



## **RULES FOR RESEARCH**

Rules applicable to sensitive areas (Italian Legislative Decree 231/01)

Risk area: Market Abuse

Protocols: Management and disclosure of information on market abuse offences

Protocols: Management of market transactions in relation to market abuse

**Issuer:**

Chief Compliance Officer

**Recipients:**

Head Office Departments

Corporate and Investment Banking Division

Banca dei Territori Division

International Subsidiary Banks Division

**Path:**

ARCO – Foreign Network - Rules – Steering and Control – Compliance Management

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## 1. Foreword

Due to their ability to guide the investment behaviour of both institutional and retail investors, investment Recommendations and information recommending an investment strategy, including financial analysis, research and studies on financial instruments or issuers, when characterised by a high level of accuracy and transparency, are key elements of a healthy and transparent financial market to ensure investors confidence.

In this regard, current regulations place utmost importance on full and clear financial information, on the independence and honesty of financial analysts, as well as on the use of proper means to disseminate Recommendations<sup>1</sup>.

The goal of these Rules for Research (hereinafter also the “Rules”) is to outline the measures to ensure that distributed Recommendations that are drawn up independently and meet the criteria of honesty, completeness and clarity.

## 2. Scope of application

The principles presented below apply to Recommendations and are intended for the financial analysts of the Research Department of Intesa Sanpaolo who are engaged in research and analysis activities (hereinafter “Research Offices”).

Pursuant to current regulations, the definition of Recommendation includes:

- “information recommending or suggesting an investment strategy”:
  - i. produced by an independent analyst, an investment firm, a credit institution or other persons whose main business is to produce investment recommendations or a natural person working for them under an employment contract or otherwise, which, directly or indirectly, expresses a particular investment proposal in respect of a financial instrument or an issuer; or
  - ii. produced by persons other than those referred to in point i) which directly proposes a particular investment decision in respect of a financial instrument;
- “investment recommendations”: means information recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several financial instruments or the issuers, including any opinion as to the present or future value or price of such instruments, intended for distribution channels or for the public..

For the purpose of these Rules, Recommendation therefore means any communication, research or analysis, whether written or oral, distributed on paper or electronically, to the public and aimed at recommending or suggesting an investment strategy concerning:

1. Financial instruments/products and/or issuers of financial instruments that are relevant for the purpose of the regulation on inside information contained in the Consolidated Law on Finance (TUF) such as:
  - i. Financial instruments and/or issuers thereof admitted to trading (or for which admission to trading has been requested) on an Italian regulated market or on a regulated market of another European Union Member State including commodity derivatives;
  - ii. issuers of financial instruments widely distributed among retail or institutional investors;
  - iii. financial instruments admitted to trading on an Italian multilateral trading facility, for which admission has been requested or authorised by the Issuer;
2. financial instruments and/or issuers of financial instruments admitted to trading (or in respect of which a request was filed for admission to trading) on a regulated market other than those under point 1) that are nonetheless comparable thereto because they are subject to regulations on market abuse like those set out by the Consolidated Law on Finance<sup>2</sup>.

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<sup>1</sup> The rules of reference are set out in EU Regulation No. 596/2014 of the European Parliament and Council of 16 April 2014 and in Directive 2014/57/EU of the European Parliament and Council of 16 April 2014.

<sup>2</sup> Comparability is assessed on a case-by-case basis and determined by the existence of a market that:

- brings together or facilitates the bringing together – in the system and in accordance with non-discretionary rules – of multiple third-party buying and selling interests in financial instruments admitted to trading, in compliance with the rules of the market, so as to enter into contracts, and which is managed by a market operator and authorised under the rules of the country of reference, and which functions regularly;
- is subject to rules governing market abuse similar or analogous to rules in force in the European Union.

A Recommendation also means any interview released to the media proposing an investment strategy, i.e., that is aimed at recommending a particular investment decision relating to the aforementioned financial instruments or issuers thereof, as well as opinions on the value or price of said instruments.

The Recommendations covered by this document are those intended for the public through disclosure. A document is “public” when easy, immediate and general acquisition is possible by investors, as in the case of distribution at open-door conferences and meetings or free publication on an Internet website. “Dissemination channels” are the channels through which it is certain or probable that information is made public because a large number of people have access to these. Dissemination channels may be considered communications via mail, fax or e-mail to groups of investors, publication on Internet websites, both in reserved and public areas, or other means (including the use of the ‘mobile’ applications’ of the Bank) which ensure the traceability and concomitance of the distribution.

These Rules also apply, save for the provisions mainly regarding external use, to any and all communications for “internal use only” by financial analysts to various target recipients (e.g., dealing rooms of Banca IMI) regarding financial instruments/products and/or issuers of financial instruments as listed above.

These Rules are part of the Model for the management of conflicts of interest and the flow of inside and confidential information (hereinafter also the “Model”).

These Rules are in addition to the principles and rules, including the Group Internal Code of Conduct, that financial analysts must abide by in the conduct of their specific professional activities as employees of Intesa Sanpaolo.

### **3. Standards of integrity and professional competence of financial analysts**

Financial analysts are chosen as individuals who have gained significant and proven experience in the analysis and valuation of investments in financial instruments and products.

Financial analysts shall carry out their professional activities in a neutral, honest, independent, professional and objective manner.

Financial analysts are bound by professional secrecy with regard to any news, data item or information they may come to learn of in the course of their activity. Specifically, they cannot use either directly or indirectly, or provide third parties with, inside information of which they may come to learn of in the course of their professional assignments.

Analysts, supervisory analysts and professionals belonging to units in charge of providing support to the production of research can carry out personal transactions in compliance with the Group’s internal Code of Conduct and of the Rules for Personal Transactions.

Financial analysts must refrain from making Recommendations about issuers of financial instruments of which the analyst him/herself or a person closely associated to the analyst:

- i. covers company positions or specific functions, as specified below;
- ii. holds, either directly or indirectly, an interest equal or greater than:
  - 3% of the share capital if an Issuer of listed shares on regulated markets in Italy or the Member States of the European Union with Italy as home Member State;
  - 10% of the share capital for all other cases; *or*
  - the value, for listed and unlisted companies, represented by the net fees paid for any reason to the analyst employee in the last financial year prior to the drafting of the Recommendation.

The following positions and functions are considered relevant: Sole Director, Member of the Board of Directors, Standing Member of the Board of Internal Auditors, Member of the Management Control Committee, General Manager. In any case, positions and functions identified by the Issuer are to be considered relevant pursuant to the regulation on *internal dealing*.

Favours, sums and benefits of any kind, that cannot be directly attributed to normal acts of courtesy, cannot be accepted by financial analysts from Issuers subject to analysis, institutional investors or other persons,

nor can these be given by financial analysts to said persons; financial analysts cannot receive financial instruments from primary market transactions.

