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Annexe

CENTRAL  
BANKING  
LEGISLATION

Volume II Europe

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# CENTRAL BANKING LEGISLATION

A collection of  
Central Bank, Monetary and Banking Laws

## INTERNATIONAL MONETARY FUND MONOGRAPH SERIES

- No. 1. Central Banking Legislation: A Collection of Central Bank, Monetary and Banking Laws, selected and annotated by Hans Aufricht (1961)
- No. 2. The Fund Agreement in the Courts, by Joseph Gold (1962)
- No. 3. International Monetary Problems, 1957-1963, by Per Jacobsson (1964)
- No. 4. Central Banking Legislation: A Collection of Central Bank, Monetary and Banking Laws; Volume II, Europe, selected and annotated by Hans Aufricht (1967)

Volume II: Europe

Statutes and related materials  
selected and annotated by  
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## ITALY

|   | <i>Page</i> |
|---|-------------|
| <b>CENTRAL BANK LAW</b>   |             |
| Statute of the Bank of Italy, 1936 .....                                    | 421         |
| Constitution of the Republic, 1947: Article 47 .....                        | 441         |
| Banking Law, 1936: Articles 3 and 20-24 .....                               | 441         |
| Decree-Law on Revaluation of the Bank of Italy's Gold Holdings, 1960 .....  | 443         |
| <b>BANKING LAW</b>  |             |
| Banking Law, 1936   |             |
| Summary .....   | 444         |
| Articles 1, 2, 4, 5, and 35 .....   | 449         |
| Banking Code: A Note .....  | 451         |
| Decree on the Interministerial Committee for Credit and Savings, 1947 ..... | 453         |
| <b>MONETARY LAW</b>   |             |
| Monetary Unit: A Note .....   | 455         |
| Decree on the Currency Circulation, 1946 .....                              | 456         |
| <b>BRETON WOODS AGREEMENTS MEASURES</b>                                     |             |
| Law No. 132 of March 23, 1947 .....   | 457         |
| Ministerial Decree No. 64047 of October 20, 1947 .....                      | 458         |
| <b>BIBLIOGRAPHICAL NOTE</b> .....   | 459         |

## Publication of Statutes and Regulations

Statutes, regulations, treaties, and public notifications of other measures are published in the *Gazzetta Ufficiale della Repubblica Italiana*. In addition, the text in full of laws, decrees, and international agreements are published annually in the *Raccolta Ufficiale delle Leggi e dei Decreti della Repubblica Italiana*.

## The Statute of the Bank of Italy, 1936<sup>1</sup>

NOTE.—The Bank of Italy (Banca d'Italia) was established by virtue of Law No. 449 of August 10, 1893 and of the Agreement between the Bank and the Minister of the Treasury dated October 30, 1894 and approved by Decree No. 533 of December 10, 1894. With effect from January 1, 1894, the Bank began to exercise the note-issue privilege formerly held by the Banca Nazionale nel Regno d'Italia (which had been established in 1849), two Tuscan banks (Banca Nazionale Toscana and Banca Toscana di Credito), and the Banca Romana (which was liquidated), so that in the period 1894-1926 the note-issue privilege was exercised by the Bank of Italy and two banks in Southern Italy, the Banco di Napoli and the Banco di Sicilia. The note-issue privilege of the latter two banks was terminated on July 1, 1926, and since then the Bank of Italy has had the exclusive right of note issue. Also in 1926, the Bank took on the character of a central bank having special powers in the banking field.

The Bank of Italy is at present governed by a Royal Decree of June 11, 1936 as amended (the text of which follows this Note) and by Articles 3 and 20-24 of the Banking Law, 1936 (see below, pp. 441-443).

### TITLE I. CONSTITUTION AND CAPITAL OF THE BANK OF ITALY

Art. I. The Bank of Italy is an institution incorporated under public law [*Istituto di diritto pubblico*] within the meaning of Royal Decree-Law No. 375 of March 12, 1936. It shall carry out banking functions, may issue bearer instruments and shall, as the sole issuing institution, issue bank-notes within the limits and according to the rules laid down by law.<sup>2</sup>

<sup>1</sup> Statuto della Banca d'Italia, approvato con il Regio Decreto 11 giugno 1936, n. 1067 (Statute of the Bank of Italy, approved by Royal Decree No. 1067 of June 11, 1936). As amended by Presidential Decrees No. 482 of April 19, 1948 and No. 369 of February 12, 1963. The original text was published in the *Gazzetta Ufficiale* of June 18, 1936 and therefore entered into force on that date. For a consolidated version in Italian, see the pamphlet edition, *Statuto della Banca d'Italia . . .* (Rome, 1963), or Associazione Bancaria Italiana, *La legge bancaria e le altre norme essenziali in materia creditizia*, 6th ed. (Rome, 1964), pp. 517-536.

<sup>2</sup> Although still technically in force, the obligation of the Bank of Italy (set forth in Art. 4 of Royal Decree No. 2325 of December 21, 1927) to maintain a reserve in gold, or in currencies of countries whose bank notes are convertible into gold, in an amount equivalent to not less than 40 per

Under its new status, the Bank of Italy shall reassume without limitation all the assets, rights, privileges, liabilities, obligations and commitments of the institution that was created by Law No. 449 of August 10, 1893.

**Art. 2.** The Bank of Italy shall have its Central Administration in Rome.

Its subsidiary establishments shall be distinguished as offices, branches and agencies.

It shall have offices in the cities of Ancona, Bari, Bologna, Cagliari, Florence, Genoa, Leghorn, Milan, Naples, Palermo, Rome, Turin, Trieste and Venice.

It must have branches or agencies in the principal towns of those provinces where it does not have offices.

When it becomes necessary to make changes in the actual status of offices and the other subsidiary establishments, the measures to be taken for that purpose must be approved by the Board of Directors and the Minister of the Treasury.

**Art. 3.** The capital of the Bank of Italy shall be three hundred million lire, represented by shares [quote] of one thousand lire each.

These shares shall be registered and may be held only by:

- (a) Savings banks;
- (b) Credit institutions incorporated under public law and banks of national interest;
- (c) Social security institutions;
- (d) Insurance institutions.

The shares may be transferred, by consent of the Board of Directors, only from one to another entity included in the categories listed in the preceding paragraph.

**Art. 4.** The certificates attesting ownership of the shares shall be issued by the Central Administration of the Bank of Italy in accordance with the procedure approved by the Board of Directors.

The transfer referred to in the last paragraph of Article 3 must be by means of endorsement on the back of the original certificate, with the signatures of the parties certified by a notary. The certificate must be presented to the Central Administration of the Bank, which shall arrange for the issuance of a new certificate made out to the transferee, and the transferee may avail himself of the rights of a shareholder only from the time of the presentation of the transferred certificate.

cent of the note circulation and the Bank's other sight liabilities was temporarily suspended by Decree-Law No. 1293 of July 21, 1935. For an annotated text of Royal Decree No. 2325 of 1927, see G.A. Micheli and P. Pagliazzi, *Codice della banca, borse e valute* (Bologna, 1952), pp. 10-12.

## TITLE II. ADMINISTRATION OF THE BANK

**Art. 5.** The powers of the institution are vested in:

- (a) The General Meeting of Shareholders;
- (b) The Board of Directors [*consiglio superiore*] and the Committee of the Board of Directors;
- (c) The Governor, the General Manager and the Deputy General Manager.

### 1. GENERAL MEETING OF SHAREHOLDERS

**Art. 6.** The Ordinary General Meeting of Shareholders, called by the Board of Directors not less than fifteen days before the date set for the meeting, shall convene in Rome not later than May 31 of each year. The Governor shall serve as Chairman.

Shareholders who have held one hundred or more shares for at least three months shall have the right to participate.

The right to participate belongs to the holders in whose names the shares are registered, regardless of any restriction to which the shares may be subject and of their ownership.

**Art. 7.** The agenda of the Ordinary Meeting shall be established by the Board of Directors and shall include approval of the balance sheet and appointment of the auditors and two alternates.

It shall also include all proposals presented to the Board of Directors within the month of March, in a request signed by one or more shareholders who have together held five thousand or more shares for at least three months.

The date and the agenda of the meeting shall be announced to the shareholders by a notice published at least fifteen days before the meeting in the *Gazzetta Ufficiale* of the Italian Republic.

**Art. 8.** The shareholders entitled to participate in the General Meeting have one vote for every one hundred shares up to five hundred, and one vote for every five hundred shares exceeding five hundred, provided that they have held the shares for not less than three months.

Each shareholder entitled to participate in the General Meeting shall be represented by his own legal representative or by another person who is not a member of the Board of Directors of the Bank or of the Board of Auditors, by special authorization issued on appropriate forms with the signature certified by the manager of an office or branch or the head of an agency of the Bank.

No delegate may represent more than two shareholders.

Those who participate as legal representatives of shareholders, or as proxies of shareholders, or in both capacities together, shall in no case have the right to more than fifty votes.

**Art. 9.** The General Meeting shall constitute a quorum when at least thirty shareholders holding one tenth or more of the Bank's capital participate in the person of their legal representatives or proxies.

If this number of shareholders and shares is not reached, the meeting shall be postponed not less than eight nor more than fifteen days from the first convocation. This second meeting shall constitute a quorum regardless of the number of shareholders or the amount of capital represented.

The postponement of the meeting shall be announced in the *Gazzetta Ufficiale* in the interval between the first and the second meeting, with notice that it is a second convocation.

The Chairman of the meeting may extend the meeting to the next day when the agenda has not been completed on the day set.

If a quorum is not present on the second day the resolutions adopted on the first day shall be considered valid, and for discussion of the other matters included in the agenda a new meeting shall be called according to the formalities indicated in the present Article for reconvocation in the absence of a quorum.

At the second meeting called, resolutions may not be adopted on matters other than those remaining on the agenda of the first meeting.

**Art. 10.** Resolutions receiving a majority of the votes of the shareholders present shall be valid.

**Art. 11.** Proposals not included in the agenda may not be discussed, but the meeting may take them into consideration and resolve to have them included in the agenda of the next meeting.

**Art. 12.** Subject to the rules established for Ordinary Meetings, Extraordinary Meetings may be called by a resolution of the Board of Directors or at the request of the auditors or of shareholders who together have held, for at least three months, twenty thousand or more shares.

