

APRIL 2020

MAIN MEASURES OF THE “CURA ITALIA DECREE” AND THE “LIQUIDITY DECREE” TO SUPPORT ITALIAN COMPANIES

REGULATORY FRAMEWORK

The Italian Government has adopted extraordinary measures to limit the impact of the COVID-19 pandemic on the economic and financial market with the “*Cura Italia Decree*” (Law Decree no. 18/2020, published in the Official Gazette no. 70 of March 17th, 2020) and the “*Liquidity Decree*” (Law Decree no.23/2020, published in the Official Gazette no. 94 of April 8th, 2020).

Given the flow of new provisions that have been adopted in the past few weeks, we will provide a brief summary of these provisions that are aimed at minimizing the impact of the current crisis by:

- (i) supporting the liquidity of companies in Italy binding such liquidity to few specific rules,
- (ii) strengthening the support for exports and the internationalization plans of Italian companies; and
- (iii) protecting the business continuity of companies encouraging them not to cease business while facing the current challenges.

1) MEASURES AIMED AT SUPPORTING LIQUIDITY

1.A. NEW FINANCINGS ASSISTED BY THE SACE GUARANTEE

Companies that have suffered from the consequences of the Covid-19 crisis can benefit, until December 31, 2020, from a first demand guarantee issued by SACE S.p.A. (“**SACE**”) in favour of banks, national and international financial institutions and other entities authorized to issue loans in Italy.

The following grid describes the main criteria and conditions required to benefit from the SACE guarantee:

1.	Beneficiary Companies	Companies located in Italy that have been affected by COVID-19 emergency, provided that: <ul style="list-style-type: none">• as of 31 December 2019 the company did not fall into the category of companies in difficulty pursuant to the definition contained in Regulation EU No. 651/2014; and• as of 29 February 2020 did not have impaired exposures (as such term is defined in the EU legislation).
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		The Small and Medium Enterprises (having less than 250 employees and a turnover not exceeding Euro 50 million or total assets not exceeding Euro 43 million) may also benefit from the SACE guarantee for a total amount not exceeding Euro 30 billion provided that the company has exhausted its available amount provided under the SME Guarantee Fund.
2.	Guarantee	Guarantee provided by SACE for the benefit of the Financing Party (as defined below) to assist new financings granted to the Beneficiary Companies (" SACE Guarantee ").
3.	Maximum Available Amount	Up to Euro 200 billion
4.	Final Date	December 31 st , 2020.
5.	Guaranteed Obligations	Payment obligations of the Beneficiary Companies arising from Guaranteed Loans (as defined below) in connection with the principal amount, interests and accessories.
6.	Guarantee Fees	<p>(i) SACE Guarantee for SME (calculated on the guaranteed amount):</p> <ul style="list-style-type: none"> • 25 bps p.a. for the first year; • 50 bps p.a. for the second and third years; • 100 bps p.a. for the fourth, fifth and sixth year. <p>(ii) SACE Guarantee for all Beneficiary Companies which do not qualify as SME's (calculated on the guaranteed amount):</p> <ul style="list-style-type: none"> • 50 bps p.a. for the first year; • 100 bps p.a. for the second and third year; • 200 bps p.a. for the fourth, fifth and sixth year.
7.	Maximum Guaranteed Amount	<p>The guarantee coverage percentage is:</p> <ul style="list-style-type: none"> • 90% of the amount of the loan in favour of Beneficiary Companies with less than 5.000 employees in Italy and a turnover not exceeding Euro 1.5 billion; • 80% of the amount of the loan in favour of Beneficiary Companies with more than 5.000 employees in Italy and a turnover between Euro 1.5 and 5 billion; • 70% of the amount of loans in favour of companies with a turnover exceeding Euro 5 billion. <p>For Beneficiary Companies which employ more than 5000 workers and have a turnover exceeding Euro 1,5 billion Euro of strategic relevance in Italy (their significance may stem from their contribution to the technological advancement, their relevance from employment levels or their relevance for a specific productive sector) the aforementioned percentages provided for the SACE Guarantee may be increased (not above 90%, however) with an ad hoc decree by the Ministry of Economy and Finance ("MEF"), which may provide for additional obligations on the Beneficiary Company.</p> <p>In case the Beneficiary Company belongs to a group, the aforementioned turnover values and number of employed workers are to be considered on a consolidated basis.</p>

