trinidad and Tobago
Brazil	Hong Kong	Niue	Tunisia
British Virgin Islands	Hungary	Norway	Turkey
Bulgaria	Iceland	Oman	Turkmenistan
Cameroon	India	Pakistan	Turks and Caicos Islands
Canada	Indonesia	Philippines	Uganda
Cayman Islands	Ireland	Poland	Ukraine
Chile	Isle of Man	Portugal	United Arab Emirates
China	Israel	Qatar	United Kingdom
Colombia	Japan	Romania	United States of America
Congo, Republic of	Jersey (Channel Islands)	Russian Federation	Uruguay
Cook Islands	Jordan	Saint Kitts and Nevis	Uzbekistan
Costa Rica	Kazakhstan	Saint Vincent & the Grenadines	Venezuela
Cote d'Ivoire	Kuwait	Samoa	Vietnam
Croatia	Kyrgyzstan	San Marino	Zambia
Curaçao	Latvia	Saudi Arabia	
Cyprus	Lebanon	Senegal	

- (1) Enter here: 1 for individual; 2 for limited company; 3 for partnership; 4 for other entities.
Indicare: 1 se persona fisica; 2 se società di capitali; 3 se società di persone; 4 se altri soggetti.
- (2) For institutional investors not subject to tax as defined in the instruction point 19, enter here the name of the institutional investor. See also point 18.
Nel caso di investitori istituzionali privi di soggettività tributaria- così come definiti al punto 19 delle istruzioni, indicare il nome dell'organismo di investimento. Si veda inoltre il punto 18.
- (3) Enter here:
 1 if the identification number has been issued by the Tax Authority in the country of residence;
 2 if the identification number has been issued by an Administrative Authority in the country of residence;
 3 if the identification number has been specifically attributed for the avoidance of withholding tax by the Tax Authority in the country of residence;
 4 if the identification number has been specifically attributed for the avoidance of withholding tax by an Administrative Authority in the country of residence.
*Indicare:
 1 se il codice identificativo è stato rilasciato dall'Autorità fiscale del Paese di residenza;
 2 se il codice identificativo è stato rilasciato da una Autorità amministrativa del Paese di residenza;
 3 se il codice identificativo è stato appositamente attribuito ai fini della non applicazione dell'imposta sostitutiva dall'Autorità fiscale del Paese di residenza;
 4 se il codice identificativo è stato appositamente attribuito ai fini della non applicazione dell'imposta sostitutiva dall'Autorità amministrativa del Paese di residenza.*
- (4) This section must be completed by the 1st or 2nd level bank, if any.
A cura della banca di primo o secondo livello, a seconda dei casi.
- (5) This field must be completed by the name of the legal representative of the managing company if field nr. 3 has been completed.
Gli investitori istituzionali privi di soggettività tributaria devono indicare in questo campo il nome del rappresentante legale o volontario del soggetto gestore indicato al punto 3 della presente autocertificazione.

Sezione II		DECLARATION OF FIRST LEVEL BANK	
Section II		DICHIARAZIONE DELLA BANCA DI PRIMO LIVELLO	
Name of the First Level Bank / Nome della Banca di Primo Livello			26
Domicile (address) / Domicilio (indirizzo)		27	City / Città 28
SWIFT CODE / CODICE SWIFT	29	Country / Paese	30
			Postal Code / Codice Postale 31
<p>We hereby certify that the beneficial owner, mentioned in Section I, holds Italian securities in custody with the second level bank, paying interest which the final beneficiary receives and that all the declarations contained in the present form, made by the final beneficiary / his legal representative are true, according to the best of our knowledge. <i>Si attesta che il beneficiario indicato nella Sezione I possiede i titoli italiani depositati presso la banca di secondo livello dai quali derivano i proventi che il beneficiario percepisce e che le dichiarazioni contenute nel presente modello, rilasciate dal beneficiario stesso o dal suo rappresentante, sono esatte secondo quanto consta a questo Ente medesimo.</i></p> <p>We assume the responsibility to provide the second level bank with all the information, concerning all movements of the above mentioned securities, as required to verify that the final beneficiary indicated in section I is the true owner of the securities. <i>Si assume l'impegno a fornire alla banca di secondo livello, con riferimento ad ogni operazione di movimentazione dei predetti titoli, le informazioni necessarie a verificare l'appartenenza dei titoli stessi all'effettivo beneficiario indicato nella Sezione I.</i></p> <p>We assume the responsibility to provide the second level bank with a banker's affidavit for every additional intermediary present between the first level bank and the final beneficiary and with any information required to avoid withholding tax and in order to make every communication available to the Italian Tax Authorities. <i>Si assume l'impegno a fornire alla banca di secondo livello gli affidavit per ciascuno degli intermediari che si interpongono tra il beneficiario e questo Ente creditizio o finanziario, nonché gli elementi informativi necessari per la non applicazione dell'imposta sostitutiva e per le conseguenti comunicazioni alla Amministrazione fiscale italiana.</i></p> <p>The present form will be sent to the second level bank, within 15 days of its receipt, together with the banker's affidavit and required information. <i>Il presente modello verrà inoltrato alla banca di secondo livello entro 15 giorni dalla sua ricezione unitamente agli affidavit ed agli elementi informativi.</i></p>			
Date / Data.....		Signed and stamped / Firmato e timbrato:	
		32	