The Board of Directors shall, within thirty days from the legal presentation of a request as referred to in the preceding paragraph, draw up the agenda of the Extraordinary Meeting, which must be held within two months after presentation of the request.

The agenda of these meetings shall also be prepared by the Board of Directors and shall include the proposals presented by the auditors and shareholders.

**Art. 13.** The minutes of the general meeting shall be recorded by a notary public and shall be signed within one month from the month of the meeting by the Chairman of the meeting and by two shareholders delegated for that purpose by the meeting.

**Art. 14.** General Meetings of Shareholders at the offices shall be called annually by the Board of Directors in the manner and form established in Articles 6, 7 and 8 and shall have as their object the appointment

or renewal of appointment of the member of the Board of Directors from the office in question.

The meeting shall constitute a quorum when at least fifteen shareholders holding one twentieth of the capital are present in the person of their legal representatives or proxies.

The chairman of these meetings shall be the chairman of the Board of Regents of the office concerned or, in his absence, the member of the Board of Regents with the greatest seniority in regard to appointment and age.

The duties of secretary and recording secretary of the meeting are performed by the secretary of the Board of Regents or, in his absence, by one of the persons present at the meeting to be appointed by the chairman of the meeting.

When the number of members of the Board of Directors to be appointed reaches one half of the members of that Board, the appointments shall be entrusted to a Single General Meeting to be held in Rome, in accordance with the conditions prescribed in the preceding Articles. At such meetings, a separate vote shall be taken for each office.

**Art. 15.** The General Meeting of Shareholders at the offices, whenever invalid because of the absence of a quorum of shareholders or shares represented, shall be postponed in accordance with the procedure established in Article 9.

**Art. 16.** Appointments entrusted to General Meetings in Rome and at the offices shall take place by secret ballot. Only those who receive an absolute majority of votes shall be considered appointed.

## 2. BOARD OF DIRECTORS

**Art. 17.** The Board of Directors shall be composed of:

The Governor;

Thirteen directors appointed by General Meetings of Shareholders at the offices of the Bank, one director for each office.

General Meetings for the Florence and Leghorn offices shall be held at the Florence office for the appointment of a single representative.

The members of the Board of Directors shall serve for three years and may be re-elected.

The Directors shall be replaced at the rate of four for the first and the second year and five for the third year, by lot in the first two years and by order of length of service thereafter.

Retiring directors may be re-elected.

The General Manager shall attend the meetings of the Board of Directors and, except when acting as the Governor's substitute, shall serve only in an advisory capacity.

The Deputy General Manager shall act as secretary.

The Governor, members of the Board of Directors, the General Manager and the Deputy General Manager shall be Italian citizens.

**Art. 18.** The Board of Directors shall have its meetings in Rome under the chairmanship of the Governor.

It shall appoint four of the Directors at its first meeting each year to form the Committee, together with the Governor. The Governor shall be chairman of the Committee, and the General Manager shall also attend in an advisory capacity.

The Deputy General Manager shall perform the duties of secretary. Retiring members of the Committee may be re-elected.

Ordinary and special meetings shall be held by the Board of Directors. The former, as a rule, shall be held quarterly at the invitation of the Governor; the latter whenever the Governor considers it necessary or upon a well-founded request from at least three members of the Board itself.

The Board shall constitute a quorum when at least seven of the members are present, not including in this number the Governor or his substitute.

Decisions shall be adopted by an absolute majority. The Governor or his substitute shall vote only in the case of a tied vote. Votes on matters referring to persons shall be taken by secret ballot; in other cases, by open vote.

The Committee shall, as a rule, meet once a month at the invitation of the Governor; the provisions of the preceding paragraph shall be applicable to this meeting.

**Art. 19.** The Board of Directors may appoint and dismiss the Governor, the General Manager and the Deputy General Manager.

For taking such action, the Board shall be summoned to an ordinary meeting at the invitation of the Governor for appointment or dismissal of the General Manager or the Deputy General Manager, and at the invitation of the Director having the greatest seniority in respect to appointment and age among the Directors for appointment or dismissal of the Governor.

For appointment or dismissal of the Governor, the Board of Directors shall be presided over by the Director having greatest seniority; the decision must be taken with at least two thirds of the Board members present, excluding the Governor, and with the affirmative vote of at least two thirds of those present.

For the appointment and dismissal of the General Manager or the Deputy General Manager, the decision must be taken with at least two thirds of the Board members present and with the affirmative vote of at least two thirds of those present.

Summoning of the Board to a special meeting to decide upon the actions referred to in the preceding paragraphs shall be made through the Governor or, as the case requires, the Director having greatest senior-

ity, when written request for such action is made by two thirds of the Board members, not including the Governor. The convocation shall take place not later than twenty days after the request.

Appointments and dismissals must be approved by decree of the President of the Republic on the proposal of the President of the Council of Ministers in agreement with the Minister of the Treasury, the Council of Ministers having been heard.

**Art. 20.** The Board of Directors shall be charged with the general administration of the Bank.

In conformity with legislative and regulatory provisions, the Board shall:

- (1) Decide upon the form and characteristics of bearer notes, insofar as they concern the Bank, and of bank drafts and checks;
- (2) Decide upon the creation and issue of bank notes and the destruction of those retired and cancelled;
- (3) Determine the rules and conditions for the Bank's operations;
- (4) Assign funds to the offices and branches for their monthly operations;
- (5) Appoint the Bank's correspondents at home and abroad;
- (6) Decide upon the internal rules and regulations of the Bank;
- (7) Decide upon the establishment of special cash offices for the safe-keeping of assets not kept in the vaults and regulate the functioning of these offices;
- (8) Establish rules to govern the central cash office;
- (9) Regulate the operation of the social security funds of employees and allocate the amounts necessary for the regular administration of these funds;
- (10) Determine the number of members of Boards of Regents and counsellors at offices and branches;
- (11) Determine the organizational structure of the staff, fix salaries and appoint and dismiss employees;
- (12) Appoint and dismiss members of the Boards of Regents and counsellors, and determine which of them are to assume the duties of examiner and of opening and closing the cash offices; it shall report the conferring of such functions to the Board of Auditors;
- (13) Establish bond for the cashiers and other employees responsible for assets and decide upon release of such bond;
- (14) Decide upon the release of bond for officers;

- (15) Examine and approve the annual balance sheet and the profit and loss statement and resolve to present them to the auditors and the General Meeting of Shareholders for final approval; after the auditors' report has been given, it shall determine the dividends and the dividend installments to be paid to shareholders;
- (16) Authorize contracts involving the transfer of real property for amounts exceeding three million lire and compositions, agreements and assignments concerning credits for amounts exceeding twelve million lire, and express its opinion on all other contracts and court actions which, because of their importance, the Governor sees fit to submit to it for approval;
- (17) Decide upon cancellations, reductions and restrictions of mortgages registered in favor of the Bank, as well as subrogation in favor of third persons so long as there is a credit outstanding, except as provided in Articles 25 and 26;
- (18) Adopt the necessary decisions in regard to the provisions of Article 2;
- (19) Decide upon all other matters which, not being specifically entrusted to the General Meeting of Shareholders, the Governor considers should be submitted to it.

**Art. 21.** The minutes and excerpts from the decisions of the Board of Directors or its organs shall be certified by the Governor, or his substitute, and by the secretary.

**Art. 22.** The Committee, at the request of the Governor, shall give its opinion concerning questions of special importance and, if necessary, decide upon proposals made to the Board of Directors concerning such questions.

The Committee may also take decisions on such matters within the Governor's field of competence as the Governor may delegate to it.

It may also adopt special decisions in regard to the Board of Directors' general decisions or in implementation of special powers delegated to it by the Board.

### 3. AUDITORS AND EXAMINERS

**Art. 23.** There shall be five auditors.

The examiners may not number more than four at each office or branch.

The auditors shall function as a group, and shall examine the administration of the Bank, directly at the Central Administration and either directly or through examiners at the offices and branches, for observance of the laws, this Statute and the general regulations.

The auditors shall maintain contact with the examiners both for the audit of the cash accounts and the portfolios at each office and branch

and for any observations advanced by the examiners in the exercise of their functions.

The auditors shall examine the statements, balance sheets and profit and loss statements, and express their opinion on the distribution of the annual dividend and installments on the dividend.

They may attend the meetings of the Board of Directors.

They shall report to the Governor, when necessary, their own observations and those received from the examiners.

The auditors shall be paid a fixed fee established year by year by the General Meeting, in addition to the reimbursement of expenses.

**Art. 24.** The examiners shall consider the course of business at the offices and branches at which they are appointed and examine the balance sheets semiannually.

They shall have the right to obtain from the managers such information as they consider useful for the fulfillment of their functions.

On instructions from the auditors, they may demand to examine the records, the portfolio and the cash situation in order to carry out the audit, which in every case must be performed completely by two of them at least once each quarter.

They shall transmit to the auditors, for possible communication to the Governor, proposals and observations which they believe useful for the operation of the Bank, at the same time giving a report to the manager of the subsidiary establishment and, at the offices, also to the Board of Regents. For this purpose, each office and each branch shall have an appropriate book for recording such observations as they may see fit to enter.

### 4. THE GOVERNOR

**Art. 25.** The Governor shall represent the Bank of Italy vis-à-vis third persons in all acts and contracts and in the courts. He has the right to sign for the institution.

He shall decide upon the distribution, among the various categories of operations, of the funds assigned to the offices and branches for their monthly operations.

He shall make provision for operations in government securities and in foreign currencies.

He shall make proposals to the Minister of the Treasury concerning changes in the discount rates and in the interest rate on advances.

He shall have the power in exceptional cases to increase or to restrict the monthly allocations to the offices and branches, subject to reporting such action to the Board of Directors at its first subsequent meeting.

He shall propose to the Board of Directors the appointment or dismissal of employees of the Bank, of members of Boards of Regents at the offices, and of counsellors at the branches.

He shall determine the rules for promoting the senior staff; shall appoint managers of offices and branches and heads of agencies; and shall arrange for their assignment and transfer.

He shall make to the Board of Directors any proposals, within the Board's sphere of competence, which he may consider useful for the Bank and for the smooth functioning of the administration.

