

EUROPEAN CORPORATE GOVERNANCE NETWORK

OWNERSHIP, PYRAMIDAL GROUPS AND SEPARATION BETWEEN OWNERSHIP AND CONTROL IN ITALY

Marcello Bianchi* Magda Bianco** Luca Enriques**

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* Consob

** Banca d'Italia

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1. Introduction and summary¹

In this report we provide an overview of the Italian corporate governance system, both in terms of its institutional and legal framework, and of its quantitative characteristics.

The main features of the Italian system are the following:

- a high concentration of direct ownership both for non listed and for listed companies. In the former the largest shareholder owns on average 60 per cent (the first three own more than 90 per cent). In listed companies the corresponding values are respectively 48 and 50 per cent. This suggests at a first glance a very limited amount of separation between ownership and control;
- the analysis of direct ownership and of the identity of owners reveals that a major role is played by families, coalitions, the State, but especially by other companies: the largest share of non listed and listed companies is held by other non financial or holding companies. The amount of shares held by financial institutions is instead limited. In order to evaluate correctly the amount of separation, the presence of non financial companies among the main shareholders has to be kept into account;
- this phenomenon is accounted by the fact that more than 50 per cent of Italian industrial companies belong to a pyramidal group: the reason for the adoption of this organizational structure, especially among listed companies, is mainly linked with the possibility of controlling a vast amount of resources with a limited amount of capital; hence it is a means for achieving separation between ownership and control;
- by taking into account the pyramidal structure we are able to identify ultimate owners and evaluate the real degree of separation between ownership and control. Measuring the degree of separation as the amount of capital under control for each unit of capital owned, we find that in 1996 on average it was 2.4 for listed companies. It was higher for private non banking groups and lower for State controlled groups. In the private sector, the separation appeared to be greater for larger groups: for the ten largest groups it is approximately 5;
- therefore in Italy pyramidal groups led by families, coalitions and the State have substituted other forms of separation. On the other side, a very limited role has been played by financial institutions in favoring separation: neither banks (due the long lasting banking supervision policy preventing

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them from owning shares in industrial companies), with one important exception, Mediobanca, nor other financial institutions such as pension funds or investment funds have owned a large amount of shares of non financial companies, due both to the generous public pension system and to its financing through government bonds;

- this structure, reinforced by cross-ownership and board interlocks, has allowed a stable control over both small and large Italian companies, with a limited amount of control changes, in particular of hostile takeovers;
- the institutional framework underlying this corporate governance structure is characterized by a limited degree of protection of minority shareholders: fiduciary duties of companies' directors are difficult to enforce; proxy fights are discouraged by a very strict regime for proxies; takeover rules are inefficient;
- it is interesting to notice however that ownership disclosure rules in Italy are relatively satisfactory: for listed companies the Italian law imposed a 2 per cent threshold for the disclosure of holdings in listed companies; for non listed companies - except for «società di persone», i.e. partnerships - a 1993 Law provides that the identity of each shareholder be disclosed, by way of notification to the company register («registro delle imprese»).

In what follows we first provide some legal and institutional information on the different «actors» (legal forms for companies, definition of groups, specific rules for holding companies, pension funds, investment funds, stock exchanges, etc.), on the provisions affecting corporate governance mechanisms (shareholders' rights, directors liability etc.), on ownership disclosure rules. Secondly, we offer a detailed quantitative description of the Italian corporate governance system, both for non listed and listed companies. We detail their ownership structure (concentration and identity of owners), both direct and indirect, i.e., keeping into account group structures; the control structure; the diffusion of pyramidal groups; an evaluation of the separation between ownership and control. Finally we discuss some of the changes that are taking place recently. In particular the simplification of pyramidal groups structure, due to the privatization process and to the financial difficulties of private groups; the larger role played by financial institutions in recent years; the debate that has developed and that is leading to a process of reform of some of the Italian corporate governance mechanisms.

2. Legal Forms and Institutional Framework

In this section we discuss the characteristics of the institutional framework that are most relevant for Italian corporate governance. In particular we describe the provisions of Italian company law (voting procedures in limited liability companies), the characteristics of holding companies (particularly important due to the diffusion of pyramidal groups), and the characteristics of intermediaries that are relevant for companies' governance structure.

