

JURISDICTIONAL PROFILE: **Italy**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Italy. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

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RELEVANT JURISDICTIONAL AUTHORITY

Organisation	Organismo Italiano di Contabilità (OIC) [Italian Accounting Organisation]
Role of the organisation	<p>The OIC was formed in 2001 as a registered foundation, in response to the need perceived by the main public-sector and private-sector parties to establish a national standard setter that would be appropriately representative and would voice national opinions on accounting matters. The OIC Founders include organisations broadly representing the parties interested in accounting matters, including the accounting and auditing professions, preparers, industry associations, users such as analysts and data collectors, and representatives of the financial markets. The OIC mission is to:</p> <ul style="list-style-type: none">• issue Italian accounting standards;• respond to IFRS Foundation (Trustee, IASB Board, IFRS IC) consultations and to participate at IASB meetings and EFRAG meetings;• co-operate with the legislator in accounting matters; and

- act as promoter of the national accounting culture.

Website www.fondazioneoic.eu/

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COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards? Yes. Refer to the IAS Regulation adopted by the European Union in 2002.

Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards? Yes. Refer to the IAS Regulation adopted by the European Union in 2002.

What is the jurisdiction's status of adoption? Italy has already adopted IFRS for the consolidated financial statements of all companies whose securities trade in a regulated market.

Additional comments provided on the adoption status? As a member state of the European Union, Italy is subject to IAS Regulation adopted by the European Union in 2002:

ec.europa.eu/internal_market/accounting/legal_framework/ias_regulation_en.htm

The EU IAS Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market starting in 2005. The EU IAS Regulation gives member states the option to require or permit IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market. See the Profile for the European Union for more detailed information about the EU IAS Regulation.

Regulated markets in Italy are:

- Bond Vision Market
- Electronic Open-End Funds and ETC Market
- Market For Investment Vehicles (MIV)
- Electronic Bond Market
- Electronic Share Market
- MTS Government Market
- MTS Corporate Market
- Securitised Derivatives Market
- Italian Derivatives Market

In Italy, the status of application of IFRS Standards adopted by the EU (EU IFRS Standards) for domestic companies can be summarised as follows:

1. Companies whose securities are traded on the Italian regulated stock exchange are required to apply the EU IFRS Standards in their consolidated financial statements (as required by the EU IAS Regulation) and in their separate financial statements.

2. Banks, financial institutions, and issuers of financial instruments widely distributed among the public are required to apply the EU IFRS Standards in their consolidated financial statements and separate financial statements. This applies whether or not the company's securities are traded on a regulated exchange.
3. Insurance companies are required to apply the EU IFRS Standards only in the consolidated financial statements. However, if the insurance company is listed and does not prepare consolidated financial statements because it has no subsidiaries, application of the EU IFRS Standards is mandatory in the preparation of its individual financial statements.
4. Companies not listed above, except 'small entities' (SEs) as defined by the Italian Civil Code, are permitted to apply the EU IFRS Standards in their consolidated financial statements and/or in their individual/separate financial statements.

SEs are companies whose securities are not admitted to trading on a regulated market and that do not exceed certain quantity thresholds.

If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.

Not applicable.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

Required.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

Yes. The use of IFRS Standards as adopted by the EU is required in the separate financial statements of companies whose securities are traded in a public market other than insurance companies. However, if the insurance company is listed and has no subsidiaries, the IFRS Standards as adopted by the EU are required for individual financial statements.

For instance, are IFRS Accounting Standards required or permitted for

Yes. See the summary of the status of adoption above.

companies whose securities do not trade in a public market?

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

Required for some and permitted for others. Foreign companies whose securities trade in a regulated market in Italy (and generally in the EU) are required to report under IFRS Standards as adopted by the EU in their consolidated financial statements unless the European Commission has deemed their accounting standards to be equivalent to IFRS Standards, in which case they may use their local standards. Further details may be found on the 'Financial Reporting' page of the European Commission's website.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

IFRS Standards as adopted by the European Union, which are IFRS Standards as issued by the Board with some limited modifications such as the temporary 'carve-out' from IAS 39. However, the resulting financial statements of the majority of companies would still be in full compliance with IFRS Standards.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:

IFRS Standards as adopted by the European Union.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?

No.

Are IFRS Accounting Standards incorporated into law or regulations?

Yes.

If yes, how does that process work?

The process is described in the Profile of the European Union.

If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?

Not applicable.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or

Yes.

amended IFRS Accounting Standards (including Interpretations) in place?

If yes, what is the process?

The process is described in the Profile of the European Union.

If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?

Not applicable.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?

Yes.

If yes, what are the changes?

Details are in the Profile of the European Union.

Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?

None.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?

Yes.

The European Union has 24 official and working languages. They are: Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovene, Spanish and Swedish. Before they are published in the *Official Journal of the European Union*, and therefore become binding under EU law, individual IFRS Standards must be translated into all of those languages (other than English and Irish). Those translations are published in the *Official Journal of the European Union* pursuant to a copyright waiver agreement with the IFRS Foundation.

The IFRS Foundation also produces an 'official translation' into Italian as described below.

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?

Pursuant to a copyright waiver agreement with the Directorate-General for Translation of the European Commission, the Commission takes care of the translation into the official languages according to their own translation process. The translation only covers the standards and mandatory guidance, which is then published in the *Official Journal of the European Union*.

In addition, some countries (usually the standard setter or institute) have a translation contract with the IFRS Foundation to produce an 'official translation' for publication of a bound volume of IFRS Standards (usually the 'Red Book') and publication, in some cases, of individual standards and exposure drafts.

The IFRS Foundation published a bound volume of IFRS Standards in Italian in 2009.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Accounting Standard for at least some SMEs?

No.

If no, is the adoption of the *IFRS for SMEs* Accounting Standard under consideration?

No.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard? Not applicable.

If the jurisdiction has made any modifications, what are those modifications? Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so? Not applicable.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use? Not applicable.

Other comments regarding use of the *IFRS for SMEs* Accounting Standard? The *IFRS for SMEs* Standard has been translated into Italian.