8.	Procedure	<p>(i) Simplified procedure for Beneficiary Companies which employ less than 5000 workers and with a turnover of less than 1.5 billion Euro:</p> <ul style="list-style-type: none"> the Beneficiary Company must present a request for a Guaranteed Loan to an Authorized Financing Party as defined below (which may also act as an arranger in the context of syndicated financing transactions with other Authorized Financing Parties); should the request have a positive outcome, the Authorized Financing Party will send the request to grant the guarantee to SACE which provides the guarantee relying on the decision by the Authorized Financing Party; the Authorized Financing Party grants the Guaranteed Loan. <p>(ii) MEF Procedure for Beneficiary Companies employing more than 5000 workers or with a turnover exceeding 1.5 billion Euros:</p> <ul style="list-style-type: none"> in addition to the steps of the simplified procedure, the granting of the SACE Guarantee is conditioned to the adoption of a specific decree by the MEF with the prior consultation of the Ministry for Economic Development (the “MISE”), considering the strategic relevance of the Beneficiary Company (more specifically, considering its contribution to technological advancement, its relevance for employment, its relevance to a specific productive sector). <p>SACE will publish the main criteria that the Authorized Financing Parties must follow to obtain its guarantee and the relevant documentation to be filed.</p>
9.	Authorized Financing Parties	<p>a) national and international banks;</p> <p>b) national and international financial institutions;</p> <p>c) other entities authorized to grant financings in Italy.</p>
10.	Loans	<p>Only “new financings” may benefit from the SACE Guarantee, i.e. the financings granted by an Authorized Financing Party to a Beneficiary Company following the entry into force of the Liquidity Decree (i.e. following April 9 2020) under any form (including debt securities).</p> <p>The new financings must meet the following requirements:</p> <ul style="list-style-type: none"> Amount: the guaranteed loan amount cannot exceed the higher of <ul style="list-style-type: none"> (i) 25% of the company's annual turnover in Italy in 2019 and (ii) twice the cost of the company's employees in Italy for 2019, as resulting from the latest financial statements or certified data if the company has not yet approved its financial statements and to be calculated on a consolidated basis if the company is part of a group. For companies that have started their activity after 31 December 2018 reference is made for the cost of employees for the first two years as expected by the company’s legal representative. Purpose: the Guaranteed Loan must be used to pay wages, investments or working capital utilized in factories and local activities on the Italian territory, as documented and certified by a legal representative of the Beneficiary Company; Duration: not exceeding 6 years, with a grace period of 24 months; Expenses: the total expenses regarding the Guaranteed Loan must be lower than the expenses which the Authorized Financing Party

		would have applied in the absence of the SACE Guarantee and the fees must be limited to cover the existing costs. The lower amount of the costs must be documented and certified by the legal representative of the Authorized Financing Parties.
11.	Financial Covenants of the Authorized Financing Parties for the benefit of SACE	<ul style="list-style-type: none"> • Proof of higher expenses: the Authorized Financing Party must provide proof that following the decision to grant the financing in relation to which the SACE Guarantee is requested, the total amount of the outstanding debt toward the Beneficiary Company is higher than the amount of the outstanding debt at the date of entry into force of the Liquidity Decree (i.e. 9 April 2020), minus all repayments occurred between 9 April 2020 into force and the date on which the SACE Guarantee has been provided pursuant to the existing agreement. • Information covenant: the Authorized Financing Party must provide SACE with periodical statement (the content of which will be determined by SACE) as to provide proof of the requirements set out in Article 1 of the Liquidity Decree having been met.
13.	Next Steps	<p>The entry into force of the provisions regarding the SACE Guarantee is conditioned to the approval of the European Commission pursuant to Article 108 of the Treaty on the Functioning of the European Union. Such approval has been obtained on 14 April 2020.</p> <p>The following measures will be adopted:</p> <ul style="list-style-type: none"> • SACE Guidelines regarding the granting of the SACE Guarantee and the periodical statements to be provided by the Authorized Financing Party; • MEF Decree may provide for additional measures to be implemented in relation to the SACE Guarantee.