All matters not expressly reserved to the the Board of Directors and its Committee by the present Statute are referred to the Governor, with the exception of the power mentioned in Article 20(19).

Vis-à-vis third persons and the Registrar of Mortgages, the Governor shall have the right in all cases, including those indicated in Article 20(17), without any limitations or conditions, to permit cancellation, extension, reduction and restriction of, and annotations and succession to rights to, mortgages and pledges and, in general, any mortgage formality.

**Art. 26.** The Governor, with the concurrence of the Committee, shall:

- (a) Consent to transactions, agreements and assignments related to credits not exceeding twelve million lire and shall report them to the Board of Directors;
- (b) Decide upon special operations proposed by the offices and branches and report them to the Board of Directors.

#### 5. GENERAL MANAGER AND DEPUTY GENERAL MANAGER

**Art. 27.** The General Manager is authorized to sign ordinary administrative documents for the Bank, and may delegate this authority with the prior approval of the Governor.

He shall carry out the decisions of the Board of Directors taken at the meetings in which he takes part in an advisory capacity when not replacing the Governor.

He may attend meetings of the Boards of Regents of the offices and of the committees of the branches, or delegate this function to the Deputy General Manager.

He shall determine the rules for promotion of personnel and assignment of personnel to posts in the Central Administration and the subsidiary establishments, except as provided in Article 25.

He shall draw up contracts, subject to authorization or approval by the Board of Directors in the cases indicated in Article 20(16) and in observance of the provisions of Article 26(a). He may delegate the drawing up of contracts by means of a simple letter to officers or employees of the Bank.

He may, without advance authorization, permit transfers and changes of ownership of registered public-debt certificates belonging to the Bank, as well as cancellation of encumbrances and liens recorded in favor of the Bank itself on either the above-mentioned registered certificates or any other instrument of the state debt.

He may permit the cancellation of mortgages and the return of pledges, as well as subrogation in favor of third persons when the credit of the Bank guaranteed by the mortgages and pledges has been fully repaid.

He may also permit the extension as well as the reduction and restriction of mortgages, partial return of pledges and partial subrogation in favor of third persons in proportion to a decrease in the credit.

Vis-à-vis third persons and the Registrar of Mortgages, the General Manager shall have the right in all cases, including those indicated in Article 20(17), without any limitations or conditions, to permit cancellation, extension, reduction and restriction of, and annotations and succession to rights to, the mortgages and pledges and, in general, any mortgage formality.

**Art. 28.** The General Manager shall replace the Governor in the event of his absence or disability in respect of all functions entrusted to the Governor by virtue of his office.

Vis-à-vis third persons, the Registrar of Mortgages, the Public Debt Administration and other public offices, the signature of the General Manager constitutes full proof of the absence or disability of the Governor.

**Art. 29.** The Deputy General Manager shall assist the General Manager in the carrying out of his duties and replace him in the event of his absence or disability. In the event of the simultaneous absence of the Governor and the General Manager, he shall also replace the Governor.

Vis-à-vis third persons, the Registrar of Mortgages, the Public Debt Administration and other public offices, the signature of the Deputy General Manager constitutes full proof of the absence or disability of the General Manager.

#### 6. ADMINISTRATION OF OFFICES

**Art. 30.** At each office there shall be a Board of Regents.

The members of the Board of Regents shall be chosen from among persons who have a thorough knowledge of the local economy. They shall number from seven to fourteen, according to the office's volume of business.

The manager of the office shall be a voting member of the Board of Regents.

The members of the Board of Regents shall be elected for six years by the Board of Directors from a double list proposed by the Governor, and half of them shall complete their terms every three years. They may be re-elected.

In addition to those referred to in the second paragraph, the members of the Board of Directors appointed by the meeting are *ex officio* members of the Board of Regents at the offices where they have been elected.<sup>3</sup>

Each Board of Regents shall elect annually from among its members a chairman and a secretary, who may be re-elected.

<sup>3</sup> See Art. 17, above.

**Art. 31.** The Board of Regents shall meet as a rule once a month and at such other times as the chairman considers necessary, or when three members so request.

No decision shall be valid unless a majority of the members holding office is present, excluding those acting as examiners, who take part in an advisory capacity.

Decisions shall be taken by an absolute majority of those voting. In case of a tie, the chairman or his substitute shall have the deciding vote.

Votes concerning persons shall be cast by secret ballot.

**Art. 32.** The Board of Regents is charged with the administration of the office, within the limits established by the present Statute, with the functioning of the discount committees, the daily opening and closing of the vaults and the cash audit. It shall establish the necessary rotation of duties.

The member of the Board of Regents on duty who is responsible for the daily opening and closing of the cash office shall be entrusted with one of the three keys to the vault. This member in turn shall deliver the key directly into the hands of the colleague next on duty.

The Board of Regents shall see to it that the regulations and instructions of the Central Administration are observed.

It shall review the monthly operating account of its own office and examine its semiannual balance sheets.

It shall submit an estimate of the administrative expenses of the office to the Governor.

It shall examine the proposals for transactions and settlements with debtors of the office and decide on acceptance or rejection.

Through its representative on the Board of Directors, it may bring to the attention of the Governor and the Board of Directors measures it deems useful to the office and to the institution.

**Art. 33.** Two members of the Board of Regents, by turns, excluding those acting as examiners, and the manager shall compose the committee whose function is to decide upon the eligibility of bills of exchange presented.

No bill of exchange shall be eligible without the affirmative vote of the manager and another member of this committee.

Bills of exchange with the signature of employees of the Bank shall be ineligible.

The eligibility of bills of exchange bearing the signatures of members of the Board of Regents or counsellors or their firms or commercial companies in which they perform any function shall be determined only by a committee in which they do not participate.

#### 7. BRANCHES

**Art. 34.** The branches shall have a manager and several counsellors. The counsellors shall number not less than four nor more than ten;

they shall be elected for two years by the Board of Directors from a double list proposed by the Governor, and half of them shall be replaced each year.

If the number is uneven, the smaller number shall be replaced the first year.

They may be re-elected.

**Art. 35.** Two counsellors by turns, excluding those acting as examiners, and the manager, acting as chairman, shall comprise the committee which shall decide upon the eligibility of bills of exchange presented.

No bill of exchange shall be eligible without the affirmative vote of the manager and one counsellor.

For bills of exchange bearing the signatures of employees of the Bank or of counsellors, the provisions of the third and fourth paragraphs of Article 33 shall be observed.

**Art. 36.** The counsellors, under the chairmanship of the manager, shall meet twice a year to examine and approve the semiannual balance sheet, with the presence of at least two counsellors acting as examiners.

The manager, after the opinion of the counsellors on active duty has been heard, shall propose to the Governor transactions and settlements with debtors of the branch.

The opening and closing of the vaults is a function of the counsellors acting as examiners. For this purpose, each shall be entrusted in turn with one of the three keys to the vault, which must be delivered directly into the hands of the officer next on duty.

#### 8. MANAGERS

**Art. 37.** The management of the offices and the operations of each office and branch of the Bank is assigned to a manager in the service and under the supervision of the Central Administration and, at the offices, under the supervision of the Board of Regents also.

The managers shall represent the Bank in relations with third persons, both in the courts and in all acts and contracts concerning the office or branch in question, without the need for special authorization, except that of the General Manager in relations with the Registrar of Mortgages for the mortgage formalities mentioned in Article 27, and subject to the advance decision of the Board of Directors in the cases provided for in Article 20.

The managers shall propose to the Central Administration transactions and settlements with debtors of the Bank, the Boards of Regents having expressed their opinion at the offices, and the committees at the branches.

They shall sign correspondence, bank drafts, bank checks, payment orders, discharges of local bills of exchange, endorsements and transfers of registered securities made out to them in their official capacity or to the Bank for guaranteeing operations or for furnishing bond for employees at the offices and branches concerned. With the consent of the General

Manager and under their own responsibility, they may delegate to the cashier or to another employee some of the above-mentioned powers of signature.

They shall distribute the funds made available to the office or branch among the various categories of operations, according to the instructions of the General Manager.

**Art. 38.** Whenever the absence or disability of the manager of an office occurs unexpectedly, the chairman of the Board of Regents or his substitute shall provide for a temporary substitute where there is no deputy manager, taking over the management himself or delegating it to another member of the Board of Regents and immediately notifying the Governor.

If the contingencies indicated in the preceding paragraph take place in branches not having a deputy manager, the counsellor having greatest seniority in regard to appointment and age among the counsellors present shall take over the temporary management, immediately notifying the Governor.

**Art. 39.** The Governor shall have the right in each case to delegate an inspector or another employee of the Bank to take over temporarily the management of offices or branches.

Members of Boards of Regents, counsellors, employees designated by the Governor, or deputy managers, when temporarily replacing managers at offices and branches, shall have the functions and powers of the latter.

#### 9. AGENCIES

**Art. 40.** The agencies shall be under the control of an office or a branch designated by the Board of Directors, which may by way of exception permit the temporary direct control of the agency by the Central Administration when special circumstances justify the exception.

The administrative organization and the system of agency operations shall be established by the Board of Directors upon the proposal of the Governor.

An agency head [*capo di agenzia*] shall be in charge of each agency.

#### TITLE III. OPERATIONS OF THE BANK

**Art. 41.** The Bank may carry out the following operations:

(1) Rediscount bills of exchange and payment orders [*assegni bancari*] according to the provisions of the existing laws, in favor of both public-law and private-law credit institutions listed in the register referred to in Royal Decree-Law No. 375 of March 12, 1936 and subsequent amendments;\*

\*The term *assegni bancari* in this context refers to payment orders addressed to banks and is not synonymous with checks; see also Art. 45.

- (2) Discount Treasury bills, warrants issued by general warehouses and legally established bonded warehouses, and coupons on bonds on which the Bank may make advances;
- (3) Make advances against the pledge of securities, other assets and goods indicated by law;
- (4) Invest funds in securities issued or guaranteed by the State;
- (5) Issue bank drafts and checks;
- (6) Purchase and sell gold and gold currencies [*valuta auree*], bills of exchange and checks on foreign countries, and investment of funds either on current account or in first-class foreign currencies in those countries in which bank notes may be redeemed in gold.

