SECOND SUPPLEMENT DATED 14 FEBRUARY 2014
UNDER THE €40,000,000,000 GLOBAL ISSUANCE PROGRAMME TO THE BASE
PROSPECTUS FOR THE ISSUANCE OF CREDIT LINKED NOTES AND BOND LINKED NOTES

ING Bank N.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)

ING Americas Issuance B.V.

(Incorporated in The Netherlands with its statutory seat in Amsterdam)

€40,000,000,000 Global Issuance Programme

This Supplement (the "**Supplement**") is prepared as a supplement to, and must be read in conjunction with, the Base Prospectus for the Issuance of Credit Linked Notes and Bond Linked Notes dated 13 August 2013 as supplemented by the supplement dated 7 November 2013 (the "**Base Prospectus**"). The Base Prospectus has been issued by ING Bank N.V. (the "**Global Issuer**") and ING Americas Issuance B.V. (the "**Americas Issuer**") in respect of a €40,000,000,000 Global Issuance Programme (the "**Programme**"). This Supplement, together with the Base Prospectus, constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC of the European Parliament and of the Council, as amended, to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area (the "**Prospectus Directive**"). Terms used but not defined in this Supplement have the meanings ascribed to them in the Base Prospectus. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail. Each Issuer accepts responsibility for the information contained in this Supplement relating to it and the Global Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of each Issuer and the Global Issuer (which have each taken all reasonable care to ensure that such is the case) the information contained in this Supplement (in the case of each Issuer, as such information relates to it) is in accordance with the facts and does not omit anything likely to affect the import of such information.

INTRODUCTION

No person has been authorised to give any information or to make any representation not contained in or not consistent with the Base Prospectus and this Supplement, or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by any Issuer, the Arranger or any Dealer appointed by any Issuer.

Neither the delivery of this Supplement nor the Base Prospectus shall in any circumstances imply that the information contained in the Base Prospectus and herein concerning any of the Issuers is correct at any time subsequent to the date of the most recently approved supplement relating to the Base Prospectus (in the case of the Base Prospectus) or the date hereof (in the case of this Supplement) or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same.

So long as the Base Prospectus and this Supplement are valid as described in Article 9 of the Prospectus Directive, copies of this Supplement and the Base Prospectus, together with the other documents listed in the "General Information" section of the Base Prospectus and the information incorporated by reference in the Base Prospectus by this Supplement, will be available free of charge from ING Bank N.V. at Foppingadreef 7, 1102 BD Amsterdam, The Netherlands, or in respect of the Americas Issuer, ING Americas Issuance B.V. c/o ING Bank N.V. at Foppingadreef 7, 1102 BD Amsterdam, The Netherlands or c/o ING Financial Holdings Corporation, 1325 Avenue of the Americas, New York, NY 10019, United States. In addition, this Supplement, the Base Prospectus and the documents which are incorporated by reference in the Base Prospectus by this Supplement will be made available on the following website: https://www.ingmarkets.com under the section "Downloads".

Other than in Belgium, Finland, France, Italy, Luxembourg, The Netherlands, Portugal and Sweden, with respect to issues by the Global Issuer and (ii) The Netherlands and Luxembourg, with respect to issues by the Americas Issuer, the Issuers, the Arranger and any Dealer do not represent that the Base Prospectus and this Supplement may be lawfully distributed in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

The distribution of the Base Prospectus and this Supplement may be restricted by law in certain jurisdictions. Persons into whose possession the Base Prospectus and this Supplement come must inform themselves about, and observe, any such restrictions (see "Subscription and Sale" in the Base Prospectus).

In accordance with Article 16 of the Prospectus Directive, investors who have agreed to purchase or subscribe for securities issued under the Base Prospectus before publication of this Supplement have the right, exercisable within two working days commencing on the working day after the date of publication of this Supplement, to withdraw their acceptances.

RECENT DEVELOPMENTS AND INFORMATION INCORPORATED BY REFERENCE

On 14 February 2014, the Global Issuer published a supplement to its Registration Document (the "**Global Issuer Registration Document Supplement**") and the Americas Issuer published a supplement to its Registration Document (the "**Americas Issuer Registration Document Supplement**"). Copies of the Global Issuer Registration Document Supplement and the Americas

Issuer Registration Document Supplement have been approved by and filed with the AFM and, by virtue of this Supplement, are incorporated by reference in, and form part of, the Base Prospectus.