1.B. CENTRAL GUARANTEE FUND FOR SME

The Decree, derogating from Law no. 662/1996 establishing the guarantee fund for SME (the **Guarantee Fund**), provides that SME and professionals may be granted with the public guarantee of the Guarantee Fund **until 31 December 2020, on terms and evaluation criteria more favorable.**

The following grid describes the functioning of the Guarantee Fund, considering both the Cura Italia Decree and the Liquidity Decree:

1.	Beneficiary Companies	<p>SME and companies which employ up to 499 workers.</p> <p>Additional companies which qualify for this type of support are:</p> <ul style="list-style-type: none"> • Companies which at the date of the presentation of the request (but not prior to January 31st, 2020) have outstanding debt qualified as “unlikely to pay” or “non-performing exposures” pursuant to Paragraph 2, Part B of Circular no. 272 of July 30th, 2008 of the Bank of Italy as amended from time to time; • Companies which after December 31st, 2019 have: <ul style="list-style-type: none"> a. been admitted to <i>concordato preventivo</i> proceedings which provide for the continuity of the business pursuant to Article 186-bis of Royal Decree no. 267/1942; b. have entered into debt restructuring agreements pursuant to Article 182-bis of Royal Decree no. 267/1942; or
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		<p>c. have devised a certified recovery plan pursuant to Article 67 of Royal Decree no. 267/1942 provided that as of April 9 , 2020 their outstanding debt is no longer classified as impaired or non-performing, that they don't have unpaid exposures following the aid measures and the bank may reasonably assume that the debt will be repaid by the debtor in full pursuant to Article 47-bis, paragraph 6, letters a) and c) of Regulation 575/2013 based upon an evaluation of the financial situation of the borrower.</p> <p>The scope of the measures also includes companies situated in Regions of Italy where a limit to benefit from the direct access to the Guarantee Fund has not been set.</p>
2.	Maximum Guaranteed Amount	The maximum guaranteed amount has been raised from 1,5 to 5 million Euro.
3.	Final Date	December 31 st , 2020
4.	Coverage percentage	<p>Direct Guarantee:</p> <p>Coverage percentage raised to 90% of the amount of each transaction.</p> <p>Reinsurance Guarantee:</p> <p>Coverage percentage raised to 100% of the amount guaranteed by Confidi or other guarantee funds, provided that these guarantees do not exceed a coverage of 90%.</p> <p>The reinsurance may be raised to 100% of the amount guaranteed by Confidi or other guarantee funds, provided that these guarantees do not include a credit risk premium.</p>
5.	Amount of the financial transactions	<p>The total amount of the financial transactions may not exceed, alternatively:</p> <p>(i) twice the amount of the annual wages of the borrower's employees for 2019 or for the last available year. For companies established after January 1st 2019, the amount of the loan cannot exceed the projected expenses for the payment of wages for the first two business years;</p> <p>(ii) 25% of the borrower's turnover in 2019;</p> <p>(iii) the working capital requirements and investments costs for the following 18 months, for SME and for the following 12 months for companies employing up to 499 workers; such working capital requirement is to be certified by a statement of the beneficiary pursuant to DPR of December 28, 2000, no. 445.</p>
6.	Guarantees for existing financings	<p>The guarantee may be provided also for financing transactions entered into and drawn by the borrower in the three months prior to the request of support and, in any case, after January 31 2020.</p> <p>In such cases the borrower must send to the Manager of the Guarantee Fund a statement regarding the reduction of the interest rate to be applied to the guaranteed financing as a consequence of the guarantee being granted.</p>
7.	Request	<p>In order to benefit from the Guarantee Fund, only the information to fill out the economic and financial forms will be required.</p> <p>Every two months, the amount of the prudential reserves put in place by the Guarantee Fund are corrected based on the transactions benefiting from the guarantee and of the data provided by the Central Risk of the</p>