Gold and gold currencies, foreign currencies and claims of the Bank on foreign countries that are set aside as reserves to guarantee notes and other sight liabilities must be considered as earmarked and may not be used in operations that are incompatible with the purposes of the guarantee.

**Art. 42.** The Bank may also:

- (1) Receive deposits for safekeeping, as security, or subject to other restrictions;
- (2) Receive funds on current account, with or without interest, repayable at sight or at a future time;
- (3) Construct or acquire buildings for the use of the Central Administration, offices, branches and agencies, or for the account of the Pension Fund for the personnel of the Bank of Italy, or as an investment of funds in any way intended for the retirement of the Bank's personnel;
- (4) Collect, for the account of private persons, companies or legal entities, securities payable in the State or abroad and, in general, perform cash services for the account and risk of third persons.

**Art. 43.** The Bank of Italy shall act as treasury for the provinces under special agreements; and, under conditions determined by the Board of Directors it may perform other services for the account of the State Treasury.

**Art. 44.** The Bank of Italy shall manage the existing clearinghouses and those which, with its consent, are established in the future. The Bank of Italy may carry out deferred payment operations at the clearinghouses.

## RULES FOR OPERATIONS

**Art. 45.** Bills of exchange and payment orders pertaining to the operations referred to in Article 41(1) shall have a maturity not exceeding four months and bear two or more signatures of persons known to be solvent.

The Treasury bills, coupons and warrants referred to in Article 41 may not be discounted for a period exceeding four months.

**Art. 46.** The operations referred to in Article 41(1) and (2) shall require the affirmative vote of the appropriate committees referred to in Articles 33 and 35.

**Art. 47.** Bills of exchange payable where the Bank does not have a subsidiary establishment may be remitted for collection to a correspondent appointed by the Board of Directors.

**Art. 48.** Advances against pledges shall be made by means of an original receipt in duplicate, each indicating the length of the legal period and containing a reference to the present Statute. In conformity with Article 67, paragraph 3, of Royal Decree-Law No. 267 of March 16, 1942, the provisions concerning the revocability of contracts, payments and guarantees in cases of bankruptcy proceedings shall not be applicable to these advances.

The securities, other assets, or goods pledged shall serve to guarantee any right or title which the Bank may have vis-à-vis persons or firms furnishing pledges, even in connection with other operations.

The value of goods on which advances may be granted must be ascertained by experts designated by the Bank.

**Art. 49.** The beneficiaries of advances must be domiciled or elect domicile in the town where the subsidiary establishment of the Bank at which the advance is granted is located.

**Art. 50.** The recipient of an advance assumes the obligation of repayment within the period indicated in the receipt. The value of the thing pledged must always exceed the amount of the advance by not less than fifteen per cent.

Whenever the current price of the securities or goods pledged undergoes a decrease which reduces by one half the difference between the value of the securities or goods and the amount of the credit opened, the pledgor must, by reason of the decrease in price, either re-establish the pledge or return a proportional part of the amount of the advance. If, however, the difference between the amount of the advance and the pledge is sufficient, the pledge shall be re-established by means of a corresponding reduction of the credit opened.

When the debtor, after a price decrease as referred to in the preceding

paragraph, fails to comply with the present provisions, the Bank may, provided that a notice has been delivered by a bailiff to the domicile declared or elected in the receipt, effect without formality, five days from the date of the notice, the total or partial sale of the securities or goods pledged.

**Art. 51.** If, within two days after the expiration date, the debtor does not pay the obligations assumed, the Bank shall order payment by means of a bailiff's warrant, delivered to the domicile declared or elected in the receipt. Five days from the date of the order, the Bank, without other formalities, may sell in whole or in part the securities or goods pledged.

For the sale of foreign securities, the Bank may make use of its foreign correspondents.

The procedure indicated in the preceding paragraphs does not affect or suspend the other means of action which the Bank may use, even as the omission of that procedure does not imply any responsibility for the Bank, or diminish its rights of credit and priority.

The Bank shall reimburse itself out of the proceeds of the sale as concerns the principal, incidental charges and expenses, and shall give the debtor a receipt. If a shortfall results, the debtor must repay it within two days; if, however, there is a surplus, the Bank shall return it to the debtor, except as provided in Article 53.

**Art. 52.** Deferred payment operations shall be carried out at clearing houses on securities of the type eligible for advances and deposited at the clearing houses.

The operations shall be liquidated daily and may in no case be extended beyond the fourth day.

In case of insolvency, the Bank, according to Article 2797 of the existing Civil Code, shall have the right to sell the securities deposited, settling with the proceeds from the sale each of its credits, including interest up to the day of the sale.

The provisions of the following Article are applicable to securities deposited for deferred payment operations.

**Art. 53.** Liens established for any reason in favor of the Bank of Italy also serve automatically to guarantee in their full amount any other direct or indirect credit of the Bank, even if it is not liquid and collectible, to the same debtor, whether established before or after the operation guaranteed.

## TITLE IV. BALANCE SHEETS, PROFITS AND LOSSES, RESERVES

**Art. 54.** A balance sheet and an inventory of assets and liabilities of the Bank shall be prepared each year.

A statement showing the profits, expenses and losses of the annual period shall also be prepared.

The profits shall be those which result in the course of the year from ordinary as well as extraordinary transactions and from recovery of amortized claims.

The expenses shall comprise those of ordinary administration, those of replenishing the gold reserve, those for the issue of bearer notes and the like, fees and other charges prescribed by law, and amounts expended for purposes of charity or for contributions to works of public importance within annual limits established by the Board of Directors.

In addition to these expenses, the following shall be taken into account in determining the amount of the disposable net profits: the claims written off in the financial year; necessary depreciation and similar charges; and depreciation payments against expenses which the Board of Directors distributes over several financial years.

Of the net profits shown in the approved balance sheet, the Board of Directors, after having set aside for the gradual formation of an ordinary reserve fund up to twenty per cent of the net profits, shall distribute a dividend not exceeding six per cent of the capital.

With the balance, still upon the proposal of the Board of Directors and with the approval of the Minister of the Treasury, special funds and extraordinary reserves may be established by means of the utilization of an amount not exceeding twenty per cent of the total net profits; and there may be distributed to the shareholders, as a supplement to the dividend, an additional amount not exceeding four per cent of the capital.

The remaining sum shall revert to the State according to Article 3 of the Ministerial Decree of December 31, 1936 issued in implementation of Royal Decree-Law No. 1647 of September 5, 1935.

The ordinary reserve, if decreased by depreciation of losses or for any other reason, shall, except as provided below in Article 56, be reconstituted entirely as soon as possible.

**Art. 55.** The reserves shall be invested in the manner and forms established by the Board of Directors with the approval of the Minister of the Treasury.

The yield from investment of the reserves shall be used to increase the reserves.

**Art. 56.** From the annual yield on the invested reserves, an amount not exceeding four per cent of the amount of the reserves as shown in the balance sheet approved at the Ordinary Meeting of the preceding year may, upon the proposal of the Board of Directors and with the approval of the Ordinary Meeting, be set aside and distributed to shareholders in proportion to the individual shares, in addition to the amount provided for in Article 54.

**Art. 57.** The profit and loss statement shall be presented to the auditors, together with the annual balance sheet, not later than April 15

of each year. On the basis of this statement, the Board of Directors shall review the report of the auditors and decide upon the allocation of the profits and the dividends to be distributed to shareholders and to be actually paid after approval of the balance sheet by the General Meeting.

**Art. 58.** In the month of July of each year, the Governor shall present to the Board of Directors the profit and loss statement for the first half of the year. On the basis of this statement, the Board of Directors, with the favorable recommendation of the auditors and after approval by the Minister of the Treasury, may decide upon the distribution to the shareholders of a partial payment of the dividend.

#### TITLE V. GENERAL PROVISIONS

**Art. 59.** Neither the Governor, the General Manager, the Deputy General Manager, the general officers, the managers of offices and branches, nor any other employees may belong to other credit institutions, engage in commerce, carry out stock exchange operations, be administrators, agents, or auditors of any company, have interests in general partnerships, or assume responsibilities in limited partnerships.

The Board of Directors may, nevertheless, permit them by way of exception to engage in activities referred to in the preceding paragraph, provided that they are limited to the functions of administrators at companies or other entities when such activity is recognized to be in the interests of the Bank.

Similarly, it may permit them to assume functions as auditors only in the case of employees having a grade not higher than that of department head or a similar grade.

**Art. 60.** Senators and Deputies and other persons holding political office may not be members of the Boards of the Bank.

In addition, administrators, agents, auditors, managers and employees of the institutions mentioned in Articles 5 and 41 of Royal Decree-Law No. 375 of March 12, 1936,<sup>5</sup> and of credit institutions in general, shall be excluded from membership of the Board of Directors of the Bank, insofar as the appointments entrusted to the General Meetings of Shareholders are concerned.

The provisions of the preceding paragraphs shall also be observed for the appointments entrusted to the Board of Directors by Article 20(12) of the present Statute and shall also be extended in such cases to directors and employees of the public administration and of any other enterprise of a public or private nature.

<sup>5</sup> For the text in English of Art. 5 of Decree-Law No. 375 of March 12, 1936, see below, p. 450; for the text (in Italian) of Art. 41, see Associazione Bancaria Italiana, *La legge bancaria e le altre norme essenziali in materia creditizia*, 6th ed. (Rome, 1964), pp. 59-60.

**Art. 61.** The members of the Boards of Regents of offices and the counsellors at branches must be Italian citizens domiciled in the municipality, or at least in the province, where they are called upon to perform their functions.

**Art. 62.** The officers and employees are obliged to observe the utmost secrecy in every matter pertaining to the Bank and in their relationships with third persons.

**Art. 63.** The officers of the Bank, in case of bankruptcy or even mere suspension of payments, as well as in other cases indicated in Article 2382 of the existing Civil Code, shall cease to hold office immediately.

**Art. 64.** The officers of the Bank shall receive attendance fees, the amount of which shall be established by the General Meeting of Shareholders.

The members of the Board of Directors shall receive for this post, instead of fees, an allowance to be established in a lump sum by the General Meeting of Shareholders, in addition to reimbursement of their expenses.