#### **4. Procedures for covering issuers and financial instruments**

##### *4.1. Start of coverage*

The decision to start, or resume after a termination, coverage of an Issuer or of financial instruments issued by an Issuer lies with the Head of the Research Department acting on a proposal of the relevant Heads of Sub-Department, each to the extent falling under their remit, and taking account of the assessments carried out by the Research Offices to the extent falling under their remit.

This decision is taken based on the assessment carried out by the Research Offices taking into account elements, such as, the free float of a security, the inclusion of an Issuer in the most important indices (FTSE/MIB), and market capitalisation.

The assessment can take account of the needs expressed by the different organisational entities of the bank and/or of Group companies based on the needs expressed by their customers/investors. The decision whether to start or resume coverage based on the assessment must be duly substantiated. The decision-making procedure and related reasons shall be filed by the Offices on a lasting electronic medium.

Once the decision-making procedure is completed, for the part falling under their remit, the Heads of the Research Department Services (also through their staff) notify the Compliance function of the names of the issuers of which they intend to start new coverage or resume coverage and the reasons for the decision.

For the part falling under its remit and based on the information on the Watch List, the Compliance function assesses whether there are any critical aspects relating to the coverage decision and if the conditions are met for the prohibitions set out under paragraph 4.3 below. Following the assessments, the Compliance function communicates its opinion to the Research Department.

The Heads of the Services of the Research Department (also through their staff) add the issuers covered to the relevant list as per paragraph 4.6 below based on the input received.

##### *4.2. Procedures for covering listed issuers*

Financial analysts shall ensure coverage of the Issuers for which it has been decided to produce and distribute research for at least twelve months from the date of publication of the first study.

An exception in this regard is the production of research relating to an index (and the issuers therein) and about issuers with regard to the placement of bonds for institutional customers. In the latter case, it is possible to draw up an ad-hoc report with an express disclosure indicating that the report is published specifically for the placement transaction.

The Research Offices shall issue at least one research report a year concerning the Issuer; it is to be completed in a timely fashion and according to the best standards at the time of the publication of company results (annual report, half-year report or quarterly data) or of any other significant event that may affect the analysis or valuation of the issuer. In the case of research based on a technical analysis, financial analysts are to produce a research report only if there are technical signs that warrant recommendation.

By way of non-exhaustive examples, significant events that may affect the analysis or valuation of an Issuer are: bond issues, significant changes in credit rating issued by independent rating agencies (local or international), capital increases, corporate transactions such as mergers, takeovers, spin-offs or other events that involve substantial changes in the equity structure, as well as opinions issued by independent auditors.

Research Offices shall also produce short research reports at the time of the main corporate events relating to the Issuer that result in a change in the previous opinion issued.

As regards Issuers covered by the Retail Research Office, the research, including changes in opinion and while giving adequate space to an analysis of the Issuer, can also be published in monthly periodicals regarding several issuers.

In any case, should the publication of research reports reflect the acquired role of sponsor, specialist or other equivalent roles, the Research Offices must abide by the coverage obligations set out in the Regulations of Borsa Italiana or by other trading venues and/or contractually undertaken, whichever is more stringent.

#### 4.3. Prohibition of publications

Research Offices shall refrain from publishing studies and research reports regarding issuers belonging to the Intesa Sanpaolo Group. Research Offices may however use previous years data relating to these companies in reports on the sector that do not comprise recommendations concerning individual issuers.

Research Offices shall also refrain from publishing studies and research in cases in which the Intesa Sanpaolo Group has interests in the Issuer, including by way of pledge, exceeding 50% of capital represented by shares with voting rights, or has a shareholding constituting the relative majority of the share capital of the Issuer and is a party to shareholders' agreements concerning the exercise of voting rights for a percentage exceeding 50% of the share capital of the Issuer.

Research Offices shall, finally, refrain from publishing studies and research in the presence of specific events that may potentially condition the analyst as a result of the concurrent presence of the elements specified below in points 1, 2 and 3:

1. Existence of significant relations between the Intesa Sanpaolo Group and the Issuer provided that for the purpose of these Rules concurrent equity relations and loan relations are present, i.e.:
  - i. *equity relations*, if at least three of the following cases subsist:
    - the Intesa Sanpaolo Group has a major holding in the share capital of the Issuer, meaning a direct or indirect interest equal to or greater than 2% of the total shares issued;
    - parties designated by companies of the Intesa Sanpaolo Group participate in the corporate bodies of the Issuer or of the parent of the Issuer or of the relative majority shareholder of the Issuer;
    - companies of the Intesa Sanpaolo Group are parties to shareholders' agreements that regulate the corporate governance of the Issuer;
    - the Intesa Sanpaolo Group holds a directional position (whether long or short) exceeding the threshold of 0.5% of the total of the shares issued by the Issuer;
  - ii. *funding relations*, if one of the following cases subsist:
    - The Intesa Sanpaolo Group has granted loans amounting to 1% or more of the regulatory capital or is one of the main credit providers of the Issuer in the Italian banking system. In this regard, an exposure equal to or higher than 33% of the entire exposure of the Issuer toward the banking system is considered relevant;
    - with regard to loan transactions, the Intesa Sanpaolo Group holds shares of the Issuer in pledge such that in the event of the enforcement thereof, the Intesa Sanpaolo Group would acquire a shareholding of 20% or more of the capital represented by shares with voting rights.

In the event that the Issuer subject to coverage has a credit rating with the Intesa Sanpaolo Group classified as a Non-Performing Loan or as Risk under Observation (RIO), or the Issuer has commenced a procedure for arrangement with creditors or a debt restructuring plan under articles 67 and 182-bis of the Italian Bankruptcy Law, the presence of equity relations alone or loan relations alone, as set out in points (i) and (ii), suffice in order for significant relations to subsist, it being specified that the percentage of existing loans compared to the regulatory capital as per point ii is reduced to 0.5%;

2. Involvement of an Intesa Sanpaolo Group company in a significant corporate finance transaction relating directly or indirectly to the Issuer as part of corporate and investment banking and of activities involving the purchase, sale and management of equity investments. Significant transactions are, for instance, debt restructurings, mergers and acquisitions, capital increases, structured finance transactions, equity and/or bond placements, and public offerings for sale or trading;
3. Public disclosure of the news about the role of the Bank or a company of the Intesa Sanpaolo Group in the transaction as per point 2. News is to be considered public if it is generically disclosed to the general public through press releases, notes sent to the management company, documents for public

consultation such as annual reports or other financial reports, forecasts or prospectuses. To this end, these also include “rumours” that have not been denied by the Issuer and/or by the Intesa Sanpaolo Group.

#### *4.4. Suspension or termination of coverage of an Issuer*

##### *4.4.1 Suspension or termination by decision of the Research Department*

Research Offices may suspend temporarily or interrupt the coverage of an Issuer or the financial instruments issued by an Issuer. This decision can be made based on the assessment of factors such as: a significant reduction in the free float; exclusion of an Issuer from a given index; exclusion of issuer from STAR index; delisting of financial instruments from trading; lack of interest by client as communicated by the Bank’s relevant business units.