		Bank of Italy, as received by the Manager of the Guarantee Fund upon request to benefit from the guarantee.
8.	Proceeding	The granting of the guarantee is automatic and free of charge, without any evaluation taking place. The Bank may therefore grant the financing upon verifying the formalities associated with the request without waiting for the completion of the proceeding by the Manager of the Guarantee Fund.
9.	Interest rate	The interest rate to be applied, in the case of a financing assisted by a Direct Guarantee or, the overall premium guarantee in the case of a Reinsurance Guarantee, shall cover exclusively the transaction costs and shall be in any case lower than the interest rate for government bonds with an outstanding duration between four years and seven months and six years and six months, increased by the difference between the bank CDS at five years and the ITA CDS at five years, as defined in the framework agreement pursuant to Article 1, paragraphs 166 to 178 of Law no. 232 of December 11 th , 2014, further increased by 0,20 percent.
10.	Possible double benefit	For the benefit of companies with a turnover lower than 3.2 million Euro damaged by the Covid-19 emergency, as certified in the relevant statement, the Guarantee Fund may grant a guarantee equal to 90% of the financing which may be added to another guarantee equal to 10% of the financing. This latter guaranteed may be granted by the Confidi or other entity authorized to grant guarantees regarding financings for a total amount not exceeding 25% of the turnover of the borrower.

1.C. MORATORIUM ON FINANCINGS

Companies damaged by the spread of COVID-19 which have – at the date of entry into force of the Cura Italia Decree – outstanding debt toward banks, financial intermediaries pursuant to Article 106 of legislative decree n. 385 of September 1st, 1993 (*Unified Banking Code*) and other entities authorized to grant financings in Italy, may benefit from the following measures:

- a) undrawn credit facilities and loans granted through advance payment of credits existing on February 29th, 2020 or existing on the date of the publication of the Cura Italia Decree (March 17th, 2020) if higher, cannot be revoked even in part until 30 September 2020;
- b) the bullet repayment of loans due before 30 September 2020 is postponed, without additional formalities, to September 30th, 2020, without change to the relevant terms and conditions. Any ancillary agreements to the loan agreement is postponed as well without additional formalities;
- c) the repayment of instalments of loans and leasing agreements and other amortizing financing agreements due before 30 September is suspended until 30 September 2020. The suspended instalments of the amortization plan are deferred, together with any ancillary elements and without additional formalities.

The following grid summarizes the terms and conditions of such moratorium:

