

## SIMPLIFIED COMPLIANCE:

### HOW NUMMUS SUPPORTS INTERMEDIARIES IN COMPLYING WITH LAW 220/2021

#### REGULATORY FRAMEWORK

On December 9, 2021, the Italian Parliament approved a law<sup>1</sup> concerning measures to counter the financing of companies involved in the production of anti-personnel mines, cluster munitions, and submunitions. This law implements the 1997 Ottawa Convention, which bans the use, stockpiling, production, and transfer of anti-personnel mines, as well as the 2008 Oslo Convention, which prohibits cluster munitions. The law imposes an absolute ban on financing any company engaged in activities such as the production, use, sale, distribution, import, export, or transfer of anti-personnel mines, cluster munitions, and submunitions, except as expressly provided by the Ottawa and Oslo Conventions. This prohibition applies to all "authorized intermediaries," including Italian credit institutions and various financial entities such as banking foundations, investment firms and companies, asset management companies, financial and securities intermediaries, and pension funds. Article 4 of the law requires these intermediaries to adopt **appropriate procedural safeguards** and to consult at least the **publicly available lists** of companies that produce anti-personnel mines and cluster munitions.

On July 23, 2024, BANCA D'ITALIA, COVIP, IVASS, and the Ministry of Economy and Finance (MEF) issued an implementing measure pursuant to Article 3, paragraph 1, of the law. This measure mandates that supervisory bodies jointly adopt specific instructions for conducting enhanced controls over the operations of the authorized intermediaries under their supervision. The measure was published in the Official Gazette of the Italian Republic<sup>2</sup> and came into effect the day after its publication. Authorized intermediaries are **required to comply with the instructions** set forth in the measure within six months from its entry into force, i.e., by **February 8, 2025**. The consultation summary clarifies that, in the absence of an explicit indication in the law regarding the lists to be consulted, "publicly available lists" refer to freely accessible online information, subject to modifications resulting from updates to the lists and activities carried out by third-party entities managing them. Moreover, the law establishes the obligation to "consult at least the publicly available lists," suggesting that these represent a minimum requirement, which may be supplemented by consulting lists provided by private data providers. Finally, the instructions specify that authorized intermediaries must **provide a detailed account of the activities carried out in compliance with the law and the instructions** through periodic reports prepared by internal control functions (such as the compliance and risk management functions), as required by the sectoral regulations applicable to intermediaries. In the absence of specific regulatory requirements, these reports must be documented in dedicated reports prepared by the competent bodies at least annually.

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<sup>1</sup> Legge 9 dicembre 2021, n. 220, Misure per contrastare il finanziamento delle imprese produttrici di mine antipersona, di munizioni e submunizioni a grappolo, pubblicata in Gazzetta Ufficiale n. 303 del 22-12-2021.

<sup>2</sup> GU Serie Generale n.184 del 07-08-2024.

## NUMMUS SERVICE

In compliance with Law 220/2021 and the implementing measure issued by the supervisory authorities on July 23, 2024, Nummus offers a comprehensive service to support authorized intermediaries in fulfilling their regulatory obligations.

The service includes the identification of appropriate operational procedures for detecting, assessing, and managing the risk of direct or indirect financing of companies engaged in the production or sale of anti-personnel mines, cluster munitions, and submunitions. The definition of procedural safeguards follows a risk-based approach and is based on the principle of proportionality, considering the nature of the activities performed, the size, and the operational complexity of the intermediary.

Nummus provides full support in defining and managing a **compliant, traceable, and easily reportable process**. This process includes:

1. Identification, monitoring, and updating of the Exclusion List
2. Definition of information flows
3. Monitoring of activities performed
4. Reporting on activities carried out and related findings

### Nummus Exclusion List (Public)

Nummus has developed an **Exclusion List** to assist authorized intermediaries in fulfilling their regulatory obligations. The Exclusion List is **public** and can be accessed in a [dedicated section](#) of the Nummus website.

To compile the Exclusion List, Nummus conducted an in-depth research process using freely accessible online information, including databases, reports, and public lists compiled by third parties. The analysis of the collected material enabled the selection of specific **public lists**, evaluated based on criteria such as the date of the last update, the reliability of the sources, and the completeness of the provided information.

Following the selection of public lists, the collected data was supplemented with additional information from both public and private databases. For each identified company, **targeted investigations** were carried out to gather documentation on its involvement in activities related to anti-personnel mines and cluster munitions. These investigations were conducted using reliable sources, including company websites (with particular attention to non-financial reports, policies, and press releases), newspaper articles, and direct engagements with the companies themselves.

The List is subject to ongoing monitoring and is **updated monthly** to assess any changes based on source updates or reported information, followed by appropriate verification processes. Each update to the List will be promptly made available on the Nummus website.

## Supporting Documentation for the Exclusion List

Regulations require authorized intermediaries not only to consult public lists but also to adopt **appropriate procedural safeguards** and provide a **detailed account of activities carried out** in compliance with the law and related instructions. As previously highlighted, Nummus supports intermediaries throughout all necessary phases to ensure regulatory compliance, going beyond merely sharing the Exclusion List. The service also provides access to all necessary documentation to **substantiate the processes of identification, monitoring, and updating of the Exclusion List**.

Specifically, Nummus provides authorized intermediaries with:

- The **procedure** adopted for defining and updating the Exclusion List, which each financial intermediary can implement and adapt as needed (a summary of this procedure is outlined in the process framework on the following page).
- The **public lists** used as the foundation for the Exclusion List, along with additional lists that were reviewed but not utilized.
- A **detailed analysis** of the companies included in the Exclusion List, with reference to their involvement in activities related to anti-personnel mines and cluster munitions.
- **Documented reasons** for excluding certain companies from the Exclusion List despite their presence in the selected public lists.
- **Documented reasons** for monitoring potentially high-risk companies that were not included in the List but remain under observation.
- **Justifying documentation** for each modification made to the Exclusion List during the monthly update process.

Through this documentation, authorized intermediaries can **demonstrate the adequacy and traceability of the Exclusion List they adopt with precision and transparency**, facilitating potential audits and verifications by supervisory authorities.

## Process Framework: identification, monitoring, and updating of the Exclusion List