In view of the expiry of contractual obligations undertaken as sponsors, specialists or equivalents roles, Research Offices shall assess whether to continue covering an Issuer after the expiry of current obligations.

In the event that the Intesa Sanpaolo Group holds an interest in an Issuer subject to coverage that exceeds the limit of 50% as per paragraph 4.3, Research Offices shall immediately interrupt the dissemination of any publication about the Issuer without prejudice to the provisions of paragraph 4.5.

Finally, due to contingent situation within the office which prevent coverage of an issuer, Research Offices may decide at their own discretion to suspend or interrupt coverage of an Issuer.

The decisions made and the related reasons must be documented and filed by the Research Offices on permanent electronic media. The decisions made shall be notified to the Compliance function.

Following the decisions made, Research Offices are to update immediately the coverage list as per paragraph 4.6 below.

##### *4.4.2 Suspension of coverage due to compliance issues*

The Compliance function may order the suspension of coverage of an Issuer when:

- i. The financial analyst is involved in corporate and investment banking transactions or in purchase, sale and management transactions involving equity investments in accordance with the so-called “Crossing Procedures” as per the Model on the management of inside information and conflicts of interest of the Bank in force at the time;
- ii. There is significant evidence that may lead to doubt the independence of the analyst and/or of the solidity of the so-called Information Barriers (also known as Chinese Walls), as per the Model on the management of inside information and conflicts of interest of the Bank in force at the time. As an alternative to suspension, depending on the case, a pre-clearing of the report may be necessary which may also result in the reduction of the content of the report to that of a simply informative nature and without any recommendations and/or ratings and/or target price. To this end, the Compliance function may request the Head of the Research Office concerned to certify that conditions of independent research and/or respect of the Information Barrier are still in place.

The Compliance function orders the suspension of the coverage of an Issuer should the cases as per points 1, 2 and 3 of paragraph 4.3 occur, thus requiring an abstention obligation. In order to be able to carry out an assessment of whether the conditions set out in points 1 and 2 of paragraph 4.3. are in place, the competent units of the Corporate and Investment Banking Department, including Banca IMI, as well as any other unit involved in the purchase, sale and management of equity investments, must immediately report in writing to the Compliance function that the finalisation of the transaction is approaching, as well as the disclosure of the news concerning the role undertaken by the Bank.

The Compliance function sets the period for the suspension of coverage. Generally speaking, the period of suspension lasts 40 days. Depending on the reasons and type of factors that have led to implementation, suspension may also have a different duration.

Following the suspension of coverage, Research Offices are to update immediately the coverage list as per paragraph 4.6 below, specifying the length of restriction.

#### *4.4.3 Suspension of coverage in the case of activity as specialist, sponsor or other equivalent roles*

Should the restrictions as per the paragraphs above be determined with regard to issuers for which the obligations to publish studies and research are the result of obligations undertaken as specialist, sponsor or equivalent roles, the Compliance function informs the Research Offices in advance and may request Borsa Italiana or other trading venue for an extension of the terms provided for the publication of the study or research. Should the events not allow a postponement of the publication of the study or research, Research Offices shall assign its drafting to another third-party investment company not belonging to the Intesa Sanpaolo Group that conducts research pursuant to a specific assignment.

Research Offices are to update immediately the coverage list as per paragraph 4.6 based on the adopted solutions.

#### *4.4.4 Blackout Periods*

As part of public offerings and in other cases provided for contractually, a so-called *blackout period* can be initiated. During this period, no research can be distributed. For this purpose the competent unit of the Corporate and Investment Banking Department possessing the information shall immediately inform the Research Offices and Compliance function of the start and end dates of the blackout period, as well as of all other commitments undertaken with regard to the mandate (e.g., review of reports by third-party attorneys who are following the transaction and/or any disclaimers to be attached). Based on the commitments undertaken, the Compliance function adds a specific restriction to the Restricted List for the set period.

Research Offices are to update immediately the coverage list as per paragraph 4.6 below, based on the instructions received.

#### *4.5. Requirements following suspension or termination of coverage of issuers*

If it is necessary to suspend or interrupt coverage of an Issuer, this decision must be disclosed to the market. For this purpose, Research Offices must publish a short notice about the suspension or termination of coverage and the reasons for suspension or termination using a standard format and make available the latest research report about the Issuer.

This information must be made available using the usual channels, or channels equivalent to the usual ones, for the distribution of research reports to clients.

#### *4.6. List of issuers subject to coverage*

Research Offices shall draw up and update monthly the list of issuers subject to coverage.

The list provides:

- a) Name of issuers subject to coverage;
- b) Estimated time-frame for publication of the reports (e.g., reporting periods);
- c) Any publication obligations (e.g., sponsor, specialist, lead manager) should it be the result of assignments or other contractual obligations undertaken by the Bank or Intesa Sanpaolo Group companies;
- d) Name of the analyst in charge of coverage;
- e) Date of the latest study or research report;
- f) Start and end dates of coverage;
- g) Any periods of suspension or termination of coverage.

Changes or updates of data in the list must be made in such a way that it is possible to identify easily any correction or other change, as well as the contents of the records prior to such corrections or amendments.

An extract of the list with the information as per points a), c), e) and g) is available on the company Intranet under "Studies and Research."

### **5. Criteria for correctly drawing up Recommendations**

In drawing up Recommendations, financial analysts must:

- i. state, in a clear and visible manner, their name, role covered, the name and the position of all the other natural persons involved in the production of the Recommendation, as well as the indication of Intesa Sanpaolo as the entity responsible for producing the recommendation, and the authority that has authorised Intesa Sanpaolo to provide investment services;
- ii. keep facts clearly separated from interpretations, assessments, opinions or other information not relating to facts. Moreover, projections and target prices must be clearly indicated as such, as well as the main assumptions elaborated in their formulations or use as such;
- iii. ensure that the sources of information and data contained in the Recommendation are reliable and, in the case of doubts in this regard, clearly state these. In the case of:
  - market rumours<sup>3</sup>, financial analysts must signal them as such and make sure that these are widely known<sup>4</sup>; financial analysts must also ensure that the source of information is known and deemed reliable. Should the information/rumour not be traced or be traceable in written form or in other forms, financial analysts must refrain from reporting the information;
  - information provided directly by the Issuer subject to coverage may be reported by financial analysts provided that it is widely known or has been disclosed officially by the Issuer.  
In reporting widely known information, financial analysts must also refrain from emphasising or adding credibility to the rumour (for instance, by using exaggerated or emphatic language);
- iv. specify whether the recommendation has been notified to the Issuer to which the recommendation refers directly or indirectly and whether it has been modified afterwards;
- v. indicate the basic elements and/or methods and basic assumptions used in forming the analysis or valuation of the financial instrument or of the Issuer or in setting a target price of a financial instrument and specifically the most important sources of the information and data contained in the Recommendation (including the Issuer covered by the recommendation), specifying the occasion on which these were obtained and date to which they refer. A summary of any changes in the analysis, method or basic assumptions must be specified;
- vi. specify the place where these are directly and easily accessible from:
  - detailed information about the analysis or valuation or method and basic assumptions if third-party models are used;
  - substantial information on the models used if own models are used;
- vii. specify the date and time at which the production of the Recommendation was completed;
- viii. the date and time of first dissemination of the Recommendation and the price of the financial instrument at the time of the assessment<sup>5</sup>. Should the Recommendation mention the prices of the financial instruments, financial analysts shall indicate the date and time of reference of such prices;
- ix. express opinions based on the result of the analysis, by resorting to the entire spectrum of recommendations adopted from time to time by the Bank;
- x. ensure that the elaboration of economic and financial forecasts on the outlook and trends of an Issuer is the result of an independent and subjective assessment of data, elements and information provided by the Issuer covered by the recommendation;
- xi. adequately explain the meaning of each recommendation produced, as “buy”, “sell” or “hold”, including also the time span of the investment to which the Recommendation refers;
- xii. duly report any significant risk, including a sensitivity analysis of the relevant assumptions;