**Art. 65.** The following must possess, in full and free ownership, securities of the State or guaranteed by the State, valued at the price prevailing on the date of deposit:

the members of the Board of Directors, the Governor, the General Manager, the Deputy General Manager, the members of the Boards of Regents of offices, counsellors at branches and principal agencies, in the amount determined by the General Meeting of Shareholders;

employees having the grade of agency chief or higher, in the amount determined by the Board of Directors.

**Art. 66.** The securities owned in accordance with the preceding Article shall be understood to have been deposited by the persons indicated in the same Article to guarantee the performance of their duties, and shall remain blocked and inalienable for the entire duration of those persons' functions and offices. For the securities of members of the Board of Directors and members of the directorate [*direttorio*], release may not be decided until after approval by the General Meeting of Shareholders of the balance sheet for the year in which they ceased to hold office; for all others, release may not be decided upon until six months after the Board of Directors has taken note of the cessation of their respective functions.

All these securities shall remain on deposit in the cash offices of the Bank as long as they are blocked.

## The Constitution of the Republic, 1947<sup>1</sup>

### ARTICLE 47

The Republic shall encourage and protect all forms of saving. It shall regulate, coordinate and control the exercise of the credit function. It shall encourage the investment of the people's savings in home ownership, in the direct ownership of cultivable land and directly and indirectly in the capital stock of the great productive enterprises of the country.

<sup>1</sup> La Costituzione della Repubblica Italiana. Approved by the Constituent Assembly on December 22, 1947 and effective January 1, 1948.

## The Banking Law, 1936<sup>1</sup>

### ARTICLES 3 AND 20-24

**Art. 3.** The Bank of Italy shall be an institution incorporated under public law [*istituto di diritto pubblico*]. The modifications in its regime and in the exercise of its functions that result from Title III of this Law are being added to its Statute.

### TITLE III. THE INSTITUTE OF ISSUE

**Art. 20.** The Bank of Italy, created by Law No. 449 of August 10, 1893, is declared an institution incorporated under public law.

The capital of the Bank shall be three hundred million lire and shall be represented by three hundred thousand shares [*quote*] of one thousand lire each, fully paid up.

In order to protect public credit and ensure continuity in the direction of the institute of issue, the registered shares of the capital stock [*quote di partecipazione al capitale*] may be held only by:

- (a) Savings banks;
- (b) Credit institutions incorporated under public law and banks of national interest;
- (c) Social security institutions;
- (d) Insurance institutions.

**Art. 21.** In consequence of the new status of the Bank of Italy, the present shareholders shall be reimbursed, from June 1, 1936, for the value

<sup>1</sup> Arts. 3 and 20-24 of the Banking Law, 1936 (Royal Decree-Law No. 375 of March 12, 1936), as amended are included here under the general heading of Central Bank Law because they have a direct bearing on the status of the Bank of Italy as a central bank. For additional information on the Banking Law, see below, pp. 444-451.

of the shares by reference to the Bank's situation at December 31, 1935, at the fixed rate of one thousand three hundred lire for each share, representing the paid-up capital and the accrued segment of reserves.

The amount for shares that are restricted for any reason, or registered in the names of minors or persons not having full legal capacity, shall remain deposited in the institute of issue pending the determination of measures for their release or reinvestment for the same purposes and with the same restrictions as before.

On April 15, 1936 there shall be constituted, under the chairmanship of the Governor of the Bank of Italy, a consortium comprising the institutions and agencies referred to in Article 20 as taking possession of the three hundred thousand shares of the capital stock of the Bank of Italy.

The savings banks shall be requested to invest, in the form of subscriptions to the said shares of capital stock, amounts not exceeding those for which they were reimbursed under the terms of the first paragraph of this Article.

The remaining shares of capital stock shall be allocated to the other agencies and institutions mentioned in Article 20.

**Art. 22.** The Board of Directors of the Bank shall be composed of the Governor and thirteen directors who shall be appointed by the General Meetings of Shareholders.

A representative of the Minister of the Treasury [*Ispettore del Tesoro*], appointed by the Minister, shall take part in such Meetings.

The members of the Board shall remain in office for three years and may be re-elected.

The Directors shall be replaced at the rate of four for the first and the second year and five for the third year, by lot in the first two years and by order of length of service thereafter.

The new Board of Directors shall take office not later than July 1, 1936.

The Board of Directors shall have no power to intervene in matters entrusted to the Interministerial Committee under Article 12.<sup>2</sup>

**Art. 23.** From July 1, 1936, rediscount operations may be carried out only by agreement with credit institutions, whether public-law or private-law, that are subject to the supervision of the Inspectorate.<sup>3</sup>

Discount operations existing at June 30, 1936 with private clients shall be gradually wound up until terminated.

Operations in respect of advances on securities shall continue to be carried out in accordance with the laws in effect, and this shall apply also

<sup>2</sup> See Arts. 1 and 5 of Legislative Decree No. 691 of July 17, 1947, below, pp. 453 and 454.

<sup>3</sup> By virtue of Art. 2 of Decree-Law No. 691 of July 17, 1947, the functions of the Inspectorate referred to here were conferred on the Bank of Italy; see below, p. 454.

to transactions between private persons. The provisions of Article 709 of the Commercial Code shall not be applicable to these operations.<sup>4</sup>

**Art. 24.** On the proposal of the Head of the Government in agreement with the Minister of Finance, the new Statute of the Bank of Italy shall be approved by Royal Decree, in accordance with the provisions of this Law.

<sup>4</sup> The Commercial Code has been superseded by the Civil Code of 1942, and the provisions referred to here are now covered by a special law governing bankruptcy.

## The Decree-Law on Revaluation of the Bank of Italy's Gold Holdings, 1960<sup>1</sup>

THE PRESIDENT OF THE REPUBLIC

Article 77, second paragraph, of the Constitution having been seen;  
Considering the extraordinary and urgent need to make arrangements for the revaluation of the gold holdings of the Bank of Italy;  
The Council of Ministers having been heard;  
On the proposal of the Minister of the Budget and the Minister of the Treasury, in agreement with the Minister of Finance;

### DECREES:

**Art. 1.** The Bank of Italy is authorized to compute its own holdings of gold in Italian lire at the rate of Lit 703.297396 per gram of fine gold.

**Art. 2.** The net increment resulting from the revaluation of the gold holdings referred to in the preceding Article shall be exempt from all taxes and credited to the Treasury, to be used by the latter for coverage and repayment of debit accounts with the institute of issue.

The entry for the issues of bank notes by the Allied Forces, for the account of the same, amounting to Lit 145,141,829,865, which was the subject of Legislative Decree of the Acting Head of State, No. 441 of December 12, 1946, shall be included in the extraordinary advances of the Bank of Italy by means of crediting funds to the State against the collateral of ordinary Treasury bonds.

By decrees of the Minister of the Treasury, arrangements shall be made to give effect to the provisions of the preceding paragraph.

<sup>1</sup> Norme per la rivalutazione delle disponibilità in oro della Banca d'Italia; Decreto-Legge 28 gennaio 1960, n. 14 (Norms for the Revaluation of the Gold Holdings of the Bank of Italy; Decree-Law No. 14 of January 28, 1960). The Decree-Law was published in the *Gazzetta Ufficiale* of February 2, 1960 and therefore entered into force on that date.

**Art. 3.** The Minister of the Treasury is authorized to conclude with the Governor of the Bank of Italy the implementing agreement for putting the present Decree into effect.

**Art. 4.** The present Decree shall enter into force on the date of its publication in the *Gazzetta Ufficiale* of the Republic and shall be submitted to the Chamber of Deputies for transformation into law.

The present Decree, stamped with the State seal, shall be included in the Official Collection of Laws and Decrees of the Italian Republic. It shall become obligatory for whomever it may concern to observe it and to cause it to be observed.

### The Banking Law, 1936<sup>1</sup>

#### SUMMARY

The Banking Law comprises 105 articles divided into 9 titles as follows: Title I, General Provisions (Arts. 1-10); Title II, Establishment of the Inspectorate for the Protection of Deposits and the Carrying on of Credit Activities (Arts. 11-19); Title III, Institute of Issue (Arts. 20-24); Title IV, Credit Institutions Incorporated Under Public Law and Banks of National Interest (Arts. 25-27); Title V, Regulation of Institutions, Enterprises and Entities Accepting Short-Term Deposits (Arts. 28-40);<sup>2</sup> Title VI, Regulation of

<sup>1</sup> The Banking Law of Italy as presently in force comprises principally Royal Decree-Law No. 375 of March 12, 1936 (*Regio Decreto-Legge* 12 marzo 1936, n. 375), transformed into Law No. 141 of March 7, 1938 (*Legge* 7 marzo 1938, n. 141) and amended through July 1, 1966 by various related measures. The title of the 1936 Decree-Law (which has been retained in subsequent modifications) describes the measure as containing "provisions to safeguard savings and for the regulation of credit activities" (*disposizioni per la difesa del risparmio e per la disciplina della funzione creditizia*). For a consolidated text in Italian, see *Associazione Bancaria Italiana, La legge bancaria e le altre norme essenziali in materia creditizia*, 6th ed. (Rome, 1964), pp. 23-99. The text in English of Arts. 1, 2, 4, 5, and 35 is given below, pp. 449-451. Also, the text in English of Arts. 3 and 20-24, which deal exclusively with the Bank of Italy, is given above, pp. 441-443.

<sup>2</sup> As Art. 1 of the Law speaks of *la raccolta del risparmio fra il pubblico*, and considering that the Law in its entirety (and in particular Art. 2) is not confined to "savings banks," it is reasonable to infer that in the context of the Law the word *risparmio* is not intended to be used exclusively in reference to "savings deposits" in the strict sense. On the legal status of deposits of money with banks, see Art. 1834 of the Civil Code, 1942, which reads:

"Deposits of money. In the case of deposit of a sum of money at a bank, the latter acquires ownership and is obligated to make restitution in the

the Acceptance of Medium-Term and Long-Term Deposits (Arts. 41-46);<sup>3</sup> Title VII, Mergers, Extraordinary Administration and Liquidation of Enterprises Accepting Short-Term Deposits (Arts. 47-86 bis);<sup>4</sup> Title VIII, Penal Provisions (Arts. 87-98); Title IX, Miscellaneous, Transitional and Final Provisions (Arts. 99-105).

