

# Annual Report 2022

Rome, 31 March 2023



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# CONSOB

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COMMISSIONE NAZIONALE  
PER LE SOCIETÀ E LA BORSA



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Rome, 31 March 2023

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(from 7 February 2022)

**Giuseppe Maria Berruti**

(until 1 February 2023)

*Director General*

**Enrico Ajello**

(from 15 September 2022)

*Secretary General*

**Maria Antonietta Scopelliti**



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# CONSOB

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COMMISSIONE NAZIONALE  
PER LE SOCIETÀ E LA BORSA

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ISSN 2281-9460 (online)

ISSN 2282-1406 (print)

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# CONSOB strategic lines A





# CONSOB strategic lines

## 1 Implementation of the Strategic Plan in a constantly evolving context

In 2022, CONSOB's activities were based on the lines of the Strategic Plan for the three-year period 2022-2024.

The Plan identifies the actions that CONSOB intends to carry out to encourage the channelling of savings towards the real economy, taking into account the major structural changes underway, driven by technological innovation, the growing attention given to environmental sustainability, social sustainability and governance, as well as the prospects of post-pandemic recovery.

Innovation and sustainability, trust and investor protection, and digitalisation are the three directives of the Strategic Plan, guiding the Authority's action in the pursuit of objectives aligned with the national strategic objectives, including those set out in the National Recovery and Resilience Plan (NRRP).

In 2022, institutional activities took into account the difficult financial situation, which changed rapidly following the increase in geopolitical tensions, the impacts of which – differentiated by sector of activities – contributed to the rise in the general level of prices.

In 2023, following the decline (Ftse Mib -13.3% and EURO STOXX 50 -11.7%) and strong volatility of prices recorded in the previous year, the financial markets may continue to be affected by persistent geopolitical uncertainty and restrictive monetary policy aimed at controlling inflation, despite economic forecasts made by several international institutions (including those published by the European Commission last February) having been revised upward.

CONSOB also followed and contributed to the evolution of the regulatory framework. At European level, initiatives related to digitalisation and sustainability continued and new ones were added aimed at speeding up the implementation of the Capital Markets Union (CMU) Action Plan to serve recovery and sustainable growth.

CONSOB also continued participating in the work of the various institutions active at a global level (including the IOSCO, FSB, ESRB and OECD).

Halfway through the year, the appointments of the authorities making up the members of the IOSCO Board were renewed, with reference to the period 2022-2026. Following a collective decision that increased the overall number of ordinary members from 34 to 35 (to which two members are added as observers), CONSOB, which represents Italy in that context, was confirmed among the nominated Board members.

The guidelines for 2023 will be presented below according to the three directives mentioned above.

## 2 The 'Innovation and sustainability' directive

The complex transition towards a sustainable growth model and digital development, while registering accelerations and slowdowns, outlines a necessary process on which the competitiveness of the country and its industry is also measured.

The systemic crisis triggered by the pandemic highlighted the urgent need for an institutional approach, endorsed by CONSOB, which is more open to dialogue with operators, more sensitive to requests for regulatory simplification and more open to innovation and incentives.

### 2.1 Promote company access to the Italian capital market

During the year, there were 20 operations (14 in 2021) directly aimed at or in any case associated with the delisting of the shares subject to bid (or purchase obligation). Delisting occurred in 18 cases, with capitalization totalling approximately 28.7 billion euro. The instability of the financial markets, mainly resulting from the conflict between Russia and Ukraine, led approximately 20 issuers to set aside or postpone the process of first admission to listing, in many cases already underway or in its final stage.

In light of these events, in the summer of 2022, CONSOB adopted regulatory initiatives to simplify the prospectuses, which were well received by the market. These initiatives led to the reduction and alignment of the prospectus approval times with European legislation and confirmed the possibility of submitting issues of particular importance to CONSOB in advance so as to hasten the preliminary investigation (so-called pre-filing). The initiatives also introduced the possibility, under certain conditions, to prepare the prospectus in English. At the beginning of 2023, the first case of approval of a prospectus in English according to the new provisions indicates that the market is beginning to use the facilities introduced (see Part B).

The simplification process currently underway is part of the broader context of dialogue with institutions and operators, which in 2022 led to the publication of the so-called Green Paper by the Ministry of Economy and

Finance (MEF) on *Italian financial markets' competitiveness in support of growth*. With a view to introducing further changes to primary and secondary legislation aiming at simplification, reduction of the cost of market access and removal of barriers to innovation, CONSOB will continue to keep a channel open for constructive discussion, with both the MEF and within the advisory Committee of Market Operators and Investors (COMI) established by CONSOB, bringing together representatives of trade associations and representatives of consumer associations.

The focus on market development and the need to facilitate access especially for small and medium-sized companies (SMEs) also remains high in Europe, in the context of a CMU project based on a principle of proportionality of regulation and supervision.

In particular, the European Commission's December 2022 proposal, the "Listing Act", aims to give new impetus to the CMU through measures aimed at making the requirements established by the regulations on prospectuses, market abuse and voting rights proportionate to the size of the company, as well as to promote greater availability of information, especially on SMEs (see Part B).

CONSOB shares and promotes the European approach and the viewpoint outlined by the Green Paper of the MEF; thus it will continue to simplify its processes to ensure the competitiveness of Italian market, through substantial alignment of behaviour and practices with European best practices. In fact, distortions in competition given the same primary rules are often caused by such misalignment.

In Italy, the process of integrating Borsa Italiana Spa and the other Group companies within the Euronext Group is almost complete, following which the Italian markets will be transferred onto the Optiq trading platform with benefits in terms of liquidity, ease of access and quality of the services offered to issuers and investors. The new framework, with the migration onto the trading platform of the European Group in 2023, will continue to require measures from CONSOB for the approval of new rules for trading venues and for monitoring the outsourcing of critical functions in constancy of adequate supervisory safeguards (see Part B).

## 2.2 Promote the development of FinTech solutions

Over the last two years, CONSOB prepared and promoted regulatory proposals to introduce into national legislation rules for the issuance and circulation of digital financial instruments based on Distributed Ledger Technology (DLT). The objective of the proposals is to introduce a digital regime for issuance and circulation that is an alternative to the paper-based and book-entry form, establishing clear rules that do not hinder the opportunities offered

by the new funding mechanisms and are in any case able to meet the requirements of the "traditional regime".

In this context, the European regulation known as Pilot Regime for market infrastructures based on Distributed Ledger Technology (DLT) has been applicable since 23 March 2023. This regulation allows trading of digital financial instruments with no obligation of dematerialisation at a central depository for instruments admitted to new market infrastructures specially authorised for the purpose (that is, the DLT market infrastructures), responsible for 'maintaining the register' of financial instruments and carrying out the settlement of transactions.

In order to implement the Pilot Regime in the Italian market, Decree-Law no. 25 of 17 March 2023 entered into force as of 18 March 2023, containing urgent provisions for the issuance and circulation of certain financial instruments in digital form and for simplifying FinTech experimentation. The decree introduces, among other things, measures to simplify the so-called Regulatory Sandbox referred to in Decree-Law no. 34, dated 30 April 2019, containing a transitional regime for the experimentation of activities that use innovative technologies for the banking, financial and insurance sectors, in constant dialogue with the supervisory authorities.

### 2.3 Increase the flow of investments towards sustainable activities

The European regulatory framework in the field of sustainable finance has been greatly enriched. In 2022, the Directive (EU) 2022/2464 on the sustainability reporting of issuers (Corporate Sustainability Reporting Directive - CSRD, see Part B) was introduced, published on 16 December, along with the first application of the disclosure requirements set out in Article 8 of Regulation (EU) 2020/852 - Taxonomy Regulation (performance indicators relating to turnover, capital expenditure and operating expenditure). Non-financial statements (NFSs) will be available in 2023 for the first time; such statements report the environmentally sustainable activities according to their alignment with the EU taxonomy, supplementing the initial information required by the mentioned Article 8 for the NFSs published in 2022, limited to activities eligible for the taxonomy. The reporting scope will be extended to the entire value chain and the issuer's process of collecting and processing sustainability data must be transparent.

In 2022, at a global and European level, the activities aimed at defining standards for reporting on ESG issues continued; these also take into account the principle of proportionality of compliance for smaller companies.

In particular, at European level, the public consultation was carried out on the first set of draft *European Sustainability Reporting Standards* (ESRS), whose adoption is expected in 2023, as well as the consultation aimed at

issuing guidelines for funds that use the acronym ESG or other sustainability-related terms in their names, also for the purpose of countering greenwashing, concluded in February 2023. The ESMA guidelines on the suitability assessment and those on product governance were published, respectively, in September 2022 and March 2023.

However, in the path towards the development of sustainable finance, several aspects still need to be defined. Among these the complete taxonomy of sustainability factors (including social factors), the rules for the issuance of judgments or sustainability ratings, and the full integration of sustainability factors into decision-making and investment processes are of particular importance.

In addition to the disclosure obligations for issuers, the Disclosure Regulation (SFDR), the EU Ecolabel for retail financial products, the EU Green Bond Standard and the consideration of investors' sustainability preferences in the suitability assessment are all linked to the European Taxonomy.

The Disclosure Regulation lays down sustainability disclosure obligations for market participants, including financial advisors, mutual fund management companies, investment firms and alternative investment fund managers. From 2023, the products will explicitly refer to the share of investments in activities aligned with the taxonomy.

CONSOB will continue to adapt its activity to the new context, both contributing to the development of the regulatory framework and aligning the supervisory policies with the indications emerging from the European initiatives, including the new regulations contained in the CSRD.

At national level, CONSOB also provides its contribution to the Coordination Panel on Sustainable Finance established by the MEF with the common objective of facilitating coordination between institutions and dialogue with all the relevant stakeholders, developing proposals to promote the mobilisation of financial resources towards sustainable investments and defining the Italian position in international fora.

To help spread the culture of sustainability, CONSOB will continue to promote actions to raise awareness and literacy that are aimed at increasing investors' knowledge and understanding regarding the importance of expressing their sustainability preferences when investing. The actions will benefit from the evidence gathered within the CONSOB Observatory on "The approach to finance and investment of Italian households" (hereinafter referred to as the CONSOB Observatory).

### 3 The 'Trust and Investor Protection' directive

CONSOB considers the contrast of greenwashing to be a priority for supervisory activities and studies, as well as for investor protection. For this reason, it has already carried out specific investigations aimed at verifying the methods used by issuers and intermediaries to present information concerning sustainability (see Part B). Since 2022, monitoring of ESG information disseminated within corporate studies and ratings was intensified, comparing this information with the primary disclosure disseminated by issuers.

Activity in this area will also continue in the next two years, with the aim of raising the level of trust and investor protection, thereby increasing the propensity for sustainable investments.

From a protection perspective, importance is now given to understanding and monitoring new phenomena, such as the crypto-assets markets, in which savers are unknowingly exposed to new sources of risk for which current legislation is not yet sufficiently equipped. Within the current regulatory context, crypto-assets are brought into CONSOB's sphere of competence under specific conditions, such as the existence of characteristics that make them truly similar to financial products or instruments (see Part B).

The evidence gathered in relation to the mentioned CONSOB Observatory revealed that both the share of investors that exchange cryptocurrencies and the potential interest in this type of asset is growing, powered, among other things, by expectation of easy money and the propensity to overestimate their own knowledge in this area.

In addition to targeted regulatory measures, these developments require that particular attention be given to the digital and financial skills of citizens, which in Italy are still not very widespread.

In the European context, the recently adopted Regulation on Markets in Crypto-assets (MiCA Regulation) introduces specific transparency rules as well as a taxonomy of assets represented by tokens, instruments with very different characteristics that can incorporate a financial component with varying degrees of intensity.

CONSOB has repeatedly highlighted the urgent need to bring forward certain provisions of the European digital finance package at a national level, France and Germany have already done. The operators themselves - at least the larger ones - seem to be in favour of a regulatory and supervisory system that legitimises their activity.

However, recent scandals in the field of crypto-assets and the resulting systemic impacts call for timely intervention to expand investor protection mechanisms. CONSOB's proposal is characterised by the introduction in the Consolidated Law on Finance (TUF) of a notion of crypto-assets that is consistent with that of the Markets in Crypto-assets Regulation



(MiCAR), to provide for the determining factor to be the ability of the crypto-assets to be exchanged or traded (and therefore subject to price fluctuations). The proposal is also characterised by the existence of a regulation on advertising, including indirect advertising, of those types of crypto-assets that are most suitable for attracting potential investors. In the context of the proposed intervention, administrative sanctions and specific enforcement powers are envisaged, such as the precautionary suspension and prohibition of advertising activities, as well as the black-out and removal of improper campaigns carried out on the web.

The proposals are inspired, among other things, by CONSOB's experience in fraudulent financial activities, against which CONSOB has been vested with the power to ask internet service providers to black-out the websites. This power has been exercised over the last three years against almost 900 websites and has proved to be more effective than *ex-post* interventions such as initiation of administrative proceedings.

Another factor which may affect trust and investor protection is the rise in prices recorded during 2022. The CONSOB Observatory revealed that 80% of investors believe the management of personal finances to be difficult, above all due to the uncertain environment and inflation. Macroeconomic data confirms this perception: inflation is eroding the purchasing power of disposable income; the economic hardship of households is increasing again; financial wealth relative to disposable income is declining, despite remaining higher than that of the major countries of the euro area. In this regard, in September 2022, the ESMA recommended that, when assessing suitability, intermediaries determine the customer's awareness regarding the possible effects of inflation on the returns on investment. CONSOB will continue to promote and organise initiatives that are also aimed at raising awareness of the impacts of inflation and at fostering financial control behaviour that may improve the ability to withstand adverse events pertaining to individuals and/or the economic and financial situation.

#### 4 The 'Digitalisation and organisational structure assessment of CONSOB' directive

The directive of the Strategic Plan entitled 'Digitalisation and organisational structure assessment of CONSOB' aims to promote innovation, consisting of supervisory projects based on the use of Artificial Intelligence (AI) technological solutions and the consequent internal organisational adaptation, which will get fully underway during 2023.

## 4.1 Digitalisation

The digital transition of CONSOB's processes and the strengthening of data driven and risk driven supervision follow a gradual pathway based on experimentation, the development of pilot projects and the performance of operational tests. This is a long pathway but one that can bring benefits in terms of the effectiveness and efficiency of CONSOB's action, as part of a risk-based approach to supervision that CONSOB has long implemented, even through the use of traditional tools. It will also be crucial, for the modernisation of CONSOB, to continue to monitor the cyber security and complete migration to the cloud. In 2022, the classification of data and services was carried out together with the Italian National Cyber Security Authority (ACN), to enable CONSOB to continue the work for the migration to the cloud according to national guidelines.

In particular, in order to share and integrate supervisory data, the data warehouse system implemented in 2021 was enhanced with analysis tools based on reporting, charts and smart dashboards for the analysis and navigation of structured data representing CONSOB's information assets.

In 2022, CONSOB tested, together with leading Italian universities, the first two prototypes of AI systems for supervision. Over the next two years, work will continue to be carried out to put the innovations into production, applying them to administrative and organisational processes.

As from 2023, CONSOB is a candidate to participate in multi-country projects aimed at the use of AI tools in the fight against market abuse and greenwashing, thanks to the support of the European Commission (Technical Support Instrument). In 2022, CONSOB submitted a request to participate in two projects promoted by the European Commission's DG REFORM through the Technical Support Instrument (TSI) referred to in Regulation (EU) 2021/240. These projects, to be launched in 2023 if approved, will involve authorities from various sectors and Member States and will benefit from EU-funded technical advisory services in the development of integrated supervisory models. In this way, new supervisory models, common to the EU authorities, can be developed. These will enable the dissemination of best practices and the costs of supervision to be aligned, releasing resources that are to be dedicated to more complex analyses. In particular, the greenwashing project is aligned with the objectives outlined in CONSOB's strategic plan for 2022-2024 and falls within the scope of the initiatives launched by CONSOB to help strengthen the level of investor protection and support the development of a credible and reliable ESG market.

The AI prototypes already developed by CONSOB aim to extract new information from the data available in a pre-investigation phase, leaving the decision to launch a supervisory investigation under human control.

The first trial was implemented to support the supervision of documents (KID - Key Information Document), which illustrate the main

characteristics of packaged financial products intended for retail investors (Packaged Retail and Insurance-based Investment Products - PRIIPs). The number of documents notified (more than one and a half million in 2021 and more than 5 million in 2022) makes their complete examination impossible and requires the use of selection criteria based on risk parameters. This trial consisted of the development of a Proof of Concept (PoC), in cooperation with the Sapienza University of Rome, based on techniques for analysing natural language followed by the application of machine learning tools with the aim of obtaining, as a result of the analysis, a recommendation regarding the priorities of the supervisory actions through the automatic screening of the KIDs (see Part B).

The second trial, carried out in cooperation with the Scuola Normale Superiore di Pisa, concerned the supervision of transactions in order to identify the possible instances of abuse from the analysis of market data. For experimental purposes, two proofs of concept were developed which, using unsupervised machine learning AI methods, could support the preliminary analyses in identifying the suspected parties (see Part B).

Other possible areas of experimentation have been identified in the Strategic Plan, including the creation of a compendium of case law of the Alternative Financial Dispute Resolution Scheme (Arbitro per le Controversie Finanziarie - ACF), which may support savers decision-making and the analysis of sustainability reporting aiming at mitigating the risk of greenwashing.

The first project is aimed at extracting guidelines from recurring decisions already made by the ACF, in order to test whether the application of AI tools enables the acquisition of initial indications for the possible solution of a claim.

The second project aims to create a model for automatic verification of the sustainability disclosure of non-financial statements and offer documents of financial instrument. The definition of dissimilarity metrics could prove useful for detecting greenwashing events, also thanks to the comparison with information disseminated by the same issuer in other areas or by external sources (such as sustainability ratings and analysts' studies).

## 4.2 Organisational structure

In order to continue along the defined path, CONSOB will have to adapt its organisational structure over the next two years, modernise the technological infrastructure and strengthen the skills of staff also in the area of technological innovation. In 2022, for the first time recruitment began for a data scientist, this will end at the beginning of 2023 and thanks to new regulatory instruments, the first PhDs commenced on areas falling under CONSOB's remit. A review of the organisational structure is underway, which will also lead to the definition of new skills required for the technological

development of the Authority and the subsequent recruitment of staff. The project is consistent with the recommendations contained in the OECD 'Capital Market Review of Italy' report, which recommended the implementation of a self-assessment, supported by the opinion of an independent expert, to assess how CONSOB operates. The objectives pursued include simplifying the course of internal processes, minimising fragmentation and the need for coordination, and reducing and standardising the timescale for taking action by CONSOB, as well as developing and strengthening expertise in various areas, including sustainability, also through the use of technology. Therefore, in 2022, CONSOB launched a project to make its organisational response to changes arising from the relevant context faster and more effective.

\* \* \*

From the beginning of 2022 the composition of the Board has changed. Mr Carlo Comporti, appointed by Presidential Decree on 25 January 2022, took up his duties on 7 February 2022, while Judge Giuseppe Maria Berruti ceased his term of office on 1 February 2023 and Mr Paolo Ciocca ended his term of office on 31 March 2023. During the year, the Commission met 81 times over 45 weeks (the figure was 97 meetings in 2021), during which 1,023 cases were examined (1,277 in 2021), and 402 resolutions were issued (484 in 2021; Tab. a.1). Among the resolutions issued in 2022, there were 215 (246 in 2021) aimed at the black-out of unauthorised websites, bringing the number of blacked out websites to 815 (866 as of 30 March 2023) since 1 July 2019 when the regulation came into force assigning CONSOB with the power to block in Italy access to the websites to which abusive phenomena are attributable. In 2022, 26 sanctioning proceedings were concluded (70 in 2021) with the application of sanctions to 65 parties (109 in 2021), for an overall amount of approximately 5.2 million euro (8 million euro in 2021).

Finally, in 2022, CONSOB and the Bank of Italy held two meetings of the Strategic Committee, seven meetings of the Technical Committee on Intermediaries and three meetings of the Technical Committee on Markets. Additionally, numerous meetings were held in relation to the joint work technical panels dedicated to the in-depth analysis of matters of common interest, as well as the joint panels for the drafting or revision of the Memoranda of Understanding.

\* \* \*

This Report is organised as follows. Part B illustrates the most relevant activities of the previous year with regard to all areas of institutional interest, highlighting the main innovative profiles. The document concludes with the 'Statistical appendix' in Part C.

CONSOB activity B



## 1 Innovative profiles

### *Activity related to the escalation of geopolitical risks*

In 2022, CONSOB monitored the Italian trading venues, also taking into account the uncertainty fuelled by the conflict between Russia and Ukraine and the trends in the energy markets. In particular, the monitoring concerned existing volatility management mechanisms, intraday liquidity developments, conditions for access to trading, the activities of market participants and liquidity providers, as well as the measures and safeguards adopted to mitigate the risks associated with operational resilience and risks to ICT-related security.

On 7 March 2022, the Bank of Italy, CONSOB, the Italian Insurance Supervisory Authority (IVASS) and the Financial Information Unit (FIU) published a joint statement containing a reminder to comply with the restrictive measures adopted by the EU in response to the Russian military attack in Ukraine (see also the subsequent Chapter II, 'Supervision of issuers and audit firms'). CONSOB supervised the correct application of these restrictive measures, focusing in particular on the trading of financial instruments issued by banks and entities related to the Russian government, other Russian entities or those associated with them.

### *Cyber security of market infrastructures*

In 2022, in line with the objectives of the strategy to strengthen the cyber security of Italian financial infrastructures, outlined by CONSOB and the Bank of Italy in 2020, the assessment of the Cyber Resilience Oversight Expectations for Financial Market Infrastructures (CROE) continued with reference to the Italian trading venues and post-trading infrastructures.

The activities aimed at adaptation and use in the Italian context of the European framework for advanced security tests (European Threat Intelligence Based Ethical Red Teaming or TIBER-EU) were also completed and the TIBER-IT National Guidance for the enhancement of the cyber resilience of the domestic financial system was adopted.

### *Aggregation of market infrastructures*

During the year, CONSOB continued to monitor the integration process of Borsa Italiana Spa (Borsa Italiana) and the other Group companies (namely MTS Spa, the central depository Monte Titoli Spa now Euronext Securities Milan, the central counterpart Cassa di Compensazione e Garanzia Spa, now Euronext Clearing) within the Euronext Group, also with regard to the strategy to internalise the clearing of the Euronext markets with the Italian central counterpart, announced by the Euronext Group in November 2021.

CONSOB verified organisational, technological and micro-structural aspects related to the migration of Borsa Italiana's markets onto the Optiq technology platform of the Euronext Group, the first phase of which, concerning the equity/equity-like markets, ended in March 2023. For example, as referred to below, CONSOB approved the amendments to the regulations of the Euronext Milan markets, Euronext MIV Milan and ETFPlus managed by Borsa Italiana, which were made necessary by the migration process. During 2022, CONSOB authorised the outsourcing of 16 critical operational functions pursuant to Article 65-sexies of the TUF.

### *Activity related to technological innovation*

On 15 January 2022, the first time window was closed for the submission of innovative finance projects within the so-called regulatory sandbox for FinTech experimentation, whose commencement in mid-November 2021 followed the definition of the relevant regulatory framework. During this first time window, CONSOB received applications for admission to experimentation relating to technological innovation projects in the financial sector, submitted by operators in the FinTech sector not subject to regulation or supervision and by managers of authorised crowdfunding portals, and proceeded to carry out the relevant investigations. CONSOB also issued its competent opinion to the Bank of Italy regarding the applications for admission to experimentation received by the latter in the capacity of investigating authority. Coordination with the Bank of Italy is underway in order to monitor the progress of the experimentation. CONSOB also made proposals to extend the scope and to simplify admission procedures.

In 2022, CONSOB, in cooperation with the market and the relevant authorities, continued its activities aimed at regulating at national level the issuance and circulation of digital financial instruments based on distributed ledger technology (DLT).

The study and design activities continued, in cooperation with the Scuola Normale Superiore di Pisa, for two unsupervised machine learning AI models that can be used to support the preliminary analyses aimed at identifying suspected cases of insider trading; thereafter the investigation activity aimed at gathering additional elements useful for checks in individual cases of abuse may follow.



In particular, the first model, based on cluster analysis, makes it possible to identify groups of investors whose trading activity, taking place close to the dissemination of price sensitive news, appears not only to be carried out seeking returns, but is also characterised by operational discontinuities compared to the past trading activity and the typical operations of the cluster to which they belong. The second model, based on the statistically validated networks methodology, initially develops a network of investors characterised by synchronous trading activity and then identifies small groups of individuals who operate seeking returns close to a price sensitive event (the so-called insider ring).

These experimental models are described in a research paper published in November 2022 in CONSOB's FinTech series and available on the institutional website.

## 2 Trading platforms, trade volumes and market information integrity

Market supervision involved both the trading platforms (whose main indicators are shown in the Statistical appendix Tab. al.1 - Tab. al.5) and the post-trading facilities.

### *Regulatory supervision of trading platforms*

In 2022, CONSOB carried out the usual checks of regulatory compliance on the amendments made by operators to the regulations of their respective markets (regulated markets and multilateral trading facilities or MTFs) and the related implementing provisions (for details see Table al.6 and Table al.7 in the Italian version).

The amendments to the regulations of the trading venues managed by Borsa Italiana were instrumental to the revision and simplification of the listing procedures, in line with the objectives of the MEF Green Paper and for the purpose of making access to the market more efficient, also in view of the migration of equity/equity-like markets onto the Optiq platform of the Euronext Group.

With regard to the MTFs, in December 2022, MTS Spa was authorised to launch the operation of a new multilateral trading facility called MTS Wematch Interdealer Swaps EU MTF. The new MTF, which falls within the scope of the continuous auction trading facilities, is dedicated to the trading of interest rate swaps and can admit both individual derivatives contracts and packages that combine various contracts.

Hi-MTF Sim Spa amended the regulations of the managed MTFs to supplement the rules governing the admission to trading of shares and bonds issued by a joint-stock company whose corporate purpose is to invest in other

companies (such as industrial holding companies and special purpose vehicle companies created specifically), as well as to rename the MTFs themselves following the rebranding of the Italian investment firm and the change in the company name to Vorvel Sim Spa in December 2022.

With regard to the systematic internalisers, supervision focused on the continuous feedback on the related operating conditions and the verification of channels used to ensure compliance with the transparency requirements set out in the MiFID II/MiFIR. In particular, in coordination with this document, an analysis was conducted to ensure that no cases of double reporting of transactions have occurred, that is carried out on several publication devices (Approved Publication Arrangements - APA) established and authorised in one of the Member States of the European Union.

CONSOB continued to monitor the regulatory developments related to Brexit and issued five measures to enable UK MTF and Organised Trading Facility (OTF) managers to operate in Italy.

On 25 July 2022, CONSOB and the Bank of Italy signed the memorandum of understanding provided for by Article 4-*septies.1*, section 2 of the TUF regarding the Benchmark Regulation, aimed at regulating the procedures for cooperation and mutual exchange of information between the two Authorities for the supervision of data contributors.

In the context of the suspension and revocation measures that occurred during the year (Tab. al.6), there was the suspension and, where appropriate, the subsequent delisting, by Borsa Italiana and Vorvel Sim (formerly Hi-MTF Sim) of financial instruments settled in roubles. This suspension is due to the impossibility - as a result of the restrictive measures linked to the conflict between Russia and Ukraine - of regulating market transactions concerning the securities in question with the international central depositories (Euroclear Bank and Clearstream Banking Luxembourg), which have gradually disabled the regulation in application of the sanctions regime, as well as the need to ensure adequate investor protection against a lack of liquidity providers, for example.

### *Transaction reporting*

In 2022, supervision continued on the correctness of the information transmitted by intermediaries to CONSOB, in compliance with the transaction reporting obligations (the so-called transaction reporting regime), and additional clarifications were provided regarding the implementation of the regulations.