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<sup>3</sup> The term ‘market rumour’ refers to unofficial information in circulation, presented as a fact and coming from any means of communication (such as, for example, the Internet, bulletins, phone conversations or other personal contacts), which has not been disclosed officially by issuers as set out by applicable regulations or later confirmed by these and of which the truthfulness has not been assessed.

<sup>4</sup> Information is considered “widely known” if it has been disseminated by the Issuer at meetings with market operators or is circulated in the market by other operators. In either case, the information must be available on systems that ensure traceability in writing (e.g., the information must be available on newspapers, Internet websites and info providers).

<sup>5</sup> In the case of Recommendations concerning market, currency and/or credit benchmarks, financial analysts can indicate, for instance, the market value of indices, the underlying instruments, exchange rate and credit spread.

- xiii. specify the frequency of updates of the Recommendation, as well as any relevant change adopted or pending adoption of the coverage policy previously specified;
- xiv. indicate opinions expressed in the twelve months prior to the publication of the Recommendation and the date of reference in a clear and visible manner. Should a Recommendation differ or specify a different indicator or *target price* from a previous recommendation relating to the same financial instrument or Issuer, this change and the date of the previous Recommendation must be specified in a clear and visible manner;
- xv. in cases in which a *target price* for a financial instrument or the price that can be potentially reached by a security based on the market conditions at the time the analysis is done, make a distinction, if different, from the *fair value*, i.e., the intrinsic value of the instrument as per specific financial analysis methodologies. In addition, the time frame over which the *target price* is valid;
- xvi. indicate the comparison between the *target prices* expected and the actual prices of the financial instruments in the 12Mth period following publication of the Recommendation;
- xvii. provide the list of all Recommendations concerning any financial instrument or Issuer that have been disseminated in the previous 12 months. This list comprises for each recommendation: the date of issue, identity of the natural person(s) involved in the production of the recommendation, the target price and the relevant market price at the time of disclosure, the instruction of the recommendation and the time span of validity of the target price or recommendation. If the information is non-proportional to the length or format of the recommendation, it is possible to indicate the place (e.g., Internet website of Intesa Sanpaolo S.p.A.) where the list can be found.

In the case of Recommendations not issued in writing, such as meetings, road shows, audio or video conferences, as well as radio and TV shows and interviews on websites, financial analysts must abide by the aforementioned provisions taking into account the specific needs of conciseness, immediacy and comprehension by the public associated with such means of disclosure.

If requested by the competent Authority, analysts must corroborate any investment Recommendation produced.

The valuation system adopted to determine the Recommendations can be disseminated with adequate explanations in the disclaimers of the single research reports or Recommendations or in a specific section of the Internet website of Intesa Sanpaolo S.p.A. and Banca IMI S.p.A. by using a standard legend included in each recommendation.

The percentage of the recommendations expressed and, for each category of recommendations expressed (e.g., buy, hold, sell or the like), the percentage of issuers to which the Intesa Sanpaolo Group has provided substantial services as an investment company in the prior twelve months are disclosed in the relevant section of the aforementioned Internet website or in the disclaimers of each research report or recommendation. The information is updated on a quarterly basis.

The Research Department is responsible for ensuring that Recommendations for the public or dissemination channels are completed with the relevant disclaimers, including disclosures of conflicts of interest of the Intesa Sanpaolo Group as drawn up by the Compliance function of Intesa Sanpaolo and made available to the Research Department in a specific database that is updated at regular intervals. Interests and conflicts of interest can be made available, in compliance with current regulations, together with the "Rules for research" and the extract of the "Corporate model on the management of inside information and conflicts of interest," on the Internet website of Intesa Sanpaolo S.p.A..

The Research Department is also responsible for the disclosure of any personal conflicts of interest of analysts. Without prejudice to the provisions of paragraph 1 of these Rules, with regard to the abstention obligation of analysts, and without prejudice to the prohibition to conduct personal transactions, each and every financial analyst shall indicate in the disclaimer his/her own financial interests and/or business relations, including those of all persons closely related to him/her and of the persons who participated in the production of the Recommendation.

By way of example and without limitation, it is necessary to report the ownership of financial instruments relating to the Issuer covered by the Recommendation, together with the price and date of purchase or receipt of such instruments prior to a public offering.

## 6. Disclosure of interests or conflicts of interest of the Intesa Sanpaolo Group

Recommendations intended for the public are to provide complete, clear and specific information about situations (financial interests and business relations), which by their very nature or relevance, may give rise to situations of conflict of interest and/or appear to be able, also potentially, to impair objective judgement.

The specific section of the Intesa Sanpaolo S.p.A. website provides a description of the organisational and administrative mechanisms, including information barriers, implemented to prevent and avoid conflicts of interest with regard to recommendations (see paragraph 7).

### 6.1. Financial interests of the Intesa Sanpaolo Group

For the purpose of disclosing interests and conflicts of interest, financial interests are to be considered the following actual situations involving the Intesa Sanpaolo Group as a whole:

- i. the Intesa Sanpaolo Group has a major holding in the share capital of the Issuer, meaning a direct or indirect interest equal to or greater than 1% of the total shares issued;
- ii. the Intesa Sanpaolo Group holds a net long or short directional position exceeding the threshold of 0.5% of the total of the shares issued by the Issuer<sup>6</sup>;
- iii. the Issuer has a major holding in the share capital of the Intesa Sanpaolo Group, meaning a direct or indirect interest greater than 5% of the total shares issued;
- iv. the Intesa Sanpaolo Group participates in shareholders' agreements regarding the Issuer;
- v. the Intesa Sanpaolo Group participates through its employees and/or directors and/or external entities in the corporate bodies of the Issuer or other companies belonging to the group of the Issuer in the event they have been designated by the Intesa Sanpaolo Group;
- vi. existence of situations of significant credit exposure towards the Issuer. For this purpose, the degree of credit exposure is to be taken into account<sup>7</sup> in determining the percentage of regulatory capital, as well as the percentage of involvement in the financial debt of the Issuer;
- vii. existence of financial instruments issued by companies of the Intesa Sanpaolo Group linked to financial instruments of the Issuer, such as covered warrants and certificates.

