

Italy

Employment

Labor Concerns

Employee entitlement claims are becoming more common. The risk of employee claims for additional benefits under a purchase plan can be reduced by having the employee agree to standard waiver and consent provisions.

Communications

The CONSOB (Italian Securities Commission) recommends that listed companies translate plan documents into Italian. Employees should sign an agreement stating that they have read and accepted the terms of the plan. Such agreement should be translated into Italian if employees are not fluent in English. Any government filings must be in Italian.

Regulatory

Securities Compliance

If the Issuer does not have securities listed on a regulated exchange in the EU, there may be a requirement to publish in Italy a prospectus which has been approved in the Issuer's Home Member State, e.g., if (i) the offer is made to 150 persons or more in any Member State and (ii) the price paid for Stock by employees throughout the EU is greater (in aggregate) than €5m, when aggregated with offers of securities made in the EU in the previous 12 months and having a total amount in the EU less than €100k. If the Issuer has securities listed on a regulated exchange in the EU, it will be required to publish summary information about the plan and the Stock offered to employees.

An Italian subsidiary or affiliate of the Issuer may validly serve as a "financial intermediary" for the securities, provided that it is a duly authorised "financial intermediary", including for purposes of a public offering taking place as a "door-to-door selling". However assuming, for instance, that the Italian subsidiary appointed to serve as "financial intermediary" for the securities is at the same time i) the employer of the individuals to which the securities are addressed and ii) such subject is already duly authorised to act as a "financial intermediary", it would be not necessary to fulfill also the specific requirements provided for the "door-to-door selling" given that this special regulation does not apply if the proposal for the purchase of the securities is carried out at the registered office of the company appointed for the offer of such securities. In order to benefit from the status of "financial intermediary", the Italian subsidiary should be either a SIM (*società di intermediazione mobiliare*), or a financial intermediary enrolled in the special register set forth by article 107 of Legislative Decree no. 395 of 1 September 1993 (Consolidated Law on Banking, or TUB), or a bank.

Foreign Exchange

Employees may have reporting obligations for foreign Stock held abroad. The Issuer may have reporting requirements depending on the total value of Stock issued in Italy.

Data Protection

Employee consent to the processing and transfer of personal data is a recommended method of compliance with existing data protection requirements. Generally, an employer must register with Italy's data protection authorities prior to processing employees' personal data.

Tax

Employee Tax Treatment

Purchase rights are subject to tax on the spread at exercise, unless granted under the tax-favored purchase plan. Capital gains tax applies on the gain at sale.

Social Insurance Contributions

Social insurance contributions are required on the spread at exercise, unless purchase rights are granted under the tax-favored program. Employer social insurance costs for the benefits under a purchase plan can be significant.

This summary is intended to reflect local law and practice as at 1 May 2013. Please note, however, that recent amendments and legal interpretations of the local law may not be included in these summaries. In addition, corporate governance, administration, and option plan design facts that are specific to your company may impact how the local laws affect the company's equity based compensation plans.

With these matters in mind, companies should not rely on the information provided in this summary when implementing their stock plans.

Tax-Favored Program	Income tax and social insurance obligations may be reduced under the tax-favored program, which is the broad-based grant program. Under a broad-based grant program, an employee may generally defer tax on up to €2,065 of the value of the shares annually, subject to a 3 year minimum holding period.
Withholding and Reporting	Unless the Stock is offered through a tax-favored program, withholding and reporting are required.
Employer Tax Treatment	The availability of a deduction by the Subsidiary is unclear. A tax deduction may be available if the Subsidiary reimburses the Issuer for the cost of purchase plan benefits.

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