

Press Release

BY THE COMMUNICATIONS DIRECTORATE

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Memorandum of understanding between Banca d'Italia and CONSOB on the product intervention power provided for by the Markets in Financial Instruments Regulation (MiFIR)

Banca d'Italia and the Italian Companies and Stock Exchange Commission (CONSOB) have signed a memorandum of understanding (MoU) governing the procedures for coordinating their action and exchanging information regarding the exercise of their product intervention power on financial instruments, structured deposits and financial activities and practices in Italy, in accordance with the division of powers laid down in the Consolidated Law on Finance (Testo unico della finanza, TUF).

The memorandum of understanding:

- governs the exchange of information between Banca d'Italia and CONSOB concerning financial instruments circulating in Italy, including information that may emerge from periodic analyses or from participation in the work of the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA);
- defines the procedures and time frame for issuing the opinions provided for by the TUF, in the event of the exercise of the product intervention power by either authority;
- provides that Banca d'Italia and CONSOB recognize each other as 'point of contact' for communications with the EBA and ESMA, respectively.

The product intervention power introduced by the EU's Markets in Financial Instruments Regulation (MiFIR) consist of the possibility of banning or restricting:

- the marketing, distribution or sale of financial instruments and structured deposits (i.e. deposits whose return is linked to indicators such as indices, financial instruments, commodities or foreign exchange rates);
- certain related financial activities and practices (e.g. how the placement is made, distribution strategies, and incentive mechanisms relating to the distribution of financial products).

The TUF grants the product intervention power to Banca d'Italia with regard to safeguarding the stability of the national financial system and to CONSOB with regard to ensuring investor protection and the smooth functioning and integrity of financial and commodity markets. The intervention power can be exercised by activating temporary or permanent measures directed at banks, investment firms or market operators.

The memorandum of understanding is available at www.bancaditalia.it and www.consob.it.