The guiding principle of the Law is expressed in Art. 1: that the acceptance of deposits<sup>5</sup> from the public and the granting of credit are matters affecting the public interest. In contrast to the general banking laws of numerous other countries, the Italian Banking Law includes (Arts. 20-24) basic provisions on the nature, organization, and functions of the Bank of Italy. It further declares (Arts. 25-27) certain banks to be "credit institutions incorporated under public law" (*Istituti di credito di diritto pubblico*) and others to be "banks of national interest" (*Banche di interesse nazionale*).

Art. 2 provides that all business enterprises (*aziende*) whether constituted under public or private law, which accept deposits from the public and grant credit shall be supervised by an Inspectorate for the Protection of Deposits and the Carrying on of Credit Activities. The Inspectorate was, however, replaced in 1947 by the Interministerial Committee for Credit and Savings, and its functions were transferred to the Bank of Italy. The Committee avails itself of the services of the Bank of Italy, both for fact-finding and for implementation of its decisions, and the Governor of the Bank of Italy participates in the meetings of the Committee, which is otherwise composed of the Minister of the Treasury as Chairman, the Minister of Public Works, the Minister of Agriculture and Forestry, the Minister of Industry and Commerce, the Minister of Foreign Trade, the Minister of the Budget, and the Minister for Enterprises with State Participation.<sup>6</sup>

The terms "bank," "banking," "savings bank," "credit," "sav-

same kind of money (*nella stessa specie monetaria*) at the maturity agreed upon or at the request of the depositor, subject to the observance of the notice fixed by the parties or by usage.

"Unless otherwise agreed upon, payments and withdrawals shall take place at the bank at which the deposit has been established."

<sup>3</sup> See Arts. 1, 2, and 3 of Legislative Decree No. 691 of July 17, 1947, below, pp. 453-454. Although the provisions of the Banking Law, 1936, which provided for the establishment of the Inspectorate (Title II, Arts. 11-19) have not been expressly repealed, they have been substantially modified by Legislative Decree No. 691 of 1947 and other related measures and have, therefore, not been summarized here. For a consolidated and annotated text of Title II of the Banking Law, 1936, see *Associazione Bancaria Italiana, op. cit.*, pp. 31-34.

ings," and similar terms may be used as part of the name of a firm only by the institutions, entities, or enterprises that are subject to the control of, and duly authorized by, the Bank of Italy (Art. 2).

The authorization of the Bank is also required (a) for any issue of shares, bonds, or other negotiable securities through any of the aforementioned institutions, and (b) for admission of these securities to any of the stock exchanges in the Republic (Art. 2).

Officers of the Government and of government-controlled enterprises may not occupy administrative or directorial posts in credit institutions, except by express authorization of the Interministerial Committee for Credit and Savings (Art. 9).

All reports and other information or data concerning the institutions that are subject to the control of the Bank of Italy are to be treated as secret. Furthermore, all officers of the Bank are pledged to secrecy. It is their responsibility to bring to the attention of the Governor of the Bank of Italy any irregularity that becomes known to them (Art. 10).

The following are expressly designated as credit institutions incorporated under public law: Banco di Napoli, Banco di Sicilia, Banca Nazionale del Lavoro, Istituto Bancario S. Paolo di Torino, Monte dei Paschi di Siena, and Banco di Sardegna (Art. 25).

Banks of national interest shall be so designated by decree of the President of the Republic on the proposal of the Minister of the Treasury; only those banks may be recognized as banks of national interest which are constituted as joint-stock companies, whose activities are nationwide in scope, and which maintain branch offices in at least 30 provinces (Art. 25). On January 1, 1966 the following banks were in this category: Banca Commerciale Italiana, Banco di Roma, and Credito Italiano.

The shares of the joint-stock companies designated as banks of national interest shall be registered shares (*azioni nominative*) in accordance with the Italian legislation currently in force which requires that all shares be registered shares. The charters of the public-law credit institutions and of banks of national interest shall be approved by decree of the Minister of the Treasury, the Interministerial Committee for Credit and Savings having been heard (Art. 27).

Art. 28 provides that the credit institutions which are subject to control by the Bank of Italy<sup>4</sup> may not be established, begin opera-

<sup>4</sup> These are enumerated in Art. 5 of the Law (see below, p. 450).

tions, or open head offices or branch offices, in Italy or abroad, without the express authorization of the Bank of Italy; moreover, the Bank is empowered to prescribe the minimum capital or endowment fund (*fondo di dotazione*) required for the establishment of any new credit institution.

The Bank of Italy shall keep a register of all enterprises that accept short-term deposits; the register shall include the latest information on the name of the enterprise, its legal form, its capital or endowment fund and reserves on the basis of the latest balance sheet, and the location of the head office and of the branch offices (Art. 29).

Institutions subject to the provisions of Title V (that is, those accepting short-term deposits) shall send periodically to the Bank of Italy, in the prescribed manner and form, statements and balance sheets. Moreover, the Bank may order regular or extraordinary inspections to be made by agents, who shall be empowered to request all documents or records of transactions which they may require for the appropriate discharge of their responsibilities (Art. 31).

Credit institutions are required to follow the instructions which the Bank of Italy issues, in conformity with the decisions of the Interministerial Committee for Credit and Savings, concerning the matters enumerated in Art. 32 of the Law. These include (a) the prescription of rules governing balance sheets and other statements; (b) the rates of interest payable or charged by banks to customers and the terms applicable to deposit and current account transactions; (c) commissions payable in respect of the various banking services; (d) the ratio of the various categories of authorized investments either to the liquidity of the credit institution concerned or to the different economic sectors to which the investments are allocated; (e) the minimum percentages of the net profit to be allocated to reserves; (f) the ratio between the net worth [*patrimonio*] of the firm and its obligations.<sup>5</sup>

The Interministerial Committee for Credit and Savings may

<sup>5</sup> By virtue of a decision adopted by the Interministerial Committee for Credit and Savings at its meeting on May 16, 1962, a Center for Banking Risks (*Centrale dei Rischi bancari*) has been established with the purpose of mitigating the risks incurred by individual credit institutions; for details on the general principles by which the Center is guided, see Associazione Bancaria Italiana, *op. cit.*, pp. 48-49 (note 16bis).

decide that certain types of investment shall require the prior approval of the Bank of Italy (Art. 33).

Art. 35 gives the Bank of Italy certain specific powers in respect of its supervision and regulation of the credit institutions.<sup>6</sup> In particular, the Bank is empowered to (a) convene meetings of partners, participating institutions, and the administrative organs of banks; (b) regulate the ratio of the capital of a credit institution to its investments; and (c) prescribe conditions for the granting of credit (Art. 35).

The minutes of meetings of shareholders and of partners of the credit institutions referred to in Art. 5 shall be approved by the appropriate organs not later than the day following the deliberations and shall be transmitted to the Bank of Italy within ten days (Art. 37).

The administrators, directors, liquidators, or members of the supervisory organs of any of the credit institutions referred to in Art. 5 may not contract any obligations, whatever their nature, or engage in purchase or sales transactions, with the firm which they administer, direct, or supervise, except with the unanimous approval of the board of directors and the supervisory organ (Art. 38).

The Bank of Italy is empowered to require administrators, managers, managing directors, department heads and directors of branch offices to furnish a special bond (*cauzione speciale*), which shall be deposited with the Bank under such terms as the Bank may prescribe for individual cases or on a general basis. The bond may be supplemented by deductions from the salary of the official concerned. There are special provisions on disposing of and allocating the proceeds from the disposition of such a bond (Art. 39).

The provisions of Title VI (Arts. 41-46), which concern the regulation of credit institutions that accept medium-term and long-term deposits, follow, for the most part, the pattern of similar provisions under Title V.

The functions and responsibilities in respect of personal credit, agricultural credit, and real estate credit have also been conferred on the Interministerial Committee for Credit and Savings (Art. 41).

The Bank of Italy, as technical agent of the Interministerial Committee, is empowered to carry out regular and extraordinary inspections of the institutions mentioned in Art. 41 (as modified by Decree-Law No. 370 of August 23, 1946). These institutions,

<sup>6</sup> The text of Art. 35 is given below, pp. 450-451.

in turn, must submit to the Bank their annual balance sheets and such other data as the Bank may require (Art. 42).

The institutions mentioned in Art. 41 must obtain prior approval from the Bank of Italy for any capital increase, provided that there are no other legal limitations in force precluding such increase (Art. 44). Any participation in syndicates (*sindacati di collocamento*) dealing in stocks, bonds, or securities other than government securities or securities guaranteed by the State is prohibited unless the issue of the securities concerned has previously been authorized by the Bank of Italy (Art. 45).

Title VII of the Law, which concerns credit institutions accepting short-term deposits, is subdivided into three chapters: mergers (Arts. 47-56); extraordinary administration (Arts. 57-66); and liquidation (Arts. 67-86bis).

Title VIII (Arts. 87-98) contains penal provisions, and Title IX (Arts. 99-105) contains miscellaneous, transitional, and final provisions.

#### ARTICLES 1, 2, 4, 5, AND 35

**Art. 1.** The acceptance of deposits from the public, in any form, and the granting of credit are activities of public interest governed by the provisions of this Law.

These activities are carried on by credit institutions incorporated under public law, banks of national interest, savings banks, and private institutions, banks, agencies and enterprises authorized for such purposes.

**Art. 2.** All business enterprises that accept deposits from the public and grant credit, whether constituted under public law or private law, shall be subject to the control of a government agency, established for this purpose and called the Inspectorate for the Protection of Deposits and the Carrying on of Credit Activities.

This body shall hereinafter be called the Inspectorate.<sup>7</sup>

The terms "bank," "banking," "savings bank," "credit," "savings," and the like may under no circumstances be used in the title of institutions, bodies or enterprises which are not subject to the control of the Bank of Italy and which consequently have not received its authorization.

Any issue of shares, bonds, Treasury bills, or transferable securities of any kind, whether this is to be effected through enterprises subject to the Bank of Italy's control or whether the intention is to place transferable securities on the market in the stock exchanges of the Republic, is subject to authorization by the Bank of Italy.

<sup>7</sup> As the Inspectorate was subsequently replaced (see above, p. 445), the text which follows has been adjusted to reflect this change.