The activity continued with the aim of improving the quality of the master information on financial instruments sent by the Italian trading venues to the Financial Instruments Reference Data System (FIRDS) database, which is the main information benchmark for the registry content in transaction reporting.

### *Transparency and orderly conduct of trading*

Supervision relating to aspects of pre- and post-trade transparency has been focused, consistent with the three-year period 2019-2021, on the feedback of the ways in which market data is provided by trading venues, in compliance with the MiFID II/MiFIR. In-depth analyses were also carried out on the procedures for the marketing of data by the Italian trading venues, aimed at verifying the application of the ESMA Guidelines on market data obligations, which entered into force in August 2021 and with which CONSOB complied on 7 October 2021.

Further analyses were conducted during the year regarding the quality of the information published by investment firms through Approved Publication Arrangements (APAs), in compliance with the provisions of the transparency regime.

The Commission also monitored the correct implementation by supervised entities of the trading transparency requirements provided for by the national and EU regulatory framework and also carried out the usual investigations relating to the pre- and post-trade transparency regime (Tab. al.7).

In order to calculate the parameters necessary for the operation of the transparency regime, activities continued during the year aimed at improving the quality of registry and quantitative information relating to the financial instruments, sent by the Italian trading venues to the FITRS database of the ESMA.

## **3 Post-trading and OTC derivatives**

With regard to the reporting obligations for derivatives contracts under the European Market Infrastructure Regulation (EMIR), as amended by Regulation (EU) 2019/834 (REFIT Regulation), CONSOB verified the correctness, completeness and accuracy of the reports relating to derivatives contracts, in coordination with the ESMA as part of the plan for monitoring the quality of EMIR data on an ongoing basis (Data Quality Action Plan). In 2022, CONSOB considered that the conditions existed to exempt counterparties of intra-group derivatives contracts from the reporting obligation in 12 cases, in light of the possibility introduced in this sense by REFIT.

In application of Regulation (EU) no. 909/2014 (Central Securities Depositories Regulation - CSDR), during the year CONSOB and the Bank of Italy concluded a second review process of provisions, strategies, procedures and mechanisms adopted by Monte Titoli, the Italian central depository.

On 27 January 2022, by resolution no. 22172, in accordance with the Bank of Italy, CONSOB also authorised certain amendments to the regulation of the services offered by Monte Titoli. The amendments concerned both the

adjustments relating to the 'settlement discipline' envisaged by the CSDR Regulation, taking into account its application in Europe as from 1 February 2022, and the introduction of new services for issuers, in view of the acquisition of a business unit of Spafid Spa, which was then completed in 2022. The same resolution no. 22172 also approved the methodology for identifying - for the purposes of the CSDR settlement discipline - the market value of the financial instruments not admitted to trading on any EU trading venue.

During the year, CONSOB and the Bank of Italy carried out the annual review of provisions, strategies and procedures adopted by Cassa di Compensazione e Garanzia, pursuant to Regulation (EU) no. 648/2012, without noting any critical issues. The two Authorities also assessed the recovery plan submitted by such company in accordance with the new framework for the recovery and resolution of central counterparties, as set out in Regulation (EU) 2021/23.

## 4 Short selling

On 31 January 2022, Delegated Regulation (EU) 2022/27 became applicable throughout the European Union, permanently reducing the initial threshold of notification for those taking net short positions (NSPs) on shares from 0.2% to 0.1% of the share capital of the issuer concerned.

The NSPs on Italian shares notified to CONSOB during the year were approximately 10,300. Of these, almost 9% were published as they amounted to 0.5% or more of the issuer's share capital (Tab. al.8).

At the end of 2022, there were 17 intermediaries benefiting from the exemption from the NSP notification obligation and from the ban on conducting 'naked' short selling for their market making activities, whereas there were 15 intermediaries, mostly foreign, benefiting from the exemption for primary dealer activities on Italian government bonds.

## 5 Company studies and ratings

In 2022, pursuant to Article 69-*novies* of the Issuers' Regulation, authorised parties submitted to CONSOB more than 14 thousand investment recommendations (a decrease of approximately 12% compared to 2021) relating to issuers listed on the regulated markets or traded on Euronext Growth Milan, of which approximately 21% were of monographic kind and mainly produced by Italian entities. Despite the decrease in prices recorded in 2022, the prevalence of positive valuations or those containing 'buy' operational judgments further increased to 69.9% (from 63.9% in 2021; Tab. al.9).

The monitoring of company studies was also carried out in the light of the impacts of the Russia-Ukraine war on the macroeconomic context and on the performance of production sectors and listed companies. In five cases, authorised parties were asked to publish investment recommendations (six in 2021), following the presence on the market of information or rumours on the content of these studies, likely to provide investors with a misrepresentation of the relevant information framework, and to the presence of a significant change in the market price or in the volume of exchanges of the financial instruments subject to the same recommendation.

Supervisory activity increased in relation to research disseminated through innovative channels, such as websites, chats, fora and social media. In this regard, an analysis of 28 innovative channels of dissemination was conducted in 2022, with the aim of verifying the disclosure of information and assessments which, given their content, could constitute investment recommendations. In addition, on the basis of gathered evidence, monitoring focused on websites and fora characterised by more critical issues regarding the aspects of fair presentation and disclosure of conflicts of interest and possible cases of market abuse.

CONSOB also participated in the analysis carried out by the ESMA, aimed at facilitating the sharing of experiences and practices in supervision and enforcement, on the methods and tools by which national authorities carry out supervisory activities on social media and other online channels, with reference to both investment recommendations and the identification of possible market abuse.

During the year, monitoring of the dissemination of information on ESG factors intensified, with regard to aspects of fair presentation of investment recommendations and the comparison between disclosures issued by listed issuers and the contents of the studies on the same aspects, in order to identify likely cases of incorrect information, including possible greenwashing phenomena.

With regard to the dissemination of ratings, in 2022, monitoring was carried out in conjunction with specific corporate events, as well as with regard to the valuations of the economic effects of Covid-19 and of the Russia-Ukraine war. The activity was more intense in conjunction with the dissemination of sovereign bonds ratings as well as on the occasion of the dissemination of information relating to ESG factors contained both in credit ratings and in sustainability ratings. With particular reference to credit ratings, the purpose of the controls was also to verify compliance with the measures contained in the ESMA's *Guidelines on Disclosure Requirements Applicable to Credit Ratings* published on 12 March 2021, which highlighted the criteria for disclosure of ESG factors in cases where they are key drivers for changes in the rating or in the outlook.

## 6 Market abuse

### Detection

In 2022, as usual, controls on the orderly conduct of trading were based on multiple elements/factors including: evidence of abnormal trade trends, identified by CONSOB's supervisory systems in real time and on a deferred basis; data contained in transaction reporting flows sent by intermediaries and competent foreign authorities; reports of suspicious orders and transactions; complaints sent to CONSOB.

During the year, a programme for the mutual secondment of staff and for on-site visits of expert officials from different countries was implemented in cooperation with other European authorities in order to launch a comparison of supervisory practices, models and supervisory tools adopted by the various authorities in the prevention, detection and enforcement of suspected market abuse cases.

Given the availability of the detailed information assets resulting from transaction reporting flows and the improvement of the quality of the data, there are limited cases in which it is necessary to send information requests to Italian supervised entities. On the other hand, requests for international cooperation are more frequent, particularly vis-à-vis the British Authority in the numerous cases where one of the counterparties to the transaction is a non-EU entity operating on behalf of end customers not (no longer) indicated in the transaction reporting flows.

### *Reports of suspicious transactions*

In 2022, CONSOB received 480 reports of transactions suspected of constituting market abuse (457 in 2021), of which 322 from Italian entities obliged pursuant to Regulation (EU) no. 596/2014 on market abuse (MAR). Equivalent foreign authorities sent 138 reports and there were 20 in the form of market observations, that is, generic reports sent on a voluntary basis by both Italian and foreign entities and relating to market dynamics that were considered abnormal. Of the reports received, 70% involved conduct attributable to insider trading (67% in 2021), relating to equity instruments in 60% of the cases, and 28% were situations of trading manipulation (32% in 2021; Tab. al.10).

The Commission has sent 31 of the reports received, regarding suspicious conduct on foreign markets and relating mainly to cases of insider trading, to foreign authorities and in 19 cases to the ESMA.

The supervisory activity also concerned investigation into cases of non-receipt of reports on suspicious transactions, where these were due. In particular, in 2022 sanctioning proceedings were initiated against an Italian banking intermediary due to non-compliance with the obligation, set out in

Article 16 of the Market Abuse Regulation (MAR), to establish and maintain effective arrangements, systems and effective procedures to detect and report orders and transactions suspected of constituting market abuse. An inspection against another intermediary has commenced to assess the mechanisms for the detection and reporting of suspicious orders and transactions.

### *Repression of abuse*

During 2022, the investigations into market abuse in seven cases led to the notification of administrative offences, which were the subject of five reasoned reports to the Judiciary (Tab. al.11); an additional 11 investigations were closed without notifications of offence. Verification activities consisted of 553 requests for information, data and documents being sent (Tab. al.12).

Among the cases of offences, four relate to conduct attributable to insider trading involving in two cases the sale by a listed company of all assets and activities in Italy to another listed company abroad; in one case the proposed acquisition of a majority stake in the share capital of a competitor by a listed company and, in another case, the promotion of a takeover bid or exchange tender offer on the shares of a listed company. Another case concerned mainly the preliminary estimates of the results for the past year and the distribution of the dividend of a listed company. Two further investigations, relating to the case of operational market manipulation, refer, in one case, to the recurring application of an operational scheme by a natural person who can essentially be placed into a layering and spoofing scheme (regardless of some variants) and, in another case, refer to transactions involving the sale and purchase of shares in a listed company made by a manager of the parent company on its behalf.

CONSOB initiated administrative sanctioning proceedings for market abuse against 27 individuals and one entity for both joint and several liability under Article 6, paragraph 3, of Law no. 689/1981 and own liability under Article 187-*quinquies* of the TUF (for completed sanctioning proceedings, see Chapter VIII 'Sanctioning activity').

During the year, CONSOB, at the request of the Ministry of Justice, assessed five codes of conduct on prevention of market abuse submitted by three associations, considering them all suitable as a valid reference with the purpose of excluding the entity's liability for market abuse in the form of administrative offences, whose assessment and the related imposition of sanctions are CONSOB's responsibility.

### *Representation in court*

In 2022, CONSOB entered an appearance as a civil party in a new criminal proceeding for market manipulation, while four proceedings for market manipulation in which CONSOB had previously entered an appearance as a civil party were concluded at first instance; in three cases, the criminal

liability of the defendants was recognised and an order to pay damages to CONSOB was given (Tab. al.13).

Among these, worthy of note is the judgment of conviction of a senior employee of the newspaper *Il Sole 24 Ore*, in which the Court of Milan acknowledged the deceptive ability of the conduct already in the preliminary dissemination of false data intended to be included even later on in the financial statements, in line with the practical instruction of the *Corte di Cassazione* (Court of Cassation) (Criminal Section V, no. 15 of 21 November 2019), according to which the dissemination by means of a press release of the resolution of the Board of Directors of a company listed on the Stock Exchange regarding the financial statements that will be proposed for approval by the subsequent shareholders' meeting completes, by satisfying the requirements of false data and its capability to significantly alter the stock prices, the offence of information-based market manipulation, regardless of whether they have not already been adopted by the next Shareholders' Meeting.

In another case, the Court of Milan acquitted the defendants of the offence of market manipulation, deeming non-existent the constituent element of the offence represented by the so-called price sensitivity, since the financial instruments involved in the conduct were suspended from trading at the time. The proceedings for insider trading were concluded on the claim for compensation with a settlement agreement during the first instance proceedings.

Three criminal proceedings for market abuse were concluded as appealed; in two cases (one for market manipulation and one for the abuse of inside information), the first instance judgment of conviction was upheld, including the civil findings in favour of CONSOB. In the other case, concerning the relevant trial for offences including information-based market manipulation and obstruction of the duties of public supervisory authorities, against senior representatives and senior employees of Banca Monte dei Paschi di Siena, Deutsche Bank AG, Deutsche Bank AG London Branch and Nomura International PLC London, the Court of Appeal of Milan acquitted all defendants of the offences ascribed to them and set aside the civil findings of the first instance judgment.

Two proceedings involving information-based market manipulation (related to obstruction of the activities of the public supervisory authorities) were settled before the *Corte di Cassazione* (Court of Cassation).

In one case, the *Corte di Cassazione* (Court of Cassation) upheld the conviction of the defendants. This decision of the Supreme Court assumes relevance for having considered that the declaration of unconstitutionality of Article 187-*quinquiesdecies* of Legislative Decree no. 58/1998 (pronounced by the Constitutional Court with judgment no. 84 of 2021) cannot give rise to doubts about the constitutional legitimacy of the incriminating criminal law provision referred to in Article 2638 of the Italian Civil Code, since the offence



of the legal asset protected by the criminal law itself is to be considered prevailing with respect to the «*nemo tenetur se detegere*» [right to remain silent] principle. In the other case, the *Corte di Cassazione* (Court of Cassation) upheld, for civil purposes, a double acquittal in accordance with the merits issued by the Court and by the Court of Appeal of Milan. The acquittal had already previously become final for criminal purposes, as the Attorney General's Office did not file an appeal with the *Corte di Cassazione* (Court of Cassation) at the time.

Finally, the Court of Appeal of Milan, on the occasion of the referral following the principles stated on "*ne bis in idem*" [not twice for the same reason] by the *Corte di Cassazione* (Court of Cassation) with judgment of 1 February 2022, taking into account the administrative sanctions imposed by CONSOB, on the basis of the assessment of the overall sanctioning treatment, has redetermined the main penalty already imposed on the accused of insider trading in one year's imprisonment.

## II Supervision of issuers and audit firms

### 1 Innovative profiles

#### *Activities relating to Sustainable Finance*

The Steering Committee, established in 2019, continued work concerning sustainable finance in order to promote the studies and in-depth analyses related to sustainability issues. The task force on sustainable finance, established in 2021, also continued its work with the aim of strengthening supervision and launching the development of an integrated supervision model on ESG (environmental, social and governance) compliance of supervised entities and to prevent and combat greenwashing and the underestimation of ESG risks associated with tools, products and services.

CONSOB also participated in the Coordination Panel on Sustainable Finance, established by the Ministry of Economy and Finance (MEF) in October 2022, together with the Bank of Italy, the Ministry of Environment and Energy Security, IVASS and the Pension Funds Supervisory Commission (COVIP). The Panel has various aims, including to facilitate discussions and coordination between the Institutions, formulate proposals to promote the mobilisation of financial resources towards sustainable investments, promote dialogue with stakeholders and define Italy's position in international fora with regard to sustainability.

CONSOB participated both directly and through the ESMA in the consultations that preceded the approval of the proposal for a Directive on Corporate Social Due Diligence (CSDD), which applies to various aspects of corporate governance, published by the European Commission on 23 February 2022. CONSOB continued to provide its contribution to the MEF during the negotiation phase, representing the need for a prudent approach to the issues covered by the proposal in consideration of the impact on delicate aspects of corporate law, the effects of which are difficult to predict, especially in terms of directors' liability.

During the year, CONSOB verified the adherence of listed companies to the recommendations of the Corporate Governance Code, which were introduced in the version in force since January 2021. The Code gives sustainability a central role, with particular regard to the introduction in the by-laws of the reference to sustainable success and the adoption by the boards of directors of policies of dialogue with all shareholders.

### *Activities relating to the escalation of geopolitical risks*

In the first half of 2022, CONSOB implemented several initiatives, in one case together with the Bank of Italy, IVASS and the FIU, to draw the attention of the supervised entities to full compliance with the economic and financial restrictive measures adopted by the European Union in response to Russia's aggression against Ukraine. Also in view of the recommendations made in the ESMA's public statements on the 2021 financial statements and on the 2022 half-yearly report, the supervised entities were invited to adopt all organisational, procedural and control measures that may be used to ensure compliance with the restrictive measures. The control bodies of issuers of listed shares have been called upon to pay particular attention to the actual implementation of the mentioned measures, in the exercise of the duties referred to in Article 149 of the TUF, promptly reporting to CONSOB any irregularities encountered. Similarly, the audit firms were invited to pay particular attention to any critical issues identified in relation to the mentioned restrictive measures in conducting the statutory audit engagement with issuers of listed shares, fulfilling the disclosure obligations towards the control bodies and CONSOB.

### *Activities relating to crypto-assets*

In December, CONSOB published warning notice no. 6/2022 concerning the audit engagements on companies operating in the crypto-assets sector, following the events that occurred during the year. The purpose of this document was to draw the attention of auditors to the high level of risk associated with these activities, including with regard to anti-money laundering, considering the potential professional and legal responsibilities arising from the acceptance and performance of audit and assurance engagements on entities operating in the sector. CONSOB therefore recommended that auditors raise professional scepticism to the highest level in the execution of these engagements.

## **2 Ownership structure disclosure**

As part of the activities concerning ownership structure, in 2022, CONSOB received 471 notices relating to changes in significant shareholdings held in Italian listed companies (Tab. all.1). The figure is in decline compared to 2021 when it was 644, also due to the loss of the temporary regime of enhanced transparency of the ownership structures, adopted in March 2020 and in force until 13 April 2021. The percentage of reporting foreign entities remains prevalent, albeit lower than in the past (52% as opposed to 64% of 2021).

CONSOB received 11 declarations of intent pursuant to paragraph 4-*bis* of Article 120 of the TUF, which were fewer compared to the previous year

(when there were 34) also due to the absence of the additional threshold of 5% introduced with the mentioned temporary regime of enhanced transparency. These declarations (eight by Italian entities and three by foreign entities) were made in almost half of the cases when the 25% threshold was exceeded, mostly with the shareholding alone. In two cases, the purchase of shares led to the assumption of control of the issuer, without giving rise to a takeover bid obligation, while in other cases the intention not to continue with the purchase of shares was declared. The relevant shareholders' agreements pursuant to Article 122 of the TUF were the subject of 139 communications, referring to 64 listed companies (Tab. all.1).

The data on the ownership structure disclosure includes that which relates to companies classified as listed SMEs (by capitalization, pursuant to the amended paragraph 1, letter *w-quater.1* of the TUF), of which CONSOB updates the list on an annual basis and which, based on the market capitalization data for 2020, 2021 and 2022, amounted to 128. For these companies, there is a different threshold for disclosures of significant shareholdings (the first is set for exceeding 5% as opposed to 3% for mid-large capitalization companies) and the sole threshold of 30% for the promotion of the mandatory takeover bid (which may be modified by a company's by-laws between 25% and 40%).

Finally, during the year, the preparatory IT activities began for the implementation of the so-called single model for the disclosure of significant shareholdings and of those in financial instruments, in order to allow, inter alia, all the relevant Italian and foreign shareholders to submit disclosures electronically by compiling a web interface accessible from CONSOB's website. This project is in line with the standard form prepared by the ESMA and the technology standards adopted by other European authorities.

### 3 Takeover bids and exchange tender offers

In 2022, 20 public offers of purchase and/or exchange were launched, seven of which are mandatory and 13 of which are voluntary (two partial and 11 full). Two voluntary offers were ineffective at the end of the offer period, due to the non-fulfilment of the condition on the minimum quantity of subscriptions (so-called threshold condition). Among the voluntary offers, two were exchange offers: in one case, bonds from the same bidder/issuer were offered against ordinary shares, savings shares and warrants which were the subject of the exchange offer; in the other case, the offer allowed the subscribing shareholders to receive unlisted shares of the bidder as an alternative to the payment of the monetary consideration. In the same year, three procedures were carried out for the fulfilment of the purchase obligations referred to in Article 108 of the TUF, through the approval of a specific information sheet by CONSOB (Tab. all.2). Overall, 23 transactions were

submitted to the Commission for examination, compared to 17 carried out in 2021.

The overall amount collected from the transactions was 14.9 billion euro (approximately 7 billion euro in 2021), of which 12.7 billion euro attributable only to the takeover bid promoted on Atlantia Spa shares. All transactions involved ordinary shares, of which 17 are listed on the Euronext Milan, four traded on Euronext Growth Milan and two on Hi-MTF (now Vorvel MTF).

Six offers provided for the reinvestment (in whole or in part) in the capital of the bidder (or in another company in the chain of control of the latter) of the consideration received from the transfer of the shareholding held by the controlling shareholders, and in certain cases the subsequent possibility of divestment of the shareholding. As usual, in these circumstances, all of the signed agreements were monitored in order to assess compliance with the provisions on how to determine the price in the context of mandatory takeover bids and, more generally, with the principle of equal treatment between the recipients of the offer.

There were 20 (14 in 2021) transactions directly aimed at or in any case associated with the delisting of the shares covered by the offer (or purchase obligation). Delisting occurred in 18 cases, for a total capitalization of approximately 28.7 billion euro (calculated at the price of the takeover bid, of which approximately 99% was attributable to ordinary shares traded on Euronext Milan). To achieve the objective of delisting, the consideration offered was increased with respect to the initial value in three cases (seven in 2021).

Of the 20 transactions aimed at delisting, 17 were initiated by subjects that already held a controlling interest in the companies concerned in the offer or by subjects acting in concert with the previous controlling shareholders (the so-called takeover bid by insiders pursuant to Article 39-*bis* of the Issuers' Regulation), while in three cases there was a procedure for the fulfilment of a purchase obligation arising after the threshold of 90% of the share capital of the issuer set forth in Article 108 of the TUF was exceeded. The offer with the purpose of delisting was launched by a subject that held a shareholding that was lower than the thresholds indicated in Article 106 of the TUF in two cases (one of which referable to a bidder that was not a shareholder of the target issuer).

## 4 Related party transactions and supervisory bodies

### *Transactions with related parties*

In 2022, 34 information sheets were published on transactions of greater significance with related parties, pursuant to the Regulation on Related

Party Transactions (RPT Regulation; 41 in 2021). These are mainly asset transfer transactions (16 cases) and financing transactions (eight cases; Tab. all.3).

CONSOB analysed the procedures published by listed companies following the entry into force in 2021 of the new rules on transparency of related party transactions and of systems for remuneration of directors. Work has also commenced, and will continue in 2023, on the review of communication 10078683 of 2010 on related party transactions.

On 13 January 2023, CONSOB published warning notice no. 1/23 for issuers who intend to request the approval of a prospectus for an offering and admission to trading on the regulated market, and for the other parties involved in the related process. The document follows the amendments to the Issuers' Regulation on the approval of prospectuses, in force since 20 August 2022 and aimed, among other things, at simplifying the process through the elimination of additional requests on related-party transactions procedures and independence requirements. It aims to draw the attention of the mentioned parties to the importance of verifying, prior to listing, the compliance of the related-party transactions procedure with the relevant Regulation and the actual existence of the independence requirements of the members of the control bodies and of the directors who are declared independent, as well as pointing out the Commission's availability, if necessary, for a preliminary discussion on these issues with the operators, also during 'prefiling' stage.

### *Control bodies*

The supervision of control bodies was focused on the activity carried out and on the disclosure provided in the reports for shareholders' meetings on the financial statements regarding issues relating to the going concern, the internal control and risk management systems, and the actions carried out or planned for their adaptation, as well as compliance with the economic and financial restrictive measures adopted by the European Union in response to Russia's aggression against Ukraine (referred to in the warning notice mentioned in the first section of this Chapter).

With particular reference to the supervision of non-financial statements (NFSs), information was acquired from the control bodies of certain issuers, selected on the basis of the criteria published annually by CONSOB, on the existence of possible areas of improvement or aspects worthy of attention that emerged during the process of preparing the non-financial statements, also with reference to the procedures for gathering data and to the suitability of the internal control system. Meetings were held with the corporate departments tasked with drawing up the NFSs and with the control body on certain aspects relating to the same statements, as well as on any aspects worthy of attention, highlighted in the documentation received from the boards of statutory auditors.

### *Shareholders' meetings*

On 21 January 2022, CONSOB published warning notice no. 1/2022 for listed companies and their shareholders on certain measures of transparency and conduct. In particular, the document highlights the right, possibly provided for by a company's by-laws, to submit a list of candidates for the renewal of the management body by the outgoing board, as well as some critical aspects associated with the exercise of this right and certain measures for mitigating them.

With regard to the conduct of shareholders' meetings of Italian companies with shares listed on the regulated market, in line with the previous year, approximately 84% of the meetings were held exclusively by the appointed representative, pursuant to paragraph 1 of Article 3 of Decree-Law no. 228 of 30 December 2021 (the so-called 'Mille proroghe' [One thousand Extensions] Decree, converted by Law no. 15/2022) which extended until 31 July 2022 the validity of the special provisions for holding the shareholders' meetings of joint-stock companies referred to in Article 106 of the 'Cura Italia' [Cure Italy] Decree. The figure is referable to the meetings held up until 31 July 2022 (held according to this procedure in almost all of the cases), while those held in the subsequent months were held according to ordinary procedures, that is, with the physical participation of the shareholders and, if required, of the issuers as a possible additional method, also with remote attendance or through the designated representative.

The portion of capital present at the meetings of the 100 largest companies by capitalization has grown in the last three years to 75.4% in 2022 (it was about 74% in the previous two years and 72% in 2019).

The special regulation issued in response to the health emergency in 2020 accelerated, also in the field of corporate governance, the technological transformation processes underway in companies, extending the use of new digital tools to various moments of corporate life, including shareholders' meetings. Upon expiry of the validity of this regulation, a discussion opened up on the possibilities of using new digital technologies. CONSOB also follows this discussion with a view to providing, in light of the broad delegated powers received in this area (pursuant to Article 127 of the Consolidated Law on Finance and Articles 140-143-*ter* of the Issuers' Regulation) and the experience gained in its supervisory activities, its technical support and indications useful for ensuring investor protection and market efficiency (with particular regard to the aspects associated with verification of the entitlement to participate in the shareholders' meeting and the exercise of voting rights, the storage of data and confidentiality of the vote cast until the time of the ballot).

## 5 Audit firms

At the end of 2022, there were 43 parties authorised to carry out statutory audits, who have conducted audit engagements on public interest entities (PIEs) or entities subject to intermediate regime (ESIR), of which 22 were audit firms, two were Federations of Trentino-Alto Adige Cooperatives (on behalf of whom seven natural person statutory auditors have been operating) and 19 natural person statutory auditors (Tab. all.4).

The statutory audit market remains very focused, as indicated by the distribution of audit engagements on listed companies, with approximately 89% attributable to the four leading audit firms (90% in 2021; Tab. all.5). In 2022, there were 55 cases of early termination of the audit engagements (102 in 2021; Tab. all.6).

As regards the audit opinions on listed issuers, the auditors declared the impossibility of expressing their opinion in five cases (four in 2021), of which four based on multiple significant uncertainties as to the going concern, while they gave opinions with findings in four cases (two in 2021). There were 15 (14 in 2021) opinions without modification containing informative notes, of which 13 concerned significant uncertainties over the going concern (11 in 2021; Tab. all.7).

In June 2022, CONSOB sent the European Commission the third national report on developments in the market for statutory audit services intended for PIEs, drawn up every three years pursuant to Article 27 of Regulation (EU) no. 537/2014 (Audit Regulation). The report was also prepared on the basis of the responses to a questionnaire drawn up in relation to activities conducted at European level within the Committee of European Auditing Oversight Bodies (CEAOB) and submitted a selection of 110 PIEs to the audit committees.

### *Quality controls*

In 2022, quality controls were concluded on two small audit firms that were sent the report, provided for by Article 26, paragraph 9 of the Audit Regulation, containing the main conclusions and recommendations for corrective actions resulting from the quality control (Final Report). Once the Covid-19 emergency and the restrictions imposed by government provisions were overcome, it was possible to carry out inspection activities again at the offices of audit firms.

