

SIT S.P.A.

POLICY FOR THE MAINTENANCE OF THE INSIDER REGISTER

Introduction

In application of Article 31 of the AIM Italia – Alternative Capital Market Issuers’ Regulation (the “**AIM Italia Issuers’ Regulation**”), Article 18 of Regulation 596/2014/EC of the European Parliament and Council, in addition to Execution Regulation 347/2016/EC of the European Commission (the “**Regulation**”), the Board of Directors of SIT S.p.A. (hereafter the “**company**”) at the meeting of July 10, 2017 approved this policy (hereafter the “**Policy**”) for the management, maintenance and updating of the Insider Register (the “**Insider Register**”). This Policy entered into force from admission to trading of SIT shares and Warrants (as herein defined) on the multilateral AIM Italia trading system.

This Policy is related to the “*Communication of Insider information policy*” adopted by the company.

For that not explicitly established in this Policy, reference is expressly made to the communication provisions concerning price sensitive information and corporate disclosure under the AIM Italia Issuers’ Regulation, the Regulation and the applicable legal provisions and regulations (including European).

Article 1

Definitions

The terms and expressions in bold are defined as follows.

"Shares" indicates the ordinary shares of the company.

"Board of Statutory Auditors" indicates the Board of Statutory Auditors of the company in office.

"Board of Directors" indicates the company's Board of Directors as appointed.

"Subsidiaries" indicates the company subsidiaries pursuant to article 2359 of the civil code.

"Group" indicates the Company and its subsidiaries.

"Inside information" concerns information of a precise nature which has not been disclosed to the public and which relates directly or indirectly to the company or to one of its Subsidiaries or its Financial Instruments, which, if disclosed to the public, could have a significant impact on the prices of such Financial Instruments.

In particular, information of a "precise nature" is that which:

- a) refers to a series of existing circumstances or which may reasonably occur or a verified event or one which may reasonably be expected to occur; and
- b) is sufficiently specific to allow conclusions to be drawn on the possible effect of the set of circumstances or the event referred to under point (a) on the prices of the Financial Instruments or the relative derivative financial instruments. In this regard, in the case of a protracted process intended to bring about particular circumstances or a particular event, or in the case of a protracted process resulting in such, that future circumstance or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information.

In addition, *"information which, if made public, could significantly influence the price of financial instruments or of derivative Financial Instruments"* concerns that which an investor may likely utilise as an element on which to base their investment decisions.

"Legal Manager" indicates the Chief Governance and Legal Officer of the company.

"Warrant" indicates warrants of the company.

Article 2

Natural and legal persons enrolled in the Insider Register

The Insider Register should contain a list of all those with access to Inside Information and with whom the company, or persons acting in their name or on their behalf, have a professional relationship (employment or other contract), and who, in exercising certain duties, have access to Inside Information, including for example:

- I. all members of the Group's Board of Directors and Board of Statutory Auditors;
- II. persons who hold management positions with the Group, employees and executives with regular access to Inside Information concerning, directly or indirectly, the Group and who have decision-making powers that may affect the development and the prospects of the company, in addition to all other persons who by reason of office participate at meetings of the corporate boards, with regard to all Inside Information concerning the Issuer;
- III. persons who carry out the functions at numbersland **Error! Reference source not found.** above for a direct or indirect subsidiary of the company (hereafter collectively the "**Covered Persons**").

Article 3

Insider Register Structure

1. The Insider Register is divided into separate sections, each relating to individual items of Inside Information. Once new Inside Information is identified, a new section should be added to the list ("**Occasional Insider Register**"). Each Section of the Insider Register reports only the details of the persons with access to the Inside Information considered in the specific section.
2. Each section of the list of the Occasional Insider Register should indicate:
 - I. the date and time of the creation of the section of the list or the point at which the Inside Information was identified;
 - II. the date and time and time of the latest update;
 - III. the communication date to the competent authority (where applicable);
 - IV. the name, surname and birth surname (if differing) of the Covered Person;
 - V. the office telephone number of the Covered Person;

- VI. the name and address of the company;
- VII. the function and reason for access to Inside Information;
- VIII. the date and time at which the Covered Person obtained access to Inside Information;
- IX. the date and time at which the Covered Person was included in the permanent access section;
- X. the date and time at which the Covered Person ceased to have access to Inside Information;
- XI. the date of birth of the Covered Person;
- XII. the tax code of the Covered Person;
- XIII. the private telephone numbers (home and personal mobile) of the Covered Person; and
- XIV. the complete private address (street, number, locality, Post Code, State) of the Covered Person.