1.	Beneficiary Companies	This measure may benefit any company, regardless of its economic sector, which fulfills the following requirements: <ol style="list-style-type: none"> a. it qualifies as an SME; b. it is established in Italy; c. it has suffered a temporary liquidity shortfall as a consequence of the epidemic; d. it does not have outstanding debt classified as non-performing (e.g. impaired loans, unlikely to perform or non-performing exposures) as well as instalments due for more than 90 days.
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2.	Financings within the scope of the moratorium	<p>a. undrawn credit facilities and loans granted through advanced payment of credits existing on February 29, 2020 or existing on the date of the publication of the Cura Italia Decree (March 17, 2020), if higher;</p> <p>b. the bullet repayment of loans due before September 30;</p> <p>c. the leasing, mortgages and other amortizing financing agreements due before September 30, 2020.</p> <p>in connection with contracts under letters b. and c. above, also “ancillary elements” and, in particular, security and insurance agreements as well as derivatives contracts.</p>
3.	Proceeding	<p>Companies seeking to benefit from the moratorium must send a specific statement to their bank/financial intermediary. The statement must contain the following information:</p> <p>a. it must be accompanied by a statement pursuant to article 47 of DPR 445/2000 certifying that the company has suffered a temporary liquidity shortfall as a direct consequence of the spread of the Covid-19 epidemic. As an example, temporary liquidity shortfalls could impact real estate companies as a consequence of defaulted lease payments by the lessor, enterprises running a business (malls, retail, hotels) could be impacted by the lockdown itself, factories could be impacted by failure to complete the production cycle or failure to deliver the finished product;</p> <p>b. detail which existing financing agreement the statement refers to;</p> <p>c. statement that the company qualifies as an SME and that the company is aware of all civil and criminal liabilities associated with false declarations pursuant to Article 47 of DPR 445/2000;</p> <p>d. the statement must be sent by certified electronic mail or through analogous modalities which achieve the result of the statement bearing a date considered as “certain”;</p> <p>e. include an annex with the copy of the ID or other valid identification document of the company’s legal representative.</p>
4.	Starting date	<p>The moratorium is granted automatically once the bank or financial intermediary receives the above statement, without requiring any approval or acceptance.</p> <p>The above statement is not required in relation to the Moratorium on third-party financings and the agreement will be extended automatically accordingly with the financing transaction itself, at the same terms and conditions of the original agreement.</p> <p>For financings benefiting from state aids, following 15 days from the statement to the public entity granting the state aid measure, the bank or financial intermediary may suspend the financing without any additional formalities pursuant to the “silence-assent” principle</p>
5.	Term	<p>September 30, 2020.</p> <p>For amortizing loans, the suspension period comprises the instalment due on September 30, 2020.</p>
6.	Guarantee	<p>The companies requesting the moratorium don’t have to grant any additional security to benefit from such measure.</p>

		The Cura Italia Decree provides the option for banks and intermediaries to have access to a special section of the SME Guarantee Fund.
7.	Qualification of the outstanding debt	The Moratorium is an extraordinary measure introduced because of an “extraordinary, economically gravely disruptive event” and is therefore not considered a <i>measure of forbearance</i> pursuant to the interpretation by the Banking Supervision Authorities. It follows that the moratorium is not precluded to companies which have already benefited from a suspension or restructuring of a financing agreement within the preceding 24 months.

In addition to the above, companies may also apply for the moratorium on long-term financings and leasing agreements promoted by the Italian Banks Association (the **IBA Moratorium**) pursuant to the addendum dated March 6, 2020 that extends the IBA 2019 credit agreement (the **IBA Addendum**).

Pursuant to the IBA Addendum, long-term financing agreements and leasing agreements existing on January 31 2020 may benefit from the following measures:

- a) suspension of payments of the principal amount of the instalments (not the payment of interest, which are still due according to the original amortization plan) for no longer than 12 months;
- b) extension of the termination date for a period not exceeding 100% of the duration of the residual amortization.

The following grid sets out the terms and conditions of the IBA Moratorium:

1.	Beneficiary Companies	It is required that: <ul style="list-style-type: none"> • the company is an SME; • the outstanding debt is not classified as non-performing; • the instalments have not been due for more than 90 days.
2.	Financing within the scope of the IBA Moratorium	Long-term financing agreements and leasing agreements existing on January 31, 2020 may benefit from the following measures: <ol style="list-style-type: none"> a. suspension of payment of the principal amount of the instalments (not the payment of interest, which are still due according to the original amortization plan) for no longer than 12 months; b. extension of the termination date for a period not exceeding 100% of the duration of the residual amortization.
3.	Proceeding	<ul style="list-style-type: none"> • It is granted after approval of the bank, which should normally reply within 30 business days from the presentation of the request; • it is conditioned to the extension of the securities ancillary to the financing for the same period of moratorium or extension of the termination date.
4.	Interest Rates	It is likely that the granting of the IBA Moratorium may entail an increase of the interest rate of the original financing agreement for an amount equal to the increased costs borne by the bank.

