

Code of conduct for members of the Governing Board

Article 1
General principles

1. The members of the Governing Board shall comply with the principles laid down in this code and with those to which they are bound in connection with any positions they might hold.

2. In performing their assigned tasks they shall observe the principles of independence, impartiality, honesty and discretion and act without regard to their own personal interests.

3. Aware of the public character of their function and the importance of their duties and responsibilities, they shall behave in a way that safeguards and promotes the reputation of the Bank of Italy and the public's trust in it.

Article 2
Independence and impartiality

1. When making decisions, the members of the Governing Board shall resist improper pressures, refrain from creating or profiting from situations of privilege and observe standards of transparency.

2. The members of the Governing Board shall act with impartiality and avoid preferential treatment. To this end they shall not entertain relationships with persons involved in or affected by the activities of the Bank that could compromise their independence of judgment or impair their impartiality.

Article 3
Gifts and other benefits

1. The members of the Governing Board shall not accept, for themselves or for others, rewards, gifts or other benefits that exceed the value of €50 from persons (individuals, entities or companies) that are affected in any way by the Bank of Italy's activity, even on the occasion of celebrations. Gifts of greater value must be returned to the giver or devolved upon the Bank.

2. The members of the Governing Board may accept invitations to conferences, seminars and the like if participation does not conflict with the interests of the Bank. They shall not accept money or other benefits for participation in such events, and the reimbursement of travel and board and lodging expenses is only allowed up to the amount granted to the other participants.

Article 4
External appointments

1. The members of the Governing Board may accept external appointments if these do not have any adverse effect on the performance of their duties and do not damage the Bank's image.

2. External appointments carried out during a member's term of office shall be reported annually to the Board of Directors.

3. Any remuneration received for external activities and appointments during a member's term of office shall be devolved upon the Bank, unless the Board of Directors decides otherwise.

Article 5
Conflicts of interest

1. The members of the Governing Board shall avoid any situation liable to give rise to a conflict of interest, even if only apparent.

2. They shall refrain from making or participating in decisions and from undertaking acts that may directly or indirectly involve personal financial and non-financial interests of their own or of their spouses, companions or relatives up to the third degree of kinship or their spouse's relatives up to the second degree of kinship. They shall also refrain in all other cases where there might be a serious issue of expediency.

3. Potential conflicts of interest shall be brought to the attention of the other members of the Governing Board, without prejudice to the provisions of Article 10.

Article 6
Confidentiality

1. The members of the Governing Board shall maintain the strictest confidentiality with regard to all news and information covered by professional secrecy.

2. They shall not divulge information about the decisions to be made or measures relating to proceedings under way until such decisions or measures have been officially adopted by the Bank and formally notified to the parties.

3. They shall neither use nor divulge confidential or inside information in order to benefit themselves or others, even when their term of office has come to an end.

Article 7
Financial investments

1. The members of the Governing Board shall not carry out private financial transactions in:

- financial instruments of issuers supervised by the Bank of Italy (except for shares in the Cassa di Sovvenzioni e Risparmio among Bank of Italy staff), by the Single Supervisory Mechanism or by IVASS;
- financial instruments of issuers supervised by the Bank of Italy or their parent companies;
- collective investment enterprises whose main objective is investment in such financial instruments

2. The members of the Governing Board must notify the Board of Directors within thirty days of any private financial transactions of a critical nature that are not included in the prohibition referred to in paragraph 1. A private financial transaction shall be deemed to be of a critical nature when it is or may be perceived to be closely related to the exercise of the Bank's functions. The following types of private financial transactions may be considered critical:

- a) transactions in shares and bonds issued by financial corporations established in the European Union;
- b) foreign currency transactions, gold transactions and trading in euro-area government bonds;
- c) short-term transactions, namely the purchase and subsequent sale, or vice versa, of the same financial instrument within one month;
- d) transactions in shares and corporate bonds invested in by the Bank;
- e) transactions in derivatives related to the financial instruments listed in points a) to d) and in collective investment enterprises whose main objective is investment in the financial instruments referred to in points a), b) and d).

3. The members of the Governing Board must notify to the Board of Directors every six months of any transactions in listed financial instruments or in collective investment enterprises different from those referred to in paragraphs 1 and 2 and that overall exceed the threshold of €60,000.

4. Investments made by third parties having full powers of management and in such a way as to exclude the possibility of the beneficiary knowing the purpose of the

investment are not subject to the restrictions and reporting obligations referred to in the previous paragraphs.

5. Either when they are established as members, or following acquisitions by virtue of inheritances, gifts or changes in family status, the members of the Governing Board shall report any financial assets held to the Board of Directors as referred to in paragraphs 1 and 2. Disposals are not subject to the prohibition referred to in paragraph 1 and shall be reported to the Board of Directors.

Article 8 *Continuance of duties*

1. During the first 12 months after their term of office has ended, the members of the Governing Board shall continue to avoid all conflicts of interest that could derive from any new private or professional activities and comply with the provisions of the law.

2. The existence of a conflict of interest and the period of incompatibility are evaluated by the Board of Director's Ethics Committee with a view to possible reductions of the period referred to in paragraph 1, based on the criteria laid down by Article 8(1) to (4) of the code of conduct for the members of the European Central Bank's Supervisory Board.

Article 9 *Evaluation team*

1. An evaluation team operates in the Legal Affairs Department to examine issues concerning the application of the code of conduct and to provide opinions on request from the Board of Directors or from members of the Governing Board.

Article 10 *Monitoring application of the Code*

1. The Board of Directors is entrusted with supervising compliance with this code of conduct.

2. The members of the Governing Board shall cooperate with the Board of Directors in ascertaining compliance with the obligations regarding financial investments and shall report on facts and situations involving them that might impair, or simply appear to impair, the Bank's independence and impartiality, and on any related initiatives.

3. On these occasions the Board of Directors shall be informed of any opinions issued by the evaluation team referred to in Article 9.