The Intesa Sanpaolo Group shall refrain from publishing Recommendations in cases of prohibition, suspension or so-called *blackout periods* according to the provisions of paragraph 4 herein.

### 6.2. Business relations of the Intesa Sanpaolo Group

With regard to business relations, *disclosure* takes place in the following circumstances:

- i. participation in an agreement with the Issuer in force in the prior twelve months for the provision of investment or ancillary services or receipt/payment of the amount due for those services during the same period;
- ii. the Intesa Sanpaolo Group is acting in the capacity as *market maker*, *liquidity provider*, *specialist*, *corporate broker* and any other equivalent role;

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<sup>6</sup> That position is calculated according to the provisions of article 3 of Regulation 2012/236/EU and of the Delegated Regulation 2012/918/EU on short selling.

<sup>7</sup> By convention, a loan is considered significant if the greater of the amount granted and the amount used is equal to or greater than 0.25% of the regulatory capital or if the overall total of loans granted by the Intesa Sanpaolo Group entail a percentage of engagement (on the amount granted or amount used) equal to or greater than 33% of the loans granted to the group of the Issuer by the Italian banking system as determined by the Central Credit Register. The data are considered at group level both for Intesa Sanpaolo and for the debtor company.

- iii. acting in the role of lead-manager or co-lead manager over the previous twelve months of any publicly disclosed offer of financial instruments of the Issuer;
- iv. participation in any other agreement with the Issuer subject of the Recommendation.

Without prejudice to the provisions above on the prohibition to publish in paragraph 4 herein, in compliance with the Conflict of Interest Management Policy and other specific rules governing the matter, on the occasion of specific situations, such as the initiation of *crossing procedures*, the Compliance function may adopt internal measures for the temporary suspension of the publication of recommendations on specific issuers; suspension is notified via the *Restricted List*.

## 7. Organisational and administrative mechanisms, including information barriers, implemented to prevent and avoid conflicts of interest

At the Intesa Sanpaolo Group the unit in charge of producing Recommendations does not fall under the Corporate and Investment Banking Department, i.e., under the business units responsible for developing business with medium and large-sized companies and *financial institutions* and conducting *investment* and *corporate banking* activities, as well as investment services and activities, as set out in the Conflict of Interest Management Policy; in organisational terms, it does not belong to the Banca dei Territori Division, i.e., the business units responsible for developing business with small and medium-sized companies and conducting *retail banking* and investment service activities.

The *information barriers* (or “*Chinese walls*”) system adopted by Intesa Sanpaolo is designed to ensure that the Research Department is separate and independent not only from Corporate structures (e.g., credit to companies, *investment banking*, etc.), but also from other structures on the market (that provide investment services and activities)<sup>8</sup>.

Analysts are forbidden from discussing recommendations that are being drafted with any business unit of the Bank or other Group companies or anticipating the findings (*recommendation and target price*) to these.

In general, analysts must avoid activities or roles that may impair, or give the impression of impairing, the independence of their research, e.g., by not participating in activities that could suggest they are representing the interests of an Issuer or Corporate structures or other Market side structures that provide investment services and activities<sup>9</sup>.

For the purpose of ensuring the independence of financial analysts, all Intesa Sanpaolo Group personnel shall not:

- influence in any way whatsoever or try to influence the content of recommendations;
- offer and promise favourable research for an Issuer.

### 7.1. Contacts between financial analysts and Corporate structures

Without prejudice to the general principles set out above, financial analysts shall not:

- i. participate in activities aimed at procuring *business* for Corporate structures (including *pitches*<sup>10</sup>);
- ii. communicate with issuers to obtain assignments for Corporate structures.

<sup>8</sup> In compliance with the provisions of the “Conflict of Interest Management Policy”, Corporate conventionally includes those Group structures which, for Italian and foreign Retail Companies, Professionals, Enterprise Customers, Corporate Customers and Financial Institutions, Supranational entities, States, Central and Local public bodies and Government-owned companies and entities: (i) provide Corporate finance services and activities; (ii) are responsible for managing relations with customers; (iii) are specifically classified as “private” enclaves even though they are based, due to organisational reasons, in the Market structures. The Corporate- side also comprises units of the Group that manage capital transactions of the Intesa Sanpaolo Group and its emissions.

The Market normally includes all Group units that provide: (i) Investment services and activities; (ii) Ancillary services (excluding Advice to undertakings and services related to the emission and placement of financial instruments, which fall within the scope of Corporate activities); (iii) Treasury activities (excluding transactions involving the capital of the Intesa Sanpaolo Group and own emissions falling under the scope of the Corporate) and Proprietary Trading.

<sup>9</sup> By way of example, participation in events/conferences of an institutional nature or organised by the financial community regarding macroeconomic and/or industry and/or general financial market issues is allowed.

<sup>10</sup> Meetings with corporate customers to obtain the mandate for *corporate or investment banking transactions*.

Involvement of financial analysts is also prohibited in one-to-one meetings between the Issuers and potential investors and in any other pre-marketing and/or marketing activity (e.g., pilot fishing, soft sounding, etc.) organised by the competent business units in carrying out corporate finance mandates.

Analysts may participate in:

- i. meetings aimed at providing investors with information to gain better knowledge of types of financial products and guidance in making investment choices, including in the presence of members of Corporate structures, provided that the latter do not promote specific transactions during these meetings;
- ii. roadshows connected to the placement of specific financial instruments on the market for the sole purpose of collecting information disclosed among the financial community, without prejudice to the prohibition of proactive or promotional attitudes in reporting or commenting on the information presented on these occasions.

Financial analysts can liaise internally with Corporate structures provided that they strictly abide by the *information barriers* and procedures set out by internal regulations concerning the Model on the management of conflicts of interest and inside and confidential information flows concerning third-party issuers, including the procedures for crossing said information barriers (so-called *crossing procedures*).

Nonetheless, it is forbidden for Corporate structures to approve, or even check in advance, the draft Recommendations or to solicit opinions different from those already expressed in published reports or to request advance information and/or opinions on data/current research by the Research Department.

The Corporate structures may contact financial analysts to request explanations on facts presented in already published research reports making sure to not communicate to or make the contacted financial analyst understand, either expressly or implicitly, that the said units are following a mandate/transaction concerning the Issuer(s) subject of the request.

The compensation of financial analysts is determined so as to safeguard their independence. Variable remuneration of financial analysts is not commensurate to *corporate and investment banking* transactions, even if they regard issuers covered by the Research Department.

## 7.2. *Contacts between financial analysts and Market structures*

Without prejudice to the general principles set out above, financial analysts shall not participate in activities intended to procure *business* for units that provide investment services and activities (including so-called *itches*).