1.D. CDP GUARANTEE

A state guarantee is available for loans granted or to be granted by Cassa Depositi e Prestiti S.p.A. (**CDP**) within December 31, 2020 in connection with a portfolio of financings granted by banks and financial intermediaries, in accordance with a MEF decree and the EU law.

Such guarantee may be requested by Italian companies which have suffered a liquidity shortfall following Covid-19.

The modalities by which this guarantee is granted must allow for the granting of new financings by the banks in line with the amount of regulatory capital made available by the granting of the above guarantee.

The guarantee is a first-demand, express, unconditioned, irrevocable and compliant with the banking regulatory provisions in order to mitigate the associated risk.

A coverage fund is established for these type of CDP guarantees with an initial capacity for the year 2020 equal to 1,000 million Euros. A specific bank account is established for the management of the relevant funds.

1.E. BANKING CONTRACTS EXECUTION: SIMPLIFIED PROCEDURE

Agreements entered into with retail customers from April 9, 2020 and until the end of this health emergency, meet the legal requirements to be considered a valid private deed even if they are entered into through a non-certified e-mail or other suitable mean, provided that:

- a copy of a valid ID of the retail is attached and the relevant agreement to be entered into is correctly identified;
- the e-mail and the relevant documents attached are stored as to guarantee the safety, integrity and immutability of the documents;
- the bank or financial intermediary provides the client with a physical copy of the agreement upon termination of the state of emergency, at the first opportunity available; and
- the same instrument utilized to enter into the contract may also be used by the client to withdraw unilaterally from the same.

1.F. EXPORT FINANCE MEASURES

In order to support exports and, more generally, the internationalization of companies, the Liquidity Decree introduces, also some changes to the regulation of the operation of SACE's intervention.

A **co-insurance system SACE – MEF** (Ministry of Economy and Finance) is introduced according to which the commitments deriving from SACE's insurance business, for risks defined as “non-market” pursuant to European Union legislation, are assumed by MEF for 90% and by the same company for the remaining 10%. For the release of insurance guarantees that could determine elevated risks of concentration for specific counterparties, connected groups or countries, a MEF decree is required.

To ensure adequate coverage of the planned interventions, starting from 2020 **a fund will be set up to cover the commitments undertaken by MEF.**

1.G. DEBT SECURITIES: SUSPENSION OF PAYMENT DATES

The Liquidity Decree provides for the suspension of debt securities (*titoli di credito*) for the period from 9 March 2020 and 30 April 2020. This suspension applies to promissory notes, bills of exchange and other debt securities (*titoli di credito*) issued prior to 9 April 2020 and to any other enforceable deed for the same period.

The Liquidity Decree also specifies that such suspension is also valid for bank and postal checks, in favour of the beneficiaries of the relevant cheques. Therefore, beneficiaries may nonetheless present cheques for payment throughout the suspension period and the cheques remain fully payable insofar as the drawer's deposits account has a positive balance which allows for the relevant payment. Should the funds however be insufficient, the drawer will benefit from the suspension and any connected sanction is suspended.

2) RESTRUCTURING MEASURES

2.A. POSTPONEMENT OF THE ENTRY INTO FORCE OF THE INSOLVENCY CODE

The entry into force of new Insolvency Code (Legislative Decree No. 14 of 12 January 2019) has been postponed by one year until 1 September 2021.

2.B. COMPOSITION WITH CREDITORS AND DEBT RESTRUCTURING AGREEMENTS

a) Rule applicable to composition with creditors and debt restructurings agreements approved by Courts.

The Liquidity Decree postpones by 6 months the terms set out for the performance of the composition with creditors and of the debt restructuring agreements already approved Courts and having a termination dates anytime between 23 February 2020 and 31 December 2021.

b) Rule applicable to composition with creditors and debt restructurings agreements for which Court approval was pending on February 23, 2020.

Filing of a new composition with creditors or debt restructuring agreement

Until the date of the hearing fixed for the Court approval, the debtor may ask the Court to grant a term of up to 90 days in order to file a new proposal.