MODIFICATIONS TO THE BASE PROSPECTUS

1. The last paragraph of Element B.12 of the section entitled "Summary of the Programme relating to Non-Exempt PD Notes" and the form of issue specific summaries as included in the Base Prospectus shall be deleted and restated as follows:

"At the date hereof, there has been no significant change in the financial position of the Global Issuer and its consolidated subsidiaries since 30 June 2013, except for:

(i) the agreement in principle to transfer all future funding and indexation obligations under ING's current closed Defined Benefit (DB) Pension Plan in The Netherlands to the Dutch ING Pension Fund, as described on page 8 and page 9 of the unaudited ING Group 2013 quarterly report for the fourth quarter of 2013; and

(ii) the dividends totalling EUR 1.125 billion paid by the Global Issuer to ING Group, as disclosed on page 12 of the unaudited ING Group 2013 quarterly report for the third quarter of 2013.

At the date hereof, there has been no material adverse change in the prospects of the Global Issuer since 31 December 2012, except for:

(i) the dividends totalling EUR 1.8 billion paid by the Global Issuer to ING Group, as disclosed on page 6 and page 41 of the ING Bank Interim Financial Report containing the Global Issuer's condensed consolidated unaudited results as at, and for the six month period ended, 30 June 2013; and

(ii) the dividends totalling EUR 1.125 billion paid by the Global Issuer to ING Group, as disclosed on page 12 of the unaudited ING Group 2013 quarterly report for the third quarter of 2013.".

2. The section entitled "Documents Incorporated by Reference – The Global Issuer" on page 81 of the Base Prospectus shall be deleted and restated as follows:

"In respect of Notes issued by the Global Issuer, this Base Prospectus should be read and construed in conjunction with the registration document of the Global Issuer dated 13 May 2013, prepared in accordance with Article 5 of the Prospectus Directive and approved by the AFM (together with the supplements thereto dated 9 August 2013, 6 November 2013 and 14 February 2014, the "**Global Issuer Registration Document**" or the "**ING Bank N.V. Registration Document**"), including, for the purpose of clarity, the following items incorporated by reference therein:

(i) the Articles of Association (*statuten*) of the Global Issuer;

(ii) the publicly available annual reports of the Global Issuer in respect of the years ended 31 December 2010, 2011 and 2012, including the audited financial statements and auditors' reports in respect of such years;

(iii) the press release published by ING on 19 November 2012 entitled "ING reaches agreement on amended EC Restructuring Plan";

(iv) pages 11 and 13 to 28 (inclusive) of the unaudited ING Group 2013 quarterly report for the first quarter of 2013, as published by ING Group on 8 May 2013 (the "**Q1 Report**"). The Q1

Report contains, among other things, the consolidated unaudited interim results of ING Group as at, and for the three month period ended, 31 March 2013, as well as information about recent developments during this period in the banking business of ING Group, which is conducted substantially through the Issuer and its consolidated group;

(v) pages 13 to 28 (inclusive) of the unaudited ING Group 2013 quarterly report for the second quarter of 2013, as published by ING Group on 7 August 2013 (the "**Q2 Report**"). The Q2 Report contains, among other things, the consolidated unaudited interim results of ING Group as at, and for the three month period and the six month period ended, 30 June 2013, as well as information about recent developments during this period in the banking business of ING Group, which is conducted substantially through the Global Issuer and its consolidated group;

(vi) the ING Bank Condensed Consolidated Interim Financial Report containing the Global Issuer's condensed consolidated unaudited results as at, and for the six month period ended, 30 June 2013, as published by the Global Issuer on 7 August 2013;

(vii) the press release published by ING on 1 November 2013 entitled "ING and Dutch State reach agreement on unwinding of Illiquid Assets Back-up Facility";

(viii) the press release published by ING on 6 November 2013 entitled "ING announces liability management actions";

(ix) pages 12 and 16 to 32 (inclusive) of the unaudited ING Group 2013 quarterly report for the third quarter of 2013, as published by ING Group on 6 November 2013 (the "**Q3 Report**" and, together with the Q1 Report and the Q2 Report, the "**Quarterly Reports**"). The Q3 Report contains, among other things, the consolidated unaudited interim results of ING Group as at, and for the three month period and the nine month period ended, 30 September 2013, as well as information about recent developments during this period in the banking business of ING Group, which is conducted substantially through the Global Issuer and its consolidated group;

(x) the press release published by ING on 15 November 2013 entitled "ING successfully completes exchange offers";

(xi) the press release published by ING on 16 December 2013 entitled "ING Bank reports outcome EU-wide Transparency Exercise 2013";