**Art. 4.** The constitution and management of credit institutions incorporated under public law and of banks of national interest are governed by Title IV of the present Law.

**Art. 5.** The Bank of Italy shall exercise control over the receipt of short-term deposits by the following:

- (a) credit institutions incorporated under public law and banks of national interest, as referred to in Article 4;
- (b) banks and credit institutions in general, however constituted, including People's Cooperative Banks, which accept sight or short-term deposits from the public, on savings account, on current account or in any form and denomination whatever;
- (c) branch offices, within the Republic, of foreign credit institutions;
- (d) savings banks;
- (e) pawnshops;
- (f) farmers' and artisans' cooperatives.\*

The control for which this Article provides shall be exercised in accordance with the regulations in Title V of this Law.

All institutions, entities and persons listed in this Article shall hereinafter be referred to collectively as credit institutions.

**Art. 35.** The Bank of Italy shall also be empowered, vis-à-vis the institutions subject to its supervision:

- (a) to order the convening of meetings of the partners and participating enterprises, as well as of the boards of directors and other administrative organs, for the purpose of studying any measures considered helpful to the institution, and to make direct arrangements for calling such meetings when the competent organs have not complied with their obligation to do so;
- (b) to order the use of executory judgment against debtors who, in the opinion of the Bank, show excessive delay in settling their obligations to the credit institutions;
- (c) to establish procedures for the elimination, reduction, or regularization in some form, of immobilized [immobilizzati] items in the statements of the aforementioned institutions.

\* Defined as "cooperative societies with unlimited or limited guarantee, the chief purpose of which is to extend credit to farmers and artisans, together or separately" (Art. 1 of Royal Decree No. 1706 of August 26, 1937).

The Bank of Italy shall further be empowered:

- (a) to regulate the ratio between the total assets of the institution and its investments in real estate and corporate shares;
- (b) to determine the maximum limits of the credits that may be granted and to establish regulations and time limits for reducing these maxima in the case of proven excesses;
- (c) to issue regulations with regard to the declarations that persons requesting credit must make concerning their assets and economic conditions before credit can be granted;
- (d) to express its opinion regarding any petition an institution may wish to bring before the court for a meeting of its creditors in order to propose an arrangement to them; the petition shall be declared unacceptable by the judicial authority if it is not accompanied by the above-mentioned opinion or by a simple "no objection" [*nihil obstat*] by the Bank to presentation of the petition.

### The Banking Code: A Note

1. Although the Banking Law, 1936, as confirmed and amended (see above) is widely recognized as the basic Banking Law, its provisions constitute only one segment of a great variety of legal measures—statutes, decrees, instructions, etc.—which constitute the banking code in the broader sense. Actually, the principal legal characteristics of the Italian banking structure are understandable only by reference to all the pertinent measures. The reader who seeks information on the banking code in the broader sense is advised to consult Ernesto de Biase, *Codice della banca* (Rome, 1960), G. A. Micheli and P. Pagliazzi, *Codice della banca, borse e valute* (Bologna, 1952, Florence, 1963, and Florence, 1964), 2 vols. and supplement, and Associazione Bancaria Italiana, *La legge bancaria e le altre norme essenziali in materia creditizia*, 6th ed. (Rome, 1964).

2. Aside from the relevant provisions of the Banking Law, 1936, as confirmed and amended, the principal measures governing the public-law credit institutions are reproduced in, for example, de Biase, *op. cit.*, pp. 177-335; see in particular the text of the ministerial decrees approving the charter of the Banco di Napoli at pp. 177-201, of the Banco di Sicilia at pp. 205-237, of the Banca

Nazionale del Lavoro at pp. 291-304, of the Monte dei Paschi di Siena at pp. 305-321, and of the Banco di Sardegna at pp. 323-335.

3. The executive decrees of October 7, 1936, as amended, approving the charters of the banks of national interest are reproduced in, for example, de Biase, *op. cit.*; see in particular pp. 336-348 for the Banca Commerciale Italiana, pp. 348-360 for the Banco di Roma, and pp. 361-372 for the Credito Italiano. Moreover, the charter of the Institute for Industrial Reconstruction is an indispensable source for any survey of the legal setting in which the banks of national interest operate; for the text of the Decree-Law approving this charter, see de Biase, *op. cit.*, pp. 1546-1554, and for the other measures concerning the Institute adopted in the period 1933-47, *ibid.*, pp. 1522-1546.

4. Special norms for the People's Cooperative Banks have been established by virtue of Decree-Law No. 105 of February 10, 1948; for the text, see de Biase, *op. cit.*, pp. 372-375. For the text of the charter of the Central Institute of the Italian People's Cooperative Banks, see *ibid.*, pp. 375-384.

5. Among the credit institutions engaged in medium-term and long-term financing, the Istituto Mobiliare Italiano, established by virtue of Decree-Law No. 1398 of November 13, 1931, is of special significance; for the text of this Decree-Law, see de Biase, *op. cit.*, pp. 1431-1436.

6. The Civil Code, 1942, contains a special chapter (XVII) in Title III of Book IV entitled Bank Contracts (*Dei contratti bancari*, Arts. 1834-1860). For the text of these provisions and other relevant material, such as interbank agreements concerning various matters covered in the above-mentioned Chapter XVII, see, for example, de Biase, *op. cit.*, pp. 499-545. In addition, the Civil Code contains numerous other provisions on contract and company law which directly or indirectly affect banking.

### The Decree on the Interministerial Committee for Credit and Savings, 1947<sup>1</sup>

#### THE ACTING HEAD OF STATE

Royal Decree-Law No. 375 of March 12, 1936 transformed into Law No. 141 of March 7, 1938 having been seen;  
 Law No. 636 of April 7, 1938 having been seen;  
 Law No. 933 of June 10, 1940 having been seen;  
 Law No. 1752 of December 3, 1942 having been seen;  
 Provisional Legislative Decree No. 226 of September 14, 1944 having been seen;

Presidential Legislative Decree No. 370 of August 23, 1946 having been seen;

Royal Decree No. 204 of April 28, 1910 having been seen;  
 Provisional Legislative Decree No. 1 of January 4, 1945 having been seen;

Provisional Decree-Law No. 151 of June 25, 1944 having been seen;  
 Presidential Legislative Decree No. 98 of March 16, 1946 having been seen;

Presidential Legislative Decree No. 1 of June 10, 1946 having been seen;

The resolution of the Council of Ministers having been seen;  
 On the proposal of the President of the Council of Ministers, in agreement with all the Ministers;

#### HAS SANCTIONED AND PROMULGATES THE FOLLOWING:

**Art. 1.** An "Interministerial Committee for Credit and Savings" shall be established, whose duty it shall be to supervise, at the highest level, the safeguarding of savings, the carrying on of credit activities, and exchange matters.

The Committee shall be composed of the Minister of the Treasury, who shall preside over it, and of the Ministers of Public Works, Agriculture and Forestry, Industry and Commerce, and Foreign Trade.<sup>2</sup>

The provisions of Royal Decree-Law No. 375 of March 12, 1936 transformed into Law No. 141 of March 7, 1938, and subsequent amendments, apply with regard to the jurisdiction, powers and functions of the Interministerial Committee.<sup>3</sup>

<sup>1</sup> Istituzione di un Comitato Interministeriale per il credito ed il risparmio; Decreto Legislativo del Capo Provisorio dello Stato, 17 luglio 1947, n. 691 (Establishment of an Interministerial Committee for Credit and Savings; Legislative Decree of the Acting Head of State, No. 691 of July 17, 1947). The Decree was published in the *Gazzetta Ufficiale* of August 2, 1947 and therefore entered into force on that date.

<sup>2</sup> The Minister of the Budget and the Minister for Enterprises with State Participation became members of the Committee by virtue of Decree-Law No. 10 of January 20, 1948 and Law No. 1589 of December 22, 1956, respectively.

<sup>3</sup> For a summary of this legislation, see above, pp. 444-449.

**Art. 2.** For examining the matters coming within its competence, and for implementation of its decisions, the Interministerial Committee shall avail itself of the services of the Bank of Italy, upon which have devolved the functions of the former Inspectorate for the Protection of Deposits and the Carrying on of Credit Activities.

The powers and authority attributed to the head of the Inspectorate mentioned above are conferred on the Governor of the Bank of Italy, who shall exercise them in accordance with directives issued by the Interministerial Committee.

The Governor of the Bank of Italy shall take part in the meetings of the Interministerial Committee.

**Art. 3.** The Bank of Italy, for the performance of the tasks assigned to it in the preceding Article, shall have authority to make use of the services of persons other than those on its own staff, notwithstanding the provisions of its Statute and regulations.

Accordingly, at the request of the Bank of Italy and by arrangement with the administrations concerned, members of all ranks and departments of the civil service, as well as personnel of public-law credit institutions and other public-law bodies and banks of national interest, may be required to undertake temporary service with the Bank.

**Art. 4.** Supervision of the Bank of Italy shall remain with the Minister of the Treasury, in accordance with Article 108 of T.U. [Consolidation Act] No. 204 of April 28, 1910.

**Art. 5.** The Board of Directors of the Bank of Italy shall have no power to intervene in matters assigned to the Interministerial Committee under Article 1.

The above-mentioned Board shall be composed only of members appointed, in accordance with Article 22 of Royal Decree-Law No. 375 of March 12, 1936 transformed into Law No. 141 of March 7, 1938, and subsequent amendments, by the General Meetings of Shareholders at which a Treasury Inspector, appointed by the Minister of the Treasury, is present.

Article 6 of D.I.L. [Provisional Legislative Decree] No. 1 of January 4, 1945 is hereby abrogated.

**Art. 6.** The measures concerning savings and credit matters regulated by Royal Decree-Law No. 375 of March 12, 1936 transformed into Law No. 141 of March 7, 1938, and subsequent amendments, and those relating to the control and supervision of the bodies enumerated in Article 1 of the said Royal Decree Law No. 375 of March 12, 1936, shall be issued by decree of the Minister of the Treasury, the Interministerial Committee—unless there are special reasons for urgency—having been heard.

**Art. 7.** By decree of the Acting Head of State, on the proposal of the Prime Minister, the Interministerial Committee having been heard, steps shall be taken to assemble, in a Consolidation Act, the provisions concerning the safeguarding of savings and the regulation of credit activities.