Market structures and financial analysts can exchange the following information:

- i. factual information (e.g., communications concerning actual facts or events) provided that said information is public<sup>11</sup> or widely known;
- ii. processing of financial data published by an Issuer and any comparisons with previously published data, with market consensus and/or with prior estimates published by the analyst.

In contacts with Market structures, and specifically in communications for internal use only (oral and written), financial analysts shall always specify the source of data and information contained in the communication as well as abide by the criteria for the correct presentation of the Recommendations. Financial analysts can have ongoing contacts and a dialogue with Market structures within the limits set out above and provided that:

- i. no secret, confidential and/or inside information which the analysts have come to learn of by chance or in the cases allowed by internal company regulations (for instance, as a result of crossing procedures for specific transactions) is shared;
- ii. the content of recommendations being prepared (including ratings, target prices and portfolio models) is not discussed or anticipated;
- iii. no information is shared that may lead Market structures to infer, either directly or indirectly, a subsequent or potential change or confirmation of the recommendation, target price or forecasts previously expressed by the financial analysts;

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<sup>11</sup> Public information is information disclosed by the Issuer under article 114(1) of the Consolidated Law on Finance and related implementing provisions, as well as any other information disseminated by its holder on a voluntary basis. For the purpose of these Rules, the disclosure of news through the press containing sufficiently detailed information and not subject to the risk of denial by an Issuer can be considered to be tantamount to an official communication.

- iv. commercial strategies aimed at procuring business with the Issuer, including those based on the analysis of solely public data, are not suggested;
- v. contacts always take place through procedures such as to ensure traceability of the moment when the exchange took place and of the content of the information transmitted (e.g., by using mailboxes or recorded telephone lines) and in keeping with the operating procedures set out from time to time by internal corporate procedures.

In communications for internal use only, financial analysts cannot anticipate quantitative sensitivity analyses or effects, including of a qualitative nature, on their analysis or valuation. In communications for internal use only, factual comparisons with publicly available data or information are allowed. In the light of significant events, financial analysts must limit themselves to commenting the equity, financial and economic situation of issuers subject of the analysis without commenting on the impact of said events on research already published and without inferring a change or confirmation of an opinion previously expressed. This does not prevent financial analysts from citing content previously expressed and published in the latest research disclosed under the Rules.

Involuntary disclosure of information and/or opinions that may lead Market structures to infer, either directly or indirectly, a subsequent or potential change or confirmation of the recommendation, shall be immediately notified to the Compliance function.

The Compliance function shall also be informed immediately if during meetings and/or phone conferences secret, confidential and/or inside information which the financial analysts have come to learn of by chance or in the cases allowed by internal company regulations are involuntarily disclosed.

### *7.3. Contacts between financial analysts and external investors*

In compliance with the prohibitions above, financial analysts can establish contacts with investors who are the target recipients of Recommendations or with potential investors provided that these contacts are duly and accurately tracked and regard solely the discussion or comment of:

- i. previously published research or Recommendations;
- ii. information relating to the market or sector that are not relevant for the purpose of changes to previously published Recommendations with reference to the same sector;
- iii. information relating to comparisons between Issuers without prejudice to the general prohibition of expressing information aimed at changing previously expressed Recommendations about one or more Issuers of the comparison if these are covered by the Research Department.

Financial analysts shall not process or make personalised Recommendations (equivalent to the provision of the financial investment advice service) for individual investors.

Without prejudice to the principles above, a financial analyst who has drawn up a Recommendation may contact investors receiving the Recommendation only for the purpose of providing an authentic interpretation of the data and assessments without adding anything to the previously published content in the recommendation. Contacts between financial analysts must be recorded in a specific archive that can be accessed by the Head of the relevant Research Offices.

### *7.4. Forms of participation of financial analysts in meetings with Issuers, their shareholders, managers and their financial advisors as part of an Initial Public Offering (IPO)*

In compliance with the limits and precautions outlined above, financial analysts are allowed to participate during the pre-mandate stage of an Initial Public Offering in meeting with the company that plans on listing its own financial instruments on a regulated market, with the financial sponsors and/or with the financial advisors of the company.

In order to ensure that the participation complies with the principles set out in the paragraphs above, the content of the meetings must be limited to the conventional exchange of information that analysts have with clients concerning the industry they operate in and that helps financial analyst to gain a background knowledge instrumental to the correct analysis or valuation of an Issuer. Topics of discussion in keeping with the profile of a financial analyst are:

- i. details concerning previous coverage activities by the Study and Research Department in that industry and territory;
- ii. standard methodologies used in the industry for analysis or valuation;
- iii. strengths and weaknesses identified in that specific industry and territory;
- iv. other issuers covered by the financial analyst in that industry and the recommendation given by the financial analyst in recently published research about each Issuer, including the valuation methodologies;
- v. opinions of investors about the industry and issuers of that industry;
- vi. details requested by the analyst about the business, management of the Issuer and its financial plans.

In addition, the use of presentation material based on already published material that is consistent with the type of documents handed out by financial analysts in contact with clients is allowed provided that it does not include information about the Issuer of the IPO.

Financial analysts participating in pre-mandate meetings cannot give their opinion on the Issuer of the IPO. In particular, it is forbidden:

- i. to give a valuation or provide a specific valuation methodology on an Issuer;
- ii. to discuss the positioning of an Issuer compared to competitors and opinions on selling the securities at a price above/below their nominal value;
- iii. to anticipate information views on an Issuer's rating and positioning in the industry;
- iv. to give an Issuer opinions about an optimal capital structure;
- v. to take a selection of documents that may suggest a favourable coverage of a specific industry to meetings although reports with a neutral or negative recommendation have been recently published;
- vi. to discuss the marketing process that an Issuer has planned (e.g., discuss how the Issuer could better position itself for investors or how to improve investors' perception).

Financial analysts are not allowed to participate in the same meetings attended by Corporate persons of the Bank and persons engaged in investment banking activities (except for meetings open to the general public).

Contacts between the financial analysts and advisors of the Issuer of an IPO must take place in the presence of management and/or of the shareholders of the Issuer.

## **8. Independence of the analysts from the issuing companies, institutional investors and other outsiders**

Before publishing, financial analysts can transmit a draft Recommendation to the Issuer for the mere purpose of checking that the facts are reported correctly. Likewise, in compliance with the Research Guidelines (or similar documents) drawn up on the occasion of *investment banking* transactions, financial analysts can transmit a draft Recommendation to the person in charge for the mere purpose of checking that the facts are reported correctly. The submitted draft must not indicate any recommendations about the financial instruments covered by the analyses or the *target price* or opinions and judgements and/or estimates including ratings. In order to ensure traceability (by email, recorded phone call or other mode that ensures traceability) of the information, financial analysts must archive the exchange of information with the Issuer and/or persons concerned (including the draft recommendation sent and the remarks/comments received).