2.1 Company Types and Groups

Table 1 shows the different types of legal forms for companies in Italy. The most relevant legal distinction is between *società di persone* (*società semplici*, *società in nome collettivo*, *società in accomandita semplice*), where liability is unlimited for at least some of the owners, and *società di capitali* (*società per azioni*, *società in accomandita per azioni* and *società a responsabilità limitata*), where liability is, normally, limited. For the former, the legal regime is quite basic and a wider space is left to private parties' arrangements. For the latter, the law designs also the internal structure of the company, and is normally mandatory, especially for *società per azioni* and *società in accomandita per azioni*. *Società cooperative*, i.e., cooperatives, have a legal regime similar to that of *società di capitali*.

Groups here will be defined as the set of companies with separate legal status, which are all subject to the direct or indirect control - through one or more lines of control - of one leadership (an individual, a coalition of individuals or a government body). The Italian law usually defines the concept of control instead of that of «group». Hence in Table 2 we present the most relevant definitions of «control»². In general, the common element of such definitions is the concept of «dominant influence», which is differently specified and exemplified in the various definitions.

2.1.1 Società per Azioni

We present here some of the main provisions regarding *società per azioni* in Italy. *Società per azioni* are the most important type of limited liability companies. Such legal form is chosen not

² The Italian law offers more than twenty definitions of «control»: see Marchetti (1992).

only by large firms, but also by medium size ones. The reasons for its wide adoption are various. First of all, the minimum capital required is quite low. Secondly, banks prefer to deal with *società per azioni*, and generally some sort of prestige is attached to this legal form³. Third, the fact that the law defines thoroughly the organizational rules of this type of company and usually has a mandatory nature, together with the circumstance that a considerable body of case law exists for *società per azioni*, provides private parties with more certainty about their rights and duties, as compared to *società a responsabilità limitata*. The latter gives parties more freedom in shaping the organization of the company, but at the same time makes them bear the risk that the courts will not uphold the customized provisions they may choose, or that the courts will construe them in an unforeseen way.

In what follows we present the main institutional provisions regarding *società per azioni*.

In *società per azioni* the shareholders meeting adopts resolutions upon the following matters: the approval of annual accounts; the election and removal of directors («amministratori»), internal auditors («sindaci»), and liquidators; determination of their compensation; for listed companies, choice of the external auditor; other matters as indicated in the company statute or as submitted to its approval by directors or by internal auditors; the authorization of liability suits against directors, «sindaci», and liquidators; the modifications of the company statute (including mergers, divisions, and new issues of shares), issue of bonds, listing on a stock exchange, election and powers of liquidators.

Minority shareholders representing at least 20% of the issued capital may obtain the convocation of the meeting. In order for shareholders to take part to the meeting, transfers of shares have to be registered in the shareholder register, and shares have to be deposited at the company's site or at the bank (or at one of the banks) indicated in the convocation announcement, at least five days before the meeting. This quorum makes it rather difficult for minority shareholders of large companies to obtain a shareholders meeting.

For the different kinds of general meetings' resolutions there are different default quorums⁴ (companies may fix higher quorums in their statutes):

- Simple majority is the general rule, applying to any resolution not listed below.
- More than one fifth of the capital:
 - *for listed companies*: modification of the company statute, issue of bonds, election and powers

³ See Weigmann (1996).

⁴ Higher quorums are required for the «first convocation» of the shareholders meeting. However, meetings are normally held as second convocation meetings, at the choice of the company and of the dominating shareholder; only the quorums required for the second meeting are hence reported here.

of liquidators;

- *for privatized companies and for listed companies the statutes of which contain a limit to shareholdings*: modification of company statute, issue of bonds, election and powers of liquidators, change of activity as described in the company statute, change of legal form, dissolution of the company, transfer of site abroad, issue of preferred stock.

- More than one third of capital:

- *for non listed companies*: modification of the company statute, issue of bonds, election and powers of liquidators;
- *for listed companies*: change of activity as described in the company statute, change of legal form, dissolution of the company, transfer of site abroad, issue of preferred stock, voluntary reduction of capital, mergers and divisions.

- More than half of the capital:

- *for non listed companies*: change of activity as described in the company statute, change of legal form, dissolution of the company, transfer of site abroad, issue of preferred stock;
- *for all companies*: increases in capital with the exclusion or limitation of preemption rights.