(xii) the press release published by ING on 17 December 2013 entitled "ING and Dutch State complete agreement for unwinding of IABF";

(xiii) the press release published by ING on 9 January 2014 entitled "ING reaches agreement in principle to make Defined Benefits Pension Fund financially independent"; and

(xiv) pages 8, 9 and 15 to 32 (inclusive) of the unaudited ING Group 2013 quarterly report for the fourth quarter of 2013, as published by ING Group on 12 February 2014 (the "**Q4 Report**" and, together with the Q1 Report, the Q2 Report and the Q3 Report, the "**Quarterly Reports**"). The Q4 Report contains, among other things, the consolidated unaudited interim results of ING Group as at, and for the three month period and the twelve month period ended, 31 December 2013, as well as information about recent developments during this period in the banking business of ING Group, which is conducted substantially through the Global Issuer and its consolidated group.".

3. The section entitled "Documents Incorporated by Reference – The Americas Issuer" on page 82 of the Base Prospectus shall be deleted and restated as follows:

"In respect of Notes issued by the Americas Issuer, this Base Prospectus should be read and construed in conjunction with the registration document of the Americas Issuer dated 13 May 2013 prepared in accordance with Article 5 of the Prospectus Directive and approved by the AFM (together with the supplements thereto dated 28 June 2013, 9 August 2013, 6 November 2013 and 14 February 2014, the "**Americas Issuer Registration Document**" and, together with the Global Issuer Registration Document, each a "**Registration Document**" and together the "**Registration Documents**"), including, in respect of the Americas Issuer Registration Document, for the purpose of clarity, the following items incorporated by reference therein:

(i) the Articles of Association (*statuten*) of the Americas Issuer;

(ii) the publicly available audited financial statements of the Americas Issuer in respect of the years ended 31 December 2011 and 2012, including the independent auditors' reports in respect of such years, which are contained in the financial reports of the Americas Issuer for the relevant periods;

(iii) the publicly available unaudited and unreviewed interim accounts of the Americas Issuer for the six month period ended 30 June 2013, which are contained in the interim financial report that period; and

(iv) the Global Issuer Registration Document.".

4. The following text shall be inserted at the end of the section entitled "Taxation" beginning on page 520 of the Base Prospectus:

"**ITALIAN TAXATION**

The statements herein regarding taxation summarise the principal Italian tax consequences of the purchase, the ownership and the disposal of the Notes. They apply to a holder of Notes only if such holder purchases its Notes under the Programme. It is a general summary that does not apply to certain categories of investors and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. It does not discuss every aspect of Italian taxation that may be relevant to a holder of Notes if such holder is subject to special circumstances or if such holder is subject to special treatment under applicable law.

This summary assumes that the relevant Issuer is resident in its country of incorporation for tax purposes, that such Issuer is organised and that such Issuer's business will be conducted in the manner outlined in the Base Prospectus. Changes in the relevant Issuer's tax residence, organisational structure or the manner in which the Issuer conducts its business may invalidate this summary. This summary also assumes that each transaction with respect to Notes is at arm's length.

Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

The statements herein regarding taxation are based on the laws in force in the Republic of Italy as of 12 February 2014 and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The Global Issuer will not update this summary to reflect changes in laws and if such a change occurs the information in this summary could become invalid. With regard to certain innovative or structured financial instruments there is currently no case law and limited comments of the Italian tax authorities as to the tax treatment of such financial instruments. Accordingly, it cannot be excluded that the Italian tax authorities and

courts or Italian intermediaries may adopt a view different from that outlined below. Prospective purchasers of Notes under the Programme are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

This summary does not describe the tax consequences for a holder of Notes that are redeemable in exchange for, or convertible into, shares, as well as in case Physical Delivery is provided, of the exercise, settlement or redemption of such Notes and/or any tax consequences after the moment of exercise, settlement or redemption.

As clarified by the Italian tax authorities in resolution No. 72/E of 12 July 2010, the Italian tax consequences of the purchase, ownership and disposal of the Notes may be different depending on whether:

(a) they represent a securitised debt claim, implying a static "use of capital" (*impiego di capitale*), through which the subscriber of the Notes transfers to the Issuer a certain amount of capital for the purpose of obtaining a remuneration on the same capital and subject to the right to obtain its (partial or entire) reimbursement at maturity; or

(b) they represent a securitised derivative financial instrument or bundle of derivative financial instruments not entailing a "use of capital", through which the subscriber of the Notes invests indirectly in underlying financial instruments for the purpose of obtaining a profit deriving from the negotiation of such underlying financial instruments.