The inspections focused on the suitability of the organisational model and of the procedures adopted by the audit firms and the reference networks, the audit methodology followed, including any use of data analytics tools, and how these aspects are reflected in the performance of audit engagements. The checks also concerned the procedures in place for the performance of audit engagements carried out for the purpose of issuing the certifications given by



the audit firms with reference to the NFSs pursuant to the CONSOB Regulation on the disclosure of non-financial information.

The recommendations made following the conclusions of the controls concerned both the need to strengthen the quality control mechanisms relating to internal procedures and the implementation of actions aimed at improving the quality of the audit in relation to the shortcomings found with regard to the audit assignments selected for the checks.

In particular, the strengthening of the quality control mechanisms contained in internal procedures was required with reference to the following aspects: i) activation of the process of evaluation and remuneration of partners through the introduction of specific quality assessment parameters in the performance of tasks and the ability to comply with internal quality control procedures; ii) introduction of procedures for recording and monitoring the financial interests held by the partners and professional staff; iii) prior identification and assessment of risks to independence for the purposes of accepting non-audit services provided to the clients of audits and documentation of conclusions reached; iv) the introduction of operational safeguards designed to identify and manage potential threats to independence arising from conflicts of interest, business or personal relationships and other circumstances, attributable to members of the network to which they belong; v) definition of the activities entrusted to the person responsible for reviewing the engagements (the so-called engagement quality reviewer) in accordance with the provisions of Article 8 of the Audit Regulation and of the procedures for formalising the review activity; vi) introduction of systems for continuous monitoring of quality control procedures and the ways in which engagements based on the application of an adequate degree of objectivity and professional scepticism can be conducted; vii) reporting the results of the internal monitoring activities and the remedial actions proposed to those responsible for the engagements and the board of directors upon conclusion of the activity; (viii) conducting an adequate 'root cause analysis' in order to better identify the remedial actions for the deficiencies found following the internal monitoring activities, in particular in the case of recurring deficiencies; ix) strengthening of vocational training activities through the preparation of training programmes that are differentiated on the basis of role covered and type of tasks performed; x) assignment of a high level of risk in relation to the acceptance and maintenance of engagements with companies belonging to the Football sector.

With regard to the performance of the audit engagements, measures were recommended to raise the awareness of professional staff on the aspects of the audit activity with respect to which deficiencies were found as a result of the quality control, with particular reference to: i) identification and assessment of significant risks on individual financial statements and related documentation; ii) acquisition and adequate documentation on the working papers of audits carried out on related parties; iii) formalisation of the analyses

carried out regarding the updating of IT procedures and the checks on the implementation and operational effectiveness of IT General Controls and IT Application Controls; iv) updating, on the date of issue of the opinion, of the analyses and considerations carried out in relation to business continuity; v) activation of a control point outside the audit team aimed at ensuring the timely and complete storage of the audit files.

During the year, it was also verified that the organisational and procedural requirements imposed by the audit firms, with regard to the previous quality controls, complied with the recommendations arising from the results of these controls and were in accordance with the established implementation times (follow-up analysis). Finally, quality controls were carried out on five other audit firms (a large firm and four small companies), for three of which the inspection phase was completed. Further checks commenced in December 2022 and January 2023.

#### *Auditors' certifications on non-financial statements*

In 2022, all of the certificates issued by auditors, regarding the conformity of non-financial statements (NFSs), were examined. The analysis revealed that the engagements on which these certificates were based were all 'limited' (limited assurance engagement), with the exception of two cases in which the assurance engagement was of mixed form (the reasonable assurance concerned only a few indicators, while the other information contained in the NFS was subject to limited assurance). With regard to the conclusions issued by the auditors on the 2022 NFSs, no cases were registered of certification with findings, an adverse opinion or the impossibility of the auditor to provide a statement. In only one case, an informative note was reported, linked to information included in the NFS concerning events and circumstances that indicate the existence of significant uncertainties over the going concern.

#### *Audit standards*

During the year CONSOB continued to participate in the two Technical Panels, jointly with the representatives of the MEF and the profession, established for the drafting, respectively, of the auditing standards (taking into account the International Standards on Auditing - ISA) pursuant to Article 11 of Legislative Decree no. 39/2010, and the principles of professional ethics, confidentiality, professional secrecy, independence and objectivity, pursuant to Articles 9, 9-bis and 10 of said decree.

In particular, the process of drawing up 36 new auditing standards was completed, the adoption of which took place following the favourable opinion of the MEF valid for the statutory audits of the financial statements as at 31 December 2022. A single standard, that is, ISA Italia no. 315 "*Identificazione e valutazione dei rischi di errori significativi*" (Identifying and Assessing the Risks of Material Misstatement), has been substantially revised, in transposition of the new version of the corresponding international standard

ISA no. 315 (revised) "*Identifying and Assessing the Risks of Material Misstatement*", issued by the IAASB in order to strengthen its rules and guidelines therein and to ensure greater uniformity and consistency in its application. The review of said standard became necessary due to changes in the applicable financial reporting framework, the increasing complexity of corporate governance structures and the increasing centrality of technology in business processes and in the processing of data and information.

The remaining auditing standards have been updated, both to incorporate the conforming amendments made by the IAASB to the International Standards on Auditing (ISA) and to reflect the legislative and regulatory changes occurring in the Italian legal system with the introduction of the statutory audit also for Third Sector Entities (ETS) and with the adoption, in February 2022, of the auditing standard relative to financial statements drawn up according to the European Single Electronic Format (ESEF).

# III Supervision of public offerings and corporate disclosure

## 1 Innovative profiles

### *Activities aimed at encouraging company listing*

The approval and scrutiny of prospectuses is an activity to which CONSOB has paid particular attention over the course of 2022, both domestically, regarding aspects relating to simplification, and at European level, regarding the definition of regulatory decisions that are also geared towards greater harmonisation of supervisory practices (see Chapter X 'International activity').

At national level, back in December 2021, CONSOB had already subjected to market consultation certain proposals for amendments to the provisions of the Issuers' Regulation, in order to speed up the procedures for approving prospectuses and simplify the related regulation, as well as to make access by companies to the capital market more efficient, without affecting the mechanisms in place to protect investors. The new regulatory provisions were approved by CONSOB by resolution no. 22423 of 28 July 2022 and entered into force on the following 20 August. The amendments were made taking into account both the current debate at European level and the evidence that emerged in the preparatory work of the Green Paper *Italian financial markets' competitiveness in support of growth*, published by the MEF in March 2022. In summary: i) the terms for approval of the prospectus were aligned with European legislation; ii) the possibility for the issuer and/or the bidder to submit issues of particular importance to CONSOB regarding the public offering or admission to trading has been confirmed in order to facilitate the speed of the preliminary investigation (so-called 'prefiling'), by simplifying the procedure; iii) the possibility of drafting the prospectus in English has been introduced for offers launched in Italy as home member country or if admission to trading on the Italian regulated market is requested, providing for the translation into Italian of the summary note only; iv) the attachments to the Issuers' Regulation relating to the application for the approval of the prospectus have been simplified.

Following the entry into force of the new regulatory provisions, CONSOB received two requests for approval of prospectuses issued by Italian issuers in English for the purposes of the admission to trading of the shares on the Euronext Milan market. Through the prospectus in English, issuers can

prepare a single document in line with the prospectuses approved by other European authorities, which meets the requirements of the European regulations on prospectuses as well as the practice of drafting the 'international offering circular', for the purposes of the offer to international investors, including US investors, with a reduction in the charges incurred up until now for the preparation of two different documents (that is, the prospectus and the International Offering Circular).

With regard to the harmonisation of supervisory practices at international level, the CONSOB participated in the activities of the ESMA's working groups regarding prospectuses, also requesting the publication by the European Authority of clarifications for the interpretation and application of the reference regulations (for example, through Q&As e Statements).

In 2022, CONSOB welcomed the ESMA representatives (on-site visit) as part of the peer review of the procedures for the control and approval of the prospectus applied domestically, including notifications of approvals between competent authorities, conducted by the European Authority pursuant to Article 20, paragraph 13 of the Prospectus Regulation. The peer review, which was also aimed at assessing the impact of different supervisory approaches on the ability of issuers to raise capital in the European Union, involved Germany, France, Iceland, Luxembourg and Sweden as well. Following the peer review and the publication of best practices in a special Report by the ESMA dated July 2022, CONSOB acted on certain recommendations made therein, by amending the Issuers' Regulation in August. In line with the good practices identified by the ESMA, the process of reviewing the Guidelines and updating the Communications on prospectuses already published by CONSOB continued and these will be gathered in a single document.

Further improvement initiatives, launched at the end of 2022 - aimed, inter alia, at reinforcing work tools, including those using artificial intelligence - will continue in 2023 in line with the updating of certain ESMA measures (such as the 'Supervisory Briefing concerning prospectus scrutiny') that promote convergence of supervision at European level and with the progress of EU legislative negotiations on the proposed revision of the prospectus regulations (Listing Act).

#### *Activities relating to the escalation of geopolitical risks*

On 18 March 2022, CONSOB drew the attention of the supervised issuers to the disclosures to be provided to the market regarding the impact of the war in Ukraine. In particular, reference was made to the public statement published by the ESMA on 14 March, highlighting the need - on the occasion of the approval of the 2021 financial statements and subsequent financial reports - for any inside information regarding the impact of the crisis on fundamentals, prospects and the financial situation to be disclosed as soon as possible unless the conditions for delaying their publication are met and information is provided, in the 2021 financial reports or otherwise in the

interim financial statements, as far as possible on a qualitative and quantitative basis, regarding the current and foreseeable direct and indirect effects of the crisis on commercial activities, exposure to affected markets, supply chains, financial situation and economic results.

Subsequently, in its warning notice no. 3/22 of 19 May 2022, on the one hand, the public statement of the ESMA entitled *Implications of Russia's invasion of Ukraine on half-yearly financial reports* was referred to in full, concerning the effects of Russia's invasion of Ukraine on the half-yearly financial reports in 2022; on the other hand, the invitation to the supervised entities, which was already included in the joint press release of CONSOB, Bank of Italy, IVASS and the FIU of 7 March 2022, was renewed, to fully comply with the restrictive measures determined by the European Union in response to the situation in Ukraine and to the adoption of all organisational, procedural and control measures for ensuring compliance (see Chapter II 'Supervision of issuers and audit firms'). The Commission will also supervise the application of the indications contained in the public statement of 28 October 2022 relating to supervisory priorities for 2022 financial statements, which stresses the need to consider the impact of the Russian invasion of Ukraine, the macroeconomic context and climate issues in the context of financial and non-financial information.

During the year, the Commission participated in the work of the International Organization of Securities Commissions (IOSCO) aimed at the publication, on 14 November 2022, of a warning notice addressed to issuers, auditors and audit committees on the need to disseminate information in a correct, transparent and timely manner regarding the impact of the current situation of economic uncertainty, including information on risks related to cyber security.

#### *Activities relating to sustainable finance*

As part of the numerous international activities that are defining the reference regulatory framework for sustainable finance, CONSOB participated in the work on non-financial reporting, launched at different locations (see Chapter X 'International activity').

CONSOB contributed with the ESMA on activities related to participation in the public consultation and the issuance of an opinion on the Exposure Drafts of the first set of *European Sustainability Reporting Standards* (ESRS), the drafting of which is provided for by the new regulations contained in Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive - CSRD).

At the ESMA, work still continued in 2022 with a view to greater harmonisation of supervisory practices for non-financial statements (NFSs), through the so-called supervisory briefings, that is, a sort of guideline to

facilitate the convergence of supervision of NFSs and the sharing of practices and specific supervisory cases.

The consistency analysis of the information disclosed in the IFRS financial statements in accordance with accounting standards and the risk factors concerning sustainability issues continued, also in light of the participation in the work of the European Authority and the publication of the relevant priorities for 2021 and 2022. This activity is aimed at promoting greater disclosure of the impact of climate risks on businesses, capable of responding to the growing information needs of the market, and may be conducive to the evaluation of specific policy initiatives at European or national level.

Also taking place in 2022 was the first application of the disclosure obligations set forth by Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), which refer to the Key Performance Indicators (KPIs) for turnover, capital expenditure and operating expenditure relating to activities eligible for the taxonomy. Any critical issues relating to these obligations have been taken into account in the selection, for supervisory purposes, of the NFSs published in 2022 (see also the 'Company information' section).

#### *Innovative technologies in supervisory activities*

Work continued in 2022, aimed at the use of artificial intelligence in the context of the preliminary approval process for prospectuses of equity and non-equity instruments, in order to use its potential to effectively and efficiently achieve the objectives expected by the various stakeholders (intelligibility, consistency, simplification, reduction of approval times, objective administrative action). In particular, the first prototype, created in 2021, was tested and applied in 2022, identifying further areas for action and improvement.

## **2 Public offering and admission to trading of equity instruments**

In 2022, there were 17 prospectuses approved relating to the public offering and admission to trading of equity instruments (Tab. all.1). Three prospectuses refer to first admissions to listing, five refer to admissions of securities issued by companies already listed (one of which through Initial Public Offering) and two refer to transfers from Euronext Growth Market to the regulated market. The remaining prospectuses refer to capital increases (four cases, including the offer and the admission to trading of the ordinary shares of Banca Monte dei Paschi di Siena Spa, resulting from the paid-up and divisible capital increase, for an overall amount of 2.5 billion euro), to the public offering of shares of unlisted banks (two cases) and, in one case, to exemption documents. The first exemption document is added to these

prospectuses, relating to the offer of Evergreen Spa shares, approved in advance pursuant to Article 1, paragraph 6-bis, letter b of the Prospectus Regulation, in the context of the takeover bid and voluntary exchange offered on ordinary shares issued by Coima Res Spa SIIQ.

The adverse financial situation, mainly resulting from the conflict between Russia and Ukraine, led about 20 issuers to abandon or postpone the process of first admission to listing, in many cases already underway or in its final stage. In line with the findings in recent years, the initial bids concluded were addressed exclusively to institutional investors; four of the five companies admitted to listing on the regulated market indicated in the prospectus that they were small and medium-sized enterprises.

### 3 Public offering and admission to trading of non-equity instruments

In 2022, 13 documents were approved relative to bonds issued by bank issuers and two prospectuses for the offer to the public of corporate bonds, 17 relating to certificates, one for the admission to listing of warrants and 426 to investment funds. CONSOB authorised two issues of savings securities of the Southern Italian economy, for an amount of just over 22 million euro, and has verified the completeness of documents and the compliance of the certificate of approval of 545 documents approved and notified to the CONSOB by the EU authorities (520 in 2021; Tab. all.2 - Tab. all.5). On 29 March 2022, a new Memorandum of Understanding was signed with the Bank of Italy regarding the exchange of information on banks that make offers to the public concerning debt securities (so-called Infobonds), which replaced the previous one from May 2012.

#### *Supervision of Key Information Documents*

As part of the supervision of the Key Information Documents (KIDs) relating to the Packaged Retail and Insurance-based Investment Products (PRIIPs), CONSOB received more than 5 million KIDs in 2022, more than three times the figure for 2021, especially updates, concerning products designed by manufacturers mainly of foreign nationality (Tab. all.6 and Tab. all.7).

As of 1 January 2023, the creators of UCITS funds and open-ended alternative investment funds (AIFs) for Italian retail investors must also file the KIDs for the products designed according to the procedures specified in the relevant operating instructions.



## 4 Corporate disclosure

In 2022, as part of the supervision of the issuers' information, 271 requests for data and information were made pursuant to Article 115 of the TUF, 18 requests for publication of data and information pursuant to Article 114 of the TUF and six requests for disclosure of data and information pursuant to the third paragraph of the same article, while in five cases exemptions or extensions were provided for, pursuant to paragraph 6. Authorised subjects were also requested, pursuant to Article 69-*novies*, paragraph 2, of the Issuers' Regulation, to publish five investment recommendations. CONSOB sent eight warning letters and initiated two non-compliance proceedings pursuant to Article 154-*ter*, paragraph 7 of the TUF. Both were concluded, one with the issuance of the related resolution and the other before the adoption of the resolution since the issuer decided to adapt of their own accord to the remarks made by CONSOB.

During the year, CONSOB received 401 communications of delay in the dissemination of inside information by issuers with shares traded on the Mercato Telematico Azionario (MTA market) and on the AIM, pursuant to Article 17, paragraph 4, of Regulation (EU) no. 596/2014 (European Market Abuse Regulation - MAR). On 25 July 2022, CONSOB and the Bank of Italy signed a memorandum for cooperation in procedures for authorising the delayed disclosure of inside information, pursuant to Article 17, paragraphs 5 and 6 of the MAR (the so-called 'systemic delay'). Finally, CONSOB made three communications to the Judiciary of information relating to facts and elements, ascertained in the performance of its activities, which may be considered criminally relevant (Tab. all.8 and Tab. all.9).

### *Financial information*

In 2022, the exchange of information on emerging issues continued, relating to issuers in the financial and insurance sectors, with the Bank of Italy and IVASS. With these Authorities, on 27 October 2022, CONSOB published a joint press release addressed to companies that prepare financial statements - annual or consolidated - in compliance with the IAS/IFRS international accounting standards and which, from 1 January 2023, apply the IFRS 17 'Insurance contracts', as well as insurance companies that, from the same date, also adopt IFRS 9 'Financial Instruments'. This document refers to the ESMA's public statement of 13 May 2022 (Transparency on implementation of IFRS 17 Insurance Contracts) and, for IFRS 9, also to the public statement of 10 November 2016 (Issues for consideration in implementing IFRS 9: Financial Instruments), in order to provide elements useful to those drafting the financial

statements in 2022 for the proper application of paragraphs 30 and 31 of IAS 8 concerning information to be disclosed when an issuer voluntarily applies an accounting standard that has been issued but has not yet entered into force.

In the context of the supervision of financial reporting, in line with a risk-based approach, in 2022 CONSOB selected the companies to be examined pursuant to Article 89-*quater* of the Issuers' Regulation, taking into account the issues relating to economic and financial sustainability, market risk and the effects of the Russia-Ukraine war, as well as (for financial companies only) exposure to credit losses or (for non-financial companies only) the exposure of the economic sector to which the issuer belongs to the risk of climate change and energy transition.

The first year in which the obligation to prepare the annual financial reports in electronic format was applied in the national legal system, as provided for in the European Single Electronic Format (ESEF) Regulation, was 2022. In the supervisory priorities for 2022 (European Enforcement Priorities - ECEP 2022), attention was paid to financial statements in electronic format and particularly on the block tagging of the notes to the financial statements, which will be mandatory for 2022 financial statements published in 2023. After having contributed to the drafting of the reference national regulatory framework and the definition of roles and responsibilities regarding controls for the new ESEF format by the Authority and the storage mechanisms, CONSOB initiated the supervisory activity on the compliance of the annual financial reports in ESEF format with the reference legislation, creating a special section on CONSOB's website, an email address dedicated to dialogue with issuers and continued the training of issuers.

In 2022, CONSOB subjected certain listed companies in financial difficulty to periodic disclosure obligations, based on the powers conferred by Article 114 of the TUF. These obligations are audited when issuers' accounting documents are published (financial statements and half-yearly reports), in order to take into account the evolution of the situation faced by them. As at 31 December 2022, 21 listed companies were subject to monthly disclosure obligations, two less than at the end of 2021 due to the exit of three companies (as a result of two delistings and a switch to quarterly obligations) and the entry of an issuer previously subject to quarterly obligations. The list of companies subject to quarterly disclosure obligations consists of ten entities, five fewer than in the previous year, following the revocation of the obligations for four companies, the delisting for two issuers and the mentioned entry of a company subject to monthly obligations.

### *Non-financial information*

In 2022, pursuant to Legislative Decree no. 254/2016, 211 NFSs were published for the financial year 2021, related respectively to 145 companies with listed shares, 24 issuers with securities listed on regulated markets, 23 unlisted banks and insurance companies and 19 issuers acting on a voluntary basis (Tab. aIII.10).

In 2022, the supervisory activity on the NFSs relating to the financial year 2019 and which were published in 2020 was also completed, carried out both through preliminary requests sent to the boards of statutory auditors and through direct discussions with the companies. Information was requested regarding the exchange of information that took place between the board of statutory auditors and the auditor responsible for issuing the certification on the NFSs, in particular verifying whether the auditor had issued the 'management letter' with suggestions as a result of the activities carried out on the NFSs. To this end, a comparison was made with the document relating to the subsequent year (NFS 2020), both in consideration of the evidence that revealed the presence of a process of consolidation and development of the non-financial reporting process structured over time, and in light of the fact that, where the auditor had issued the management letter - a circumstance that occurred after the publication of the 2019 NFS with a view to the reporting of the subsequent financial year - it was deemed appropriate to examine how the company had taken these suggestions into account in the subsequent reporting. Meetings were then held with the sustainability departments of certain companies and with their control body, in order to examine in greater depth certain aspects relating to the 2019 NFSs and 2020 NFSs, as well as any aspects worthy of attention highlighted in the documentation received from the boards of statutory auditors, in many cases, as mentioned, including the mentioned management letter.

The determination of the pure risk-based parameters used to choose the criteria for selecting the NFSs to be supervised took into account the supervisory priorities identified by the ESMA. This selection is made annually, pursuant to Article 6 of the CONSOB Regulation on the disclosure of non-financial information, which refers to reports from the control bodies and the auditor, cases of certification with findings, an adverse opinion or issuance of a declaration of the impossibility of the auditor to provide a statement, significant disclosures received from other public administrations or interested parties.

Two separate resolutions selected both the NFSs published in 2021 (NFS 2020) and those published in 2022 (NFS 2021). In the first case, it was noted that none of the elements specified in points a), b) and c) of the previously mentioned Article 6 of the CONSOB Regulation were used. On the other hand, the elements for the selection were acquired in the context of the supervisory investigations carried out on the financial information of the issuers included in the selection pursuant to Article 89-*quater* of the Issuers' Regulation, identified taking into account the ESMA's indications for the purpose of the supervisory priorities set out in the ECEP 2020, as well as by evaluating the evidence that emerged during the examination of the 2019 NFSs highlighted above, relating to the presence of areas for improvement in the content of the NFS or in the data collection and drafting procedures for them.

For the selection of the 2021 NFSs, the elements envisaged by points a) and c) of the mentioned Article 6 of the CONSOB Regulation were utilised, as well as those of the connection with the supervision of financial reporting. In particular, the banking companies that participated in the first climate stress test of the European Central Bank (ECB), held during the year, and that had never been selected in previous years or those which had been selected fewer times were taken into account. Even though the elements provided for by Article 6, paragraph 2, letter b) of the CONSOB Regulation did not exist, from the auditors' reports it emerged that for some companies the auditor formalised a limitation on the examination carried out on certain specific points of the NFSs.

It was also deemed appropriate to consider, for the purposes of the selection, the indications provided by the ESMA in the ECEP 2021 with reference to the provisions of Article 8 of the Taxonomy Regulation, which was applied for the first time as from the 2021 NFSs, selecting those entities that had not provided any information regarding the portion of economic activities that are eligible and ineligible for the Taxonomy in the context of the three indicators provided for by the mentioned article. A further selection of entities was carried out using a risk indicator created on the basis of a series of factors concerning the climate risk of the economic sector of operation, the degree of sustainability of the company in terms of the three ESG dimensions, elements indicative of possible greenwashing behaviour, the experience acquired in the preparation and publication of the NFSs, the relevance of the impact of any lack of information taking into account the type of issuer, its possible recourse to the risk capital market and the mandatory or voluntary nature of the NFS. Lastly, also in this case the subjects were selected in relation to which, as a result of the supervisory activity previously carried out by CONSOB, elements have been acquired regarding the presence of areas for improvement in the content of the non-financial statements (NFSs) or in the data collection and drafting procedures of the same.

The ECEP for 2022 of the ESMA highlight the importance of climate issues, the disclosure requested in relation to Article 8 of the Taxonomy Regulation, the reporting scope and the quality of data. The ESMA's statement confirms the focus on climate issues, paying particular attention to the transparency of the transition plans that companies may have adopted. In particular, issuers are recommended to adopt transition plans to provide the relevant information in a balanced and comprehensive manner, especially in order to avoid risks of greenwashing. In line with the ECEP 2021, the ECEP 2022 highlights the importance of information on eco-sustainable activities included in the 2022 NFSs, given that for the first time in these documents non-financial companies will be required to communicate not only their eligibility for the Taxonomy, but also the alignment of their economic activities with it. Lastly, the ECEP 2022 highlights the importance of accurately defining the reporting scope within the NFS, considering extending it beyond the company and its group to the upstream and downstream value chain, where this is necessary for providing significant information on the sustainability issues that affect the company. The NFSs should also provide a disclosure on the processes for the collection and processing of sustainability data and on the due diligence procedures implemented to ensure their quality and reliability.

# IV Supervision of intermediaries

## 1 Innovative profiles

### *Activity relating to the escalation of geopolitical risks*

In 2022, the supervisory activity on intermediaries and products was carried out, as usual, according to a risk-based approach, also taking into account the potential impact of geopolitical tensions associated with the invasion of Ukraine.

With regard to the portfolios of Italian customers, in particular retail customers, the monitoring of the positions held in financial instruments linked to Russia and Ukraine was initiated, assessing their exposure to country and/or currency risks. This monitoring revealed that exposures in financial instruments linked to Russia and Ukraine represent a residual item of the assets held by customers both under administration and in the context of individual portfolio management and collective management (below 0.23%).

As regards the products, the liquidity of the open-end funds was monitored, noting critical issues limited to certain foreign undertakings in collective investment sold in Italy through the European Union's 'passport' mechanisms and characterised by investment policies focused on the regions of Eastern Europe, and in particular on Russia.

In this regard, on 16 May 2022 the ESMA published the public statement entitled *Actions to manage the impact of the Russian invasion of Ukraine on investment fund portfolios*, with the aim of promoting European convergence on the actions to be taken in relation to the investment funds with exposure to assets of Russia, Belarus and Ukraine, with particular reference to the use of liquidity management tools (LMTs).

CONSOB also monitored real estate alternative investment funds (AIFs), which recorded a slowdown in transactions in the face of the uncertainty on the estimates of the real estate market purchase and sale values fuelled by the economic and financial situation.

In 2022 CONSOB also carried out the mentioned investigations in the context of the so-called Regulatory Sandbox for FinTech experimentation (see Chapter I 'Market supervision').

### *Activities relating to sustainable finance*

In the face of a regulatory framework that is being defined gradually, CONSOB continued to monitor the operations of intermediaries in the investment services segment in relation to ESG (environmental, social and governance) issues, in order to improve disclosure on the subject of sustainable investments by operators and to combat greenwashing phenomena.

The activity involved both those subjects that applied for authorisation to provide investment services and those subjects already authorised. In the first case, in-depth analyses were conducted regarding the verification of compliance by intermediaries, on the one hand, of the disclosure obligations set out in Regulation (EU) 2019/2088 (SFDR) and, on the other hand, compliance with the new provisions of the MiFID II on the integration of customers' sustainability preferences in the context of the processes for identifying the target customers of the ESG products to be created and/or distributed, as well as for the assessment of the suitability of the investments. In the second case, a thematic analysis was launched on the integration of sustainability risks in the processes for the provision of investment services in the light of the new provisions introduced by the amendments to both the MiFID II and Insurance Distribution Directive (IDD), relating to the distribution of insurance products, especially regarding product governance and suitability assessment.

With regard to the supervision of management intermediaries, ESG issues have been fully integrated into the risk-based supervisory models adopted by CONSOB on an ongoing basis, as part of the investigations for the issuance of opinions to the Bank of Italy for registration in the Register of new operators and in those of clearance for marketing new AIFs (reserved and non-reserved), as well as part of specific activities, including inspections. Supervision was focused, as a matter of priority, on compliance with the EU rules of the disclosure provided in the offer documentation, on the website and in marketing communications, as well as on the integration of ESG risks into the investment decision-making process adopted by managers.