3. Subject to that above, the company may add to the Insider Register a supplementary section reporting the details of persons with permanent access to all Inside Information (the “**Permanent Insider Register**”), who, once included in this section, should no longer be included in the Occasional Insider Registers. The following parties are usually included in the Permanent Section:

- (i) The Chairman of the Board of Directors, the Executive Directors, the General Manager of the company;
- (ii) the Chief Financial Officer of the company;
- (iii) the secretarial and support staff of the persons listed at points (i) and (ii) above, identified by the Chairman of the Board of Directors on the indication of the respective personnel who permanently have access to all Inside Information;
- (iv) additional persons, identified by the Chairman of the Board of Directors, also with the support of the Legal Manager, who permanently have access to all Inside Information;

Each section of the Permanent Insider Register should contain:

- I. the date and time of the creation of the section of the list or the point at which the Inside Information was identified;
 - II. the date and time of the latest update;
 - III. the communication date to the competent authority (where applicable);
 - IV. the name, surname and birth surname (if differing) of the Covered Person;
 - V. the office telephone number of the Covered Person;
 - VI. the name and address of the company of the Covered Person;
 - VII. the function and reason for access to Inside Information on a permanent basis;
 - VIII. the date and time at which the Covered Person was included in the permanent access section;
 - IX. the date of birth of the Covered Person;
 - X. the tax code of the Covered Person;
 - XI. the private telephone number of the Covered Person; and
 - XII. the complete private address (street, number, locality, Post Code, State) of the Covered Person.
4. Subject to that above, the content of the Occasional Insider Registers and of the Permanent Insider Register (where established) should comply with the forms annexed to this Policy, respectively at **Annex B** and **Annex C**.

Article 4

Maintenance of the Insider Register

1. The Insider Register should be maintained electronically and consist of a system accessible via Internet/Intranet and protected by adequate security systems and access filters and credentials.
2. The Insider Register should guarantee:
 - I. the confidentiality of the information contained therein;
 - II. the accuracy of the information reported in the list; in addition to

III. access and availability of previous versions of the list.

3. The Insider Register covers the entire Group and is kept by the Legal Manager (the “**Manager**”). In addition to the functions identified in other parts of the Policy, the Manager oversees the criteria and means to be adopted for the maintenance and research of the information contained in the Insider Register, so as to ensure easy access, management, consultation, extraction and printing.

Article 5

Updating, maintenance and sending of Insider Register data

1. The Insider Register should be updated in a timely manner and without delay by the Manager, adding the date and time of the relative updating, where:

- i. the reason for which a person is enrolled in the Insider Register changes, including in the case in which the enrolment of the person needs to be moved from one section to another of the Insider Register;
- ii. a new person should be included in the Insider Register as having access to Inside Information;
- iii. a person included in the Insider Register no longer has access to Inside Information, stating the date from which they no longer have access.

2. Subject to the powers of the competent authorities, access to the Insider Register is reserved (i) to the Manager and (ii) to the Chairman of the Board of Directors, in order to oversee the correct application of this Policy, utilising (where applicable) the competent company structures.

3. The lists of Covered persons included in the Insider Register are maintained by the company for five years from discontinuation of the circumstances resulting in the original inclusion or updating.

4. The Manager sends the Insider Register electronically as soon as possible to the competent Authorities upon receiving such a request.

Article 6

Disclosure to persons included in the Insider Register

1. Immediately after the inclusion of a Covered Person in the Insider Register, the Manager informs the person upon:
 - i. their inclusion in the Insider Register;
 - ii. the legal and regulatory obligations deriving from access to Inside Information; and
 - iii. the sanctions applicable in the case of the abuse of Inside Information and market manipulation or for the unauthorised circulation of Inside Information.
2. Disclosure is made in writing, through certified e-mail, registered mail or hand delivered communication.
3. The Manager, in addition, notifies Covered Persons already included in the Insider Register of any updates to their information, through written communication, sent via certified e-mail or registered mail or by hand delivery, while communicating any cancellation from the Insider Register, also via certified e-mail, registered mail or by hand delivery.
4. The Insider Register Manager maintains on a durable medium a copy of the communication sent to ensure the proof and traceability of fulfilment of the disclosure obligations.
5. The Manager sends to requesting Covered Persons a paper copy of the information regarding them included in the Insider Register.