1 Tax treatment of the Notes qualifying as bonds or securities similar to bonds

1.1 Interest

Legislative Decree No. 239 of 1 April, 1996, as amended (the "**Decree 239**"), regulates the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as "**Interest**") from notes issued, *inter alia*, by non-Italian resident entities, falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*).

For this purpose, securities similar to bonds are debt instruments implying a "use of capital" issued in mass that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and that do not allow a direct or indirect participation in the management of the issuer.

Where an Italian resident Noteholder who is the beneficial owner of the Notes is (i) an individual not engaged in a business activity to which the Notes are effectively connected, (ii) a non-commercial partnership, (iii) a non commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, Interest payments relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 20% (either when the Interest is paid by the Issuer, or when payment thereof is obtained by the Noteholder on a sale or redemption of the relevant Notes). The *imposta sostitutiva* may not be recovered as a deduction from the income tax due.

In case the Notes are held by an individual or a non commercial private or public institution engaged in a business activity and are effectively connected with same business activity, the Interest will be subject to the *imposta sostitutiva* and will be included in the relevant income tax return. As a consequence, the Interest will be subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, società di intermediazione mobiliare ("**SIMs**"), trust companies, società di gestione del risparmio ("**SGRs**") stock

exchange agents and other Italian tax resident entities identified by the relevant Decrees of the Ministry of Finance (the "**Intermediaries**").

The *imposta sostitutiva* does not apply, *inter alia*, to the following subjects, to the extent that the Notes are deposited in a timely manner, directly or indirectly, with an Intermediary:

(i) Corporate investors – Where an Italian resident Noteholder is a corporation or a similar commercial entity (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected), Interest accrued on the Notes is not subject to substitute tax but must be included in the relevant Noteholder's yearly taxable income and are therefore subject to ordinary Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to IRAP – the regional tax on productive activities);

(ii) Investment funds – Where the Noteholder is an Italian investment funds (which includes Fondi Comuni d'Investimento, or SICAV), as well as Luxembourg investment funds regulated by article 11-bis of Law Decree No. 512 of 30 September 1983 (collectively, the "**Funds**"), Interest is subject neither to substitute tax nor to any other income tax in the hands of the Fund. A withholding tax may apply in certain circumstances at the rate of up to 20 per cent. on distributions made by the Fund or SICAV;

(iii) Pension funds – Where the Noteholder is a Pension funds (subject to the tax regime set forth by Article 17 of Legislative Decree No. 252 of 05/12/2005, the "**Pension Funds**") Interest is not subject to substitute tax, but must be included in the Pension Fund's annual net accrued result that is subject to an 11% substitutive tax; and

(iv) Real estate investment funds – Where the Noteholder is an Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 (the "**Real Estate Investment Funds**"), Interest is subject neither to substitute tax nor to any other income tax in the hands of the Fund. A withholding tax may apply in certain circumstances at the rate of up to 20% on distributions made by Italian Real Estate Funds and, in certain cases, a tax transparency regime may apply in respect of certain categories of investors in the Italian Real Estate Fund owning more than 5% of the fund's units.

Interest payments relating to the Notes received by non-Italian resident beneficial owners are generally, provided that certain conditions and formalities are met, not subject to tax in Italy.

1.2 Capital Gains

Pursuant to Legislative Decree No. 461 of 21 November, 1997, as amended, a 20% capital gains tax (the "**CGT**") is applicable to capital gains realised on any sale or transfer of the Notes for consideration or on redemption or exercise thereof by Italian resident individuals (not engaged in a business activity to which the Notes are effectively connected), regardless of whether the Notes are held outside of Italy.

For the purposes of determining the taxable capital gain, in case of interest bearing notes, any Interest on the Notes accrued and unpaid up to the time of the purchase and the sale of the Notes must be deducted from the purchase price and the sale price, respectively.

Taxpayers can opt for certain alternative regimes in order to pay the CGT.

The aforementioned regime does not apply to the following subjects:

(A) Corporate investors (including banks and insurance companies) – Capital gains realised by Italian resident corporate shall be included in the relevant Noteholder's yearly taxable income and are therefore subject to ordinary Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to local tax on productive activities) (*Imposta regionale sulle attività produttive IRAP*). Upon fulfilment of certain conditions, the gains may be taxed in equal instalments over up to five fiscal years for corporate income tax (*Imposta sul reddito delle Società* – IRES) purposes.)

