

MEMO# 11165

August 6, 1999

ITALY SETS OUT RULES FOR INTERNET COMMUNICATIONS AND REVISES MUTUAL FUNDS LAW IN CERTAIN RESPECTS

[11165] August 6, 1999 TO: INTERNATIONAL COMMITTEE No. 34-99 RE: ITALY SETS OUT RULES FOR INTERNET COMMUNICATIONS AND REVISES MUTUAL FUNDS LAW IN CERTAIN RESPECTS _____ On July 7, 1999 Italy's CONSOB set out its position regarding internet communications that are viewable in Italy but not directed at Italian investors. Also, on July 15, 1999 a new Decree was published which revises certain aspects of Italy's legislation with respect to mutual funds. Attached is a copy of a memorandum prepared by Italian counsel describing these developments. Communication No. DI/99052838, issued by CONSOB on July 7, 1999, provides that an internet site may be deemed to make an offer to Italian investors where its contents and the connected circumstances lead one to presume that the activities or promotion and placement have as their objective persons residing in Italy. The Communication sets forth a non-exclusive list of factors that may indicate that the site is aimed at Italian residents. Ministerial Decree No. 228 of May 24, 1999 revises Italian mutual fund regulation to permit Italian management companies to solicit investments in non-harmonized open-end funds and to create hedge funds and reserved funds. Under the Decree, a hedge fund may have no more than 100 investors and may not be the subject of a solicitation for investment. In addition, each investor must invest a minimum of one million Euro. Reserved funds may be organized as open-end funds or closed-end funds but can only be sold to types of investors described in fund by-laws that also meet qualifications set out in the Decree. Under the Decree, qualified investors are limited to certain specified institutional investors and natural persons having specific capabilities and experience in operations involving financial instruments. The Bank of Italy will issue regulations with respect to specific items of the Decree. Mary S. Podesta Senior Counsel Attachment