Article 7

Communications of persons to the Manager

Each Covered Person is required to:

- i. return, signed in recognition of receipt, a copy of this Policy, accepting therefore its content, to the Office of the Legal Manager the letter of acceptance at Annex A;
- ii. comply with the provisions contained therein.

Article 8

Processing of personal data

1. For the purposes of the Policy, the company will be required to process the personal data of Covered Persons. The Covered Persons are therefore required to give consent to the processing of their personal data by the company or by officers and/or staff designated by the company, as per the terms of Legislative Decree 196/2003 and subsequent amendments, having been informed of the following:

- i. the purposes and methods of the data processing;
- ii. the mandatory nature of the provision of the data;
- iii. the persons or classes of persons to whom the data may be communicated and the scope of dissemination of the data;
- iv. the rights as per article 7 of Legislative Decree No.196/2003;
- v. the name and surname, the company or business name and the domicile, residence and headquarters of the data controller and responsible officer:
 - Controller: SIT S.p.A.
 - Manager:

<i>Name</i>	<i>Department</i>
– <i>Giuseppe Giofrè</i>	– <i>Governance and Legal</i>
– <i>Alessandra Zonato</i>	– <i>Assistant to CEO</i>
– <i>Fulvio Camilli</i>	– <i>Chief Executive Officer</i>
– <i>Gianpaolo Anselmi</i>	– <i>Customer Focus</i>
– <i>Paolo Soprano</i>	– <i>Demand Flow Management</i>
– <i>Paul Fogolin</i>	– <i>Finance</i>
– <i>Roberta Fagotto</i>	– <i>Human Resources</i>
– <i>Gilberto Godio</i>	– <i>Information Technologies</i>
– <i>Renzo Marcanzin</i>	– <i>Innovation & New Products Introduction</i>
– <i>Marta Barbieri</i>	– <i>Procurement</i>
– <i>Paolo Mercaldo</i>	– <i>Quality</i>
– <i>Roberto Cavani</i>	– <i>Strategic Sourcing & Cost Improvement</i>

–	<i>Luca Lago</i>	–	<i>Plant manager of Rovigo1 and Rovigo 2</i>
–	<i>Giampaolo Gasparrini</i>	–	<i>Montecassiano Plant manager</i>

2. Upon delivery to the Office of the Legal Manager of the acceptance letter at **Annex A**, consent is deemed to have been expressed pursuant to and for the purposes of Legislative Decree 196/2003.

Article 9

Final provisions

1. The Manager has the duty to ensure the updating of this Policy in light of developments concerning the Insider Register Regulation, other regulatory provisions as applicable and applicative experience, submitting to the Chairman of the Board of Directors the amendment and/or supplementation proposals of the Policy considered necessary or beneficial.

2. The Manager without delay communicates in writing to Covered Persons the amendments and/or supplements to the Policy as per this Article and requests acceptance of the new content of the Policy according to the forms and means indicated at Article 7 above.

ANNEX A – ACCEPTANCE LETTER

Notification of inclusion in the Insider Register and disclosure upon the processing of the personal data of persons subject to the obligation for inclusion in the Insider Register in accordance with Regulation 596/2014/EC.

The communicating SIT S.p.A. (“**company**” or “**controller**”), in accordance with Article 31 of the AIM Italia – Alternative Capital Market Issuers’ Regulation (the “**AIM Italia Issuers’ Regulation**”), Article 18 of Regulation 596/2014/EC of the European Parliament and Council (the “**Regulation**”), in addition to Execution Regulation 347/2016/EC of the European Commission, has set up the Insider Register in accordance with Article 7 of the MAR Regulation (the “**Insider Register**”).

We inform you that your personal details have been included in the stated Insider Register for the reason communicated to you by mail.

We remind you that those in possession of Inside Information concerning the company, for the purposes of its circulation, should comply with the provisions of the established procedure in the attached internal regulation for the management and communication of confidential and inside information, available also on the website www.sitgroup.it.

We kindly request in addition that you carefully read the provisions outlined in this letter and in **Annex 1** concerning the transposition of a number of the Regulation’s rules, in addition to the provisions of Legislative Decree No. 58/1998 (“**CFA**”) concerning market abuse.

We inform you that, where requested, the company is required to send the Insider Register to the competent authority.

* * * * *

In accordance with Article 13 of Legislative No. 196 of June 30, 2003 (“**Privacy Code**”), we inform you that the personal details provided by you to the company, or otherwise acquired by the latter, may be processed in accordance with the applicable regulation.