**Art. 8.** This Decree shall enter into force on the date of its publication in the *Gazzetta Ufficiale* of the Italian Republic.

### The Monetary Unit: A Note

The basic monetary unit of Italy is the lira.

By virtue of Law No. 788 of August 24, 1862 on the unification of the monetary system, the State Mints were authorized to coin gold, silver, and bronze coins of the weight and fineness specified in Art. 1 of that Law. These coins were to be denominated in terms of the lira, including multiples or fractions thereof. The territorial scope of the Law coincided with that of the Kingdom of Italy at that time; following the political unification of Italy in 1870, the lira became the monetary unit throughout Italy.

In addition to Provisional Legislative Decree No. 419 of May 8, 1946 on the Reorganization of the Currency Circulation of the State, which is published below, there are several major monetary measures in force, the text of which may be found in G. A. Micheli and P. Pagliazzi, *Codice della banca, borse e valute*, 7th ed. (Bologna, 1952); see, in particular, Royal Decree No. 204 of April 28, 1910, which approves the annexed consolidated text of the Law governing the institutes of issue and the circulation of bank notes, pp. 29-61.

For additional information on the legal and factual status of the lira as the unit of account and money of payment from the twelfth century through 1949, see René Sébillot, *Toutes les monnaies du monde: Dictionnaire des changes* (Paris, 1955), pp. 288-291.

*Par Value.* With effect from March 30, 1960, Italy agreed with the International Monetary Fund on an initial par value for the lira of 0.00142187 gram of fine gold per lira or 625 lire per U.S. dollar.

**The Decree on the Currency Circulation, 1946<sup>1</sup>.**  
**UMBERTO DI SAVOIA, PRINCE OF PIEDMONT, LIEUTENANT-GENERAL OF THE KINGDOM**

By virtue of the authority delegated to Us;  
 Royal Decree-Law No. 874 of May 20, 1935, authorizing the circulation of government notes, having been seen;  
 Royal Decree-Law No. 1671 of July 9, 1936, by which the metallic currency of the State was reformed, having been seen;  
 Royal Decree-Law No. 907 of February 7, 1938, authorizing the manufacture and issue of *acmonital*<sup>2</sup> coins of Lit 2, Lit 1, Lit 0.50 and Lit 0.20, having been seen;  
 Provisional Decree-Law No. 151 of June 25, 1911 having been seen;  
 Provisional Legislative Decree No. 58 of February 1, 1945 having been seen;  
 The opinion of the National Council having been heard;  
 The resolution of the Council of Ministers having been seen;  
 On the proposal of the Minister-Secretary of State of the Treasury;

**WE HAVE SANCTIONED AND DO PROMULGATE THE FOLLOWING:**

**Art. 1.** The Royal Mint is authorized to manufacture and issue in replacement of the *acmonital*<sup>2</sup> and bronze coins as well as of the government notes presently in circulation, newly minted metal coins in denominations of Lit 10, Lit 5, Lit 2 and Lit 1.<sup>3</sup>

**Art. 2.** In succeeding provisional decrees, on the proposal of the Minister of the Treasury, there shall be determined the allocations and characteristics of the new coins, and provision shall be made for differences in weight arising from implementation of this Decree.

**Art. 3.** By decrees of the Minister of the Treasury there shall be established the date from which the newly minted coins shall be legal tender in the Kingdom, the date on which they shall cease to be legal tender and the term for the exchange of the *acmonital*<sup>2</sup> and bronze coins and government notes now in circulation, as well as the date on which the special fund for government debt notes shall close, and all other

<sup>1</sup> Riordinamento della circolazione monetaria dello Stato; Decreto Legislativo Luogotenenziale 8 maggio 1946, n. 419 (Reorganization of the Currency Circulation of the State; Provisional Legislative Decree No. 419 of May 8, 1946). The Decree was published in the *Gazzetta Ufficiale* of June 6, 1946.

<sup>2</sup> The term *acmonital* refers to coins made primarily of stainless steel.  
<sup>3</sup> By Decree of the Acting Head of State, No. 298 of September 6, 1946, the Mint was authorized to manufacture and issue metallic money (*Italma*) in specified denominations. The new coins consisted primarily of aluminum.

conditions and methods for carrying out the operation envisaged in this Decree.

**Art. 4.** This Decree shall enter into effect from the day following that of its publication in the *Gazzetta Ufficiale*, and in the provinces not yet restored to Italian administration, from the date on which it is put into effect by ordinance of the Allied Military Government.

WE ORDER that this Decree, stamped with the seal of the State, be included in the Official Collection of Laws and Decrees of the Kingdom of Italy, with the command that all make it their concern to observe it and cause it to be observed as a law of the State.

**Bretton Woods Agreements Measures**

**Law No. 132 of March 23, 1947<sup>1</sup>**

**Art. 1.** The Government of the Republic is authorized to accept membership in the International Monetary Fund and the International Bank for Reconstruction and Development on the terms and conditions established in the attached draft resolutions of the Boards of Governors of the two aforementioned institutions (Schedules 1 and 2).<sup>2</sup>

**Art. 2.** The Agreements for the establishment of the International Monetary Fund and the International Bank for Reconstruction and Development are hereby approved (Schedules 3 and 4).<sup>3</sup>

<sup>1</sup> Partecipazione dell'Italia agli Accordi sulla costituzione del Fondo monetario internazionale e della Banca internazionale per la ricostruzione e lo sviluppo; Legge 23 marzo 1947, n. 132 (Participation of Italy in the Agreements for the Establishment of the International Monetary Fund and the International Bank for Reconstruction and Development; Law No. 132 of March 23, 1947).

<sup>2</sup> Schedules 1 and 2, containing the Resolutions for Italy's membership in the Bank and the Fund, have been omitted here.

Italy's initial quota in the Fund, US\$180 million, was increased to US\$270 million with effect from October 15, 1959, to US\$500 million with effect from August 10, 1964, and to US\$625 million with effect from March 24, 1966 (pursuant to Resolutions of the Board of Governors of the Fund Nos. 14-1, 19-3, and 20-6, respectively). Also, Italy is a participant in the Fund's General Arrangements to Borrow, for amounts not exceeding Lit 343,750 million (equivalent to US\$550 million); see Appendix VI, below.

<sup>3</sup> Schedules 3 and 4 have been omitted here.

**Art. 3.** The Minister of Finance and the Treasury, with the concurrence of the Minister of Foreign Trade, is responsible for the implementation of the present Law and the relations to be maintained with the administrations of the Fund and the Bank, and may delegate to the Bank of Italy the functions involved in Italy's participation in the administration of the two aforementioned institutions.

**Art. 4.** The Minister of Finance and the Treasury is also authorized to adopt the financial measures necessitated by the application of the Agreements, and to make the changes in the budget necessary for the purpose.

The present Law, stamped with the seal of the State, shall be included in the Official Collection of Laws and Decrees of the Italian Republic. It is the obligation of whomsoever it may concern to observe it and to cause it to be observed as a law of the State.

#### Ministerial Decree No. 64047 of October 20, 1947

##### THE MINISTER OF THE TREASURY

Article 4 of the Law of March 23, 1947, authorizing the Minister of the Treasury to adopt provisions of a financial nature required for the application of the Articles of Agreement concerning the establishment of the International Monetary Fund and the International Bank for Reconstruction and Development, having been seen;

Article III, Section 5, of the Articles of Agreement of the International Monetary Fund and Article V, Section 12, of the Articles of Agreement of the International Bank for Reconstruction and Development, under which it has been agreed that a part of the quota to be paid in Italian currency may be paid in non-negotiable, non-interest-bearing bonds issued by the Government and payable at par on demand, having been seen;

Considering that, in order to come to an agreement with the above-mentioned international organizations on the amount of the quota to be paid in bonds, it is necessary that the text of the provisions authorizing the issue of said bonds, the sample of bonds to be issued and the legalized signature of the persons authorized to sign them on behalf of the Government be previously communicated to these organizations;

Mindful of the advisability of proceeding without further delay with the preliminary formalities;

Considering, moreover, that the definite quota to be paid in Italian lire to the International Monetary Fund can be determined only after the pending problems concerning the restitution to Italy of the gold detained by the Allies or deported by the Germans to Germany have been solved and after the declaration of the monetary parity has taken place, and considering that with respect to the International Bank for Reconstruction and Development the payments in excess of twenty percent of the quota must be effected in accordance with the requests of the

#### BIBLIOGRAPHICAL NOTE

Bank while the definite determination in Italian lire of the quota provisionally assigned in Italian currency is subject to the above-mentioned declaration of the monetary parity;

##### DECREES:

**Art. 1.** In order to comply with the obligation assumed by Italy by joining the International Monetary Fund and by subscribing to the capital of the International Bank for Reconstruction and Development, under the Articles of Agreement approved by Law No. 132 of March 23, 1947 and with respect to the quota to be paid in Italian lire, the issue of special, non-negotiable, non-interest-bearing Treasury bonds payable at par and on demand is hereby authorized.

**Art. 2.** With regard to the understanding to be reached with the international organizations specified in the preceding Article concerning the part of the quota to be paid in Italian currency and the part to be paid in Treasury bonds, the amount of each issue and the characteristics and the form of such bonds shall be established in subsequent ministerial decrees.

**Art. 3.** The Treasury bonds to be issued pursuant to the provisions of the preceding Articles shall contain an express obligation to pay on demand and without interest to the International Monetary Fund or to the International Bank for Reconstruction and Development the nominal value representing the amount of each bond by crediting the corresponding amount to the current account opened with the Bank of Italy in its capacity as depository in Italy of the above-mentioned organizations.

**Art. 4.** The bonds shall be signed by the Director-General of the Treasury, by the General Treasurer and by the Chief Comptroller of the General Treasury.

**Art. 5.** The present Decree shall be registered with the Court of Accounts.

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##### COMPANY LAW

The principal norms governing companies have been incorporated into the Civil Code, 1942. Title V of the Civil Code, entitled "della società," contains provisions on company law relating to partnership (Arts. 2251-2290), general partnership (Arts. 2291-2312), partially limited company (Arts. 2313-2324), joint-stock company (Arts. 2325-2461), company partially limited by shares (Arts. 2462-2471), and limited liability company (Arts. 2472-2493).

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