Financial analysts are not bound in any way whatsoever by any remarks received from the Issuer or person identified in the Research Guidelines (or similar documents) on the content of the research report or on the timing of publication.

In relations with issuers, financial analysts shall contact or have relations solely with the professional figures identified by the Issuer (e.g., Investor Relators or similar) to manage relations with investors and financial analysts. As part of these contacts, financial analysts shall not solicit the Issuer to disclose relevant information that is confidential or not in the public domain.

Financial analysts must always ascertain, including through the Issuer, whether information they may come to learn of is in the public domain or widely known.

Financial analysts cannot rely solely on the source of information received to rule out the nature of “price sensitive” information. In case of doubt, financial analysts must consult the Compliance Function.

Financial analysts must nonetheless indicate in the Recommendation whether the research report has been made available to the Issuer and changed before disclosure to the public.

The business units of the Intesa Sanpaolo Group in charge of relations with customers and product factories of the Corporate and Investment Banking Department are prohibited from agreeing the content of Recommendations and/or specific valuations or *target prices* with issuers.

## **9. Means of disclosure of Recommendations**

Recommendations are disclosed to all clients grouped into homogeneous target groups in a complete, timely and appropriate manner, avoiding any differences in information. The Intesa Sanpaolo Groups guarantees the contextual disclosure of Recommendations.

Recommendations can be reserved to specific groups of clients of the Intesa Sanpaolo Group, qualified operators and non-qualified operators. The type of target recipients is specified in the Recommendations.

In order to ensure equal treatment of the target recipients of Recommendations, in their contact with bank employees belonging to front office units, issuers and/or institutional investors, financial analysts cannot anticipate the analysis, including *the recommendation, target price*, etc., of the recommendations being drafted.

Financial analysts cannot disclose Recommendations aimed for clients of the Intesa Sanpaolo Group to third parties until these become part of the public domain.

## ANNEX

With a view to defining the specific scope of application of these Rules, the definitions for key terms used throughout the document are provided below. Whether used in the singular or plural, they have the same meaning.

### *Ancillary services*

These refer to the following:

- a) Custodianship and administration of financial instruments and related ancillary services;
- b) Safekeeping;
- c) Granting of loans to investors to allow them to carry out a transaction in financial instruments involving the party granting the loan;
- d) Advice to undertakings on capital structure, industrial strategy and related matters, and advice and services relating to mergers and the purchase of undertakings;
- e) Services related to the issue or placement of financial instruments, including the organisation and set-up of underwriting and placement syndicates;
- f) Investment research, financial analysis or other forms of general recommendation relating to transactions in financial instruments;
- g) Foreign exchange trading linked to the provision of investment services;
- h) Investment services and activities, as well as previously mentioned ancillary services linked to the provision of investment or ancillary services on derivatives.

### *Person Closely Associated*

It refers to one of the following persons as specified pursuant to the MAR (Article 3, paragraph 1 (26)):

- i. a spouse, or a partner considered to be equivalent to a spouse in accordance with national law;
- ii. a dependent child, in accordance with national law;
- iii. a relative who has shared the same household for at least one year on the date of the transaction concerned; or
- iv. a legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to in point (i), (ii) or (iii), which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interest of which are substantially equivalent to those of such a person.

### *Confidential information*

This refers to any confidential information relating to both the activity of a company with *Financial Instruments*, whether listed or unlisted, that is not in the public domain and particularly relevant from the organisational, economic, financial and strategic point of view, and the *Financial Instruments* issued by the *Issuer*.<sup>12</sup>

### *Corporate broker or specialist*

This refers to a person who knows the financial markets and who, based on an agreement with the *Issuer* promotes initiatives aimed at raising interest among investors in securities of the *Issuer* also through the publication of *Research*, and who can trade on his own account to promote the liquidity of instruments issued by companies.

### *Corporate finance services and activities*

The *Customer* relationship management activity includes, by way of example, the services regarding:

- investment banking transactions (advisory, arranging, origination, transactions addressing public savings – such as IPO, OPV, OPVS, OPA, etc. -, M&A);
- acquisition and management of *Holdings* (including merchant banking and private equity transactions);
- structured finance transactions, transactions connected to debt restructuring or the overhaul of companies in a crisis and, in general, the provision of corporate banking products and services, including ordinary loans and the loans linked to extraordinary transactions and leasing and factoring transactions.

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<sup>12</sup> For example, the information regarding issuers listed in countries not belonging to the *European Union*: it is understood that the abuse of information regarding this type of issuers, in addition to pertaining to the cases of Conflict of interest, could be punished by the regulations of the country where the relevant issuers are listed (e.g. United States, Canada, Australia, Japan), with afflictive legislation that is comparable to the one applied in Italy to *Insider dealing*.

### *Client*

The client is an entity to which *investment services and activities* and/or *ancillary services* are provided.

### *Directional Position*

This refers to the holding of a Financial Instrument or a combination of Financial Instruments the total value of which changes in line with the market value of the Financial Instrument held or, in the case of combinations, which include also derivative Financial Instruments, of the underlying Financial Instrument. The Directional Position is deemed to be long if its value increases as that of the Financial Instrument held or that of the underlying Financial Instrument increases, in the case of combinations which include derivative Financial Instruments, and vice versa.

The Directional Position is deemed to be short if its value decreases as that of the Financial Instrument held or of the underlying Financial Instrument increases, in the case of combinations which include derivative Financial Instruments, and vice versa.

### *Trading venue*

This means a *Regulated market*, *Multilateral Trading Facilities (MTF)*, an *Organised Trading Facility (OTF)*, a *Systematic Internaliser*, a *Market Maker* or *other Dealer on own account*, as well as an equivalent trading venue of a non-EU country.

### *Financial instruments:*

These refer to one of the following instruments

- 1) securities;
- 2) money market instruments;
- 3) units in Collective Investment Undertakings;
- 4) option contracts, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives financial instruments, financial indices or financial measures which can be settled physically or in cash;
- 5) option contracts, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
- 6) option contracts, futures, swaps and any other derivative contracts relating to commodities that can be physically settled provided that they are traded on a Regulated Market, a Multilateral Trading Facility or an Organised Trading Facility, except for wholesale energy products traded on an Organised Trading Facility that must be physically settled;
- 7) option contracts, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- 8) derivative financial instruments for transferring credit risk;
- 9) financial contracts for differences ("CFDs");
- 10) option contracts, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the opinion of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this section, which have the characteristics of other derivative Financial Instruments, having regard to whether, inter alia, they are traded on a Regulated Market, on a Multilateral Trading Facility, or an Organised Trading Facility;
- 11) emission allowances consisting of any unit recognised for compliance with the requirements of Directive 2003/87/EC (emission trading scheme).

### *Holdings*

These are shares, quotas and other *Financial Instruments* which entitle the owner to administrative rights or nevertheless those rights provided for by art. 2351, last subsection of the Italian Civil Code.