Postponement by up to 6 months

Alternatively, the debtor may ask the Court to postpone by up to 6 months the terms for the performance of the composition with creditors or the debt restructuring agreement.

In connection with the so called blank composition with creditors (*concordato preventivo in bianco*), the Liquidity Decree allows the debtor to ask the Court for a further postponement by up to 90 days of the term referred to in Article 161, paragraph 6, of the Italian Royal Decree 16 March 1942, No. 267 (the “**Bankruptcy Law**”), which had been already postponed by the Court. Therefore, such measure introduces a new term of 90 days for the submission by the debtor of the composition with creditors’ proposal, the relevant plan and all the other documents referred to in paragraphs second and third of Article 161 of the Bankruptcy Law. Given that the aim of the Liquidity Decree is to avoid, if possible, the bankruptcy of companies affected by the economic impact of the Covid-19 outbreak, such postponement will be allowed also in the event that a bankruptcy petition (*istanza di fallimento*) of the company has already been filed.

In the context of the debt restructuring agreements, the same provision applies in the event that the Court has assigned to the debtor the term referred to in Article 182-bis, paragraph 7, of the Bankruptcy Law.

2.C. TEMPORARY RULES FOR BANKRUPTCY REQUESTS

a) Bankruptcy requests

The Liquidity Decree provides that the bankruptcy requests (*istanze di fallimento*) and the other requests for insolvency referred to in Articles 15 and 195 of the Bankruptcy Law, which have been submitted in the period between 9 March 2020 and 30 June 2020 are not admissible.

Such rule does not apply to requests made by the State Attorney for the adoption of the interim protective measures referred to in Article 15, paragraph 8, of the Bankruptcy Law.

b) Suspension of the calculation of the time limits for the exercise of the claw back actions

For bankruptcy requests declared inadmissible for which a bankruptcy declaration (*dichiarazione di fallimento*) will follow, the period between 9 March 2020 and 30 June 2020 will not be taken into account in the calculation of

the terms by which a bankruptcy may be declared nor for the terms set out for the exercise of the claw back actions pursuant to Articles 10 and 69-bis of the Bankruptcy Law.

C) CORPORATE LAW AMENDMENTS TO ENSURE BUSINESS CONTINUITY

C.1 TEMPORARY SUSPENSION OF CORPORATE LAW RULES

The Liquidity Decree exempts Italian companies from applying certain mandatory corporate law provisions to avoid that the effects of the current Covid-19 crisis are worsened by legal provisions. The crisis is deemed temporary and the Liquidity Decree provisions are aimed at sterilizing its effects thus protecting Italian companies, not in crisis before the current pandemic, to allow them to recover more quickly.

a) No mandatory corporate capital reduction or forced winding-up or transformation

From April 9 and until 31 December 2020, if an Italian Company loses more than one third of its corporate capital due to losses, it does not need to reduce its corporate capital or restore the same. Likewise, the Italian company does not need to go through a mandatory transformation or dissolution even if its corporate capital is reduced below the minimum level required by Italian law. We deem that the losses to be considered are also losses incurred before April 9 provided that the requirement to reduce or restore the corporate capital, transform or dissolve the company is triggered after such date, even though the New Decree does not make such distinction. On the contrary, if the company was obliged to reduce its corporate capital or resolve its dissolution or transformation before April 9, we deem that the Liquidity Decree does not exempt neither the company from such obligations nor its directors from the consequent responsibility. The Liquidity Decree is aimed at shielding directors from personal liability, to avoid they be forced to cease the Company's business due to the Covid-19 crisis.

b) Italian companies' balance sheets

For balance sheets as of 31 December 2020, Italian companies will be entitled to adopt a going concern assumption in order to determine the value of their assets regardless of the actual conditions of the company at the time the relevant balance sheet will be adopted, provided that such companies satisfy the going concern status as of 23 February 2020.