Further indications for supervision may be provided by the joint Call for Evidence of the European Supervisory Authorities (ESAs) of 15 November 2022 regarding greenwashing and the ESMA's Consultation Paper of 18 November 2022 concerning guidelines for funds that use the ESG acronym or terms related to sustainability in their own name.

On the regulatory front, CONSOB contributed to the revision of the ESMA Guidelines on the assessment of suitability and product governance, aimed among other things at the integration of sustainability aspects.

An intense activity of cooperation with the Bank of Italy was also carried out as part of the revision and streamlining of the supervisory information relating to the provision of investment services, contained in the

statistical reports regulated by the Bank of Italy, also in order to integrate detailed elements relating to ESG issues.

#### *Activities relating to complex and innovative products*

In 2022, monitoring of the distribution of complex and/or innovative products continued, in order to identify phenomena that was relevant for investor protection.

In line with previous years, certificates and covered warrants accounted for approximately 90% of the packaged retail and insurance-based investment products (PRIIPs), confirming savers' interest in combinations of derivatives and financial instruments whose final pay-off depends on the performance of one or more underlying assets.

With reference to innovative products, the surveys conducted on a sample involving the main banking operators did not reveal any interest in the direct brokerage of crypto-currencies, while a marginal level of operation was recorded on financial instruments with underlying crypto-currencies, primarily in relation to trading activity.

In-depth analyses into the preparation of the Key Information Documents (KIDs) has shown, on the other hand, that in 2022, the offering of structured products with underlying crypto-assets increased with respect to the previous year due to the entry of new operators and the greater variety of crypto-currencies used as underlying assets, despite the decrease in value of the crypto-currencies, which was also triggered by the crisis of some of the major trading platforms. Consistent with the past, the products offered were mainly ETPs (exchange trade products), with a prospectus approved abroad and 'passport' into Italy, listed only on markets in other European countries. On the other hand, the offering of leveraged structured products (with Bitcoins and Ethereum as underlying assets) remains marginal.

There has been an increase in the offering of financial structured products, in particular certificates, based on ESG indicators or shares relating to companies with a high ESG rating. In this regard, in order to mitigate the risk of greenwashing, consistency checks were carried out between the information contained in the KIDs and in the advertising material and the information contained in the prospectus concerning product characteristics and ESG profiles.

## **2 Banking intermediaries authorised to provide investment services**

At the end of 2022, there were 398 credit institutions authorised for the provision of investment services, of which 35 were EU banks authorised to operate in Italy through the establishment of a branch and eight non-EU banks



authorised to operate in Italy with or without the establishment of a branch (Tab. aIV.1).

During the year, the verification of the correctness and transparency of the behaviour of banking operators in the provision of investment services was carried out according to the normal risk-based approach which, using both qualitative and quantitative information sources, enabled investigations to be guided by the most significant and risky entities and/or phenomena.

The checks were also carried out based on the information acquired through 137 requests for data and information, 64 meetings with corporate officers and trade associations, held in some cases through teleconference systems, and four inspections (Tab. aIV.2).

The activities were also carried out in coordination with the Bank of Italy and, in this context, their cooperation was requested for inspections pursuant to Article 6-ter, paragraph 5 of the TUF.

After cases of breach of sector-specific regulations were ascertained, sanctioning proceedings were initiated against a bank (for details on the concluded proceedings, see Chapter VIII 'Sanctioning activity').

Consistent with 2021, investigations, including inspections (see Chapter VI 'Inspection activity' for details), focused on the application of the MiFID II. On the basis of the findings that emerged, corrective actions were initiated against the intermediaries concerned, followed by off-site investigations on the improvement processes undertaken by them. The corrective actions concerned the areas of product governance of the manufacturer and distributor and the assessment of suitability/appropriateness.

With regard to the latter, in January 2022, the ESMA published the Guidelines on 'appropriateness' and 'execution only', with which CONSOB complied on 25 May and which have been applicable since 12 October. CONSOB also contributed to the work that led to the update of the Guidelines on suitability, published by the ESMA on 23 September 2022, aimed at: i) integrating sustainability aspects of investment services following the amendments made by Delegated Regulation (EU) 2021/1253 to the implementing provisions of MiFID II of Delegated Regulation (EU) 2017/565 concerning suitability assessment; ii) implementing the amendments introduced by the Capital Markets Recovery Package (CMRP); iii) evaluating the results of the Common Supervisory Action (CSA) conducted on the matter in 2020, including a list of shared good and poor practices. These Guidelines, which are expected to be officially translated into Italian, will apply within six months of the declaration of compliance by CONSOB.

During the year, work has also continued on the revision of the ESMA Guidelines on product governance, also in light of the findings of the CSA conducted on the subject in 2021. The public consultation on the document

ended on 7 October 2022 and publication of the final proposal is expected in the first half of 2023.

The Commission has continued to supervise the 'self-placement' activity of banks concerning instruments subject to 'bail-in' regulations. In particular, investigations were carried out on the alignment of the transactions of the intermediaries with the provisions, in force since 1 December 2021, of Legislative Decree no. 193 dated 8 November 2021, implementing the BRRD II Directive, which introduced limitations on the issuance and distribution of subordinated securities by credit institutions.

In 2022, CONSOB also participated in CSAs coordinated by the ESMA for the purpose of facilitating greater uniformity in the approaches to controls by the various national authorities. In particular, CONSOB carried out an in-depth investigation on the *ex-post* disclosure of costs and expenses to retail customers. The findings of the CSA, in addition to being shared with the competent national authorities, have also been used in domestic supervisory activity.

Finally, CONSOB provided the Bank of Italy with ten opinions relating to authorisation to provide new investment services (two cases) and the forfeiture and revocation of the authorisation to provide investment services (respectively, in five and three cases).

### 3 Investment firms

At the end of 2022, there were 61 Italian investment firms registered in the relevant register, 35 entities registered on the list of EU investment firms authorised to operate in Italy through the establishment of a branch and 81 English investment firms registered in the register of third-country firms other than banks authorised to operate in Italy (Tab. aIV.3).

The supervisory checks focused on the behaviour that is detrimental to compliance with the rules of conduct towards retail customers and on the strategies for offering investment services. Particular attention was paid, especially during authorisation, on the ways in which ESG factors are taken into account in the provision of investment services, especially with reference to the provisions introduced by the Sustainable Finance Disclosure Regulation (SFDR), as well as on the procedures for the *ex-post* reporting of costs and charges incurred to retail customers.

The above checks were also based on the information from 26 requests for data and information and 72 meetings with representatives of Italian investment firms and other supervised investment firms, conducted in some cases through teleconference systems.

After cases of breach of sector-specific rules were ascertained, sanctioning proceedings were initiated against an EU investment firm with a branch in Italy and against the head of the branch (for details on concluded sanctioning proceedings, see Chapter VIII 'Sanctioning activity').

During the year, a proposal was made to the Ministry of Economy and Finance, pursuant to Article 58, paragraph 1 of the TUF, which was later accepted, for placing the branch of European investment firm in compulsory administrative liquidation in Italy.

In 2022, the investigation activity continued in relation to the applications submitted by the UK investment firms which, following Brexit, requested for authorisation from CONSOB in order to operate in Italy as a third-country investment firm pursuant to Article 28 of the TUF. After acquiring the Bank of Italy's opinion, CONSOB authorised 15 UK investment firms (13 of which under the freedom to provide services and two through the establishment of a branch). At the end of March 2023, eight investigations were underway concerning applications for authorisation submitted by as many UK investment firms.

## 4 Crowdfunding platforms management companies

The register of crowdfunding portal managers, provided for by Article 50-*quinquies* of the TUF, at the end of 2022, included 48 entities registered in the ordinary section (Tab. aIV.4); consistent with the previous year, none are registered in the special section dedicated to banks and investment firms. Given the cancellation of nine managers from the register, it was not possible to carry out any new registrations pending the completion of the adaptation process at national level of Regulation (EU) 2020/1503 (Crowdfunding Regulation), which entered into force on 10 November 2021.

The entities which at that date were authorised and registered in the register of crowdfunding portal managers continued to operate in 2022 and may continue to operate, in accordance with national legislation, until 10 November 2023 or the date - if earlier - on which a new authorisation is issued (pursuant to the Crowdfunding Regulation, Articles 12 and 48, and the Delegated Regulation (EU) 2022/1988 of 12 July 2022).

The supervisory activity on the aspects of fairness and transparency of behaviour concerned, in particular, the managers most active in the publication of offers, also taking into account the high concentration of the market. Monitoring also included the managers who, although formally operational, had not published offers.

The checks were based on qualitative information (such as complaints) and quantitative information (data on the operations transmitted on a periodic basis by supervised entities), as well as on those obtained through

16 requests for data and information, six meetings with corporate officers and one investigation.

By Law no. 127 of 4 August 2022 (European Delegation Law 2021), CONSOB and the Bank of Italy were designated as competent authorities pursuant to Article 29 of the Crowdfunding Regulation. Pending the completion of the process of adapting the national legislation, CONSOB also launched activities to facilitate the transition to the new regulatory framework through meetings with operators registered in the register of crowdfunding portal managers, with other parties interested in submitting applications for authorisation pursuant to the mentioned Regulation and with trade associations. Together with the Bank of Italy, a communication was published on 21 October 2022 in which the two Authorities made themselves available to engage in informal discussions to guide interested operators in the future submission of authorisation applications. This communication was followed by 12 meetings with individual operators, as well as a number of workshops attended by 45 managers registered in the register and 23 operators interested in submitting an application for authorisation.

## 5 Asset management companies

At the end of 2022, 174 asset management companies (SGR) and 61 investment companies with fixed capital (SICAF) were registered in the relevant registers. At the same date, 90 managers of EU UCITS funds and AIFs were operating in Italy through the establishment of branches.

The supervision of investment funds, based on a risk-based approach, focused on the fairness of behaviour related to investment decisions, also in terms of adherence to the investment policy represented in the offer documentation. The checks were carried out using qualitative and quantitative information sources, as well as on the basis of the information acquired through nine requests for data and information, 54 meetings with corporate officers, held in some cases through teleconference systems, and investigations conducted in cooperation with the Bank of Italy.

Particular attention was paid to costs that affect the ability of the funds to achieve their investment objectives. In this regard, on 14 July 2022, together with the Bank of Italy, CONSOB published a warning notice on the results that emerged at national level from the ESMA's 2021 CSA on this issue. In 2022, an additional CSA was also carried out on the valuation of assets held by UCITS funds and AIFs.

With regard to the AIFs, CONSOB examined the requests for the marketing of units of these funds in Italy and/or EU Member States in order to verify the completeness, comprehensibility and consistency of the offer documentation. The transparency investigations referring in particular to non-

reserved AIFs and the European Long-Term Investment Funds (ELTIFs) were conducted taking into account the needs of the retail customers to whom these products are offered.

With regard to asset management companies specialised in real estate funds, controls were especially concerned with managers of listed funds intended for retail investors, with reference to consistency between the divestment of real estate assets and the set due date of each fund, as well as the correct application of the rules on conflicts of interest.

Lastly, CONSOB provided the Bank of Italy with 17 opinions, eight of which were for the authorisation of new management intermediaries, four for removal from the register, three for extraordinary transactions, one for authorisation to manage ELTIFs and one for the extension of the operations. The Bank of Italy also received the relevant observations with regard to the adoption of a restrictive measure concerning the activity of an asset management company, pursuant to Article 7, paragraph 2, of the TUF.

## 6 The Financial Advisors Supervisory Body

In 2022, as part of the CONSOB supervision of the Financial Advisors Supervisory Body (Organismo di vigilanza e tenuta dell'Albo unico dei consulenti finanziari - OCF), the preliminary control activity was carried out for the statutory and organisational amendment to the structure of the OCF, approved by the MEF, aimed at making the work of the Body more efficient, while maintaining the organisational safeguards necessary for the supervisory function.

With an opinion given to the MEF, the technical cooperation was completed for the forthcoming adoption of a decree aimed at unifying the rules governing the integrity, professionalism and capital requirements for enrolment in the Single Register of Advisors.

# V Actions against unauthorised activities

## 1 Innovative profiles

In 2022, as also shown by the increase in the reports received by CONSOB regarding cases of unauthorised activity, the growing interest of savers in the crypto-assets was confirmed. Increasing quotas of savings are channelled to operators that offer digital tokens and crypto-currencies, and/or related services, that savers perceive as forms of investment and therefore as a source of possible gain, especially when such activities may be traded on specific online platforms, even when they are not related to the category of financial products as intended in the strictest sense (Box 1).

In this context, CONSOB analyses the critical issues associated with emerging phenomena and, as part of its activities to combat financial fraud, cooperates with the Judiciary, various police bodies and other authorities, also to share assessments of particularly innovative offences, with greater dissemination and potential offensiveness.

## 2 Enforcement activity

In 2022, 350 investigations were conducted as part of the activity to combat fraudulent phenomena (Tab. aV.1), which mainly draws impetus from the complaints received by CONSOB, equal to 1,342 in 2022 (+18% compared to 2021 and +75% compared to 2020; see Chapter VII 'Additional actions for investor protection'), and from requests for cooperation from the other Italian authorities, in particular from the Judiciary and the various police bodies, which amount to 164 (+38% compared to 2021).

Unauthorised operators act predominantly online (as emerges in about 75% of the cases examined) and they mainly use e-mail, chat, social networks and telephone solicitations (so-called cold calling) as contact channels to reach savers. Potential customers are often invited to join a so-called community, that is, to join network marketing systems that are connected, at least in appearance, to the promotion of forms of investment of a financial nature and which envisage earnings related to the procurement of additional members subscribing to the system.

## Box 1

### CONSOB's competence in relation to crypto-assets

In the current regulatory framework, pending the issuance of the European rules contained in the recently adopted Markets in Crypto-assets (MiCA) Regulation, crypto-assets are brought into CONSOB's sphere of competence when their characteristics make them effectively comparable to financial instruments (as in the case of security tokens) or they are related to financial instruments (as in the case in which they are the underlying asset of financial derivatives contracts, such as Contracts For Difference or CFDs) or they are linked to broader contractual schemes suitable for integrating the domestic notion of 'investment of a financial nature', given that there is the promise of a financial return (in the latter case, configuring a financial product that is different from a financial instrument).

Therefore, CONSOB's competence is activated in relation to crypto-assets, when a financial product is offered, intended as a financial instrument (referred to in European Union legislation) or intended as an 'investment of a financial nature' that is different from a financial instrument (as defined in national regulations). Regarding entities operating on crypto-assets other than financial instruments and financial products, this includes provisions on providers of virtual currency and digital portfolio services in accordance with the anti-money laundering regulations.

Pursuant to the decree of the MEF of 13 January 2022, the legislator introduced the obligation of all natural and legal persons providing services in the field of virtual currency (managers of crypto-asset trading platforms and digital portfolio service providers, so-called custodial wallet providers) to register in the special section of the Money Changers Register kept by the Body for the management of lists of financial assets and credit brokers (OAM).

The initiatives related to crypto-assets are in any case intercepted by CONSOB to a significant extent in the context of the activity to combat financial fraud. In fact, with greater frequency unauthorised operators offer investment services in 'derivatives contracts' that are linked to crypto-currencies or they offer crypto-assets (as alleged utility/hybrid tokens) with the promise to pay returns in most cases on a periodic basis.

The most frequent cases of unauthorised provision of investment services (which can be attributed to more than 75% of the investigations) are the trading services offered through web platforms, which concern derivatives (such as Contracts For Difference - CFDs) whose underlying assets are increasingly crypto-currencies (in addition to currencies, stock market indices and commodities). Not infrequently, savers who have invested in unauthorised entities are asked to purchase crypto-currency to be deposited in a wallet for the alleged purpose of recovering sums previously lost or monetising the supposed gains; this wallet is then made inaccessible to savers, who are unable

to get back the amount paid or to identify those responsible for the conduct described.

In the case of fraudulent offers of financial products, however, the proposals for 'atypical' financial investments are increasingly frequent, including those relating to alleged crypto-assets, which promise above-market returns. In this context, offers concerning so-called hybrid tokens take on greater importance, that is, tokens that are allegedly issued through distributed ledger technology (DLT) and denominated in crypto-currency, which incorporate rights to receive periodic returns, together with other alleged rights to make use of services and/or to use assets. Tokens with these characteristics can be classified as investments of a financial nature (in general they are financial products that are different from instruments); their offer therefore requires the publication of the prospectus (otherwise it is deemed unauthorised). In such cases, investors are usually attracted by the promise of returns that are predetermined or can be predetermined based on pre-established parameters and in proportion to the price paid for the purchase. These returns are represented by the payment to the investor of additional tokens, the value of which is (allegedly) correlated to that of a fiat currency (for example, a token would be equivalent - within the ecosystem - to 1 USD), or by a commitment by the bidder to repurchase the token at a price higher than that paid by the investor during the purchase phase.

In 2022, for the first time, a public offering activity to Italian savers was suspended, and subsequently banned, as part of a security token offering (STO) operation, due to the ascertained similarity of the digital token offered to a financial instrument.

The unlawful scheme on which CONSOB published various notices continues to be particularly widespread, through which the investor - who has by now understood that they are the victim of an unauthorised financial trader - is contacted by a self-styled debt collection agency. This agency (sometimes also using the logo or other distinctive signs of CONSOB illegally) offers, against a consideration in cash, the possibility of obtaining the reimbursement of the sums already invested, only to then appropriate them without providing any service.

In 2022, CONSOB undertook 397 initiatives to combat financial fraud (Tab. aV.2), consisting of: seven measures for the precautionary suspension of fraudulent offers of financial products; four measures prohibiting fraudulent offers; four notices for the protection of investors (so-called warnings); 183 orders to terminate the breach represented by the unauthorised provision of investment services via the Internet, as a result of which 215 sites were blacked out (815 since 1 July 2019, that is, since CONSOB has the power to order their black out). As part of the law enforcement activities, 199 reports were made to the Judiciary.



At the European level, the Commission cooperates with the equivalent foreign authorities, including in relation to cases with greater dissemination and on issues relating to digitalised finance, and exchanges relevant information for the purpose of combating fraudulent phenomena. Cooperation with other European authorities may be essential for supervisory actions regarding unauthorised activities of an international nature.

In addition to countering unauthorised activities through enforcement measures, CONSOB continued both the activity of financial education and the publication of information, in the section of its website entitled 'Watch for scams', aimed at raising the awareness and ability of investors to recognise and avoid unauthorised initiatives that are usually fraudulent activities.

# VI Inspection activity

## 1 Innovative profiles

In 2022, a project was undertaken to make the management and storage of documentation acquired during inspection activities more efficient. In particular, the development of a document management application is underway that will make it possible to have an advanced archive in which both the metadata and the documents relating to the inspections conducted will be stored, through specific IT procedures. As part of the same project, new IT procedures for acquisition of documents will be implemented that, through a web portal, will allow inspectors to receive documents and data from the inspected subject.

The project continued with the aim of verifying the use, in inspection activities, of a software based on algorithms that is suitable for analysing texts through semantic reporting systems. The software, already tested during an inspection carried out in 2021, was subject to adaptations aimed at making it capable of processing the extensive and uneven information assets given by documentation and data acquired during the inspection. The new version of the software was verified as part of an activity which began in 2022, was completed in the first weeks of 2023 and can currently be used in association with the other analysis tools that are normally used in the context of inspections, whose typology is currently being identified.

## 2 Inspection activity and investigations on websites

In 2022, a total of 15 inspections were initiated and 12 were concluded, of which nine had commenced in the previous year (Tab. aVI.1). For one of the 15 inspections launched, the cooperation of the Special Currency Police Unit of the *Guardia di Finanza* (Italian Finance Police) was requested for access to the investigated subject.

The inspections launched during the year involved eight intermediaries, three issuers, three audit firms and a crowdfunding portal manager (Tab. aVI.2), concerning various aspects of the applicable regulations. A check has been requested by the Bank of Italy regarding compliance with the regulations contained in the TUF for which it is responsible (Tab. aVI.3).

Over the year, 420 inspections were undertaken in relation to fraudulent behaviour performed via the internet and falling within CONSOB's sphere of competence, which involved the analysis and further investigation of 807 websites (Tab. aVI.4).

In addition, 17 periodic monitoring activities were carried out concerning 48 websites, in order to verify the compliance of EU investment firms operating under the freedom to provide services in Italy with the measures adopted by the Commission, pursuant to Article 7-*quater* of the TUF.

### 3 Prevention and countering of money laundering and terrorist financing

In 2022, supervision of audit firms and statutory auditors with engagements concerning public interest entities or intermediary entities continued, to prevent and combat money-laundering and terrorist financing. In particular, anti-money laundering inspections were conducted on an audit firm and, at the request of the Bank of Italy, on an asset management company (Tab. aVI.5).

The off-site supervision of audit firms, based on the analysis of the information on risks and on the organisational, procedural and control mechanisms provided annually by audit firms, pursuant to Article 6 of CONSOB Regulation no. 20570/2018, led to targeted in-depth analyses, from a risk-based perspective, to identify any areas of non-compliance with anti-money laundering regulations. There were 19 requests made for data and information pursuant to Article 7, paragraph 2, letter b) of Legislative Decree no. 231/2007 and recommendations or guidelines were given in five cases for overcoming the weak areas identified by the off-site analysis.

CONSOB organised meetings with the audit firms and with the trade association to provide guidance and raise awareness on regulatory and application aspects concerning anti-money laundering obligations. A notice, on the EU restrictive measures related to the Russia-Ukraine crisis, was also addressed to supervised audit firms, containing a warning and recommendations to put in place the controls necessary for the implementation of the measures in question. A further warning concerned the high risk of money-laundering related to the engagements assigned by customers operating in the crypto-assets sector.

The Commission has initiated sanctioning proceedings for the imposition of administrative pecuniary sanctions against two audit firms, to which specific requests have been addressed aimed at monitoring the implementation of corrective actions necessary to allow for alignment with the obligations established by the sector-specific regulations (for the concluded sanctioning proceedings, see Chapter VIII 'Sanctioning activity').

In accordance with existing Memorandums of Understanding, the cooperation relationship with the Bank of Italy and the FIU continued. In particular, together with the FIU, one of the audits was conducted during the year concerning anti-money laundering, within the context of which CONSOB submitted evidence to the FIU for the in-depth analyses within their sphere of competence, regarding cases that are potentially relevant for the fight against money-laundering and terrorist financing. In turn, the FIU has reported to CONSOB a number of suspected types of transactions that could potentially involve unauthorised financial activity. Finally, CONSOB participated in the work of the Financial Security Committee - led by the MEF - aimed at coordinating the national apparatus for combating money-laundering and terrorist financing and at the implementation of the economic and financial restrictive measures imposed by the EU as a result of the Russia-Ukraine crisis.

# Additional actions for investor protection VII

## 1 Innovative profiles

In 2022, the study and analysis activity continued, aimed at identifying structural dynamics and emerging phenomena in the financial markets that are relevant for the purposes of investor protection.

The annual survey of the CONSOB Observatory on 'The approach to finance and investment of Italian households' confirms certain critical aspects. The management of personal finances is considered to be complex by 80% of Italian investors, primarily due to the uncertain context, rising prices and low financial literacy. Although growing slightly, financial knowledge is not yet widespread enough, both in terms of basic concepts and financial instruments, or with regard to the degree of financial risk. The 2022 survey also revealed the digital knowledge and skills of investors in relation to safe use of the internet, as well as knowledge of digital activities and investment services provided through online platforms, revealing ample room for improvement. Despite this, the percentage of respondents who access the internet to exchange cryptocurrencies and trade online appears to be growing compared to 2021 (respectively, from 2% to 8% and 8% to 11%), as well as the potential interest, which is associated, among other things, with the prospect of easy earnings and the propensity to overestimate their own knowledge on the subject. Critical issues also remain with respect to the aptitude for managing personal finances, investment styles and the attention paid to sustainability issues.

## 2 Financial education

In 2022, CONSOB developed new financial education modules and organised awareness-raising events and pathways based on proven formats.

The initiatives were carried out independently as part of CONSOB's training offer or in coordination with the Committee for the planning and coordination of Financial Education activities (hereinafter referred to as the Edufin Committee). Said initiatives have contributed to enhancing the initiatives of the national and international awareness and financial education campaigns.

Specifically, during the year, CONSOB participated in the Global Money Week, promoted by the OECD-INFE network; it coordinated World Investor Week (hereinafter WIW) at national level, promoted by the Committee 8 of the IOSCO (Retail investors); contributed to Financial Education Month (hereinafter also referred to as Edufin Month), promoted at national level by the Edufin Committee, making use of the synergies with WIW, given that both of the campaigns were held in October. On this occasion CONSOB availed itself of the cooperation from the most active entities in the field of financial education, who in some cases used the format provided by CONSOB, defining a calendar of activities related to CONSOB and partner entities consisting of around 50 events. CONSOB organised or participated in 32 initiatives and, among these, launched the 'Sustainable finance: watch out for risks! (not all that glitters is gold)' course, in cooperation with the Bank of Italy, aimed at disseminating basic knowledge on sustainable finance issues.

Within the Edufin Committee, CONSOB has coordinated, organised and launched a workplace financial education project in cooperation with Roma Tre University, which provides for the delivery of a financial education course, divided into more than 20 video-lessons, dedicated to the technical and administrative staff of the University.

### 3 Complaint management

In 2022, CONSOB received 4,613 reports, classifiable as complaints in 2,742 cases (2,574 in 2021), about 92% of which are the responsibility of CONSOB and, therefore, pursuable (Tab. aVII.1). A response was provided to these through 2,960 letters to savers. In half of the cases, the complaints refer to unauthorised subjects involved in the investigations of abusive practices, followed by banks, listed companies and investment firms and mainly concern fraudulent financial activities (50% of the cases) and irregularities in the provision of investment services (31% of the total; Tab. aVII.2).

In about a quarter of the cases, the complaints were received via the web channel available on CONSOB's official website. This channel now allows the representative to provide a larger set of information than in the past, as a result of the re-engineering of the processes of collection, verification and handling of the complaints by CONSOB.

### 4 The activity of the Alternative Financial Dispute Resolution Scheme

In 2022, the Alternative Financial Dispute Resolution Scheme (ACF) received 1,116 appeals mainly from the regions of Northern Italy (41% of the

cases) and Southern Italy (41%; Tab. aVII.3). The quota applicable to residents abroad (0.8%) is confirmed as marginal.

The decrease in incoming appeals compared to the past (1,582 in 2021, 1,772 in 2020 and 1,678 in 2019) is attributable, in addition to the gradual alignment of the operating practices of intermediaries with the guidelines prepared by the ACF, to certain regulatory changes, which entered into force on 1 October 2021, limiting the ACF's scope of operation to disputes relating to investments carried out no more than ten years before the lodging of the appeal (Article 4, paragraph 3-*bis* of the ACF Regulation) and have excluded the admissibility of appeals filed in a manner different from those that are provided for (Article 11, paragraph 1 of the ACF Regulation). In addition to this is the gradual reduction of appeals, which were more common until 2015, relating to the placement with retail customers, by some local banks, of shares that were later found to be illiquid. More generally, the lower number of appeals received is reasonably attributable to the uncertain environment arising from the pandemic and the war in Ukraine, which has led many savers to make conservative and low risk financial choices, as shown by the significant increase in liquidity deposited in the current accounts of Italians. The number of intermediaries involved in the appeals also decreased (75 in 2022, 89 in 2021 and 2020; Tab. aVII.4). The above-mentioned regulatory changes are also reflected in the number of appeals that exceeded the admissibility check, equal to 71% of the total (86% in 2021): 60 appeals were in fact inadmissible because they concerned facts that had occurred more than ten years prior to the filing of the appeal (five in 2021) and 52 inadmissible because they were not filed in the manner indicated in Article 11, paragraph 1, of the ACF Regulation (eight in 2021).

