

Additional Terms and Conditions applying to the use of credit claims governed by the Italian law as collateral in financing relationships between [Home Central Bank] and its counterparties with Banca d'Italia acting as Correspondent Central Bank

Preliminary statements

Under an agreement among the Eurosystem Central Banks, Banca d'Italia shall act as Correspondent Central Bank (hereinafter “the CCB”) on behalf and in the name of the Home Central Bank (hereinafter “the HCB”) when a monetary policy counterparty of the HCB wishes to use as collateral credit claims governed by the Italian law.

These Additional Terms and Conditions (ATC), which do not establish any contractual relationship between the counterparty and the CCB, shall complement the HCB’s applicable regulation and/or general terms and conditions (hereinafter “regulatory framework”) as applying to the monetary policy relationship between [name of the NCB concerned], acting as HCB, and its counterparty and they are also intended to enable the CCB to fulfil its function.

For these purposes, these ATC lay down the requirements which need to be met in order to create a valid and enforceable pledge over credit claims governed by the Italian law and govern the management of such credit claims and their realisation if the HCB so instructs the CCB.

These ATC shall also apply if the HCB’s applicable regulation and/or general terms and conditions provide for the possibility that collateral is provided to the benefit of the counterparty by an entity other than the counterparty of the HCB (hereinafter “third party collateral provider”).

In these ATC the term ‘provider’ shall mean either the counterparty or, if collateral is to be provided by a third party collateral provider, the third party collateral provider, where and as relevant.

1. Eligibility criteria

1. The eligibility requirements for credit claims as laid down in Guideline ECB/2014/60 and in the HCB’s regulatory framework shall be met.

In addition, the following conditions shall be met:

- a) the credit claim must be governed by the Italian law;
- b) the outstanding nominal value of the credit claim must meet a minimum threshold of € 500.000,00;
- c) there shall be no legal or contractual constraints/obstacles concerning the creation of the pledge over the credit claim under Italian legislation;

[Pursuant to Italian law, the right to set-off can not be asserted for counterclaims arisen after notification to the debtor of the creation of the pledge. If the HCB wishes that the risk of set-off is excluded pursuant to Italian law also for counterclaims arisen before the aforementioned notification, it shall give notice thereof to the CCB and the following specific terms shall also be applied:]

- d) the provider shall produce written evidence of the waiver by the debtor of any right to which it may be entitled to set off the mobilized credit claim pursuant to Art.2 of Legislative Decree no. 170/2004 or unconditional and unrestricted acceptance by the debtor of the mobilization of the credit claim as pledge pursuant to Art. 2805 of the Italian Civil Code].

Any provision applicable pursuant to these ATC shall be without prejudice to any provision purporting, and/or having as effect, to exclude and/or mitigate set-off risk pursuant to the HCB's regulatory framework.

2. Preliminary procedures

1. If the counterparty intends to submit, or to have a third party collateral provider submit credit claims as collateral pursuant to these ATC, the CCB shall be notified of this intention and the following terms shall be complied with.

2. The counterparty and/or the third party collateral provider, as relevant, shall be accredited with the CCB. To that end it shall:

– provide the data for its identification, such as name, Monetary and Financial Institutions (MFI) code and BIC code, address, names and specimen signatures of the persons authorized to send communications concerning the credit claims to the CCB, identification data of the contact persons, and selected ECAF source(s)/system(s).

The above-mentioned information must be provided using the e-mail address ccb.creditclaims@bancaditalia.it. The same procedure must be followed in order to communicate any changes in the information transmitted;

– carry out tests with the CCB on the procedures for exchanging information on credit claims.

3. The CCB shall check with the HCB the relevant signatures and the ECAF source(s)/system(s) chosen.

3. Procedure for the creation of the pledge over credit claims

1. Once the procedure stated in Article 2 is completed, the provider shall send via Swift a pledge request to the CCB using a special template message as provided for in the document “*allegato 16 - Scambio delle informazioni con la Banca d'Italia per la costituzione e gestione dei prestiti costituiti in garanzia*”¹. In case the provider is an Italian branch of the counterparty, the pledge request can be submitted via the CCB's credit claim collateral management system (*Portale ABACO*), as specified in allegato 16. In the pledge request, the debtor (and, if relevant, the guarantor) shall be assigned

¹ The template is available on Banca d'Italia's website (https://www.bancaditalia.it/compiti/polmon-garanzie/guida-per-operatori/All_16_-_Scambio_informazioni_con_BI.pdf). For the description of the relevant information to be provided see allegato 16.1, for the specific template to be used for the exchange of information see allegato 16.3.

identification codes according to the instructions laid down in table 2 of *allegato* 16.1.²The request shall be signed by one of the signatories communicated pursuant to point 2.2.

