

# **BANCA UBAE S.p.A.**

## **NOTICE: BASIC RULES ON TRANSPARENCY IN BANKING PRACTICES**

The purpose of this notice is to remind customers about their rights and the rules which safeguard their interests.

This notice is concerned with transparency in banking transactions and banking services pursuant to Legislative Decree 385/1993 (also known as the consolidated banking act) and Banca d'Italia's bank supervision instructions.

This notice is not concerned with transparency in the provision of investment services or advisory services regarding investment in financial instruments, which is regulated by Legislative Decree 58/1998 (also known as the consolidated finance act) and the directives issued by Consob.

### **Section 1 - RIGHTS**

#### **Every customer is entitled:**

1. to consult and obtain a copy of this notice;
2. to consult and obtain copies of all special information sheets, which must be dated and revised on a timely basis, containing details of the bank, the characteristics and inherent risks of the transaction or service concerned, the terms and conditions applying thereto and the most significant contract clauses;
3. to receive paper or other hard copies of this notice and of the information sheets relevant to the transaction or service concerned if the bank uses remote communication techniques;
4. before signing it and subject to no conditions of any sort, to obtain a copy of the full contract as well as a summary of the terms, financial and otherwise, applying thereto to allow for a careful assessment of the same and on the understanding that delivery of such a copy does not entail an obligation on the part of the bank (or the customer) to conclude the contract;
5. after the contract has been signed, to receive copies thereof and of the summary referred to above;
6. to receive regular updates on the status and performance of his account or accounts - at the end of the contract period and once a year at a minimum - in the guise of a formal statement along with a summary of the contract's terms and conditions;
7. to be informed about any unfavourable changes to the contract's terms and conditions;
8. in the event of any unfavourable changes in rates, prices or other conditions, to withdraw from the contract within 15 days of receiving the bank's notice thereof - in writing or by any other authorized means - without incurring any penalties and on the same conditions as were applied beforehand;
9. to obtain within a maximum period of 90 days, albeit at his own expense, a copy of the documentation relevant to any transaction executed with the bank during the previous ten years.

**Where consumer loans<sup>(i)</sup> are involved, the customer is specifically entitled:**

10. to proceed to an early settlement of or withdrawal from the contract, without incurring any penalties, by paying the outstanding principal, accrued interest and charges, and a fee (if the contract so stipulates) which shall in no event exceed 1% of the residual principal amount;
11. if the rights arising from a consumer loan were assigned to a third party, to have recourse to the assignee in respect of any exceptions which might have been raised against the assignor, including set-off;
12. in the event of default by a supplier of goods and services who has an exclusive financing agreement with the lender, to have recourse to the latter or the assignee of the relevant credit rights if prior action against the former was unsuccessful.

**Section 2 - Customer Safeguards**

**The customer is further safeguarded by the following rules:**

1. Unless otherwise legally stipulated, all contracts must be in written form on penalty of being null and void.
2. If an offer is made in a place other than the bank's central or branch offices, the customer shall be given copies of this notice and of the information sheets relevant to the transaction or service concerned before signing the contract.
3. The customer shall be provided with the relevant information sheet before subscribing any structured securities<sup>(ii)</sup>,
4. If a customer is a consumer, he shall be supplied with the relevant information sheet before finalizing the purchase of any complex financial products.
5. All contracts shall state the interest rate and any other applicable prices or terms, including any default charges in the case of credit schemes.
6. Any contract clause providing for the interest rate or any other prices or terms to be modified to the customer's detriment must be expressly approved.
7. Any contract clause relating to the capitalization of interest must be expressly approved.
8. Credit and debit interest accruing on current accounts shall be calculated at the same intervals.
9. Any contract clauses purporting to set the interest rate or any other prices or terms by reference to custom shall be null and void, as will any clauses stipulating less favourable rates, prices or terms than those advertised in the relevant information sheets. Such clauses shall be replaced automatically by applying the conditions and prices that are foreseen by the law<sup>(iii)</sup>.
10. Interest accruing on deposits made with a bank in cash, by draft issued by the same bank, or by cheque drawn on the same branch as that receiving the deposit shall be reckoned as of the date on which the deposit was made and shall be due up to the date of withdrawal.
11. If a bank is involved in the placement of government bonds and certificates, it must ensure:
  - a) that the maximum commission which may be charged to execute the transaction is duly indicated;
  - b) that parameters and criteria are in place for determining yields in a transparent manner;
  - c) the existence of disclosure, transparency and advertising rules which the bank is held to comply with in placing such bonds and certificates.