In 2022, the Board made 1,188 decisions on the merits (1,647 in the previous year), to which the decisions of unacceptability/inadmissibility, taken directly by the President (319), and decisions to terminate following a settlement agreement concluded between the parties (128) should be added. The efforts to recover the backlog accumulated, especially in the first three years of operation of the ACF, led to the conclusion of 1,637 proceedings in 2022 (9,020 since the activities of the ACF commenced). The decisions adopted in 2022, consistent with that which was recorded in previous years, concerned information and behavioural deficiencies of intermediaries in the pre-contractual phase; disputes relating to some significant phases of remote operations, regarding the provision of the product sheet and the customer profiling method, appear to be growing.

The overall value of the compensation requested in 2022 amounted to approximately 55.4 million euro, ranging between a minimum unit of 1 Euro and the maximum limit within the ACF's competence in terms of value equal to 500 thousand euro (for an average value requested greater than 49 thousand euro). The total amount of compensation awarded to savers was approximately 19 million euro, with an appeals acceptance rate of 57%. The rate of

compliance of the ACF's decisions remains high (more than 98% of cases, as occurred from the start of operations in 2017).

In 2022, the ACF worked in coordination with the Banking and Financial Ombudsman (ABF) established by the Bank of Italy, exchanging information, not only on issues of substance and procedure of possible interest for the decision-making activities of the Boards, but also on procedural and organisational aspects relating to the proper functioning of the two systems, in order to implement the Memorandum of Understanding between CONSOB and the Bank of Italy stipulated on 19 March 2020. As part of these activities, on 19 September 2022, the second forum between the President and other members of the Alternative Financial Dispute Resolution Scheme (ACF) and the Presiding Members of the Coordinating Board of the Banking and Financial Ombudsman (ABF) took place at CONSOB.

The results achieved so far allow a number of priority objectives to be identified for the ACF. Firstly, the Board of the Alternative Financial Dispute Resolution Scheme (ACF) in its renewed composition, defined by CONSOB in December 2021, during 2023 also aims to definitively bring back the deadline for the conclusion of all proceedings within the 180 days envisaged by the legislator. Secondly, the intention is to promote initiatives aimed at establishing a systematic dialogue with stakeholders. This consists of a project to establish a Panel to which the ACF and the parties interested in the ACF proceedings will participate (including, first and foremost, trade associations of intermediaries and consumers). Another priority objective is the involvement of the ACF in technological innovation projects that are in process within CONSOB, through cooperation with other institutions and universities. These are projects that will follow two key lines: i) the introduction of tools to make the process of handling appeals before the ACF more efficient, based on innovative technologies, in order to ensure a higher-quality 'chain of evidence' and speed up the investigation activities of the Technical Secretariat Office as well as the decision-making activities of the Board; ii) the introduction of artificial intelligence technologies for the classification of reports and decisions that is useful for statistical and reporting purposes, also for publication on the ACF's official website.



# Sanctioning activity VIII

## 1 Innovative profiles

The sanctioning activity carried out in 2022 can be traced back to the following areas of investigation: auditing, market abuse, safeguarding of market transparency and investor protection.

With regard to market abuse, it should be noted that for the first time those responsible for the audit engagements were found to have conducted information-based market manipulation, given that the audit reports, issued with positive opinions and without findings, led to the dissemination of false and misleading information concerning the actual economic and financial position of the company to which the mentioned reports referred, thus contributing to the disclosure of deceptive messages to savers. The conduct of the auditor, therefore, was not considered with reference to the national and international accounting standards frameworks (the auditor's own offence), but with respect to the relevance of the audit report as a means of information with particular credibility as per the issuer's economic and financial situation, such as to be used by a reasonable investor as one of the elements on which to base its investment decisions regarding the issuer's financial instruments. By certifying false data and concealing relevant information in relation to the audited company, it was ascertained that the auditors endorsed the false accounting entries reported in the financial statements, and essentially reiterated content that does not correspond to the company's real equity and economic situation, thereby having a deceptive effect on their addressees.

Due to the relevance of the violated regulations, six sanctions are reported, which concern the violations of the rules regarding the transparency of corporate information, both within the group and towards CONSOB and the market. Reference is made, in particular, to the violations with regard to the disclosure obligations of significant shareholdings and related party transactions, to the preparation and publication of the Report pursuant to Article 125-*ter* of the TUF and, again, to the corporate governance practices actually adopted by the issuer (Article 123-*bis*, paragraph 2, letter (a) of the TUF), in two cases with sanctions imposed on the companies, to the members of the board of directors and, pursuant to Article 149, paragraph 1, letter (c-*bis*) and paragraph 3 of the TUF, and to the members of the board of statutory auditors, also for failure to supervise the methods with which the corporate governance rules were actually implemented. Worthy of note is the application

of Article 120 of the TUF to the specific case of the transfer (as guarantee) by a company of a package of listed shares belonging to one of its subsidiaries in favour of a foreign company and for the issuance of a bond loan subscribed to by the mentioned foreign company, which in substance resulted in the unavailability of the shares, the impossibility to exercise the related rights and, consequently, the loss of control of that asset.

Corporate information is the area of choice in the context of Regulation (EU) no. 596/2014 (Market Abuse Regulation, MAR), which in Article 17, paragraph 1, contains the rules for disclosure to the public, by the issuer, of inside information, rules which have been applied in two sanctioning proceedings.

## 2 Sanctioning proceedings

In 2022, 26 sanctioning proceedings were concluded (70 in 2021), with the adoption of sanctioning resolutions in 21 cases and the application of sanctions against 65 parties (109 in 2021). In four cases, the sanctioning proceedings were terminated in advance, since the interested parties exercised their right to pay sanctions to a reduced extent (so-called settlement of the fine), for an overall amount of 110 thousand euro; more specifically, three proceedings concerned the breach of disclosure obligations of significant shareholdings, while one of the proceedings concerned breach of EU Regulation 648/2012 (European Market Infrastructure Regulation - EMIR) in relation to transaction reporting. For the sanctioning proceedings, on the other hand, the dismissal was ordered. The overall amount of the administrative pecuniary sanctions imposed in 2022 was equal to approximately 5.2 million euro (8 million euro in 2021; Tab. aVIII.1).

In one of the sanctioning proceedings for market abuse, the resolution adopted was sent to professional bodies - with which the sanctioned entities are registered - as provided for by Article 187-*octies*, paragraph 15, of the TUF. In two sanctioning proceedings, concerning the rules of corporate governance, the resolutions adopted were sent to IVASS in compliance with the provisions of Article 4, paragraph 1, of the TUF, which provides for the cooperation between the authorities.

### *Measures concerning market abuse*

Regarding market abuse offences, three sanctioning measures were adopted in 2022 (four in 2021), one of which was for insider trading and two for the conduct of market manipulation, with the application - in one case - of administrative sanctions (pecuniary and interdiction sanctions) also against those responsible for audit engagements. Overall, administrative pecuniary sanctions of 2.9 million euro were applied (1.1 million euro in 2021) against 25 entities, 24 of whom were natural persons and one a legal entity (the latter

was sanctioned for a total of 180 thousand euro pursuant to Article 187-*quinquies* of the TUF). The accessory interdiction sanctions, as a whole, amounted to 243 months (138 months in 2021); the amount of the assets subject to confiscation for 2022 amounted to approximately 425 thousand euro (31 thousand euro in 2021; Tab. aVIII.2).

#### *Measures concerning other infringements of Regulation (EU) no. 596/2014 and Regulation (EU) no. 648/2012*

As previously mentioned, consistent with the previous year, there have been violations of the provisions of Regulation (EU) no. 596/2014 (MAR) relating to the obligations for issuers to disclose inside information to the public (Article 17, paragraph 1 and 4; Tab. aVIII.3).

As part of the enforcement activities on the adaptation by market operators to the EMIR, a sanctioning measure was adopted for breach of Article 9, paragraph 1, of the mentioned Regulation, against a credit institution to which a pecuniary administrative sanction of 70 thousand euro was applied. Specifically, the proceedings were based on the results of the periodic and targeted quality control of the data reports on derivatives contracts (EMIR data quality review), conducted by CONSOB on a selected sample of counterparties and transactions, concerning the accuracy of data pertaining to guarantees relating to derivatives contracts existing at a given date and the completeness of the reports of contracts concluded over a given period.

#### *Measures relating to intermediaries*

In 2022, two sanctioning measures were adopted against financial intermediaries (four in 2021), amounting to 341 thousand euro in pecuniary sanctions overall (Tab. aVIII.4). In one case, these were violations pertaining to the procedures, including control procedures, adopted in order to reconstruct the operations carried out by customers with regard to order receipt and transmission services. In other sanctioning proceedings, settled by the application of pecuniary administrative sanctions against corporate officers also (in the presence of the requirements set out in Article 190-*bis*, paragraph 1, letter (a) of the TUF), the irregularities concerning the following aspects were highlighted: the procedural and organisational safeguards of the segment of derivatives transactions carried out by customers through the online trading channel and the derivatives transactions carried out in a given period; the irregular conduct of the director general; the irregularities in the safeguards adopted by the bank in terms of asset separation and transactions carried out by the bank itself (conducted by the director general), which have led to a intermingling of the proprietary portfolio and that of the investors; certain irregularities in updating the contracts relating to the bank's management lines, with undue allocation to certain customers of fees that are worse than those previously in force.

### *Measures against issuers and audit firms*

In 2022, 12 sanctioning measures were adopted (32 in 2021), concerning violations involving issuers and public disclosure, as well as measures adopted against audit firms. The related pecuniary sanctions amounted to 1.9 million euro (5.2 million euro in 2021; Tab. aVIII.5).

In particular, five sanctioning proceedings were initiated against the audit firms for breach of the auditing standards, with the application of pecuniary administrative sanctions equal to 790 thousand euro; in three cases, included *ratione temporis* [in consideration of time] in the frame of application of the amendments made, by Legislative Decree 135/2016, to Article 26, paragraph 1, sub-paragraph *a*) of Legislative Decree no. 39/2010, those responsible for the audit work (Tab. aVIII.5) were also sanctioned.

## 1 Information systems

### 1.1 Innovative profiles

In implementation of the third directive of the 2022-2024 Strategic Plan (see Part A), the planning of CONSOB's activities in relation to information technology for the three-year period envisages: the use of innovative technologies (artificial intelligence - AI, blockchain, big data) serving a data-driven supervisory approach; the use of advanced cyber security systems; the use of specialised resources, such as data scientists; the continuation of staff training; the streamlining of IT infrastructures to increase the flexibility of the information systems architecture from the perspective of a cloud-driven solution. In this sense, CONSOB has also initiated cooperation with the Italian National Cyber Security Agency (ACN) which is aimed at classifying its own data and services into 'ordinary', 'critical' and 'strategic', prior to the evaluation of the migration of services to the cloud.

In 2022, in particular, the adaptations to the information systems continued, with the aim of achieving the following objectives: i) sharing, integration and advanced analysis of supervisory data through the gradual adoption of the Commission's data warehouse and the design of a number of initiatives related to the data lake, based on the use of AI algorithms and machine learning; ii) development of innovative technological tools capable of increasing the effectiveness and efficiency of supervisory activities and, in particular, the development of prototypes of tools referred to in point (i) above; iii) innovation and updating of back office systems and of infrastructures; iv) protection of information systems.

### 1.2 Innovation of processes, systems and tools

With reference to the sharing and integration of supervisory data (point (i)), work continued on the design of the data lake intelligence platform, comprising the identification and definition of the supervisory scenarios in which to apply AI technologies, as well as the integration of the data warehouse system developed in 2021 with analytics tools based on reporting, charts and smart dashboards for the analysis and navigation of structured data representing CONSOB's information assets.

Technical planning activities commenced for the implementation of the new version of the CONSOB's document platform (SYLLOGE), with particular reference to the assessment of the application functions and process workflow tools of the current platform (DEMACO).

### 1.3 IT systems update and protection

As regards the projects supporting supervision (point (ii)), the following have been upgraded: the instruments underlying the comparative analysis between transaction reporting information, European registers of financial instruments, reports relating to short selling and supervisory reports on central counterparties and financial and non-financial counterparties of derivatives contracts; as have the advanced analytics of the system for the acquisition of Key Information Documents (KIDs) relating to packaged retail and insurance-based investment products (PRIIPs) in operation from 1 March 2022; and the system for filing investment funds prospectuses for the acquisition of the KIDs.

During the year, the following were implemented: the system used to transpose the storage systems and subsequently upload the data of the annual financial reports of issuers, according to the new European format (ESEF; see Chapter III 'Supervision of public offerings and corporate disclosure'); the control station for monitoring Securities Financing Transactions (SFTs) by means of big data analysis techniques; the inspection activities management system, which will provide an automatism for the exchange of documentation between the inspection team and the inspected entity, in line with the requirements of the Digital Administration Code (CAD; Legislative Decree no. 82/2005; see Chapter VI 'Inspection activity'); the system for acquiring suspicious transaction and order reports (STOR, the completion of which will be carried out over a multi-year period). The project for the complete re-engineering of the significant shareholdings system was then launched, following the decision to unify their communication models on the basis of the standard form defined by the ESMA.

With regard to the AI and text mining prototypes developed in 2022, the prototype for the analysis of the prospectuses of equity and non-equity instruments was completed (see Chapter III 'Supervision of public offerings and corporate disclosure'), while preliminary analyses were carried out to verify the possibility of creating a prototype for the supervision of non-financial statements.

The experimentation continued, having begun in 2021, on the development of prototypes based on Blockchain/Distributed Ledger Technology (DLT).

With regard to the back-office systems (point (iii)), it should be noted that during the year the following activities were carried out: the operation of the new personal data management system for the management of personal

data pertaining to entities who have relations with CONSOB; the re-engineering of duplicate removal systems and the authorisation verification system; the operation of the website on the new technology platform; the completion and implementation of the time tracking form of CONSOB's management control system. From the infrastructure point of view, the OpenShift infrastructure has been enhanced, designed to host applications based on the microservices paradigm. Work continued to modernise servers and network infrastructures, especially by strengthening the communication channel between the Rome and Milan offices, as well as to update and adaptation of data storage systems, with particular reference to the database machine. Particular attention was paid to the needs of staff with disabilities, supporting visually impaired telephone operators in working from their own home through the provision of specific workstations.

Lastly, with regard to the protection of information systems (point (iv)), in light of the geopolitical tensions that affected Eastern Europe and the general, significant worsening of malicious activities on the internet, CONSOB considered cyber security a strategic objective and intensified the activities to upgrade the allocated IT equipment already undertaken in 2021, in order to detect abnormal operations and risk elements and to adopt measures to mitigate and combat cyber attacks. In 2022, more than two million adverse events were recorded and handled. These were aimed at breaching CONSOB's IT network security perimeter and the exfiltration of confidential information or compromising information for staff use or provided to the public.

## 2 Financial management

The total expenditure for the 2022 financial year (174.7 million euro) shows an increase of 9.5 million euro compared to the final figure of 2021 (Tab. aIX.1).

In particular, current expenditure (172.7 million euro) increased by 9.7 million euro, while capital expenditure (2.0 million euro) decreased by 0.3 million euro.

The overall increase in current expenditure is essentially due to higher staff expenses, resulting from the adjustment of salaries and provisions for pension and retirement funds to the rate of inflation, and other higher operating expenses, resulting from the increase in costs for electricity consumption and taxes. The higher expenses were partly offset by the lower provisions during the financial year to the Fund for restoration of movable assets and to the Fund for risks of restitution of sums settled in favour of CONSOB by non-final court orders.

Capital expenditure, amounting to 2.0 million euro, is essentially attributable to the acquisition of hardware and software products and to the extraordinary maintenance work on CONSOB's property in Rome and Milan.

Total revenues (excluding 2021 budget surplus) amounted to 176.9 million euro (Tab. aIX.1), of which: 134.0 million (75.8%) from supervisory contributions received; 21.5 million (12.2%) other income (essentially interest receivable and financial income, the application of property restoration funds, pecuniary administrative sanctions collected for the breach of the regulations governing the activities under Part II - Intermediary Regulations of the TUF and amounts paid to CONSOB as a result of court orders); and 16.2 million (9.2%) from the use of the Fund for the out-of-court protection of savers and investors and the Fund of charges for contractual renewals. In addition to the 5.3 million transfer from the State to the Fund for the out-of-court protection of savers and investors, allocated to provide free access to procedures for the resolution of financial disputes by the Alternative Financial Dispute Resolution Scheme (ACF) established by CONSOB and for the financing of spending initiatives for the digital transition.

The distribution of contribution revenues by categories of supervised entities reveals the prevalence of revenues attributable to issuers, banks and entities that solicit public savings (Tab. aIX.2).

### 3 Human resource management and the purchase and management of goods and services

#### 3.1 Innovative profiles

In 2022, the feedback system based on the objectives was launched, introduced with the entry into force of the new Staff Regulation in July of the previous year. This is a staff evaluation system based on two aspects: the definition of objectives aimed at guiding professional development and stimulating performance improvement, assigned by the 'direct manager' (with the involvement of the employee concerned); the assessment of the degree to which the objectives have been achieved through a system of feedback on the employee's performance. Staff evaluation, as a key management tool, was also introduced with respect to the heads of organisational units, whose managerial conduct was the subject of multi-source feedback that involved the direct collaborators and other respondents, internal and external to CONSOB, who had significant interaction with the recipient of the feedback.

The health emergency represented a catalyst for organisational and cultural change for all private and public companies. Since the end of February 2020, CONSOB has taken a number of extraordinary initiatives aimed, on the one hand, at protecting the health of workers and, on the other hand, to ensure continuity in the performance of institutional, instrumental and supporting



activities. The effort made in the years of the pandemic resulted in the introduction, following a successful negotiation with the trade unions present at CONSOB, of 'hybrid working', a new flexible working method whereby a worker splits their time between remote working (from home or elsewhere) and working at the premises of the company. This work method is based on the principles of 'willingness' and 'impartiality', understood as non-discrimination of staff working in agile mode, 'inclusiveness', intended as a guarantee of access to agile work also as a form of protection and appreciation of differences, and 'flexibility', understood as a necessary change in the organisation of work that is no longer tied to pre-defined spaces and hours.

In 2022, cooperation continued with the Bank of Italy and the other national Authorities (AGCM, ANAC, IVASS and ACN) adhering to the Memorandum of Understanding for the shared management of the joint procurement procedures, according to the rules set out in Legislative Decree no. 50 of 18 April 2016. The Memorandum defines the methods of coordination between the participating Authorities in order to identify joint strategies for the procurement of works, services and supplies aimed at achieving synergies in the procurement process, in addition to cost savings. Cooperation also continued with the Italian Competition Authority (AGCM), in implementation of the existing agreement for the management of the property in Rome in which both the Institutions are based; in this context, procedures were launched for the joint procurement of technical services and works, essential for the redevelopment and optimisation of the common areas located on the first underground floor and the refurbishment of the external fixtures.

### 3.2 Human resource management and training

With a view to strengthening CONSOB's workforce (Tab. aIX.3 and Tab. aIX.4), in 2022, eight notices for open competitive examinations were published for the recruitment of permanent staff and a public selection for the recruitment of a contracted resource.

Two competitive examinations (both aimed at recruiting staff in the professional segment of director in the Managerial and High Professional area), are oriented towards resources with STEM (Science, Technology, Engineering and Mathematics) profiles and with an auditor profile, respectively. Four competitive examinations (all aimed at recruiting staff in the professional segment of expert in the Managerial and High Professional area) are directed towards resources holding a university degree; one in the information technology sector, one in the economic sector and two in the legal sector, one of which is reserved for persons with disabilities pursuant to Law no. 68 of 12 March 1999. There are also two competitive examinations for candidates who do not hold a university degree, to strengthen the clerical sector (for finding resources in the grade of deputy assistant) and that of operational area support (for finding resources in the grade of operator).

The public selection for the recruitment of a resource with a fixed-term employment contract was aimed at acquiring a resource with a computer scientist profile in the contractual category equivalent to the professional segment of director.

In 2022, the training activities dedicated to CONSOB staff focused on three main fields: new technologies, sustainability and management development. On the first point, various initiatives were carried out, among which the main ones concerned: the 'action learning' experiences (with cases of practical application by groups of employees of the concepts learned in previous sessions), led by the professors of the Polytechnic University of Milan (*Politecnico di Milano*); a series of seminars with presentations of Italian excellences that are carrying out innovative initiatives on technological issues in various foreign institutions; a series of webinars, open to the public, on the so-called tokenization, with the aim of analysing the main challenges posed by blockchain technologies. As regards sustainability, on the initiative of CONSOB's Steering Committee, a series of training events were launched addressing the various regulatory aspects undergoing definition, that are relevant to the supervisory activity. As regards management development, in connection with the gradual completion of the institutes envisaged in the career reform, a training pathway was organised for all CONSOB's directors to illustrate the purpose of the so-called management feedback.

## 4 External relations

CONSOB managed relations with the public and the savers through its website as normal, which continues to record a high level of traffic from both operators (to which the 'Services for Supervised Subjects' section is dedicated) and of students, academics and savers (to which the 'CONSOB and its activities' and 'Financial Education' sections are dedicated). The Commission responded to the numerous requests for assistance, both written and verbal (via telephone), and to reports on matters relating to company and market transactions. Of the over 2,000 written requests received, approximately 1,400 were sent through the Integrated System for External User (SIPE) and the specific form available therein, while the remaining requests were sent via e-mail and ordinary post (Tab. aIX.5 and Tab. aIX.6).

In addition to financial education activities (see Chapter VII 'Additional actions for investor protection'), CONSOB, in 2022, also offered its own Pathway for Transversal Skills and Orientation (PCTO) to interested schools. During the 2021-2022 school year, the activities involved almost 1,300 pupils from the last three years of high school, taking place online and, in agreement with the teachers, envisaged the implementation of projects in line with their curriculum.

## 5 Studies and conferences

Many research studies were published in 2022 on institutional themes, also in cooperation with representatives of academia and under the active agreements with approximately 40 Italian universities. These include a study on the attitude towards financial planning of Italian households, one on customer profiling for the purposes of assessing suitability and three studies on issues related to technological innovation in the financial sector. These were dedicated, respectively, to the use of experimental methods of machine learning to support the detection of market abuse, to the developments in the composition of trading activities of retail investors on the Italian stock market following the restrictions imposed by the Covid-19 pandemic and to the use of artificial Intelligence tools in asset management and wealth management. Two studies on sustainable finance were also published relating to interest in sustainable investments and the relationship between asset management and sustainability, as well as a study on financial education that examines the tools for the assessment of the impact of training courses developed by CONSOB for high schools. Lastly, two legal studies were published on the financing of small and medium-sized enterprises and on technological developments in corporate law.

As part of CONSOB's periodic publications, presented during public events organised during the year, five Reports were prepared concerning: the investment choices of Italian households; the corporate governance of Italian listed companies; the non-financial reporting of Italian listed issuers; the situation and risks of the financial system; the main trends in terms of sustainable investments and crypto-assets. Two 2022 editions of the Statistics Bulletin were also published. As regards 2023, research and analysis activities will continue to focus on developments in the field of sustainable finance and financial digitalisation, as well as on developments in the reference economic and regulatory framework.

In addition to financial education initiatives (see Chapter VII 'Additional actions for investor protection') and training (see the previous paragraph), CONSOB created multiple events aimed at a large audience dedicated to various topics, including technological innovation in the financial sector, the development of sustainable finance, whistleblowing, financial supervision and the sanctioning system.

Lastly, in 2022 a conference was held on the reform of civil justice and extrajudicial protection, organised by the Alternative Financial Dispute Resolution Scheme (ACF) with the Sapienza University of Rome and the National Association for the Study of Credit Problems (ANSPC).

# X International activity

## 1 Innovative profiles in the regulatory framework

### *Digitalisation*

The crises that followed in 2022 in the crypto-asset markets gave rise to international debate on the advisability of identifying appropriate forms of regulation and supervision and, as hoped by CONSOB, on the need to promote a global approach to this phenomenon, given its cross-border nature, for investor protection and market integrity.

In this context, the European Union has been taking action for several years with a view to promoting technological innovation and the digital transition within a path outlined in the European Commission's Digital Strategy launched in 2020. Among the most significant interventions of 2022 is Regulation (EU) 2022/858 on a pilot regime for market infrastructures based on distributed ledger technology (the so-called Pilot Regime), applicable since March 2023, which will enable market participants to experiment with the issuance, trading and settlement of certain financial instruments using blockchain technology.

Additional key interventions include Regulation (EU) 2022/2554 (Digital Operational Resilience Act - DORA) and the related Directive (EU) 2022/2556, on the digital operational resilience of the financial sector, published in the Official Journal of the European Union on 27 December 2022. These interventions aim to strengthen the security of technological infrastructures serving the financial system by introducing rules for both the risk assessment, including cyber risks, of their own IT infrastructure by financial companies, and the supervision of critical ICT service providers, which is the responsibility of the reference European authority. In addition to these actions are the Directive (EU) 2022/2555 on measures for a high common level of cyber security across the Union, published in December 2022, and the Cyber Resilience Act, adopted by the European Commission in September 2022, through which the EU intends to promote greater harmonisation of cyber security rules, as well as to improve the digital and physical resilience of European businesses and the ability to respond to cyber incidents.

Another element of the European legislative framework connected with digitalisation is the European Commission's proposal of 20 July 2021, which relates to an overall reform of the EU system for preventing and

countering money laundering and terrorist financing (so-called AML Package). This reform consists of two regulations, a directive and a proposal to revise the Regulation on information accompanying the transfer of funds. During the negotiations, an approach was outlined aimed at extending the new EU anti-money laundering rules to the crypto-assets sector (as defined by the MiCA Regulation) and at including service providers for this type of activity in the category of financial intermediaries, subject to the direct supervisory powers of the European Anti-Money Laundering Authority (AMLA) if characterised by high risk. The European Council and the European Parliament have also reached a provisional agreement on the proposed revision of the EU Regulation on information accompanying transfers of funds, extending the scope of these rules to transfers of crypto-assets and establishing a traceability regime for the information on identification data on the originator and the beneficiary of such transfers, even where the so-called 'unhosted wallets' are involved (that is, wallets whose private keys are stored by the holder without relying on wallet providers).

In 2022, the European Union also continued the work on the design of a central bank digital currency (CBDC), as did other regulators. In particular, the European Central Bank is working with the European Commission on a proposal to establish the legal basis for the issuance of the digital euro.

In 2022, the negotiation process continued for the proposed Regulation on artificial intelligence in which CONSOB participated, due to the great potential of using this technology in the financial sector, even though the proposed regulation for the harmonisation of said principles does not currently refer to the financial sector specifically.

As part of the Digital Finance Strategy and the broader European Data Strategy, adopted by the European Commission in 2020, Regulation (EU) 2022/2065 on digital services (Digital Service Act), which entered into force on 16 November 2022, and Regulation (EU) 2022/1925 on digital markets (Digital Markets Act), which entered into force on 1 November 2022, were completed. These are regulatory initiatives on online platforms setting out, *inter alia*, measures designed to limit the potential impact on competition of any further growth of Big Tech companies in the retail financial services markets. Again in the digital field, the European Commission has proposed a Data Act on access to data from the Internet of things (IoT), as well as the access and reuse of data in all economic sectors. Lastly, on 10 May 2022, the European Commission published a package of consultations on various initiatives aimed at speeding up the transition from open banking to open finance, while at the same time ensuring adequate protection of consumers through rules on the methods of access, sharing and use of their data by entities operating in the financial sector.