2. The provider shall give advance notice to the CCB of the submission of the pledge request, sending an email to ccbm.creditclaims@bancaditalia.it, also providing the information on the debtor and any guarantor, needed to the aim of the notification laid down in point 5.

3. If the credit claim meets all the eligibility criteria, the CCB shall inform the counterparty and communicate to it the credit claim identification number. If the message of the provider is inaccurate or incomplete or the credit claim is not eligible as collateral, the CCB shall contact the provider without delay.

4. The counterparty shall send a mobilization request to the HCB using the credit claim and debtor identification numbers as specified respectively at point 3 and point 1.

5. Once the HCB communicates to the CCB confirmation of the mobilization request, the CCB shall notify of the mobilization the debtor and any guarantor of the credit claim.

6. When the notifications are successfully effected, the credit claim shall be valued by the CCB based on the procedures set out in Article 4. The outcome of the evaluation shall be communicated by the CCB to the HCB. Thereafter the credit claim can be used as collateral pursuant to the HCB's regulatory framework.

7. If the notifications are not successfully effected, the provider is contacted by the CCB to agree on the action to be taken.

4. Evaluation of the credit claim

1. The CCB shall value the credit claim by applying the relevant rules and criteria as laid down in the legal documentation whereby Guideline ECB/2014/60 and Guideline ECB/2015/35 are implemented in Italy.

2. The evaluation of the credit claim shall be updated on a daily basis, taking into account, as applicable, the collection by the provider of the payments made by the debtor of the credit claim.

3. At the start of the business day before the maturity date of the credit claim, its value shall be set equal to zero.

5. Management of the credit claim

1. With the exception of what is stated in paragraph 3, the provider is authorised to collect the interest and redemption payments arising from the credit claim, including payments arising from collateral securing the credit claim.

2. Such authorisation shall be communicated by the CCB to the debtors (and, if relevant, to the guarantors) by means of the notification referred to in Article 3.

² In case the instructions are not sufficient for determining the debtor/guarantor code, the provider shall request the *CCB* to provide the identification, by sending an e-mail to the address ccbm.creditclaims@bancaditalia.it.

3. If the counterparty fails to perform its obligations vis à vis the HCB, the CCB, if instructed to do so by the HCB, shall collect the payments listed in paragraph 1; to this end, the CCB shall inform the debtor (and, if relevant, the guarantor) as soon as possible.

6. Changes in the characteristics or the value of credit claims

1. As soon as the provider becomes aware that the credit claim no longer fulfils any of the eligibility requirements, it shall promptly inform the CCB and ask for the demobilization of the credit claim, without prejudice to the obligation of the counterparty to promptly inform thereof the HCB pursuant to the HCB's regulatory framework.

2. If the provider becomes aware of any event that materially affects the value of the credit claim, in particular early, partial or total repayments, downgrades and material changes in the conditions of the credit claim, the provider shall communicate it to the CCB without delay and no later than 1:00 pm CET of the business day following pursuant to paragraph 3. The foregoing is without prejudice to the obligation of the counterparty to inform thereof the HCB pursuant to HCB's regulatory framework

3. The message regarding the changes shall be submitted in the format specified in allegato 16 and must contain the identification number of the credit claim and all the information the provider intends to change with respect to the messages sent for the first mobilization and for any modifications subsequently communicated.

4. The CCB shall carry out the formal checks on accuracy and completeness of the changes communicated, and, if the outcome of the checks is positive, shall update the data of the credit claim. In case of loss of eligibility or changes relevant for valuation purposes, the CCB shall inform the HCB. If the message is formally inaccurate or incomplete, the provider shall be contacted by the CCB and requested to send a new message.

5. The CCB shall verify whether, after the changes in the related data have been processed, the credit claim is still eligible. If it is not, the CCB shall promptly inform the provider and the HCB that the credit claim is no longer eligible and therefore must be immediately withdrawn (pursuant to Article 7).

7. Withdrawal of credit claims

1. If the counterparty intends that a credit claim mobilized as collateral should be withdrawn, a communication shall be sent to the HCB, according to the HCB's regulatory framework, and a withdrawal request shall be sent to the CCB, according to allegato 16. Based on the instructions received from the HCB, the CCB shall release the credit claim, confirm to the HCB and to the provider the demobilization of the credit claim and send a communication to the debtor (and, if relevant, the guarantor), informing the latter that the pledge on the credit claim does not exist any longer.

8. Realisation of the credit claim

1. If the counterparty fails to fulfil its obligations toward the HCB, upon the communication and instructions of the HCB, the CCB shall be entitled to realize the collateral according to the Italian law, by selling or appropriating the credit claim on behalf of the HCB.

2. The credit claims which are pledged shall be evaluated to the amount determined by the CCB according to Article 4 of these ATC.

3. The sale may be made by the CCB itself or through an intermediary, applying the procedures deemed more convenient.