Processing may concern, according to the applicable regulation, any operation involving personal details, independently of the means and procedures employed, such as the collation, recording, organisation, storage, consultation, elaboration, modification, selection, extraction, comparison, utilisation, interconnection, blockage,

communication, circulation, cancellation and destruction of data, even if not recorded in a database.

The present disclosure informs you of the nature of the personal data which shall be included in the Insider Register, the purposes and means of processing, any third party addressees of such, in addition to your rights in accordance with Article 7 of the Privacy Code.

1. PERSONAL DATA PROCESSED

We report below a list of your personal data – which may be supplemented – which the controller may process:

- (a) general details (name, surname, date of birth, complete private residential address);
- (b) tax details (tax code);
- (c) other identification details (personal telephone number and identification details of employer company).

The personal data mentioned above may be handled in order to permit the controller to fulfill their obligations under the above-stated European and Italian regulations or obligations of a tax and contractual nature.

In this regard, we inform you that any absence or erroneous communication of this data may result in, among other matters, the impossibility for the company to:

- verify and ensure the correspondence of the processing results with the obligations imposed by the European regulation on which it is based;
- establish or correctly pursue contractual relations with you, to the extent for which this data is necessary.

2. PURPOSES OF HANDLING

The personal data, requested or acquired for your inclusion in the Insider Register, shall be processed by the controller for the following purposes:

- (1) to effectively manage the obligations deriving under Italian and European regulations;
- (2) to fulfill the obligations set out by the legally established Authorities or the supervisory and control bodies;

- (3) to support or defend a right in a legal forum (contractual non-compliance, injunctions, settlements, credit recovery, arbitration, legal disputes), also by a third party.

We remind you that for the above purposes the company may process your data without the need to acquire your consent, in accordance with that established by the Privacy Code.

3. PROCESSING MANAGERS AND OFFICERS

Your data may be processed by officers (executives, directors and statutory auditors, internal secretarial offices, accounting and invoicing department employees, services/product marketing employees, client technical assistance employees) and/or, where appointed, external processing managers, a list of which is freely available on written request to the processing controller.

4. COMMUNICATION OF DATA TO THIRD PARTIES

To the extent of the purposes at Paragraph 2 above, your data may be communicated by the company to the following natural or legal persons:

- parties in relation to whom the communication and circulation of data is prescribed or permitted by law, regulations or EU regulations to the extent of the limits required for the specific scope;
- parent companies, subsidiaries and associates of the controller and their employees or consultants, for the fulfilment of legal obligations or for activities relating or consequent to the management, under any contractual profile, of the relationship with you;
- parties required to fulfill obligations upon the company and/or regarding your contractual relationship, particularly with regards to accounting obligations;
- all those acting as external processing managers on behalf of the controller, whose list is freely accessible and constantly updated;
- external maintenance personnel for our IT system and/or software, in the case of outages or processing security problems, for the time strictly necessary to recover functionality;
- parties needing to access your data to guarantee the correct execution of contracts, to the extent of that strictly necessary to carry out support duties (e.g. credit institutions, couriers, etc.).

In addition, your personal data may be communicated among Group companies, in a confidential and restrictive manner, where required, for purposes strictly related to the management and organisation of contractual relations.

5. TRANSFER OVERSEAS

We inform you in addition that the current company structure does not require the circulation outside of the European Union of your personal data.

In all cases in which the transfer overseas of data is facilitative, it is the company's duty to request your specific consent, or sign appropriate agreements with third parties, also utilising standard contractual clauses as approved at European level.

6. PROCESSING CONTROLLER

The Processing Controller is SIT S.p.A., with registered office in Padua (PD), Viale dell'Industria No. 31/33, enrolled in the Padua Companies Insider Register No. 04805520287.

You may at any time direct any question concerning the processing of your personal data and any request for the exercise of the rights recognised to you under the Privacy Code by sending a simple communication to the above-stated postal address or by e-mail to *registroidsider@sitgroup.it*.

7. MEANS OF PROCESSING

The controller will process your personal data by executing any operation necessary through paper and IT supports, in full compliance with law and guaranteeing the absolute confidentiality, pertinence and proportionality with regards to the above described purposes.

In any case, your data will not be held for a period of greater than five (5) years, in accordance with legal obligations deriving under the European market abuse regulation.

All processing operations shall be carried out by the company in full compliance with the most appropriate security measures established under the applicable regulation.

We inform you finally that at any time and without fulfilling any formalities you may exercise the rights recognised to you under Article 7 of the Privacy Code against the controller, including amongst others:

- (a) confirmation of the existence or otherwise of personal data relating to you, even if not yet recorded, and communication of such.