### *Activities relating to Sustainable Finance*

In order to achieve the ambitious zero emissions target by 2050 set by the European Green Deal, given the current energy crisis and its impact on the cost of living, mobilising the financial system has become more urgent for the provision of private capital, in addition to public capital, in the transition to a carbon neutral economy. In March 2022, the Platform on Sustainable Finance presented its Final Report on the methodology and technical screening criteria to describe how economic activities can contribute significantly to the four remaining environmental objectives of the EU Taxonomy, as well as the Final Report on the *Extended Environmental Taxonomy* to support the environmental transition of the European Union's economy as a whole. In October 2022, the Platform published the *Final Report on Minimum Safeguards* and the *Recommendations on Data Usability*. The mandate of the Platform was completed in October 2022; in the period 2023-2024 it will operate in implementation of a new mandate for the development of, inter alia, the social taxonomy. In order to facilitate the application of the taxonomy by SMEs, the European Commission is expected to publish guidelines in this regard in 2023.

Considerable progress was made in 2022 on the road to sustainability reporting. On 22 November, the European Financial Reporting Advisory Group (EFRAG) presented the European Commission with the first set of the European sustainability reporting standards to be used, once they are adopted by the European Commission, to fulfil the obligations of Directive (EU) 2022/2464 on corporate sustainability reporting (Corporate Sustainability Reporting Directive - CSRD), published in the Official Journal of the EU on 16 December 2022. On 26 January 2023, both the ESMA and the other ESAs issued an opinion on these standards, as did the CEAOB - two days prior - consulted by the European Commission. The EFRAG is also working on voluntary simplified standards for unlisted SMEs. In parallel, between April and July 2022, the International Sustainability Standards Board (ISSB) placed the first two drafts of the international sustainability reporting standards (ED IFRS S1, ED IFRS S2) under consultation. The IOSCO, through the Sustainable Finance Task Force (STF) of which CONSOB is an active part, had intense discussions with the ISSB during the development of these standards, with the aim of ensuring a robust and transparent approach for the assessment of suitability of those standards with a view to the potential formal endorsement by IOSCO, as well as with the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) in support of the definition of high-quality global assurance standards.

The CSRD has adopted a proportionate approach, through the provision of simplified reporting standards and the gradual application for SMEs falling within its scope of application. SMEs excluded from the CSRD will be able to use these simplified standards on a voluntary basis for sustainability reporting.

The European Union has also contributed to global standardisation initiatives in order to achieve the greatest possible level of interoperability between the European standards currently being prepared and the work of the International Sustainability Standards Board (ISSB), although, as is known, the EU follows a more ambitious approach to this matter.

The negotiation phases are still underway, at the level of the European institutions, for the adoption of the Corporate Sustainability Due Diligence Directive, which aims to make companies responsible for sustainable behaviour, overseeing all phases along the value chain by relying on known corporate law institutions, and the adoption of the European Green Bonds Regulation. An agreement was reached on this Regulation between the European Union Parliament and Council, to introduce the 'European Green Bond' brand at European level, which private and public issuers, including those based outside the European Union, will be able to use on a voluntary basis to offer green bonds.

With reference to initiatives to mitigate the risk of greenwashing, on 7 November 2022, the IOSCO invited all standard setters and trade associations operating in the financial markets to take steps to promote, among asset managers and rating and ESG data providers, the adoption of good practices.

On 23 May 2022, the European Commission, in line with that which was announced in the European Strategy on sustainable finance, asked the European supervisory authorities to provide an opinion on a number of aspects regarding greenwashing and the connected risks as well as the application, supervision and enforcement of sustainable finance measures aimed at preventing this phenomenon. On 15 November 2022, the ESAs launched a joint call for evidence aimed at gathering useful evidence to understand and define this phenomenon and to provide feedback to the European Commission by May 2023, as part of a specific progress report. The final reports, which may include suggestions to amend the current regulatory framework, including primary level legislation, are instead scheduled for May 2024.

In this context, the ESMA, aware of the need for convergence in the supervision of this phenomenon, in its Sustainable Finance Roadmap, identified the fight against greenwashing as one of the three areas of intervention for 2022-2024. It included, among its 2023-2026 Strategic Supervisory Priorities, the adoption of actions to improve transparency and comprehensibility of information subject to ESG disclosure in the key segments of the sustainable investment chain, with the ultimate objective of protecting investors and supporting the development of a credible ESG market. National authorities should take these priorities into account when formulating and implementing their annual supervisory plans. Among the ESMA's other initiatives is the consultation, launched on 18 November 2022, on a proposal for a set of guidelines containing quantitative indications on the use of terms relating to 'ESG' and 'sustainability' in the name of investment funds with ESG characteristics.

With regard to ESG ratings is the consultation with the European Commission and the ESMA's related call for evidence held in the first half of 2022, both instrumental to the publication of a proposal on ESG rating providers in the first half of 2023.

Another important issue in the international debate is that of the carbon markets. The ESMA contributed to the reflections of the European Union on the need for additional measures to regulate the carbon market with the publication of its 'Final Report on the EU Carbon Market' in the spring of 2022. In November 2022, the IOSCO published a consultation paper containing recommendations to support the integrity and proper functioning of the carbon markets (known as compliance carbon markets or Emissions Trading Systems - ETS), as well as a discussion paper that examines the vulnerabilities of markets established on a voluntary basis (so-called voluntary carbon markets) and the potential role of supervisory authorities in promoting their integrity.

### *The Capital Markets Union Action Plan*

In 2022, the initiatives connected to the full implementation of the renewed Action Plan of the European Commission for the Capital Markets Union (CMU) of 2020 continued. One of the most significant interventions is the new package of legislative proposals aimed at ensuring an appropriate balance between effective investor protection and proportionate administrative burdens for issuers, published on 7 December 2022. The proposals intervene in three different areas, namely access to the capital market, insolvency rules and European clearing services.

With regard to the first point, the proposal contains actions aimed at reducing the burden for issuers in order to reduce costs and make access to listing by new companies easier and more efficient, as well as raising capital (for both issuers already listed and SMEs) on the European Union's financial markets, while ensuring investor protection and market integrity. Together, these interventions are referred to as the *Listing Act* and this is developed according to an approach in line with that which is adopted at national level and which has inspired recent reform initiatives and regulatory changes to be implemented in the domestic context (see Chapter XI 'Transposition of European legislation and regulatory activity').

As regards the other two points, the package of legislative proposals also contains a directive on minimum harmonisation relating to insolvency proceedings in order to overcome certain discrepancies between the individual national laws and to introduce a simplified regime for microbusinesses, and a structural intervention on *clearing* rules affecting numerous regulations governing the financial markets, including the European Market Infrastructure Regulation (EMIR), the Capital Requirements Regulation (CRR) and the Money Market Funds (MMF) Regulation, as well as the Capital Requirements Directive (CRD), the Investment Firms Directive (IFD) and the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive.



Also as part of the CMU Action Plan, the revision of the regulation on long-term investment funds (ELTIF) was concluded during the year, which reached political agreement on 19 October 2022. Subsequently, on 15 February 2023, the European Parliament voted on the text and in March the legislative process was concluded, with formal adoption within the Council and publication of Regulation (EU) 2023/606, amending Regulation (EU) 2015/760. The new rules will come into force on 10 April 2023 and a transition period of nine months is envisaged (up until 10 January 2024).

On the other hand, the proposal for a regulation for the centralisation at EU level - within a virtual space with single and public access (ESAP) - of information on financial services, capital markets and sustainability, is pending the resolution of the European Parliament.

## 2 International activity

In 2022, CONSOB continued its activity of international cooperation with foreign counterparts (Tab. aX.1).

The areas in which the cooperation was most intense concern: solicitation of public savings; the conduct of intermediation activities without the necessary authorisations; market abuse; verification of the requirements of shareholders and corporate officers of the supervised entities; the statutory audit of securities issuers.

Requests for assistance received from EU and non-EU authorities amounted to 251 in 2022, recording an increase of 24% compared to the previous year. The requests sent by CONSOB to foreign authorities amounted to 207 in 2022, down by about 7% compared to 2021.

Among the changes introduced in 2022, the review of the bilateral agreement with the European Central Bank (ECB) is noted, which is aimed at enhancing the efficiency of cooperation in relation to significant banks, but above all at extending its scope for the purposes of supervision and coordination, in addition to those arising from the MiFID regulatory framework.

### 2.1 Activity in the European context

Towards the end of 2022, the ESMA adopted a new strategy for 2023-2028, a policy document in which three strategic priorities are identified relating to financial market stability, the strengthening of supervision of European financial markets and protection of retail investors. The pursuit of these strategic objectives is accompanied by thematic and transversal drivers, which comprise enabling sustainable finance and facilitating technological innovation and data usage. In connection with the renewed five-year strategy, the ESMA streamlined its organisational structure, which also involved the

standing committees (the working groups set up by representatives of national authorities and ESMA staff). As a result, new permanent groups were set up to examine topics relating to data, technological innovation and sustainable finance.

CONSOB participated in the ESMA's various working groups, dedicated to sustainability issues and relevant supervisory convergence initiatives. CONSOB is engaged in the activities of the ESMA's Sustainable Finance Roadmap, aimed at consolidating and expanding the tools and knowledge in the field of sustainable finance of the European Authority and the national authorities, as well as monitoring, assessing and analysing the markets and ESG risks.

CONSOB also participates in the work of the Joint Committee of the ESAs, which in the last part of the year commenced activities related to the assignment received from the European Commission to submit proposals for amendments to the regulatory technical standards (RTS) of the Sustainable Finance Disclosure Regulation (SFDR) (the completion of these works is estimated at the end of October 2023), as well as activities to implement the mandates provided for by the DORA Regulation.

CONSOB also contributed to the work which led to the publication, on 21 December 2022, of the ESMA's Final Report on the draft technical standards for cross-border fund management activities and the cross-border marketing of investment funds pursuant to the UCITS Directive and the AIFMD.

CONSOB continued to follow closely the definition of the directives of the European Commission for retail investors (Retail Investment Strategy - RIS), which is one of the actions envisaged in the mentioned CMU Action Plan. The European Commission is expected to publish a proposal on this matter by the second quarter of 2023.

In support of the RIS, in July 2022, the European Commission published a report setting out the conclusions of a study presenting the mapping of distribution trends for retail investment products in 15 EU Member States, with the aim of assessing how the existing regulations on the protection of retail investors affect their decision-making process.

In the European context, CONSOB also participates in the work of the CEAOB and is part of five working groups and four colleges of regulators in which activities are carried out to coordinate quality controls, standard setting, market monitoring, enforcement and equivalence and the suitability of the auditors in the various Member States. In 2022, CONSOB participated in the work of the Audit Regulation and Directive (ARD) Task Force, established to make suggestions to the European Commission on a possible review of the legislative and regulatory framework of the audit.

Again in relation to the CEAOB, numerous activities dedicated to ESG issues were carried out in 2022. In particular, CONSOB participated in the work

of the Sustainability Reporting Support Team, established by the European Financial Reporting Advisory Group (EFRAG) to support the work of the CEAOB observers in the preparation of European sustainability reporting standards. These works form the basis of the CEAOB's participation in the consultation launched by the EFRAG in April 2022 on the first set of European sustainability reporting standards (ESRS) and the formulation of the opinion requested by the European Commission, pursuant to the CSRD, on the technical advice provided by the EFRAG on the above standards.

## 2.2 Activity within IOSCO, OECD and other international organisations

CONSOB participates in the work of the various institutional fora active at a global level (including IOSCO, FSB, ESRB and OECD). Within the IOSCO, it contributed to work on decentralised finance, the results of which were included in the report published in March 2022. In order to respond to concerns about the integrity of the markets and the protection of investors related to the dissemination of crypto-assets, CONSOB also joined the new Fintech Task Force (FTF) established within the IOSCO, whose work plan and relative crypto-asset roadmap, published in June and July 2022, are based on two pillars: (i) crypto and digital assets; (ii) decentralised finance (DeFi). The work of the IOSCO will develop in parallel with the financial stability agenda of the Financial Stability Board (FSB) and will require a close and continuous commitment of the working groups of their respective institutions.

Regarding the matter of digitalisation, in October 2022, the IOSCO published the Report on *Retail Distribution and Digitalisation*, which aims to strengthen investor protection by promoting a set of measures that authorities are encouraged to consider, in order to adapt their supervision and enforcement approaches to the growing challenges associated with the use of digital media in the sale and distribution of new financial products and services to retail investors. CONSOB contributed to the preparation of the Report, coordinating work on the identification of powers, resources and tools that can help improve the effectiveness of enforcement in the age of the digital revolution.

Within the IOSCO, CONSOB participates, since works commenced, in the SPAC Network, established in 2021 in light of the increasing attention of the authorities related to the increase of transactions carried out through special purpose acquisition companies on the markets of various countries. The work of this network has focused on: an initial mapping of the initiatives (not only regulatory measures) undertaken by the individual authorities; an in-depth examination of the distinctive characteristics of the SPACs and the related processes (from the establishment to the aggregation transaction with the target company(s); the identification of the main associated risks (such as conflicts of interest and dilution effect); the identification of appropriate

intervention measures in order to safeguard the protection of retail investors and the integrity of the markets.

CONSOB also holds the chairmanship of IOSCO Committee no. 8 on Retail Investors (C8), which deals with investor education and identifying emerging issues that may have implications for investor protection. In 2022, the C8 completed the two projects of its 2021-2022 work plan, with the publication of reports on sustainable finance and investor education and on investor behaviour during the pandemic. CONSOB contributed to the sixth edition of the World Investor Week (WIW), the awareness and literacy campaign developed by C8 and launched by IOSCO in 2017, coordinating the activities of WIW for Italy in the first week of October 2022 (see Chapter VII 'Additional actions for investor protection').

As regards the climate-related financial risks, in addition to the commitments undertaken by the G20, the Basel Committee has recently issued principles for the effective management and supervision of these risks. Significant progress was made by the FSB in relation to the 2021 Roadmap to address climate-related financial risks (special emphasis was placed on improving the collection and quality of data). The ECB has recently conducted a supervisory climate risk stress test, while the European Commission is considering taking the climate-related risks into account during the ongoing review of the EU Macroprudential framework for the banking sector.

In all institutional fora (FSB, ESRB, IOSCO), special attention was also paid in 2022 to structural liquidity mismatches in certain types of investment funds and to identifying the most appropriate instruments for dealing with them in order to avoid that these become systemically relevant. In the report published on 14 December 2022, *Assessment of the Effectiveness of the FSB's 2017 Recommendations on Liquidity Mismatch in Open-Ended Funds*, the FSB concluded that there is room for greater dissemination of liquidity management tools (LMTs).

Building on the FSB's recommendations, IOSCO will start work in 2023 to develop detailed guidelines on the design, use and supervision of LMTs to complement the 2018 Recommendations on Liquidity Risk Management. In this regard, on 16 November 2022 the report was published containing the results of the work carried out by the *ad hoc* group, in which CONSOB also participated, to assess the degree of implementation of some of the mentioned 2018 recommendations by a significant sample of jurisdictions belonging to the IOSCO.

In December, the FSB published the *Global Monitoring Report on Non-Bank Financial Intermediation 2022* (GMR) as normal, which describes the global trends in the non-bank financial intermediation (NBFI) sector for the year 2021, covering 29 jurisdictions to which approximately 80% of global GDP is attributable.

Within the OECD, CONSOB also participates in the OECD-INFE network. This network defines financial education standards, which are constantly updated with respect to the emerging challenges posed by digitalisation or the ageing of the population, for example. It disseminates research and data, organising conferences and seminars that provide an important opportunity for sharing and networking, and supporting, where possible, the implementation of the policy tools identified on the basis of standards and best practices. The work programme is also developed through the various sub-sections to which CONSOB contributes, dedicated to digital financial literacy, standards, implementation and evaluation, financial education in the workplace, financial education in the context of ageing populations, and sustainable finance.

CONSOB also participates in the task force established within the OECD which, in 2022, dealt, among other things, with the updating of the G20/OECD High-Level Principles on Financial Consumer Protection and the activities related to their dissemination among the member countries.

Lastly, CONSOB participates in the OECD Corporate Governance Committee, which has launched a review of the G20-OECD Principles of Corporate Governance in order to strengthen the principles and ensure their quality and relevance, also in light of the economic situation resulting from the Covid-19 pandemic and its structural effects on the capital market and on corporate governance practices. In September 2022, the Committee submitted to public consultation the proposed amendments to the principles, including among these the introduction of an *ad hoc* principle on sustainability and resilience. The objective of the work is to define, by 2023, an updated version of the OECD corporate governance principles to be submitted for endorsement by the G20.

# XI Transposition of European legislation and regulatory activity

The following paragraphs provide a brief analysis of the main activities carried out by CONSOB in 2022 concerning the provision of support to the competent Ministries for the preparation of amendments to primary legislation and the amendments to secondary legislation pertaining to CONSOB. See Table aXI.1 in the Italian version for more details on the activities carried out, as well as the opinions issued by CONSOB to the Ministries and other independent authorities.

## 1 The amendments to the primary regulation

CONSOB has contributed to the process of adapting national legislation to the developments in the European framework, providing technical support to the Ministry of Economy and Finance (MEF).

### 1.1 European Delegation Law 2019/2020

In 2022, the work that began in the previous year continued relative to the adaptation of the national law to European legislation on the basis of the delegation criteria set out in Law no. 53 of 22 April 2021, on delegation to the Government for the transposition of European Directives and the implementation of other acts of the European Union (European Delegation Law 2019/2020).

In this context, the Commission provided support to the MEF for the definition of Legislative Decree no. 131 of 3 August 2022, aimed at adapting the national legislation to Regulation (EU) 2017/2402, which establishes a general framework for securitisation and establishes a specific framework for simple, transparent and standardised securitisation (STS Securitisations). The mentioned legislative decree amended the Consolidated Law on Finance (TUF), assigning the relevant supervisory powers to the Bank of Italy, CONSOB, IVASS and COVIP.

Additional support for the MEF included the preparation of the rules in Legislative Decree no. 113 of 2 August 2022, containing provisions for adapting the national legislation to Regulation (EU) 2017/1991, amending Regulation (EU) 345/2013 on European Venture Capital Funds (EuVECA) and

Regulation (EU) 346/2013, on European Social Entrepreneurship Funds (EuSEF). The adaptation of national legislation included, in particular, the allocation of powers between the Bank of Italy and CONSOB in order to assign to the two Authorities the new duties arising from the application of the mentioned regulations.

Lastly, support was provided to the MEF for the preparation of Legislative Decree no. 114 of 3 August 2022, which adapts national legislation to Regulation (EU) 2019/1238 on a pan-European Personal Pension Product (PEPP Regulation), a regulatory act that is part of the Action Plan for the establishment of the Capital Markets Union (CMU) of 2020, with the aim of allowing European citizens to access new forms of pension products characterised by a number of benefits, with particular regard to the regime of full portability between Member States of the European Union and the possibility of changing the provider of the pension product. The decree identified COVIP, Bank of Italy, CONSOB and IVASS as the national competent authorities for the purposes of the PEPP Regulation, assigning, in particular, CONSOB with the supervisory functions over the activities for the marketing and distribution of these pan-European Personal Pension Products by banks, investment firms, UCITS fund and AIF managers and by the Italian Post Office (Poste Italiane) Bancoposta services division.

## 1.2 European Delegation Law 2021

In 2022, work commenced to bring first-level legislation into line with European legislation based on the delegation criteria contained in Law no. 127 of 4 August 2022, on delegation to the Government for the transposition of European Directives and the implementation of other acts of the European Union (European Delegation Law 2021).

In this context, the Commission provided support to the MEF for the adaptation of national legislation to Directive (EU) 2019/2177 and Regulation (EU) 2019/2175, amending the MiFID II and MiFIR, respectively, in relation to data communication services, with which the European legislator intends to centralise the supervision of the providers of these services under the responsibility of the ESMA. Therefore, national regulations were amended in order to take into account the remaining responsibility assigned to CONSOB in this area.

The Commission has also provided support to the MEF for the definition of the measures for adapting national law to Directive (EU) 2021/2261 on the use of key information documents by management companies of undertakings for collective investment in transferable securities (UCITS), and Article 32 of Regulation (EU) no. 1286/2014 (PRIIPs Regulation) as amended by Regulation (EU) 2021/2259. These measures, which were incorporated into Legislative Decree no. 29 of 10 March 2023, make

amendments to the Consolidated Law on Finance (TUF) aimed at streamlining the requirements regarding the key information to be provided to investors.

With CONSOB's cooperation, rules were developed and subsequently incorporated into Legislative Decree no. 30 of 10 March 2023, which adapts primary legislation to Regulation (EU) 2020/1503 on European crowdfunding service providers for business. The transposition decree extended the sphere of competence of CONSOB, which will supervise both equity-based crowdfunding and lending-based crowdfunding. The supervision of crowdfunding service providers will take place jointly with the Bank of Italy, according to a division of responsibilities based on the criterion of allocation by purpose. In particular, CONSOB has been assigned supervisory duties relating to transparency and fairness of behaviour in the context of the offers made on crowdfunding portals.

Lastly, support was provided to the MEF for the preparation of Legislative Decree no. 31 of 10 March 2023, which adapts primary legislation to Directive (EU) 2021/338, amending both the MiFID II, with regard to disclosure obligations, product governance and position limits, and Directives 2013/36/EU and (EU) 2019/878, as regards their application to investment firms, to support the recovery from the Covid-19 crisis. These legislative initiatives have been adopted by the European institutions in implementation of the Capital Market Recovery Package. The issuance of the decree makes amendments to the Consolidated Law on Finance (TUF) on the general criteria relating to the provision of investment services, with particular regard to the methods for reporting to customers, the product governance rules and the financial research regulations concerning small- and mid-capitalization issuers, as well as on the derivatives on commodities.

### 1.3 Other relevant regulatory activities

In 2022, it was particularly important to support the MEF as part of the task force on the relaunch of the capital market for the definition of measures to simplify primary legislation in the context of the Finance for Growth Plan. Following the work of the task force, in the first quarter of 2022 the Green Paper entitled *La competitività dei mercati finanziari italiani a supporto della crescita* (Italian financial markets' competitiveness in support of growth) was presented, containing proposals for interventions that do not generate a burden on the State and are aimed at accelerating the process of reform of the Italian capital market and increasing the attractiveness of the Italian system, supporting growth and investment, in line with the objectives of the National Recovery and Resilience Plan (NRRP). In 2023, the Commission continues its cooperation with the MEF in order to identify the legislative initiatives capable of achieving the objectives set by the initiative.

In 2022, the activity continued – carried out in cooperation with the market and the other authorities involved – aimed at drawing up regulatory



proposals to introduce rules for the issuance and circulation of digital financial instruments based on distributed ledger technology (DLT) into national legislation. Following the issue of Regulation (EU) 2022/858 (Pilot Regulation), the above proposal was incorporated into the work, coordinated by the MEF, aimed at the introduction of a regulatory framework for the issuance and circulation of digital financial instruments and the adaptation of primary legislation. This work forms the basis of Decree-Law no. 25 of 17 March 2023, which introduces urgent provisions on the issuance and circulation of certain financial instruments in digital form and the simplification of FinTech experimentation approved by the Council of Ministers on 16 March 2023.

Lastly, CONSOB participates in the Coordination Panel on Sustainable Finance, established in 2022, aimed at facilitating discussions between the participating institutions and promoting dialogue with stakeholders on issues pertaining to sustainable finance, as well as promoting study, investigation, data collection, education, awareness and communication activities.

## 2 The amendments to the secondary regulation

As part of the work to facilitate access by small and medium-sized enterprises (SMEs) to capital markets and in line with the objectives identified in the MEF Green Paper, amendments were made in 2022 to CONSOB Regulation 11971 of 14 May 1999 (Issuers' Regulation) in order to simplify the approval process of prospectuses (see Chapter III 'Supervision of public offerings and corporate disclosure').

In 2022, CONSOB also made amendments to Regulation no. 20307 of 15 February 2018, concerning the regulation of intermediaries (Intermediaries' Regulation) in order to adapt domestic legislation to the Directive (EU) 2021/338 which, as part of the Capital Markets Recovery Package, amends MiFID II in terms of investor protection, dealing in particular with aspects relating to disclosure to customers on the costs and charges of financial instruments and investment services, periodic reports to customers, the suitability assessment and the provisions applicable to qualified counterparties (for details see Table aXI.2 in the Italian version).

CONSOB's secondary legislation was affected by further amendments (resolution no. 22437 of 6 September 2022) to the Issuers' Regulation in order to bring the provisions contained therein into line with the so-called Cross-Border Distribution Framework (CBDF) Package, established by Regulation (EU) 2019/1156 and Directive (EU) 2019/1160, and the new pre-contractual disclosure obligations envisaged for managers of investment funds by Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation - SFDR) and Regulation (EU) 2020/852 (Taxonomy Regulation). Further amendments to the Issuers' Regulation were aimed at bringing the secondary legislation into line with Directive (EU) 2021/2261, regarding the use of documents containing

the key information by management companies of UCITS and Regulation (EU) 2021/2259 amending Regulation (EU) 1286/2014, with regard to the extension of the transitional regime for management companies, investment companies and persons who provide advice on units of UCITS and non-UCITS or sell units of such products.

The Commission then approved the Enactment Regulation for Article 35, paragraph 3, and Article 36, paragraph 4, of Italian Legislative Decree no. 39 of 27 January 2010, on the supervision of third-country auditors and audit firms and derogations in the event of equivalence.

Lastly, in 2022, as a result of a consultation carried out jointly by CONSOB and the Bank of Italy, the amendments to the Single Provision on Post-trading were adopted, which are necessary for adapting Italian legislation to Directive (EU) 2017/828 aiming to encourage long-term shareholder engagement (SHRD 2) and to the related Implementing Regulation (EU) 2018/1212.

# Statistical appendix C



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## Instructions

The following conventional signs are used in the tables:

- quantity identified as zero;
- non-existent phenomenon;
- .... the phenomenon exists but the figures are unknown;
- .. the figures are below the significance threshold.

Data source: unless otherwise stated, data included in the tables were obtained by CONSOB as part of its institutional supervisory activities.



## STRATEGIC LINES

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Tab. a.1 Commission meetings and resolutions

	meetings	weeks	examined files	resolutions	<i>of which:</i>	
					<i>stop and blackout orders</i>	<i>websites blackout</i>
2019	101	45	1,246	443	164	117
2020	110	48	1,297	459	185	237
2021	97	48	1,277	484	183	246
2022	81	45	1,023	402	183	215

# I MARKET SUPERVISION

## Trading platforms

Tab. al.1 Italian trading platforms

market	market segment	financial instrument	trading volumes <sup>1</sup>			no. of transactions <sup>2</sup>		avg value of transactions <sup>3</sup>	
			no.	2022	% change <sup>4</sup>	2022	% change <sup>4</sup>	2022	% change <sup>4</sup>
<b>regulated markets</b>									
Borsa Italiana	EXM (ex MTA)	equities, rights	223	556	-7.3	74,836	-8	7	1
	<i>of which</i>	EXM Domestic capitalisation <sup>1</sup>	220	531	-7.2	72,160	-9	7	2
		EXM Foreign	3	25	-9	2,675	0,01	9	-9
	Euronext MIV Milan <sup>8</sup>	equities	1	0.004	-16	0.09	-57	42	95
	MOT	bonds	1,417	156	-2	4,239	38.5	37	-29
	ETFPlus	listed funds	1,762	121	-0.4	8,980	5	13	-5
	IDEM <sup>5</sup>	derivatives	589	911	10	27,093	8	34	1
MTS	MTS Italy	bonds	135	3,043	-23	487	-23	6,246	-1
<b>multilateral trading facilities</b>									
Borsa Italiana	Borsa Italiana Equity	equities	87	7	-20	921	-15	8	-6
	EGM (ex AIM Italia)	equities	190	3	-35	1,287	-18	2	-21
		capitalisation <sup>1</sup>	11						
	ExtraMot	bonds	575	0.44	16	11	91	39	-40
	SeDeX	securitised derivatives	17,567	13	-30	2,034	-12	6	-20
	ATFund	listed funds	82	0.16	10	1.4	-17	114	33
MTS	BondVision Europe	bonds	20,179	723	-25	89	-18	8,090	-8
	CashDomestics		629	467	-38	68	-27	6,861	-15
	EBM		863	60	43	10	23	6,066	16
EuroTLX Sim	EuroTLX	equities	453	0.5	-61	84	-52	6	-18
		bonds, certificates	6,906	17.7	-11	965	-16	18	5
Vorvel Sim (ex Hi-MTF Sim)	order driven	equities	21	0.05	14	15.6	-1.9	3.2	19
		capitalisation <sup>6</sup>	4						
		bonds	432	0.25	-26	18	-19	14	-9
	quote driven	bonds	910	5	-26	127	9.4	40	-32
	Hi-Cert <sup>7</sup>	certificates	142	0.11	120	155	2,354	0.7	-91
<b>systematic internalizer<sup>8</sup></b>									
		equities	108	88	-51	5,540	10	16	-14
		other financial instruments	6,099	486	1	2,309	39	211	-27
		<i>of which<sup>9</sup>:</i>							
		government bonds	2,130	220	-16	109	31	2,029	-36
		bonds issued by parent group	280	1	-34	3.6	-6	331	-29
		bank bonds	905	3	-15	6.5	1	515	-16
		corporate bonds	2,298	3	-30	8	12	326	-38

Source: calculations on market data. Rounding may cause deviation from total figure. <sup>1</sup> Amounts in billions of euro. <sup>2</sup> Expressed in thousands. <sup>3</sup> Amount in thousands of euro. <sup>4</sup> Percentage change to previous year. <sup>5</sup> IDEM market includes the following segments: Equity, Idex (derivatives on commodities), and Agrex (agriculture derivatives); notional values. <sup>6</sup> In billions of euros; figure calculated on the basis of the average price recorded in the month of December (or on the basis of the last price available in the event of a lack of trading in the period). <sup>7</sup> Hi-Cert segment is operational as of July 2021. <sup>8</sup> Data do not include those relating to operators who have ceased activities. <sup>9</sup> The detailed data reported refer to a portion of the total under the item 'other instruments'. For further details, please refer to the Italian version of Annual Report 2022.

