



*Invested in America*

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March 28, 2013

Susanna Masi  
Segretaria Tecnica del Sottosegretario di Stato dr. Vieri Ceriani  
Ministero dell'Economia e delle Finanze  
Via XX Settembre  
97-00187 Roma  
Italy

Dear Susanna Masi,

**Re: Request for Clarification on Specific Issues Impacting Implementation of the Italian Financial Transaction Tax within United States Markets.**

The Securities Industry and Financial Markets Association (“SIFMA”)<sup>1</sup> respectfully requests clarification on the following issues associated with the recently released Decree implementing Law No 228 of 24 December 2012 issued on 24 February, 2013 by the Ministry of Economy and Finance. Although we do not address here our concerns about the extraterritorial application within the United States of the Italian Financial Transaction Tax (FTT) law, we nevertheless would like clarification for our members so that fair and orderly markets can be maintained. In addition, the lack of guidance in the areas highlighted below make it difficult to properly collect the tax and leaves the possibility that firms will interpret the Decree differently.

SIFMA members share the view of other industry bodies that there are many areas where the law is unclear and they were particularly concerned about the additional confusion caused by the publication of the “white list” under Article 19(4) that did not include the United States. Italian tax authorities gave no indication prior to the 1st of March that US brokers would be treated as black listed for Italian FTT purposes, and, although we understand that your government may be revisiting the decision to list the

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<sup>1</sup> The Securities Industry and Financial Markets Association (SIFMA) brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA's mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

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United States as a black listed country, our members remain unclear about their obligations.

We expect to have additional questions in the future as existing issues are clarified, however we need immediate clarification on the three items listed below as they have an immediate impact on the ability of our members to properly implement the new rules. More specifically these issues impact our members' ability to ensure that the correct entities are reporting, collecting and paying the tax associated to the products covered by the rules, that the correct tax rate is being applied to transactions that are in scope and that member firms which are undertaking market making activities that ensure the orderly execution of markets within the US are correctly recognized and that their transactions are exempted from being taxed.

The three critical issues that require immediate clarification are:

1. Confirmation that US markets are considered regulated markets and that transactions conducted on the platforms that compose them should be taxed at the appropriate rate for a regulated market.
2. Clarification of whether the United States is or is not a black listed country within the meaning of Article 19(4) and a list of countries that have in force a qualifying agreement with Italy for the exchange of information or the assistance in the collection of tax credits.
3. Confirmation that US firms currently conducting market making activities will be eligible for a market making exemption on those transactions after requesting the exemption via the CONSOB defined process.

Below we outline some additional details on each of the issues above in order to illustrate how the definitions provided adhere to the rules.

**1. US Markets are Regulated Markets**

Markets within the United States are regulated by the US Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA). These two entities are authorized as national public authorities and supervised by the United States Government to provide oversight on the exchanges, alternative trading systems, dark pools, trade reporting facilities and any other platform that is used to execute, clear and settle an equity trade. We would like confirmation that the SEC and FINRA

are National Public Authorities under the Decree and that any trade executed, cleared or settled on a market regulated by the SEC or FINRA is eligible for the lower tax rates described in Articles 6 and 11 of the Decree.

**2. Black List vs. White List Countries**

We would also like clarification on Article 19(4) of the Final Decree and in particular: 1) whether the United States is a white list country; 2) which countries are on the white list, because they have a qualifying agreement in force with Italy for the exchange of tax information or an agreement to assist in the collection of certain taxes.

In addition, we would like clarification of how the tax applies to transactions between a U.S. broker-dealer, acting as principal or as intermediary, and a buying firm located in a jurisdiction outside the white list group. And, if the United States is a black listed country, we would also like clarification of how the tax applies to transactions entirely within the United States.

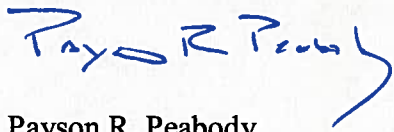
We appreciate your confirmation that it is not the intention of the legislation to impose tax twice on a transactions flowing through multiple intermediaries, wherever located and we would welcome your view on how the law may be implemented in order to avoid double taxation.

**3. Designation as a Market Maker**

A number of our members have communicated with CONSOB regarding obtaining the designation of market maker. It is our understanding that firms that are currently acting as a market maker within the United States will retain their designation as market makers and that the transactions that are carried out in that responsibility would be exempted from the tax.

While we have a number of other issues we would like to discuss with you and your office regarding the implementation of the tax these three are critical and need to be resolved immediately. We look forward to receiving your response and would like to engage in further dialogue with you as and when further points arise. If you require anything further please do not hesitate to contact us.

Sincerely,



Payson R. Peabody  
Managing Director and Tax Counsel  
SIFMA