- (b) indication of the origin of your personal data, the purposes and the means of processing, the policy applied in the case of the use of electronic instruments, the identity details of the appointed officers and the national designated representative, if necessary, of the parties or the categories of parties to which the personal data may be communicated or who may become aware of such as the manager or appointed officer;
- (c) the updating, the changing or, where necessary, the supplementation of your data;
- (d) the cancellation, modification into anonymous format or the blocking of your data processed in violation of the law, including those that do not need to be retained in relation to the purposes for which the data are being collected and subsequently processed;
- (e) proof that the operations referred to in points (c) and (d) have been brought to the attention, even with regard to their content, of those to whom the data have been disclosed or disseminated, except in the case where this proves to be impossible or entails manifestly disproportionate efforts with respect to the protected right.

Subject to that stated above, you may at any time request the controller to block the processing of your personal data, with the exception of that directly or indirectly necessary for the company to fulfill its legal obligations or which is entirely necessary for the management of your contractual relationship.

Insider Register Manager

In acceptance _____

Regulatory provisions concerning sanctions applicable for insider dealing and the unlawful disclosure of inside information

We present below an extract of the articles of the Regulation and of the CFA concerning applicable sanctions in the case of market abuse.

Publishing note:

A number of passages of the stated regulation have intentionally being omitted from the text as not directly relevant to this communication.

1. Regulation (EC) No. 596/2014

Article 2 – Application

1. This Regulation applies to the following:

- a) financial instruments admitted to trading on a regulated market or for which a request for admission to trading on a regulated market has been made;
- b) financial instruments traded on an MTF, admitted to trading on an MTF or for which a request for admission to trading on an MTF has been made;
- c) financial instruments traded on an OTF;
- d) financial instruments not covered by point a, b or c, the price or value of which depends on or has an effect on the price or value of a financial instrument referred to in those points, including, but not limited to, credit default swaps and contracts for difference.(....)

3. This Regulation applies to any transaction, order or behaviour concerning any financial instrument as referred to in paragraphs 1 and 2, irrespective of whether or not such transaction, order or behaviour takes place on a trading venue.

4.1 The prohibitions and requirements in this Regulation shall apply to actions and omissions, in the Union and in a third country, concerning the instruments referred to in paragraphs 1 and 2.

Article 3 – Definitions

1. For the purposes of this Regulation, the following definitions are adopted:

1 “financial instrument” means a financial instrument as defined in point (15) of Article 4(1) of Directive 2014/65/EU;

(...)

6 “regulated market” means a regulated market as defined in point (21) of Article 4(1) of Directive 2014/65/EU;

7 “multilateral trading facility” or “MTF” means a multilateral system as defined in point (22) of Article 4(1) of Directive 2014/65/EU;

8 “organised trading facility” or “OTF” means a system or facility in the Union as defined in point (23) of Article 4(1) of Directive 2014/65/EU;

(...)

21 “issuer” means a legal entity governed by private or public law, which issues or proposes to issue financial instruments, the issuer being, in case of depository receipts representing financial instruments, the issuer of the financial instrument represented;

Articolo 7 – Inside Information

1. For the purposes of this Regulation, inside information shall comprise the following types of information:

a) information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments;

(...)

d) for persons charged with the execution of orders concerning financial instruments, it also means information conveyed by a client and relating to the client’s pending orders in financial instruments, which is of a precise nature, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments, the price of related spot commodity contracts, or on the price of related derivative financial instruments.

2. For the purposes of paragraph 1, information shall be deemed to be of a precise nature if it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the financial instruments or the related derivative financial instrument, the related spot commodity contracts, or the auctioned products based on the emission allowances. In this respect in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information.

3. An intermediate step in a protracted process shall be deemed to be inside information if, by itself, it satisfies the criteria of inside information as referred to in this Article.

4. For the purposes of paragraph 1, information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments, derivative financial instruments, related spot commodity contracts, or auctioned products based on emission allowances shall mean information a reasonable investor would be likely to use as part of the basis of his or her investment decisions.

(...)

Article 8 – Insider Dealing

1. For the purposes of this Regulation, insider dealing arises where a person possesses inside information and uses that information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates. The use of inside information by cancelling or amending an order concerning a financial instrument to which the information relates where the order was placed before the person concerned possessed the inside information, shall also be considered to be insider dealing...