(B) Funds – Capital gains realised by the Funds is subject neither to substitute tax nor to any other income tax in the hands of the Fund. A withholding tax may apply in certain circumstances at the rate of up to 20% on distributions made by the Fund or SICAV (see under paragraph 1.1. "Italian resident Noteholders", above).

(C) Pension Funds – Capital gains realised by Pension Funds on the Notes will contribute to determine the annual net accrued result of those same Pension Funds, which is subject to an 11% substitutive tax (see under paragraph 1.1. "Italian resident Noteholders", above).

(D) Real Estate Investment Funds – Capital gains realised by Italian Real Estate Investment Funds on the Notes are subject to the tax regime described under paragraph 1.1. "Italian resident Noteholders" above.

Capital gains realised by non-resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected on the disposal or redemption of the Notes are not subject to tax in Italy, regardless of whether the Notes are held in Italy, subject to the condition that the Notes are listed in a regulated market (e.g., Euronext Amsterdam or Luxembourg Stock Exchange). In relation to non-Italian resident persons holding the Notes with an Italian authorised financial intermediary, the exclusion of Italian taxation may be subject to certain procedural formalities.

2 Tax treatment of the Notes qualifying as atypical securities

Interest payments relating to debt instruments implying a "use of capital" that are not deemed to fall within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) may be subject to withholding tax, levied at the rate of 20%, if made to the following Italian resident Noteholders: (i) individuals, (ii) non-commercial partnerships (iii) Real Estate Investment Funds, (iv) Pension Funds, (v) Funds and (vi) entities exempt from Italian corporate income tax.

Interest paid to Italian resident Noteholders which are companies or similar commercial entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) are not subject to the 20% withholding tax, but will form part of their aggregate income subject to income tax according to ordinary rules. In certain cases, such Interest may also be included in the taxable net value of production for IRAP purpose.

Interest payments relating to Notes received by non-Italian resident beneficial owners are generally, provided that certain conditions and formalities are met, not subject to tax in Italy.

Capital gains realised on any sale or transfer of the Notes for consideration or on redemption or exercise thereof by Italian resident individuals is subject to the tax regime described under paragraph 1.2. above.

3 Tax treatment of securitised derivative financial instruments

Based on the principles stated by the Italian tax authorities in resolution No. 72/E of 12 July 2010, payments in respect of Notes qualifying as securitised derivative financial instruments not entailing a "use of capital" as well as capital gains realised through the sale of the same Notes would be subject to Italian taxation according to the same rules described under paragraph 1.2. applicable on capital gains realised through the sale or transfer of the Notes.

4 Transfer Taxes

Pursuant to article 37 of Law Decree 31 December 2007, n. 248 (converted into law by law 28 February 2008, n.31) the stamp duty tax (*tassa sui contratti di borsa*) provided by Royal Decree 30 December 1923 and Legislative Decree 21 November 1997, n.435 – which may have applied to transfers of Notes – was repealed.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of € 200; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

5 Inheritance and Gift Tax

Pursuant to Law Decree No. 262 of October 3, 2006, as converted with amendment by Law N. 286 of 24 November 2006, as further amended by Law No. 296 of 27 December 2006, inheritance and gift taxes have been reintroduced in Italy, with effect as of 3 October 2006. Consequently, any transfer of Notes *mortis causa* or by reason of donation or gratuitously made on or after 3 October 2006, is liable to inheritance or gift tax according to the following rates and exclusions:

(a) If the beneficiary is a spouse as well as any direct-line of kin, the taxes apply with a rate of 4% on the value of the assets (net of liabilities) exceeding, for each person, €1,000,000;

(b) If the beneficiary (or *donee*) is any other relative, besides the above, up to the fourth degree, direct line of cognate and collateral line of cognate up to the third degree, the taxes apply with a rate of 6% on the relevant value of the assets (net of liabilities); if the beneficiary (or *donee*) is a brother or sister, such 6% rate applies on the net asset value exceeding for each person €100,000; and/or

(c) If the beneficiary (or *donee*) is any other person, the taxes apply with a rate of 8% on the relevant value of the assets (net of liabilities).

If the beneficiary (*donee*) is affected by an handicap deemed as "critical" pursuant to Law No. 104 of 5 February 1992, inheritance and gift taxes apply only on the value of assets (net of liabilities) exceeding €1,500,000.

Moreover, an anti-avoidance rule is provided for in case of donation of assets (such as the Notes) whose transfer for consideration would give rise to capital gains subject to CGT. In particular, if the beneficiary transfers the Notes for consideration within 5 years from the donation, the beneficiary is required to pay the relevant CGT as if the donation had never taken place.

