

High Demand for LD239-Compliant Italian Yankee Bonds



Direct Italian Yankee bond issuances have seen a remarkable beginning to 2013. Intesa Sanpaolo's newest Yankee bond offering, issued under the provisions of Legislative Decree 239, represents the **largest senior debt issuance by an Italian financial issuer into the US market**, and has attracted unexpectedly high market demand:

- *"The \$3.5 billion Yankee offering from Italy's Intesa was almost **six times subscribed**."* [CNBC](#)
- *"A year ago, a Yankee bond issue from an Italian bank would have been unheard of, but Italian bank Intesa Sanpaolo issued a \$3.5bn bond on January 7, receiving more than **430 orders for about \$11bn**, according to the bank."* [Financial News](#)
- *"Intesa Sanpaolo SpA (ISP.MI) said Tuesday it had sold \$3.5 billion in bonds on the U.S. market, meeting **high demand** for what the bank said was the largest European financial issue denominated in dollars in two years."* [The Wall Street Journal](#)
- *"In the rush for high returns, some **US investors are snapping up the new debt issues of Eurozone banks**, returning to a sector they have shunned for the past few years amid the region's debt crisis."*, [Financial Times](#)

The strong demand is even more noteworthy considering the increase of the withholding tax rate for non-certified holders of LD239-compliant securities from 12.5% to 20% last year; an increase which has no impact on properly certified investors. **The Yankee market is clearly more than ready to comply with the domestic legislation of the issuer's tax domicile.**

Currently, **US\$ 8.3bn of outstanding Italian Yankee debt is LD239-compliant**. A flurry of new laws in Italy has paved the way for further debt issuances placed directly in a foreign domestic market:

- The scope of LD239 has been expanded to include **commercial paper and hybrid instruments**;
- **Non-listed companies** can also utilise the provisions of LD239; and
- A recently signed tax treaty with **Hong Kong** will lead to its inclusion in the White List.

Acupay acts as the tax compliance agent on [all direct LD239-compliant Italian Yankee bond issuances](#) and provides cross-border withholding tax solutions on over US\$ 264bn of securities worldwide.

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