2. For the purposes of this Regulation, recommending that another person engage in insider dealing, or inducing another person to engage in insider dealing, arises where the person possesses inside information and:

- a) recommends, on the basis of that information, that another person acquire or dispose of financial instruments to which that information relates, or induces that person to make such an acquisition or disposal, or
- b) recommends, on the basis of that information, that another person cancel or amend an order concerning a financial instrument to which that information relates, or induces that person to make such a cancellation or amendment.

3. The use of the recommendations or inducements referred to in paragraph 2 amounts to insider dealing within the meaning of this Article where the person using the recommendation or inducement knows or ought to know that it is based upon inside information.

4. This Article applies to any person who possesses inside information as a result of:

- a) being a member of the administrative, management or supervisory bodies of the issuer or emission allowance market participant;
- b) having a holding in the capital of the issuer or emission allowance market participant;
- c) having access to the information through the exercise of an employment, profession or duties; or
- d) being involved in criminal activities.

This Article also applies to any person who possesses inside information under circumstances other than those referred to in the first subparagraph where that person knows or ought to know that it is inside information.

5. Where the person is a legal person, this Article shall also apply, in accordance with national law, to the natural persons who participate in the decision to carry out the acquisition, disposal, cancellation or amendment of an order for the account of the legal person concerned.

Article 10 – Unlawful disclosure of inside information

1. For the purposes of this Regulation, unlawful disclosure of inside information arises where a person possesses inside information and discloses that information to any other person, except where the disclosure is made in the normal exercise of an employment, a profession or duties.

This paragraph applies to any natural or legal person in the situations or circumstances referred to in Article 8(4).

2. For the purposes of this Regulation the onward disclosure of recommendations or inducements referred to in Article 8(2) amounts to unlawful disclosure of inside information under this Article where the person disclosing the recommendation or inducement knows or ought to know that it was based on inside information.

Article 12 – Market manipulation

1. For the purposes of this Regulation, market manipulation shall comprise the following activities:

- a) entering into a transaction, placing an order to trade or any other behaviour which:
 - i) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, a related spot commodity contract or an auctioned product based on emission allowances; or
 - ii) secures, or is likely to secure, the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances at an abnormal or artificial level;

unless the person entering into a transaction, placing an order to trade or engaging in any other behaviour establishes that such transaction, order or behaviour have been carried out for legitimate reasons, and conform with an accepted market practice (...)

- b) entering into a transaction, placing an order to trade or any other activity or behaviour which affects or is likely to affect the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances, which employs a fictitious device or any other form of deception or contrivance;
 - c) disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, a related spot commodity contract (...) or secures, or is likely to secure, the price of one or several financial instruments, a related spot commodity contract (...) at an abnormal or artificial level, including the dissemination of rumours, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading;
- (...)

2. The following behaviour shall, inter alia, be considered as market manipulation:

- a) the conduct by a person, or persons acting in collaboration, to secure a dominant position over the supply of or demand for a financial instrument, related spot commodity contracts (...) which has, or is likely to have, the effect of fixing, directly or indirectly, purchase or sale prices or creates, or is likely to create, other unfair trading conditions;

- b) the buying or selling of financial instruments, at the opening or closing of the market, which has or is likely to have the effect of misleading investors acting on the basis of the prices displayed, including the opening or closing prices;
 - c) the placing of orders to a trading venue, including any cancellation or modification thereof, by any available means of trading, including by electronic means, such as algorithmic and high-frequency trading strategies, and which has one of the effects referred to in paragraph 1(a) or (b), by:
 - i) disrupting or delaying the functioning of the trading system of the trading venue or being likely to do so;
 - ii) making it more difficult for other persons to identify genuine orders on the trading system of the trading venue or being likely to do so, including by entering orders which result in the overloading or destabilisation of the order book; or
 - iii) creating or being likely to create a false or misleading signal about the supply of, or demand for, or price of, a financial instrument, in particular by entering orders to initiate or exacerbate a trend;
 - d) the taking advantage of occasional or regular access to the traditional or electronic media by voicing an opinion about a financial instrument, related spot commodity contract (...) (or indirectly about its issuer) while having previously taken positions on that financial instrument, a related spot commodity contract (...), profiting subsequently from the impact of the opinions voiced on the price of that instrument, related spot commodity contract (...), without having simultaneously disclosed that conflict of interest to the public in a proper and effective way;
- (...)

Article 14 – Prohibition of insider dealing and of unlawful disclosure of inside information

A person shall not:

- a) engage or attempt to engage in insider dealing;
- b) recommend that another person engage in insider dealing or induce another person to engage in insider dealing; or
- c) unlawfully disclose inside information.