6 Wealth Tax

According to Article 19 of Decree of 6 December 2011, No. 201 ("**Decree No. 201/2011**"), converted with Law of 22 December 2011, No. 214, Italian resident individuals holding financial

assets – including the Notes – outside of the Italian territory are required to pay a wealth tax at the rate of 0.2% (the tax is determined in proportion to the period of ownership). The tax applies on the market value at the end of the relevant year or – in the lack of the market value – on the nominal value or redemption value of such financial assets held outside of the Italian territory.

7 Stamp taxes and duties

According to Article 19 of Decree No. 201/2011, a proportional stamp duty applies on a yearly basis and at the rate of 0.2% on the market value or – in the lack of a market value – on the nominal value or the redemption amount of any financial product or financial instruments. For investors other than individuals the stamp duty cannot exceed the amount of €14.000,00. Based on the wording of the law and the implementing decree issued by the Italian Ministry of Finance on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 9 February 2011) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

8 Application of the tax at source

Pursuant to the changes to Art. 4, paragraph 2 of Law Decree No. 167 of 28 June 1990 ("**Decree 167**"), introduced by Law No. 97 of 6 August 2013 ("**Law 97**"), as interpreted by the tax authorities, Italian-based intermediaries required to comply with anti-money laundering legislation under Legislative Decree No. 231 of 21 November 2007 have to apply a 20% tax at source on any transfers received on behalf of Italian-resident individuals, non-commercial partnerships and non-commercial entities from abroad, even where no *imposta sostitutiva* or other Italian withholding tax were due (e.g. because the transfer consists of a repayment of capital) except where their client provides in advance the intermediary with sufficient information to determine that no tax is due or the amount on which the tax has to be calculated.

9 Tax Monitoring

Pursuant to Law Decree No. 167 of 28 June, 1990, ratified and converted by Law No. 227 of 4 August, 1990, as amended by Law 97, individuals, non-commercial partnerships and non-commercial entities which are resident in Italy for tax purposes and in the course of the year hold (or are beneficial owners, as defined for anti-money laundering purposes, of) investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the tax authorities.

10 Italian Financial Transaction Tax

According to Article 1 of Law 24 December 2012, no. 228 and the related implementing regulations, an Italian Financial Transaction tax ("**FTT**") applies on the transfer of property rights in shares and other equity instruments issued by Italian resident companies as well as on securities representative of the same shares or other equity instruments issued by Italian resident companies regardless of the tax residence of the issuer of the certificates. FTT applies regardless of the tax residence of the parties and/or where the transaction is entered into. FTT applies on the transfer of shares and equity instruments at a rate of 0.20%, reduced to 0.10% , if the transaction is executed on a regulated market or a multilateral trading system as defined under Directive 2004/39/CE of States of the European Union or of States of the European Economic Area allowing an adequate exchange of information with the Italian tax authorities. The taxable base is the transaction value, which is defined as the consideration paid for the transfer or as the net balance of the transactions executed by the same subject in the course of the same day.

Specific exemptions are provided for the transfer of shares and equity instruments under certain transactions (such as repo or securities lending transactions), for the shares and equity

instruments traded on regulated markets or multilateral trading systems issued by companies with an average market capitalization below certain thresholds or for transactions executed by certain parties (such as, for example, mandatory providential entities).

FTT also applies on the execution of transactions on derivative financial instruments as defined under Art. 1, paragraph 3, legislative decree 24 February 1998, n. 58, on securities allowing the purchase or sale of financial instruments referred to under Art. 1, paragraph 1-bis, lett. c) legislative decree 24 February 1998, n. 58 or on securities providing for a cash settlement referred to under Art. 1, paragraph 1-bis, lett. d), legislative decree 24 February 1998, no. 58, if the underlying financial instruments or the underlying reference value is represented for more than 50 per cent by the market value of shares or equity instruments issued by Italian resident companies or certificates representative of the same shares or equity instruments. On such derivative financial instruments and securities FTT applies at a fixed amount for each transaction, ranging from 0.01875 to 200 euro, depending on the notional value of the instrument and the type of underlying financial instrument. Such amount is reduced to 1/5 in case of transactions executed on regulated markets or on multilateral systems as defined under Directive 2004/39/CE of States of the European Union or of States of the European Economic Area allowing an adequate exchange of information with the Italian tax authorities.”.

A17628972