**Tab. al.2 Main indicators for the EXM, MIV and EGM trading venues of Borsa Italiana**  
(amounts in billions of euro)

	2016	2017	2018	2019	2020	2021	2022
<b>EXM (ex MTA)</b>							
capitalisation <sup>1</sup>	522	634	536	638	600	757	615
<i>of which Ftse Mib shares (%)</i>	79.4	76.9	74.5	79.5	81.5	80.2	81.4
<i>as % of GDP</i>	31.6	39.6	33.1	35.7	36.6	43.1	33.3
trading volumes	615	606	604	524	571	572	531
no. of domestic listed companies <sup>2</sup>	234	237	240	239	235	229	220
no. of listed companies <sup>3</sup>	7	12	12	9	6	8	6
<i>of which Ipo</i>	3	7	4	4	1	5	3
no. of delisted companies <sup>4</sup>	9	9	9	10	10	14	15
<b>MIV</b>							
capitalisation	0.5	0.6	0.2	0.2	0.2	0.2	0.2
no. of listed companies	6	3	2	1	1	1	1
<b>EGM (ex AIM)</b>							
capitalisation	2.9	5.6	6.6	6.6	5.8	11.5	10.5
trading volumes	0.3	2.0	2.4	2.9	2.0	4.5	2.9
no. of listed companies	77	95	113	132	138	174	190
<i>of which new entries</i>	11	24	26	31	21	44	26
<b>total indicators</b>							
capitalisation	525	640	542	644	606	769	626
listed companies <sup>5</sup>	387	421	452	462	464	494	501
<i>Ftse Mib (% change)</i> <sup>6</sup>	-10.2	13.6	-16.1	28.3	-5.4	23.0	-13.3

Source: Borsa Italiana, Bloomberg. Year-end data. <sup>1</sup> Data referring to companies for which EXM is considered the domestic or first listing market. The percentage ratio between capitalisation and GDP for the latest data in the series is provisional. <sup>2</sup> Following Borsa Italiana approach, some companies are classified as domestic even after the transfer of their registered office abroad. <sup>3</sup> Figures referred to newly admitted companies following IPO, company division, merger and companies previously listed on a different market. Ipo data does not include transactions related to transitions from EGM to EXM. <sup>4</sup> Figures referred to companies delisted following takeover bid, merger, change of listing market and other provisions of Borsa Italiana Regulation. <sup>5</sup> Including foreign listed companies. <sup>6</sup> Percentage changes compared to the previous year.

**Tab. al.3 Exchange traded products on ETFPlus market**  
(end of period data; amounts in billions of euro)

		equity Etf advanced countries	equity Etf emerging countries	Etf on bond index	Etf other	Etc / Etn	total	no. of contracts <sup>1</sup>
2018	volumes	48.6	7.2	24.0	8.3	20.8	<i>108.8</i>	<i>4.78</i>
	managed wealth	23.0	4.4	28.1	5.6	5.7	<i>66.9</i>	
2019	volumes	39.9	7.0	30.0	9.1	19.7	<i>105.7</i>	<i>5.17</i>
	managed wealth	29.9	5.2	37.9	8.5	6.7	<i>88.3</i>	
2020	volumes	44.3	7.7	30.6	17.9	31.6	<i>132.1</i>	<i>8.87</i>
	managed wealth	30.7	5.6	42.0	15.6	7.6	<i>101.6</i>	
2021	volumes	32.3	7.0	29.6	25.0	27.2	<i>121.1</i>	<i>8.54</i>
	managed wealth	48.3	5.7	44.7	17.2	7.3	<i>123.2</i>	
2022	volumes	36.2	4.8	30.3	20.4	28.9	<i>120.6</i>	<i>8.98</i>
	managed wealth	39.6	5.7	39.5	16.3	8.0	<i>109.2</i>	

Source: calculations based on Borsa Italiana data. Rounding may cause deviation from total figure. <sup>1</sup> Millions of contracts.

**Tab. al.4 Covered warrants e certificates quotati sul SeDeX**  
(end of period data; amounts in billions of euro)

	plain vanilla	investment	leverage	exotics	total			trading volumes
					outstanding	new	expired	
2016	4,559	1,191	891	55	6,696	8,549	7,461	<i>23.2</i>
2017	6,956	1,271	1,141	52	9,420	10,274	7,261	<i>19.1</i>
2018	5,367	1,596	1,328	224	8,515	9,475	9,733	<i>17.6</i>
2019	4,320	1,512	2,390	383	8,605	11,417	11,036	<i>18.4</i>
2020	4,200	1,944	3,312	222	9,678	20,224	15,510	<i>19.1</i>
2021	4,949	2,441	4,558	37	11,985	23,973	15,552	<i>18.0</i>
2022	8,140	3,069	8,070	14	17,567	45,037	24,869	<i>12.7</i>

Source: calculations based on Borsa Italiana data. Rounding may cause deviation from total figure.

**Tab. al.5 Bonds traded on Italian markets**  
(end of period data; amounts in billions of euro)

	MTS Italy <sup>1</sup>	BondVision Europe MTF <sup>2</sup>	MTS Cash Domestic MTF <sup>3</sup>	MTS EBM MTF <sup>4</sup>	MOT <sup>5</sup>	EuroTLX MTF	Vorvel (ex Hi-MTF) MTF <sup>6</sup>	ExtraMOT MTF	<i>totale</i>
2016	1,385	949	–	–	215	....	15	....	<i>2,788</i>
2017	1,216	868	–	–	204	56	8	2	<i>2,354</i>
2018	1,164	661	–	–	168	35	5	2	<i>2,035</i>
2019	921	733	661	58	189	45	6	2	<i>1,896</i>
2020	1,848	877	465	38	203	32	5	2	<i>2,967</i>
2021	3,964	963	751	42	159	20	7	..	<i>5,906</i>
2022	3,043	723	467	60.5	156	18	5	..	<i>4,473</i>

Source: calculations based on MTS, Borsa Italiana and EuroTLX data. Rounding may cause deviation from total figure. <sup>1</sup> Wholesale market of government bonds. <sup>2</sup> From 3 January 2018 MTS Corporate and BondVision Italia trading venue are no longer operational; securities previously traded on such markets were transferred to BondVision MTF. The latter was eventually renamed BondVision Europe MTF and allowed to trade in government bonds and corporate bond, and to host dealings other than own account ones; as a consequence MTF was classified as a non wholesale market'. <sup>3</sup> The MTS Cash Domestic segment is operational as of March 1, 2019. <sup>4</sup> MTS' EBM segment is operational as of March 1, 2019. <sup>5</sup> MTS' EBM segment is operational as of March 1, 2019. <sup>6</sup> As of December 2022, following the change of Sim's company name, the multilateral trading facilities were renamed.

### Trading platforms, trade volumes and market information integrity

**Tab. al.6 Suspension and revocation of financial instruments in 2022**

market	revocation	suspensions		
			fixed term	permanent
EXM	16	2	2	--
EGM	10	6	4	2

EuroTLX Equity, ETFPlus, ExtraMot

For details, please refer to the Italian version of Annual Report 2022.

**Tab. al.7 Requests received and decisions taken regarding the pre- and post-trade transparency regime**

	requests		decisions to suspend the use of exemptions				of which for exceeding volume ceiling	
	pre-negotiation derogation	post-negotiation deferral	n. of investigations	n. of instruments	n. of decisions	per each venue	total	
2019	21	1	11	15	6	--	6	
2020	7	4	12	6	6	--	6	
2021	--	1	10	8	5	--	5	
2022	12	1	13	9	7	--	7	

For details, please refer to the Italian version of Annual Report 2022.

## Short selling

**Tab. aI.8 Net short position on Italian shares**

(amounts in millions of euro)

### concentration of investors

	1st inv.		2nd inv.		3rd inv.		4th inv.		total <sup>1</sup>	
	amount	%	amount	%	amount	%	amount	%	amount	%
2018	966	14.4	918	13.7	535	8.0	494	7.3	6,715	100.0
2019	1,179	19.5	632	10.5	367	6.1	274	4.5	6,036	100.0
2020	351	6.9	345	6.7	309	6.0	259	5.1	5,118	100.0
2021	622	8.3	613	8.2	489	6.5	389	5.2	7,474	100.0
2022	480	8.5	447	7.9	446	7.9	332	5.9	5,645	100.0

### nationality of investors

	United Kingdom		United States		UK Overseas Territories		Switzerland		total <sup>1</sup>	
	amount	%	amount	%	amount	%	amount	%	amount	%
2018	1,926	28.7	3,239	48.2	1,034	15.4	207	3.1	6,715	100.0
2019	1,996	33.1	1,937	32.1	1,258	20.8	97	1.6	6,036	100.0
2020	1,926	37.6	2,468	48.2	142	2.8	88	1.7	5,118	100.0
2021	2,142	28.7	3,174	42.5	226	3.0	256	3.4	7,474	100.0
2022	1,690	29.9	2,987	52.9	86	1.5	59	1.0	5,645	100.0

<sup>1</sup> Figure reports the total value of net short positions attributable to all investors.

## Company studies and ratings

**Tab. aI.9 Distribution of studies by tipology**

(number of studies)

	non monographic	monographic	nationality of intermediaries		type of operational advice <sup>2</sup>			total
			Italian	foreign <sup>1</sup>	buy	hold	sell	
2018	18,392	2,481	1,294	1,187	54.6	37.3	7.5	20,873
2019	16,722	3,833	2,059	1,774	54.6	38.9	5.8	20,555
2020	17,855	4,157	1,785	2,372	56.7	37.4	5.8	22,012
2021	12,852	3,322	1,648	1,674	63.9	31.6	4.3	16,175
2022 <sup>3</sup>	11,258	2,970	1,798	1,172	69.9	24.9	3.9	14,228

Studies received by CONSOB pursuant to Article 69-novies of the Regulation on Issuers, by qualified entities (Italian intermediaries and foreign intermediaries with a branch in Italy). <sup>1</sup> Foreign intermediary with a branch in Italy. <sup>2</sup> Figures include advice such as 'under review', 'not rated' and the like non specified in the table. Percentage values. <sup>3</sup> Figure are partially estimated.

## Market abuse

**Tab. al.10 Reporting of suspicious transactions**

	from Italian subject according to MAR regulation	from foreign authorities	from other subjects <sup>1</sup>	market observations <sup>2</sup>	<i>total</i>	<i>of which<sup>3</sup></i>		
						<i>insider trading</i>	<i>market manipulation</i>	<i>other<sup>4</sup></i>
2017	262	80	10	..	<b>352</b>	57	31	12
2018	253	103	2	..	<b>358</b>	58	34	8
2019	276	100	22	..	<b>398</b>	57	34	9
2020	241	121	8	85	<b>455</b>	53	40	7
2021	303	127	--	27	<b>457</b>	67	32	2
2022	322	138	--	20	<b>480</b>	70	28	2

It should be noted that in 2022 the Institute forwarded reports received from Italian entities or foreign counterparts regarding 34 suspicious conduct that occurred in foreign markets (19 to ESMA and 13 to other authorities, mainly the US SEC). <sup>1</sup> Figures may include qualified investors, issuers and auditors. <sup>2</sup> Voluntary reports containing detailed descriptions of conduct not necessarily qualifying as potential market abuse but nevertheless likely to disrupt the orderly functioning of the market. <sup>3</sup> Percentage values. In 2022, the financial instruments reported were mainly stocks (78 percent); followed by bonds (9 percent) and derivatives (9 percent). <sup>4</sup> Other' includes conduct: i) constituting both offences (insider trading and market manipulation) or information manipulation, ii) which is not immediately identifiable on the basis of the information contained therein, iii) carried out on venues not supervised by CONSOB, iv) relating to facts that do not constitute possible forms of market abuse

**Tab. al.11 Investigations on market abuse**

	2016	2017	2018	2019	2020	2021	2022
investigations on market abuse	9	10	20	7	9	15	18
cases of administrative and/or criminal offence	4	6	9	6	3	6	7
of which for insider trading	2	4	7	3	1	2	5
<b>operators involved in cases of market abuse</b>							
<b>insider trading</b>							
unauthorised intermediaries	--	--	1	--	--	--	--
institutional insiders	2	2	7 <sup>4</sup>	5	1	5	6
other entities	12	27	56	9	7	30	19
foreign entities	--	--	2	--	--	--	--
<i>total</i>	<b>14</b>	<b>29</b>	<b>66</b>	<b>14</b>	<b>8</b>	<b>35</b>	<b>25</b>
<b>market manipulation</b>							
unauthorised intermediaries	--	--	--	--	1	--	--
institutional insiders	23 <sup>4</sup>	1	5	3	2	15	--
other entities	--	3	2	5	1	7	3
foreign entities	--	2	--	2	--	--	--
<i>total</i>	<b>23</b>	<b>6</b>	<b>7</b>	<b>10</b>	<b>4</b>	<b>22</b>	<b>3</b>

For details, please refer to the Italian version of Annual Report 2022.

**Tab. al.12 Request for data and information on market abuse**  
(number of addressed subjects)

	authorised intermediaries	listed companies, parent companies or subsidiaries	private entities		public sector entities	foreign entities	total	on which on behalf of foreign entities <sup>2</sup>
				of which hearings <sup>1</sup>				
2016	370	21	145	58	147	80	763	59
2017	375	15	135	51	128	66	719	53
2018	166	5	58	27	104	24	357	6
2019	165	23	109	15	102	21	420	17
2020	239	32	137	3	88	43	539	8
2021	173	26	91	--	91	61	442	6
2022	253	40	143	13	97	20	553	6

Data relating to public sector entities include CONSOB accesses to Anagrafe dei rapporti finanziari website managed by Agenzia delle Entrate.  
<sup>1</sup> Banks, Italian investment firms (SIMs, asset management companies (AMCs) and regulated markets managers. <sup>2</sup> Figures refer to the number of parties involved in the requests received from foreign authorities (Tab. aX.1).

**Tab. al.13 Participation of Consob as civil party in criminal proceedings for insider trading**

	no. of proceedings	first instance judgments	second instance judgments	Cassation judgments	remand judgments of the Court of Appeal	transactions
2016	6	2 conviction 2 acquittal 1 settlement	1 conviction 1 acquittal			1
2017	3	2 conviction 1 settlement 1 conviction with dismissal of the claim for damages	1 conviction 1 conviction for civil effects			2
2018	2	2 conviction 1 settlement	2 conviction 2 acquittal	3 conviction 1 confirmation of settlement		2
2019	3	1 conviction 2 settlement	1 conviction 1 lack of competence by territory	1 conviction 1 conviction with referral 1 acquittal	1 redetermination of penalty	2
2020	2	2 conviction 1 settlement	1 conviction		1 redetermination of penalty	
2021	4			1 conviction	1 conviction	3
2022	1	3 conviction 1 acquittal	2 conviction 1 acquittal	1 conviction 1 acquittal	1 redetermination of penalty	1

For details, please refer to the Italian version of Annual Report 2022.



## II SUPERVISION OF ISSUERS AND AUDIT FIRMS

### Ownership structure disclosure

Tab. all.1 Disclosure of major shareholding in Italian listed companies

	notification of significant shareholding			total	declaration of intention	disclosure of shareholders agreements			total
	notification of significant threshold	change in significant shareholding previously disclosed	reduction below significant threshold			change/renewals	new agreements	termination of agreements	
2016	240	326	250	816	—	....	....	....	....
2017	213	214	194	621	7	66	44	24	134
2018	167	212	138	517	30	121	61	28	210
2019	154	167	136	457	31	62	39	25	126
2020	341	212	166	719	41	77	47	26	150
2021	204	267	173	644	34	99	19	52	170
2022	137	210	124	471	11	79	36	24	139

For details, please refer to the Italian version of Annual Report 2022.

### Takeover bids and exchange tender offers

Tab. all.2 Takeover bids and exchange tender offers on ordinary shares

	mandatory bids (full)			non mandatory bids		total	of which:				
	acquisition of control	consolidation	commitment to buy	full	partial		EGM	non listed	competing	aimed at delisting	OPS/Opas
2016	10	--	--	3	1	14	--	--	4	9	1
2017	6	--	1	7	2	16	2	--	--	9	4
2018	9	--	2	7	--	18	2	3	--	11	3
2019	4	--	2	4	2	12	4	--	--	9	--
2020	2	--	5	4	2	13	--	--	--	8	2
2021	5	--	--	11	1	17	2	1	--	14	--
2022	7	--	3	11	2	23	4	--	--	20	2

For details, please refer to the Italian version of Annual Report 2022.

## Related party transactions and supervisory bodies

**Tab. all.3 Material related party transactions disclosed by Italian listed companies in 2022**

object	counterparty			total
	directors / companies related to directors	controlling or major shareholders	subsidiary or associate companies	
supply of goods and services, sponsoring, investment	--	5	--	5
financing	--	7	1	8
capital transactions	--	5	--	5
transfer of asset	3	7	6	16
<i>total</i>	<i>3</i>	<i>24</i>	<i>7</i>	<i>34</i>

## Audit firms

**Tab. all.4 Licensed audit firms appointed by public interest entities (PIEs) and entities subject to intermediate regime (ESRIs)**

	2018	2019	2020	2021	2022	of which		
						audit firms	natural persons	federations <sup>1</sup>
licensed	46	37	38	35	43	22	19	2
<i>PIES ed ESRIs</i>	<i>1,450</i>	<i>1,400</i>	<i>1,360</i>	<i>1,392</i>	<i>1,445<sup>2</sup></i>			

<sup>1</sup> Federations of Cooperatives of Trentino Alto Adige (through 7 employees, licensed for statutory audit). <sup>2</sup> The figure includes 833 EIPs and 612 ESRIs (not including the approximately 2,300 mutual funds under Italian law).

**Tab. all.5 Breakdown of Italian listed companies by independent audit firm**

	audit firms							
	<i>big four</i>		medium-sized		small-sized		<i>total</i>	
	no. of appointments	market share <sup>1</sup>	no of appointments	market share <sup>1</sup>	no of appointments	market share <sup>1</sup>	no of appointments	market share <sup>1</sup>
2016	203	88	23	10	4	2	230	100
2017	204	89	18	8	7	3	229	100
2018	202	88	18	8	9	4	229	100
2019	199	88	19	8	8	4	226	100
2020	200	91	14	6	7	3	221	100
2021	198	90	15	7	7	3	220	100
2022	191	89	16	7	9	4	216	100

<sup>1</sup> Percentage values.

**Tab. all.6 Cases of dismissal of independent auditors**

	dismissal	consensual termination	resignation
2016	27	37	7
2017	36	67	2
2018	32	55	2
2019 <sup>1</sup>	93	190	--
2020	22	68	2
2021	12	87	3
2022	26	29	--
<i>of which</i>			
<i>change of controlling entity</i>	--	10	--
<i>change of audit firm appointed by the group as a whole</i>	--	4	--
<i>loss/acquisition of PIEs status</i>	26	9	--
<i>loss of audit firm independence status</i>	--	3	--
<i>realignment of the duration of the assignment to that of the parent company of the PIE belonging to the same group o</i>	--	1	--
<i>inability to carry out the task due to lack of own resources</i>	--	--	--
<i>serious breaches of duty by the auditor affecting the proper continuation of the relationship</i>	--	--	--
<i>other</i>	--	2	--

<sup>1</sup> Data on dismissal and consensual terminations include 48 and 133 cases related to the reform of cooperative credit banks (BCC), respectively.

**Tab. all.7 Opinions issued by audit firms on companies listed on Italian regulated markets**

	2016	2017	2018	2019	2020	2021	2022
adverse opinion or disclaimer of opinion	8	9	7	8	6	4	5
qualified opinions	3	4	3	--	2	2	4
opinion with emphasis of matters paragraph	40	38	20	6	8	14	15

Source: independent auditors reports. Data refer to different types of judgments or findings that may also refer to the same issuer. For details, please refer to the Italian version of Annual Report 2022.

### III SUPERVISION OF PUBLIC OFFERINGS AND CORPORATE DISCLOSURE

#### *Public offerings and admission to trading of equity instruments*

**Tab. all.1 Supervision of public offerings and admission to trading of equity instruments**  
(number of prospectuses)

	2016	2017	2018	2019	2020	2021	2022
admissions to listing of shares	13	15	15	18	13	11	10
<i>of which through public offerings</i>	6	2	--	3	3	--	1
rights issues	4	7	11	2	5	8	4
other offerings	--	--	1	--	--	--	--
unlisted securities offerings of Italian issuers	6	2	2	--	--	2	2
judgements of equivalence	5	3	2	--	--	--	--
exemption documents	--	--	--	--	--	--	1
<i>total</i>	<i>28<sup>1</sup></i>	<i>26</i>	<i>31</i>	<i>20</i>	<i>18</i>	<i>21</i>	<i>17</i>

Figures do not include the offerings cancelled following the decision to forgo the listing before the approval of the prospectus (four cases in 2019). For details, please refer to the Italian version of Annual Report 2022.

#### *Public offerings and admission to trading of non-equity instruments*

**Tab. all.2 Supervision of public offerings and admission to trading of non-equity instruments**  
(number of documents)

	2016	2017	2018	2019	2020	2021	2022
bonds	146	86	57	45	18	26	15
covered warrants and certificates	46	43	24	13	13	7	17
admission to listing of warrants	--	4	6	3	4	3	1
investment funds <sup>1</sup>	412	417	431	384	319	370	426
<i>total</i>	<i>604</i>	<i>550</i>	<i>518</i>	<i>445</i>	<i>354</i>	<i>406</i>	<i>459</i>

<sup>1</sup> Figures include public offering of Italian mutual funds and SICAV shares, admission to listing of units of Italian closed-end funds and financial instruments issued by foreign management companies; distributed harmonised foreign UCITS funds are also included.

**Tab. all.3 Bonds, certificates and covered warrants offered by Italian banks by type of prospectus.**  
(domestic prospectuses; amounts in billions of euro)

	placed amounts			no. of placed securities		
	bonds	certificates and covered warrants	<i>total</i>	bonds	certificates and covered warrants	<i>total</i>
2016	15,979	3,681	<i>19,660</i>	518	186	<i>704</i>
2017	3,566	4,507	<i>8,073</i>	200	102	<i>302</i>
2018	3,706	3,926	<i>7,632</i>	103	67	<i>170</i>
2019	3,794	6,791	<i>10,585</i>	93	107	<i>200</i>
2020	472	1,749	<i>2,221</i>	41	49	<i>90</i>
2021	647	1,461	<i>2,108</i>	23	428	<i>451</i>
2022	3,084	3,245	<i>6,329</i>	31	1,056	<i>1,087</i>

Data refer to bids subject to the ordinary regime under Articles 94 et seq. of the Tuf..

**Tab. all.4 Subjects authorised by CONSOB to the issuance of 'titoli di risparmio per l'economia meridionale', number of issuances and amount issued**  
(amount in millions of euro)

	2016	2017	2018	2019	2020	2021	2022
number of authorised subjects	6	7	4	2	1	1	2
number of issuances	9	10	5	3	1	1	2
amount issued	89	74	34	18	8	10	22

The 'titoli di risparmio per l'economia meridionale' are savings bonds to encourage the territorial rebalancing of credit flows for medium- and long-term investments by small and medium-sized enterprises and to support ethical projects in the South of Italy. The bonds are subject to a favourable tax regime. For further details please refer to the Italian version of Annual Report 2022.

**Tab. all.5 Offer to the public and admission to trading of non-equity financial instruments – passported instruments.**

	Luxembourg	Germany	Ireland	United Kingdom	France	other	<i>total</i>
2018	257	93	85	47	36	9	<i>527</i>
2019	264	89	74	18	47	14	<i>506</i>
2020	256	73	92	21	47	39	<i>528</i>
2021	213	89	115	--	40	63	<i>520</i>
2022	213	110	113	--	45	64	<i>545</i>

'Other' includes The Netherlands, Austria and Liechtenstein.

**Tab. all.6 KIDs notified in 2022 under the PRIIPs Regulation by product type**

typology of financial product <sup>1</sup>	new products		updates		total notifications	
	number	weight <sup>2</sup>	number	weight <sup>2</sup>	number	weight <sup>2</sup>
securities	109,152	95.2	4,807,597	96.2	4,916,749	96.2
derivatives	4,722	4.1	49,466	1.0	54,188	1.1
lbip	430	0.4	139,035	2.8	139,465	2.7
Cis	223	0.2	251	..	474	..
deposits	2	..	4	..	6	..
<i>total</i>	<i>114,529</i>	<i>100</i>	<i>4,996,353</i>	<i>100</i>	<i>5,110,882</i>	<i>100</i>

<sup>1</sup> Classifications related to the type of financial product are indicated in the operating instructions for the notification of the KID for PRIIPs, dated 22 December 2017. In particular: securities include bonds, securitised derivatives and asset backed securities; derivatives include derivatives, both Etd and Otc; lbip stands for insurance-based investment products; Cis stands for collective investment schemes; deposits are structured deposits.

<sup>2</sup> Percentage on total number.

**Tab. all.7 Manufacturers of products subject to the PRIIPs Regulation by sector and geographical origin**

(number of manufacturers who notified at least one KID in 2022)

geographical origin	sector	number of products	number of updates	total
<b>Italian</b>				
<i>of which:</i>	<i>banks</i>	5,438	65,126	7,564
	<i>insurance companies</i>	281	49,576	49,857
	<i>investment firms</i>	3	7	10
	<i>AMC</i>	9	19	28
	<i>non-financial companies</i>	17	54	71
	<i>market operators</i>	--	14	14
<b>foreign</b>				
<i>of which:</i>	<i>banks</i>	70,884	3,992,447	4,063,331
	<i>insurance companies</i>	149	89,460	89,609
	<i>investment firms</i>	37,581	799,474	837,055
	<i>market operators</i>	5	--	5
	<i>total</i>	<i>114,367</i>	<i>4,996,177</i>	<i>5,110,544</i>

## Corporate disclosure

**Tab. all.8 Supervision of corporate disclosure and ownership structure**

	2016	2017	2018	2019	2020	2021	2022
request of information pursuant to art. 115, Tuf <sup>1</sup>	448	539	414	394	314	366	271
request to publish data and information pursuant to art. 114, Tuf	65	28	19	17	33	15	18
waiver of disclosure of data and information pursuant to art. 114, sec. 6, Tuf	--	--	5	4	1	4	5
delays in disclosure pursuant to art. 114, sec. 3, Tuf	--	--	--	--	--	3	6
request for immediate publication of researches when there are rumours, pursuant to art 69-novies of Issuers' Regulation	11	4	7	4	8	6	5
delay in disclosure of inside information pursuant to art. 17, sec. 4 and sec. 5 of Market Abuse Regulation	70	264	362	322	323	412	401
written reprimand	3	3	5	4	1	1	8
challenges of financial statements	--	1	--	--	1	--	--
non-compliance proceedings pursuant to art. 154-ter, sec. 7, Tuf	1	1	3	2	1	1	2
reports to the judiciary	22	10	5	6	2	6	3

<sup>1</sup> The figure includes information requests on ownership structure.