In essence, there is a one-year suspension of the adoption of the liquidation criterion that would cause a significant drop in the valuation of companies' assets, potentially determining the dissolution of many companies. This one-year suspension is available only for companies that were sound before the beginning of the virus outbreak.

The Liquidity Decree also specifies that this same suspension applies to 2019 balance sheets not yet approved.

c) Shareholders' funding

From April 9 and until 31 December 2020, shareholders' loans or loans made to a company affiliate will not be subordinated to all other loans by operation of law. This is an incentive for shareholders to inject new funds in Italian companies. Italian legislation has historically penalized shareholders loans subordinating them whenever there is an imbalance between the company's indebtedness and its net asset value or when the company's financial situation would have require an equity contribution instead of a loan. In the current situation, the Liquidity Decree exempts new shareholders loan from such subordination which can be particularly useful for privately held companies and, in the context of a new financing, since banks might require the injection of new sums by shareholders in consideration of the fact that new loans are not backed by a 100% state guarantee. However, banks might require that shareholders' loans be made junior to bank loans pursuant to the new facilities agreements. This request is not prevented by this new provision of law.

C.2. GOLDRER POWER

The Liquidity Decree significantly widens the Italian Government's "golden powers" under Law Decree 21/2012 (which grants the same with powers of veto and intervention in case of key events concerning strategical assets/relationships; e.g. the power to prohibit acquisitions of companies holding such assets/relationships, to veto

resolutions of such companies' bodies and to impose measures to preserve the State's interests in such assets/relationships).

Pursuant to the new provisions, purchases of interests in companies operating in any of the areas listed in article 4 of Regulation (EU) 2019/452 are subject to the Government's prior authorization; hence immediately extending the latter's scrutiny to undertakings active in the areas of (i) supply of critical inputs (including energy, raw materials, food security); and (ii) access to sensitive information, and (iii) media; areas which add to those of (iv) critical infrastructures (energy, transport, water, health, communications, media, data processing or storage, aerospace, defence, electoral or financial infrastructure, and sensitive facilities, as well as land and real estate crucial for the use of such infrastructure); and (v) critical technologies (AI, robotics etc.) and dual use items. The Liquidity

Decree expressly includes also companies operating in the financial, credit and insurance sectors.

Until December 31, 2020 the "golden powers" are extended to (A) resolutions, acts, transactions of companies holding the above strategical assets/relationships; and (B) transactions which, in respect to the above companies, entail (i) the acquisition of control of such companies by non-Italian entities (therefore, including all EU entities other than Italy); or (ii) the acquisition of holdings in their corporate capital, or of voting rights, exceeding 10% by non-EU entities (provided that the relevant investment is higher than € 1 million) and the further crossing of thresholds of 15%, 20%, 25%, 50%. All the above events must be notified by the relevant parties to the Italian Government.

Moreover, for the purpose of assessing if a foreign investment can affect Italian security, or public order interests, the Italian Government can give relevance to the fact that the investor is controlled by an EU public entity (prior to the decree, only non-EU public entities were included).

Finally, pursuant to the Liquidity Decree, the Government can now make use of its "golden powers" irrespective of any prior notice by the parties involved.

E) CIVIL TRIALS

Hearings of civil trials in any Italian Court scheduled between March 9 and May 11 (the "**Buffer Period**") are postponed after May 12 (a decree issued by the competent judge will establish the date of the new hearing). During the Buffer Period, all procedural time limits are stayed. Such postponement and suspension do not apply to certain family law and human rights urgent matters and to those affairs explicitly declared urgent by the Court, upon a party's request. The Head of each Italian Court will also adopt new measures to allow for civil trials to proceed after May 12 with the use of video-call systems (such as Microsoft Team or Skype for Business) or by replacing hearings with written briefs.

The time-limit suspension does not prevent parties from serving and filing new judicial acts such as writs of summons, requests for interim relief (which will be handled in the Buffer Period only if declared urgent by the Court), requests for *ex parte* pecuniary injunction (*decreto ingiuntivo*) and requests for a composition with creditors (*concordato preventivo*).

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