2. Consolidated Finance Act – Legislative Decree 58/1998

HEADING I-BIS – INSIDER DEALING AND MARKET MANIPULATION

SECTION II – CRIMINAL SANCTIONS

Art. 184 – Insider Dealing

1. A penalty of imprisonment of between two and twelve years and a fine of between Euro twenty thousand and Euro three million may be applied to those who, in possession of Inside Information due to their membership of the management, direction or control bodies of the issuer, through the holding of capital of the issuer, or in the exercise of a duty or working or professional activity, also public, or of a profession or office:

- a) buys, sells or carries out other transactions involving, directly or indirectly, on their own behalf or on behalf of third parties, financial instruments using such information;
- b) disclose such information to others outside the normal exercise of their employment, profession, duties or position;
- c) recommends or induces other persons, on the basis of Inside Information, to carry out such transactions referred to at letter a.

2. The same penalty as at paragraph 1 is applied to anyone in possession of inside information for the purposes of the preparation or execution of the criminal activities who undertakes any of the actions at paragraph 1.

3. The judge can increase the fine by up to three-fold or to a maximum higher amount of ten times the value of the product or the profit obtained by the offence where, due to the significance of the offence, the personal characteristics of the guilty party or due to the nature of the product or the profit obtained by the offence, the maximum sentence appears inadequate.

3-*bis*. A penalty of imprisonment up to one year and six months is applied if the offence is committed by those who are subject to the direction or supervision of one of the persons mentioned in the first paragraph.

4. For the purposes of the present article, financial instruments concern also the financial instruments as per Article 1, paragraph 2, whose value depends on a financial instrument defined at Article 180, paragraph 1, letter a.

Art. 185 – Market manipulation.

1. Those who circulate false information, carry out improper operations or propagate falsities solely to cause a significant alteration in the price of financial instruments may be punished by imprisonment of between two and twelve years and with a fine of between Euro twenty thousand and Euro five million.

2. The judge can increase the fine by up to three-fold or to a maximum higher amount of ten times the value of the product or the profit obtained by the offence where, due to the significance of the offence, the personal characteristics of the guilty party or due to

the nature of the product or the profit obtained by the offence, the maximum sentence appears inadequate.

2-*bis*. A penalty of imprisonment up to one year and six months is applied if the offence is committed by those who are subject to the direction or supervision of one of the persons mentioned in the first paragraph.

Art. 186 – Accessory penalties

1. Conviction of any of the offences as per this section involves the application of accessory penalties under articles 28, 30, 32-bis and 32-ter of the criminal code for a duration not lesser than six months and not greater than two years, as well as the publication of the sentence in at least two national daily newspapers, of which one financial.

Art. 187 – Forfeiture

1. Conviction for one of the offenses in this section involves the forfeiture of the product or the profit from the illegal act or of the means used to commit such offenses.
2. Where it is not possible to seize such property as set in paragraph 1, an equivalent monetary value or asset may be seized.
3. With regard to that established by paragraphs 1 and 2, the provisions of Article 240 of the criminal code are applied.

SECTION III – ADMINISTRATIVE SANCTIONS

Art. 187-*bis* – Abuse of inside information

1. Subject to the penalties relating to a criminal offense, an administrative monetary sanction of between Euro one hundred thousand and Euro fifteen million may be applied to those who, in possession of Inside Information due to their membership of the management, direction or control bodies of the issuer, through the holding of capital of the issuer, or in the exercise of a duty or working or professional activity, also public, or of a profession or office:

- a) buy, sell or carry out other transactions involving, directly or indirectly, on their own behalf or on behalf of third parties, financial instruments using such information;
- b) disclose information to others outside the normal exercise of their work, profession, duties or position;
- c) recommend or induce others, on the basis of such information, to carry out any of the transactions referred to at letter a.

2. The same penalty as at paragraph 1 is applied to anyone in possession of inside information for the purposes of the preparation or execution of the criminal activities who undertakes any of the actions at paragraph 1.

3. For the purposes of the present article, financial instruments concern also the financial instruments as per Article 1, paragraph 2, whose value depends on a financial instrument defined at Article 180, paragraph 1, letter a.

4. The penalty at paragraph 1 also applies to anyone in possession of inside information, who may reasonably be aware of the nature of such, engaging in the indicated events.
5. The administrative monetary sanctions at articles 1,2 and 4 are increased up to three times the amount, or up to the larger amount of ten times the product or the profit from the offence, if in view of the personal situation of the guilty party, the magnitude of the product or the profit deriving, even the maximum amount appears inadequate.
6. For the circumstances covered by this article attempting to commit the offense is equated with commission of the offense.