**Where consumer loans are involved, the customer is specifically safeguarded by the following rules:**

12. Advertisements and promotional announcements shall state the actual global yearly interest rate (AGYIR) and related validity period.
13. Contracts must state: the loan amount and the manner in which it is disbursed; the number, amounts and maturities of repayment instalments; the AGYIR; the criteria for modifying the AGYIR if this is contemplated; the amount and nature of any charges not included in the AGYIR; any requirements involving guarantees; any insurance cover which the consumer is required to take and which is not included in the AGYIR. If any of the foregoing provisions is lacking or proves to be null and void, it will be replaced automatically in accordance with the law.
14. Contracts relating to the purchase of specified goods or services must state: the goods or services being purchased; the price for purchasing them in cash; the agreed purchase price and the amount of the down payment if applicable; the conditions regarding the transfer of ownership if such transfer is not immediate.
15. On penalty of being null and void, contracts involving a current-account overdraft that is unrelated to the use of a credit card must state: the overdraft limit and expiry (if applicable); the yearly interest rate and a breakdown of all charges applicable from the time the contract is made as well as the circumstances, if any, under which such charges may change during the course of the contract's validity; the terms and conditions for terminating the contract.
16. The provisions of art. 1525 of the Civil Code<sup>(iv)</sup> shall apply if the buyer defaults on the loan contract and the asset that was purchased with the borrowed sum was pledged as collateral against the loan.

### **Section 3 - COMPLAINTS and out-of-court settlement of disputes<sup>(v)</sup>**

**This bank is a party to the agreement for the establishment of a Customer Complaint Office (CCO) and a Bank Ombudsman. The agreement sets out a procedure for resolving disputes without resorting to the courts.**

The procedure is free of charge for the customer, save for the costs associated with correspondence addressed to the CCO or the Bank Ombudsman.

Any customer may file a complaint with the bank's CCO within two years from the time the disputed transaction was executed.

The complaint must be filed by registered letter with advice of receipt or delivered personally to the branch holding the customer's account. The CCO must process the complaint within a maximum of 60 days from the date on which it was submitted. A 90-day term will apply if the complaint refers to investment services.

If the bank concedes the customer's point, it must state the required time frame within which it will undertake to remedy the situation.

If the customer is a consumer and is not satisfied with the outcome of his complaint with the CCO (because he failed to get a response, because the response was wholly or partially negative, or because the bank gave a positive response but failed to follow through on it), he may appeal to the Bank Ombudsman. This is a 5-member panel whose address is Via delle Botteghe Oscure 46, 00186 Rome.

Appeals to the Bank Ombudsman may be filed up to one year from the time a complaint was sent to the bank's CCO. They must be submitted in writing, preferably by registered letter with advice of receipt or by electronic means, and contain an accurate description of the terms of the dispute along with any other useful information or documents. The Ombudsman may require both the bank and the customer to provide additional documentation if this is deemed necessary for a decision.

The Bank Ombudsman is competent to resolve disputes whose worth does not exceed EUR 10,000. A decision must be taken within 90 days of the date on which the appeal was received or of the appealing party's last communication and is binding on the bank though not on the customer.

A similar procedure applies to complaints regarding cross-border payments<sup>(vi)</sup>. In this case, the CCO must process the customer's complaint within 30 days.

If the customer - regardless of whether he is or is not a consumer - is not satisfied with the outcome of his complaint with the CCO, he may appeal to the Ombudsman's Special Section for disputes over cross-border payments of up to EUR 50,000 (plus charges incurred by the customer and any legal interest, which shall be reckoned as set out in Legislative Decree 253/2000) by proceeding in the same manner as indicated above. The Special Section must reach a decision within 60 days of the date on which the appeal was submitted.

Recourse to the CCO or the Bank Ombudsman does not invalidate the customer's right, which may be exercised at any time, to take the dispute to the courts or to invest an arbiter or arbitration panel with the matter if this is contemplated by the law.

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#### **END NOTES**

- i. A consumer loan is granted by the bank to an individual (ie, the consumer) for the purchase of goods or services which are unrelated to that individual's business or professional activity if such exists.
- ii. Structured securities are those combining a traditional debt instrument and a derivative.
- iii. In particular, automatic replacement means that credit and debit interest shall be reckoned at the minimum and maximum nominal rates for one-year Treasury bills respectively, while other prices and financial conditions shall be those advertised for equivalent transactions and services in the course of the contract's existence (if none is advertised, none is due).
- iv. Art. 1525 of the Civil Code (buyer's default on conditional sale) states that: "Any covenants to the contrary notwithstanding, the buyer's failure to pay a single instalment - provided its value does not exceed one-eighth of the purchase price - shall not invalidate the contract and the buyer shall retain the right to pay all subsequent instalments on the dates originally established."
- v. Procedures for filing complaints refer to investment services as well as banking services and transactions.
- vi. Cross-border payments are transactions whereby a bank in one EU country proceeds at the behest of a customer to place a sum of money at the disposal of a beneficiary (as indicated by the customer) with a bank in a different EU country. The customer ordering the payment and the beneficiary (ie, the person receiving the sum) may be one and the same.