### *Inside information*

It refers to:

- a) information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more *Issuers of Financial Instruments listed or pending listing in the European Union* or to one or more *Financial Instruments* listed or pending listing in the European Union, and which, if it were made public, would be likely to have a significant effect on the prices of those *Financial Instruments listed or pending listing in the European Union* or on the prices of related derivative *Financial Instruments*;
- b) in relation to commodity derivatives, information of a precise nature is information, which has not been made public, relating, directly or indirectly to one or more such derivatives or relating directly to the related spot commodity contract, and which, if it were made public, would be likely to have a significant effect on the prices of such derivatives or related spot commodity contracts, and where this is information which is reasonably expected to be disclosed or is required to be disclosed in accordance with *European Union* or national legislative or regulatory provisions, market rules, contract, practice or custom, on the relevant commodity derivatives markets or spot markets;
- c) in relation to emission allowances or auctioned products based thereon, information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more such instruments, and which, if it were made public, would be likely to have a significant effect on the prices of such instruments or on the prices of related derivative *financial instruments*;
- d) for persons charged with the execution of orders concerning *Financial instruments*, it also means information conveyed by a *client* and relating to the *client's* pending orders in *Financial Instruments*, which is of a precise nature, relating, directly or indirectly, to one or more issuers or to one or more *Financial Instruments*, and which, if it were made public, would be likely to have a significant effect on the prices of those *Financial Instruments*, the price of related spot commodity contracts, or on the price of related derivative *Financial Instruments*.

#### *Internal dealing*

This refers to regulations on the transparency of transactions concerning the shares of listed companies and related financial instruments carried out by executives of the companies and by persons closely related to them.

#### *Intesa Sanpaolo Group or Group*

This refers to the economic Group headed by Intesa Sanpaolo.

The *Group* area for the purpose of identifying potential conflicts of interest should be established by reference to the notion of control found in nos. 1 and 2 of art. 2359 of the Italian Civil Code (internal control by right, and 'de facto' internal control) and article no. 23 of the *Consolidated Bank Act* and article no. 93 of the *Consolidated Law on Finance* (which add the notion of dominant influence to the previous two ones).

#### *Investment recommendations*

Mean information intended for distribution channels or for the general public and aimed at recommending, expressly or implicitly, an investment strategy concerning one or more *financial instruments* or *Issuers*, including opinions on the present or future value or prices thereof.

#### *Investment services and activities (or Investment services)*

These refer to the following services when they concern *Financial Instruments*:

- a) dealing on own account;
- b) execution of orders on behalf of clients;
- c) subscription and/or placement with firm underwriting or commitment to the Issuer;
- c-bis) placement without firm underwriting nor commitment to the issuer;
- d) portfolio management;
- e) reception and transmission of orders (including arrangements to bring together two or more investors thereby bringing about a transaction between them);
- f) Investment advice;
- g) management of multilateral trading facilities.

For the purposes of this Policy, the definition of *Investment services and activities* includes the provision of *Collective portfolio management service*.

#### *Issuer*

Means a legal entity governed by private or public law, which issues or proposes to issue *financial instruments*, the issuer being, in case of depository receipts representing *financial instruments*, the Issuer of the *financial instrument* represented.

#### *Lead Manager*

This refers to the entity that has been engaged by the *Issuer* to study the characteristics of an issue that may be well received by the market (especially in terms of price, coupon, quantity) and to organise a syndicate of intermediaries (co-lead managers or managers) that may subscribe (or underwrite) and/or distribute them to professional investors.

#### *Liquidity provider*

The person who, on the basis of a contract with the *Issuer* operates in order to provide liquidity to trading, allow regular listings and avoid price fluctuations that are not in line with the market trend.

#### *Market Abuse Regulation or MAR*

It refers to (EU) Regulation No. 596/2014 of the European Parliament and Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and Council and Directives 2003/124/EC, 2003/125/EC and 2004/72/EC of the Commission.

#### *Market Maker*

A person who holds himself out on the *Regulated Markets* and *Multilateral Trading Facilities*, on a continuous basis, as being willing to deal on own account by buying and selling *Financial Instruments* at prices defined by him.

#### *Multilateral Trading Facilities (MTF)*

This means the multilateral systems managed by an investment firm or a market operator which bring together – within the system and based on non-discretionary rules – multiple third-party buying and selling interests in *Financial Instruments*, so as to enter into contracts.

#### *Organised Trading Facility (OTF)<sup>13</sup>*

These are multilateral systems other than a *Regulated Market* or a *Multilateral Trading Facility* that bring together multiple third-party buying and selling interests in bonds, structured financial instruments, emission allowances and derivatives, so as to enter into contracts.

#### *Other information recommending an investment strategy*

It refers to information:

- a) produced by an independent analyst, an investment firm, a credit institution, any other persons whose main business is to produce *Investment recommendations* or a natural person working for them under an employment contract or otherwise, which, directly or indirectly, expresses a particular investment proposal in respect of a *financial instrument* or an *issuer*; or
- b) produced by persons other than those referred to in point a) which directly proposes a particular investment decision in respect of a *financial instrument*.

#### *Recommendations*

Mean *investment recommendations* and *other information recommending or suggesting an investment strategy*.

#### *Regulated markets*

They refer to:

- a) authorised Italian markets listed in a specific register kept by Consob (art. 63, second subsection of the *Consolidated Law on Finance*);
- b) foreign markets recognised pursuant to EC Regulations, listed in a specific section of the register (art. 67, first subsection of the *Consolidated Law on Finance*);
- c) foreign markets, other than the previous ones, recognised by Consob on the basis of agreements signed with the equivalent authorities (art. 67, second subsection of the *Consolidated Law on Finance*).

The above markets are registered in special registers which are available on the Consob website - [www.consob.it](http://www.consob.it) (Markets section) and on the ESMA website [www.esma.europa.eu](http://www.esma.europa.eu) (Databases & Library).

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<sup>13</sup> OTFs are Organised Trading Facilities, the introduction of which is set out in Directive 2014/65/EU (MIFID II).

*Research*

Mean *investment recommendations* and *other information recommending an investment strategy* produced by independent analysts.

*Specialist*

This means the operator that undertakes to guarantee the liquidity of one or more *Financial Instruments* by making buying and selling proposals on an ongoing basis.

*Sponsor*

This means the intermediary responsible for assisting an *Issuer* company with the listing process, guaranteeing the reliability of the business plan and facilitating the contacts with analysts and investors.

*Substantial services of an investment company*

These refer to the Investment Services and/or Ancillary Services referred to in Annex I, Sections A and B, of Directive 2014/65/EU.

*Systematic Internaliser*

This refers to the subject who, on an organised, frequent and systematic basis deals on its own account by executing *Customer* orders outside *Regulated Markets* or *Multilateral Trading Facilities*.

*Watch List*

The register of sensitive situations (as governed by Group internal regulations on the management of conflicts in force from time to time) typically generated by corporate and investment banking transactions or transactions related to the management of holdings which may give rise to conflict-of-interest situations or which entail the holding of Inside or Confidential Information.