Art. 187-ter – Market manipulation.

1. Subject to the criminal sanctions where constituting an offense, an administrative sanction is applied of between Euro one hundred thousand and Euro twenty five million to anyone who, through means of information, including internet or any other means, circulate information, rumors or false or misleading information which provide or form the basis of incorrect indications regarding financial instruments.
2. For journalists whose duties involve the circulation of information, this shall be assessed considering the profession's self-regulation rules, except for those persons who gain, directly or indirectly, an advantage or profit from the circulation of information.
3. Subject to the penalties relating to a criminal offense, an administrative monetary sanction at paragraph 1 may be applied to those who execute:
 - a) trading or orders which provide or could provide false or misleading information regarding the offer, demand or price of financial instruments;
 - b) trading or orders which allow, through the involvement of one or more persons, the market price of one or more financial instruments to be fixed at an irregular or artificial level;
 - c) trading or order transactions which make use of artificial prices or any other type of deception or device;
 - d) other acts which may provide false or misleading information regarding the offer, demand or price of financial instruments.
4. For the offenses indicated at paragraph 3, letters a and b, an administrative sanction may not be applied to those demonstrating to have acted for legitimate reasons and in accordance with applicable market practice.
5. The administrative monetary sanctions at the preceding articles are increased up to three times the amount, or up to the larger amount of ten times the product or the profit from the offence, if in view of the personal situation of the guilty party, the magnitude of the product or the profit deriving from the offense or due to the effects on the market, even the maximum amount appears inadequate.
6. The Ministry for the Economy and Finance, having consulted CONSOB or on their proposal, may identify, through an appropriate regulation, in compliance with the

enactment provision of Directive 2003/6/EC adopted by the European Commission, according to the procedure at Article 17, paragraph 2, of the same directive, the circumstances, also in addition to those established by the preceding paragraphs, required for application of this article.

7. CONSOB notes in its provisions the elements and circumstances to be taken into consideration to assess conduct considered as market manipulation, in accordance with Directive 2003/6/EC and its enactment provisions.

Art. 187-*quater* – Accessory administrative penalties.

1. The application of monetary administrative penalties under this section involves the temporary loss of the standing requirements for company representation and holding of capital of authorised parties, of the market management company, as well as for auditors and financial consultants permitted to work off site and, for the representatives of listed companies, the temporary inability to undertake offices of management, direction and control of listed companies or companies belonging to the same group of a listed company.

2. The accessory administrative penalty at paragraph 1 has a duration of not lesser than two months and not more than three years.

3. With the application of the monetary administrative sanctions under this section, CONSOB, taking account of the gravity of the violation and the degree of culpability, may direct the authorised parties, the market management companies, listed issuers and audit companies to not employ for a period not greater than three years the person responsible for the violation, and require the relevant professional bodies to temporarily suspend the registered party from exercising professional activity.

Art. 187-*quinquies* – Responsibility of the entity

1. An entity may be responsible for the payment of a sum equivalent to the amount of the administrative sanction imposed for the offenses cited in this section committed in its interest or for its advantage:

- a) by persons who hold positions of representation, management or direction of the entity or one of its structures with independent finance and operations, as well as persons that exercise, even de facto, management and control;
- b) by persons subject to the direction or the supervision of one of the parties listed at letter a).

2. If, following the committing of the illegal acts at paragraph 1, the product or the profit gained by the entity is of a significant amount, the penalty is increased up to ten times of this product or profit.

3. The entity is not responsible if it demonstrates that the persons indicated at paragraph 1 have acted exclusively in their own interest or in the interest of third parties.

4. In relation to the offenses at paragraph 1, as far as compatible, Articles 6, 7, 8 and 12 of Legislative Decree No. 231 of June 8, 2001 are applied. The Minister for Justice

draws up the observations set out at Article 6 of Legislative Decree No. 231 of June 8, 2001, having consulted Consob, with regards to the offenses under the present section.

Art. 187–*sexies* – Forfeiture

1. The application of the monetary administrative penalties under this section involves the forfeiture in every case of the product or the profit from the illegal act or of the means used to commit such offences.
2. Where it is not possible to seize such assets as per paragraph 1, an equivalent monetary value or asset may be seized.
3. In no case may assets not belonging to the person who is liable for the monetary administrative penalty be seized.