**Tab. all.9 Issuers of financial instruments widely distributed among the public**

	2016 <sup>1</sup>	2017	2018	2019	2020	2021	2022
no. of issuers	64	...	56	58	58	57	52

Issuers of financial instruments widely distributed among the public, pursuant to art. 116 Tuf, are defined by art 2-bis of Issuers' Regulation and relate to both shares and bonds. Unless otherwise stated, figures refer to 31December of each year. <sup>1</sup> Figure as of 30 July 2015. <sup>2</sup> Figure as of 29 July 2016.

## Non-financial reporting

**Tab. all.10 Non-financial statements (NFSs) published pursuant to Legislative Decree 254/2016**

	2019	2020	2021	2022
companies that have published NFS	208	204	210	211
<i>with listed shares</i>	152 <sup>1</sup>	149	150	145
<i>with securities listed on regulated markets other than domestic markets</i>	28	22	20	24
<i>unlisted banks and insurance companies</i>	24	23	24	23
<i>issuers who have voluntarily produced the NFS</i>	4	10	16	19

<sup>1</sup> The figure includes a NFS published by listed company on a voluntary basis.

## IV SUPERVISION OF INTERMEDIARIES

### Banks and investment firms

Tab. aIV.1 Authorised investment service intermediaries

	2016	2017	2018	2019	2020	2021	2022
<i>total number of providers</i>	603	543	535	520	506	482	459
<b>banks</b>							
<i>no. of authorised providers</i>	528	473	468	452	442	418	398
advice	510	456	419	405	405	367	378
trading on one's own account	382	338	309	296	299	274	282
trading on behalf of third parties <sup>1</sup>	386	339	429	415	418	375	398
underwriting and/or placement on the basis of an irrevocable commitment to the issuer	173	152	135	131	134	120	127
placement without irrevocable commitment to the issuer	511	453	419	407	406	367	376
portfolio management	154	143	131	125	125	109	116
receipt and transmission of orders and brokerage	518	463	432	417	418	377	386
MTF management	2	2	2	4	3	2	2
<i>average number of services per provider</i>	4,7	4,6	4,9	4,9	5,0	5,0	5,0
<b>investment firms</b>							
<i>no. of authorised providers</i>	75	70	67	68	64	64	61
advice	64	61	57	52	52	47	47
trading on one's own account	14	14	13	15	15	15	15
trading on behalf of third parties <sup>1</sup>	20	19	62	55	55	49	49
underwriting and/or placement on the basis of an irrevocable commitment to the issuer	5	5	5	5	5	5	5
placement without irrevocable commitment to the issuer	40	39	40	38	38	32	32
portfolio management	38	37	32	33	33	26	26
receipt and transmission of orders and brokerage	39	36	35	36	36	35	35
MTF management	3	3	3	1	1	1	1
<i>average number of services per provider</i>	3.0	3.1	3.7	3.7	3.7	3.5	3.4

Source: CONSOB and Bank of Italy. <sup>1</sup> From 2018 onwards, data include providers rightfully entitled to provide such services with the exclusion of subscription and trade of one's own financial instruments, pursuant to art. 10, sec. 7, lett. a) of Legislative Decree n. 129/2017.

Tab. aIV.2 Supervision of banks, Italian investment firms (SIMs) and European investment companies (AMCs)

(number of initiatives)

	2016	2017	2018	2019	2020	2021	2022	of which:		
								requests <sup>1</sup>	convenings <sup>2</sup>	warnings <sup>3</sup>
<b>banks</b>	139	91	540	167	140	162	152	137	12	3
<b>Italian investment firms and European investment companies</b>	34	37	111	53	42	20	26	26	--	--

<sup>1</sup> Request of information pursuant to art 6-bis, sec. 4, lett. a), Tuf. <sup>2</sup> Convenings of directors and managers pursuant to art. 7, sec. 1, lett. a), Tuf.

<sup>3</sup> Art. 7, sec. 1-ter, Tuf.



**Tab. aIV.3 Register of Italian investment firms and trust companies**

	2016	2017	2018	2019	2020	2021	2022
SIMs registered as a year end	75	70	67	68	64	64	61 <sup>1</sup>
SIMs registered during the year	3	1	3	5	4	5	3
SIMs cancelled during the year	8	6	6	4	8	5	6

<sup>1</sup> Of which a dynamic trust Sim.

### *Crowdfunding platforms management companies*

**Tab. aIV.4 Register of the authorised equity crowdfunding platforms**

	2016	2017	2018	2019	2020	2021	2022
register of the authorised equity crowdfunding platform	17	22	32	39	46	57	48
<i>ordinary section</i>	16	20	30	37	45	57	48
<i>special section</i>	1	2	2	2	1	--	--

## V ACTIONS AGAINST UNAUTHORISED ACTIVITIES

Tab. aV.1 Unauthorised activity breakdown

	intermediary activity	offer to the public	offer and intermediation	crowdfunding	inappropriate warning	<i>total</i>
2016	128	24	19	2	0	<i>173</i>
2017	140	36	13	6	14	<i>209</i>
2018	154	38	13	2	1	<i>208</i>
2019	303	63	7	5	2	<i>380</i>
2020	285	39	10	3	11	<i>348</i>
2021	329	24	15	1	13	<i>382</i>
2022	266	20	18	5	41	<i>350</i>

Tab. aV.2 Enforcement measures for unauthorised provision of investment services, unauthorised offer of financial products and related advertisement

	infringement of regulations on investment solicitation		infringement of regulations on intermediaries		report to legal authorities	<i>total</i>
	temporary prohibition to provide investment services <sup>1</sup>	prohibition to provide investment services	communications aimed at investor protection	cease and desist order <sup>2</sup>		
2016	14	12	44	—	77	<i>147</i>
2017	12	13	54	—	88	<i>167</i>
2018	12	16	9	98	136	<i>271</i>
2019	19	22	3	164	218	<i>426</i>
2020	9	11	9	185	208	<i>422</i>
2021	7	7	2	183	210	<i>409</i>
2022	7	4	4	183	199	<i>397</i>

<sup>1</sup> Starting from 2019 the figure includes orders to take down websites.

## VI INSPECTION ACTIVITY

### *Inspection activity and investigations on websites*

**Tab. aVI.1 Investigations opened and completed**

	2016 <sup>1</sup>	2017	2018	2019	2020	2021	2022	of which:			
								1st quarter	2nd quarter	3rd quarter	4th quarter
opened inspections	46	18	21	23	13	14	15	2	4	4	5
completed inspections	47	18	15	24	18	11	12	2	4	1	5

<sup>1</sup> including 16 investigations opened and completed in the year course on capital strengthening of bank branches.

**Tab. aVI.2 Investigated entities**

	2016	2017	2018	2019 <sup>1</sup>	2020	2021	2022
intermediaries	33	9	12	9	7	7	8
listed companies	5	2	2	3	--	4	3
audit firms	6	6	2	9	4	3	3
other	2	1	5	2	2	--	1

The class 'listed companies' does not include listed intermediaries, which are reckoned among 'intermediaries'.

**Tab. aVI.3 Inspection activity**

	2016	2017	2018	2019	2020	2021	2022
intermediaries and products	23	5	6	7	7	5	5
issuers and audit firms	13	3	7	6	2	4	4
markets	2	--	3	2	--	1	2
other	8	10	6	8	4	4	4

For details, please refer to the Italian version of Annual Report 2022.

**Tab. aVI.4 Inspection activity and investigations on websites**

	2016	2017	2018	2019	2020	2021	2022
inspections	217	271	276	427	397	414	420
investigated websites	468	530	555	846	778	935	807

### *Prevention of money laundering and terrorist financing*

**Tab. aVI.5 Investigated entities for suspected money laundering**

	2016	2017	2018	2019	2020	2021	2022
audit firms	5	5	--	6	2	3	1
Italian investment firms (SIMs) or asset management companies (AMCs)	2	2	2	1	--	1	1

## VII ADDITIONAL ACTIONS FOR INVESTOR PROTECTION

### *Complaint management*

**Tab. aVII.1 Complaint handling**  
(year-end data)

	2016	2017	2018	2019	2020	2021	2022 <sup>1</sup>
received complaints	4,354	2,287	2,866	2,838	2,778	2,574	2,742
accepted complaints	3,907	1,948	2,510	2,491	2,465	2,332	2,535

<sup>1</sup> Figures may include complaints still under review. Complaints are considered non prosecutable if: i) they do not identify the supervised entities, the object of the complaint, and every such information relevant to CONSOB supervisory activity; ii) they do not identify any alleged violation of specific regulations; iii) they concern parties or matters that do not fall within CONSOB competence. For further details please refer to the Italian version of Annual Report 2022.

**Tab. aVII.2 Breakdown of prosecutable complaints by involved entity and topic**

#### entities involved

	banks	unauthorised parties	listed companies	financial advisors	audit firms	SIMs	other	total
2016	3,051	255	444	126	66	231	124	4,297
2017	1,150	493	388	81	147	133	132	2,524
2018	1,517	629	242	64	54	158	192	2,856
2019	1,431	852	244	27	10	50	387	3,001
2020	983	758	348	17	--	219	233	2,558
2021	865	1,138	89	4	3	16	21	2,136
2022	813	1,342	165	27	1	160	132	2,640

#### topic

	provision of investment services	unauthorised financial activity	trading platforms	advisor conduct	auditing	governance and corporate disclosure	other	total
2016	3,292	260	163	166	88	303	404	4,676
2017	1,294	507	107	78	226	350	267	2,829
2018	1,545	634	128	73	67	173	326	2,946
2019	1,382	854	113	41	15	155	440	3,000
2020	1,213	772	404	16	--	117	25	2,547
2021	926	1,148	58	2	3	71	61	2,269
2022	842	1,352	115	10	4	110	268	2,701

Total number of complaints may exceed the number of received complaints because each of these can refer to more than one entity/matter. For details, please refer to the Italian version of Annual Report 2022.

## The activity of the Alternative Financial Dispute Resolution Scheme

**Tab. aVII.3 Received complaints**

	total		breakdown by geographical area			
		of which prosecutable	Northern Italy	Central Italy	South and Islands	total
2017	1,839	1,469	1,184	301	345	1,830
2018	1,824	1,408	677	440	699	1,816
2019	1,678	1,407	542	380	748	1,670
2020	1,772	1,534	657	314	791	1,762
2021	1,582	1,355	674	294	601	1,569
2022	1,116	797	461	190	456	1,107

Source: Alternative Financial Dispute Resolution Scheme.

**Tab. aVII.4 Entities involved**

	banks	AMCs	SIMs	insurance companies	European investment companies	financial advisors <sup>1</sup>	other <sup>2</sup>	total
2017	87	11	4	1	3	--	--	106
2018	71	10	4	1	2	--	--	88
2019	75	8	5	--	5	--	--	93
2020	68	11	7	--	3	--	--	89
2021	66	9	7	--	3	1	3	89
2022	61	7	3	--	2	1	1	75

Source: Alternative Financial Dispute Resolution Scheme. <sup>1</sup> The figure includes both independent financial advisors and financial advisory firms.

<sup>2</sup> The figure includes both crowdfunding platform management companies and EU asset management companies.

## VIII SANCTIONS

### Sanctioning proceedings

**Tab. aVIII.1 Monetary sanctions imposed on financial intermediaries**  
(amounts in millions of euro)

	2016	2017	2018	2019	2020	2021	2022
provision of investment services	0.8	11.8	6.6	1.6	0.9	0.8	0.3
investment solicitation and corporate disclosure <sup>1</sup>	2.1	11.0	5.2	4.5	2.7	5.2	1.9
market abuse	4.6	4.0	10.4	4.3	8.8	1.1	2.9
ex Market Abuse Regulation (MAR)	—	—	—	—	0.3	0.8	0.1
ex European Market Infrastructure Regulation (EMIR)	—	—	—	—	..	0.1	0.1
<i>total</i>	<i>7.5</i>	<i>26.8</i>	<i>22.2</i>	<i>10.4</i>	<i>12.7</i>	<i>8.0</i>	<i>5.2</i>
<i>no. of sanctioned entities</i>	<i>229</i>	<i>601</i>	<i>418</i>	<i>88</i>	<i>109</i>	<i>109</i>	<i>65</i>

For details, please refer to the Italian version of Annual Report 2022.

**Tab. aVIII.2 Disciplinary measures for market abuse offences**  
(millions of euro)

	no. of cases	no. of fined entities	jointly and severally liable entities	amount of sanctions	seized amounts	no. of entities given additional penalties	additional penalties (months)
2016	7	16	1	4.6	1.1	13	142
2017	6	16	1	4.0	1.2	12	112
2018	11	53	4	10.4	9.6	51	492
2019	11	25	3	4.3	0.8	22	254
2020	6	60	7	8.8	1.1	57	473
2021	4	11	3	1.1	..	9	88
2022	3	25	3	2.9	0.4	24	243
<i>of which:</i>							
<i>insider trading</i>	<i>1</i>	<i>12</i>	<i>0</i>	<i>1.0</i>	<i>0.4</i>	<i>12</i>	<i>86</i>
<i>market manipulation</i>	<i>2</i>	<i>13</i>	<i>3</i>	<i>1.9</i>	<i>--</i>	<i>12</i>	<i>157</i>

For details, please refer to the Italian version of Annual Report 2022.

**Tab. aVIII.3 Sanctions for violation of market abuse regulation**  
(amounts in millions of euro)

		no. of cases	no. of fined entities	amount of sanctions	administrative sanctions
suspicious transactions (art. 16)	2020	--	--	--	--
	2021	2	2	0.1	--
	2022	--	--	--	--
disclosure of inside information and drawing up of list of persons having access to inside information (artt. 17 and 18)	2020	3	3	0.2	--
	2021	5	5	0.3	--
	2022	3	3	0.06	--
internal dealing (art. 19)	2020	2	2	0.1	2
	2021	8	8	0.1	7
	2022	--	--	--	--
investment recommendations (art. 20)	2020	--	--	--	--
	2021	1	1	0.3	--
	2022	--	--	--	--
<i>total</i>	2020	<i>5</i>	<i>5</i>	<i>0.3</i>	<i>2</i>
	2021	<i>16</i>	<i>16</i>	<i>0.8</i>	<i>7</i>
	2022	<i>3</i>	<i>3</i>	<i>0.06</i>	<i>--</i>

Rounding may cause discrepancies in the total figure. For details, please refer to the Italian version of Annual Report 2022.

**Tab. aVIII.4 Monetary sanctions imposed on financial intermediaries**  
(amounts in millions of euro)

	no. of involved intermediaries				no. of sanctioned entities				amount of penalties				additional penalties (months)
	banks	SIMs	AMCs	<i>total</i>	banks	SIMs	AMCs	<i>total</i>	banks	SIMs	AMCs	<i>total</i>	
2016	2	5	3	<i>10</i>	38	23	19	<i>80</i>	0.2	0.4	0.2	<i>0.8</i>	--
2017	9	5	1	<i>15</i>	224	47	11	<i>282</i>	11.0	0.7	0.1	<i>11.8</i>	--
2018	9	2	2	<i>13</i>	154	1	20	<i>175</i>	4.2	0.2	2.2	<i>6.6</i>	273
2019	4	--	2	<i>6</i>	24	--	6	<i>30</i>	1.3	--	0.2	<i>1.6</i>	--
2020	3	1	3	<i>7</i>	6	1	5	<i>12</i>	0.4	0.1	0.5	<i>0.9</i>	6
2021	1	2	1	<i>4</i>	1	6	2	<i>9</i>	..	0.6	0.1	<i>0.8</i>	48
2022	2	--	--	<i>2</i>	12	--	--	<i>12</i>	0.3	--	--	<i>0.3</i>	--

Rounding may cause discrepancies in the total figure. For details, please refer to the Italian version of Annual Report 2022

**Tab. aVIII.5 Administrative sanctions imposed for breach of Issuers Regulation and breach of regulation on corporate and financial disclosure**  
(amounts in millions of euro)

	no. of cases							no. of entities fined							amount of sanctions						
	initial and secondary public offers	takeover bids	corporate disclosure	relevant shareholdings and shareholders agreements	independent auditing	board of auditors responsibility	<i>total</i>	initial and secondary public offers	takeover bids	corporate disclosure	relevant shareholdings and shareholders agreements	independent auditing	board of auditors responsibility	<i>total</i>	initial and secondary public offers	takeover bids	corporate disclosure	relevant shareholdings and shareholders agreements	independent auditing	board of auditors responsibility	<i>total</i>
2016	3	--	10	1	6	4	<i>24</i>	4	--	10	1	6	12	<i>33</i>	0.2	--	0.3	..	1	0.5	<i>2.1</i>
2017	18	--	16	5	5	4	<i>48</i>	160	--	16	5	5	11	<i>197</i>	7.8	--	1.9	0.4	0.6	0.3	<i>11.0</i>
2018	21	1	1	1	6	3	<i>33</i>	50	1	1	4	6	8	<i>70</i>	3.3	..	0.2	0.3	1.1	0.3	<i>5.2</i>
2019	14	--	1	1	--	--	<i>16</i>	31	--	1	1	--	--	<i>33</i>	4.4	--	0.1	0.1	--	--	<i>4.5</i>
2020	15	--	1	2	5	1	<i>24</i>	18	--	1	3	6	3	<i>31</i>	1.5	--	0.1	0.2	0.8	0.1	<i>2.7</i>
2021	16	--	4	--	12	--	<i>32</i>	20	--	11	--	39	--	<i>70</i>	2.6	--	0.5	--	2.1	--	<i>5.2</i>
2022	1	--	2	2	5	2	<i>12</i>	1	--	3	3	8	9	<i>24</i>	0.3	--	0.08	0.07	0.8	0.6	<i>1.9</i>

Rounding may cause discrepancies in the total figure. For details, please refer to the Italian version of Annual Report 2022.



## IX SUPPORTING ACTIVITIES

### Financial management

**Tab. aIX.1 Revenues and expenditure**  
(year-end data; millions of euro)

items	2016	2017	2018	2019	2020	2021	2022 <sup>1</sup>
<b>EXPENDITURE</b>							
current expenditure							
staff and Commission members	88.7	92.9	98.0	105.4	110.1	112.6	126.5
fees and taxes	6.8	6.0	6.3	6.9	6.5	6.9	8.2
goods and services	13.4	13.3	14.2	15.6	13.8	17.6	19.0
property refurbishment and other provisions	9.8	14.6	42.7	32.6	29.3	24.8	18.1
other expenditures	2.8	0.8	1.2	1.3	0.9	1.1	0.9
<i>total current expenditure</i>	<i>121.5</i>	<i>127.6</i>	<i>162.4</i>	<i>161.8</i>	<i>160.6</i>	<i>163.0</i>	<i>172.7</i>
capital expenditure	2.5	4.1	2.5	2.4	3.5	2.3	2.0
<i>total</i>	<i>124.0</i>	<i>131.7</i>	<i>164.9</i>	<i>164.2</i>	<i>164.1</i>	<i>165.3</i>	<i>174.7</i>
<b>REVENUES</b>							
previous year surplus <sup>2</sup>	15.0	12.1	5.5	25.6	8.3	9.4	1.5
state funding	0.3	0.2	25.3 <sup>3</sup>	0.3	0.3	5.3	5.3
supervisory fees	108.3	111.6	148.0	130.6	135.6	122.0	134.0
other revenues	11.0	13.4	11.8	14.3	28.7	26.0	37.7
<i>total</i>	<i>134.6</i>	<i>137.3</i>	<i>190.6</i>	<i>170.8</i>	<i>172.9</i>	<i>162.7</i>	<i>178.5</i>

<sup>1</sup> Provisional final figures (rounding to the first decimal place). <sup>2</sup> The surplus is equal to the difference between total revenue and total expenditure as well as differences arising from the management of residual assets and liabilities. For details, please refer to the Italian version of Annual Report 2022.

**Tab. aIX.2 Supervisory fees breakdown by category of supervised entities**  
(year-end data; millions of euro)

	investment firms and brokers	banks	audit firms	financial advisors	market operators <sup>1</sup>	issuers	UCITs <sup>2</sup>	entities soliciting retail investors	other	<i>total supervisory fees</i>
2016	2.8	18.6	12.2	5.1	5.5	26.5	12.5	23.3	1.8	<i>108.3</i>
2017	2.9	21.1	13.0	5.5	5.5	29.3	15.0	15.9	3.4	<i>111.6</i>
2018	3.4	25.5	16.5	5.5	6.5	38.3	20.2	29.7	2.4	<i>148.0</i>
2019	3.6	24.1	15.3	—	7.0	37.1	17.7	21.8	4.0	<i>130.6</i>
2020	3.6	24.3	15.9	—	7.3	36.7	18.9	23.8	5.1	<i>135.6</i>
2021	3.4	23.7	15.8	—	7.3	36.7	19.3	11.7	4.1	<i>122.0</i>
2022	4.3	23.6	15.6	—	6.9	37.6	18.7	20.7	6.6	<i>134.0</i>

<sup>1</sup> Including Borsa Italiana Spa, Mts Spa, Cassa di compensazione e garanzia Spa, Monte Titoli Spa and Organismo dei consulenti finanziari.

<sup>2</sup> Including supervisory fees paid by individual portfolio management provided by asset management companies (AMCs).

## Human resource management and the purchase and management of goods and services

**Tab. aIX.3 Human resources**  
(as of 31 December)

	permanent positions				fixed term positions <sup>1</sup>	total
	managers	white collars	other employees	total		
2016	400	183	13	596	7	603
2017	429	159	14	602	7	609
2018	446	203	12	661	3	664
2019	438	212	11	661	9	670
2020	433	212	11	656	9	665

	permanent positions			fixed term positions <sup>1</sup>	total
	managers	white collar	total		
2021	557	92	649	11	660
2022	548	89	637	13	650

<sup>1</sup> Figures include personnel seconded to CONSOB from other entities. For details, please refer to the Italian version of Annual Report 2022.

**Tab. aIX.4 Human resources breakdown by qualification and organisational area**  
(as of December 2022)

area	professional categories					total
	principal director, director	advisor	expert	other		
Director General	2	10	2	13	27	
Secretary General	2	5	--	1	8	
Attorney General	--	--	--	--	--	
Alternative Financial Dispute Resolution Scheme	1	--	--	--	1	
Legal Office	9	24	4	4	41	
Offices non coordinated within a Division	10	60	12	16	98	
Divisions						
supervisory	35	208	67	21	331	
support	15	61	28	40	144	
total	74	368	113	95	650	

For details, please refer to the Italian version of Annual Report 2022.

## External relations

**Tab. aIX.5 Number of accesses to CONSOB website**  
(in thousands)

sections	2016	2017	2018	2019	2020	2021	2022
home page (what's new)	1,505	1,347	1,759	1,478	1,552	1,320	1,196
to investors	475	833	888	684	714	643	508
for supervised entities	390	413	443	342	301	280	216
for journalists	9	10	10	12	22	37	43
CONSOB	680	852	949	1,034	1,019	704	1,063
issuers	1,785	1,382	2,596	3,089	3,583	3,529	3,888
intermediaries and markets	957	1,200	2,000	2,880	3,389	3,570	3,450
CONSOB decisions/newsletter	612	732	863	903	840	1,675	1,629
regulation	1,341	1,621	1,567	1,223	1,175	952	833
publications and press releases	195	404	400	616	702	950	1,364
links to other websites	10	14	19	8	6	5	3
help and site map	57	42	40	36	30	25	21
English website	901	473	1,169	1,718	1,975	1,243	962
Transparency	241	255	182	130	94	99	127

Source: CONSOB processing of Google Analytics data.

**Tab. aIX.6 Requests of documents and information on CONSOB activity**

	applicants			application breakdown				
	investors and institutional operators	retail investors, students, other	total	resolutions, communications, prospectuses	amended laws and regulation	data and information	other	total
2016	548	1,502	2,050	210	230	1,160	450	2,050
2017	591	1,410	2,001	221	250	1,110	420	2,001
2018	880	1,520	2,400	240	235	1,515	410	2,400
2019	595	1,403	1,998	251	210	1,122	415	1,998
2020	650	1,530	2,180	245	198	1,417	320	2,180
2021	654	1,666	2,320	248	190	1,450	432	2,320
2022	560	1,940	2,500	140	186	1,490	594	2,410

## X INTERNATIONAL ACTIVITY

### Activity in the international context

Tab. aX.1 Exchange of information between CONSOB and foreign supervisory authorities

topics	2016	2017	2018	2019	2020	2021	2022
<i>requests of information to foreign authorities</i>							
insider trading	68	56	15	17	26	38	19
market manipulation	12	10	9	4	18	9	3
unauthorised public offerings and provision of investment services	21	26	28	20	24	16	16
transparency and corporate disclosure	1	23	20	21	17	12	9
relevant shareholdings in listed companies and authorised intermediaries	--	--	--	--	2	--	--
integrity and professional requirements	1	2	1	8	7	62	14
infringement of rules of conduct	1	2	--	5	1	2	3
short sales	8	1	--	1	1	--	--
requests to remote members pursuant to art. 80 MiFID II (previously art. 57 MiFID)	89	38	10	--	4	2	--
provision of cross border investment services	7	11	17	9	58	33	6
audit enquiries	--	--	--	1	--	--	--
<i>total</i>	<i>208</i>	<i>169</i>	<i>100</i>	<i>86</i>	<i>158</i>	<i>174</i>	<i>70</i>
<i>reports to foreign authorities<sup>1</sup></i>							
<i>total</i>	<i>46</i>	<i>90</i>	<i>36</i>	<i>44</i>	<i>43</i>	<i>49</i>	<i>137</i>
<i>requests of information from foreign authorities</i>							
insider trading	21	23	3	7	7	4	6
market manipulation	1	1	1	3	6	--	3
unauthorised public offerings and provision of investment services	2	2	2	4	8	5	5
transparency and corporate disclosure	1	--	1	1	1	--	--
relevant shareholdings in listed companies and authorised intermediaries	--	--	--	2	--	--	--
integrity and professional requirements	43	44	45	32	31	32	41
infringement of rules of conduct	--	--	--	--	--	3	--
short sales	--	1	--	--	--	--	--
requests to remote members pursuant to art. 80 MiFID II (previously art. 57 MiFID)	--	--	--	--	--	--	--
audit enquiries	--	--	15	12	7	3	3
<i>total</i>	<i>68</i>	<i>71</i>	<i>67</i>	<i>61</i>	<i>60</i>	<i>47</i>	<i>58</i>
<i>reports from foreign authorities<sup>1</sup></i>							
<i>total<sup>2</sup></i>	<i>61</i>	<i>101</i>	<i>144</i>	<i>104</i>	<i>206</i>	<i>156</i>	<i>193</i>

<sup>1</sup> Reports issued on autonomous initiative such as the transmission of STRs and transmission of complaints. <sup>2</sup> From 2020 the figure includes both reports from foreign authorities and market observations in Tab. al.10.

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