One-share-one-vote: The principle is not adopted by the Italian law. However, shares with limited vote and non-voting shares (only listed companies being allowed to issue the latter, apart from exceptional circumstances) can be issued for a total par value no higher than the total par value of voting shares.

Shareholders agreements: Shareholders agreements are valid according to the Italian law. However, a recent decision by the Supreme Court (Corte di Cassazione) has judged that shareholders' agreements are invalid if they have no temporal limitation and combine a voting agreement with a reciprocal preemption right agreement. Shareholders' agreements concerning listed companies have to be notified to Consob within five days and their essential content has to be published in three newspapers. If a shareholders agreement is not disclosed it is not legally binding and a fine from Lit. 25 millions (approx. ECU 13,125) to 100 millions (approx. ECU 52,500) applies.

Cross Holdings: For non listed companies there are no limits to cross holdings between two companies, when neither of them controls the other, although it is generally forbidden for two companies to reciprocally underwrite each other's shares. When a company is controlled by another company, it may not hold more than one tenth of the shares in the latter (taking also into account treasury shares and shares held by other controlled companies). The rules are more restrictive when listed companies are involved. In this case, the maximum cross-holding allowed is two per cent when both companies are listed (i.e., if a listed company reports a two per cent holding or more in another listed company, the latter may not exercise the voting rights attached to shares in the former exceeding two per cent of the voting shares. If one of the two gains control on the other, however,

the votes of the other cannot be exercised. If one company is listed and the other one is not, then when the listed company reports a ten per cent holding or more in the non listed company, the latter may not hold more than two per cent of the shares in the former;

when the non listed company reports a two per cent holding or more in the listed company, the latter may not hold more than ten per cent of the shares in the former.

Proxy Rules: Directors, *sindaci*, general managers, and employees of the company or of a subsidiary company may not act as proxy in the company's meeting. Since 1974, banks are forbidden from offering proxy voting services; in 1996 they were allowed to offer them to the clients of their asset management department. No one can act as proxy agent for more than 50, 100 or 200 shareholders of a listed company (10 for a non-listed company), the increasing number being a function of its issued capital. The name of the agent has to be specified by the shareholder in the proxy form (see table 3).

The 1974 reform of proxy rules was originally aimed at preventing managers from perpetuating themselves with the help of banks. However, the strict legal regime now in force results to be discouraging even for potential raiders.

Shareholders Associations: There is no specific legal regime for shareholder associations in Italy. Shareholder associations have recently been formed in order to organize small investors in privatized companies. Their experience is not particularly encouraging, mainly due to two factors: first, the direct and indirect costs imposed on small investors who may want to take part, even through a proxy agent or an association, to a shareholders' meeting are very high⁵; secondly, procedures to be followed by the associations (especially in order to abide by the limit of 200 shareholders for each agent, person or legal entity, and to the rule imposing that the name of the agent is specified in the proxy form) are cumbersome⁶.

Board Structure and Liabilities: Italian companies may have either a board («consiglio di amministrazione») or a single director («amministratore unico»). A supervisory organ («collegio sindacale»), composed of either three or five members (*sindaci*), to be chosen among «revisori contabili» (certified public accountants), controls the management of the company, mainly with respect to accounting issues. The civil code leaves companies free in the choice of the election

⁵ For instance, in order to be admitted to the shareholders' meeting, one has to get a certificate, released by one's bank or investment firm, and stating one's ownership of the shares. The bank or investment firm, then, charges *the company* Lit. 25,000 (approx. ECU 13) for each certificate released.

⁶ See Schiano, Ristuccia, and Segni (1995).

system for directors and *sindaci* and the most common system is a winner-takes-all one. In 1994, the Law on privatization imposed to privatized companies whose statutes contain a maximum limit of shareholdings, an election system based on list of candidates, which should allow minority shareholders to have one fifth of the board seats and to elect one of the internal auditors. *Amministratori* are elected for no more than three years, but they can be removed, with or without cause. *Sindaci* are elected for three years and cannot be removed without cause.

The powers and functioning of the *consiglio di amministrazione* are defined in companies' statutes. However, some decisions have to be taken by the *consiglio di amministrazione* itself (that is, they may not be delegated to executive directors: e.g., approval of annual accounts, reduction of capital). *Amministratori* have to notify the company register about their election and of the election of *sindaci*.

Annual accounts report only the total compensation received by *amministratori* altogether and by *sindaci* altogether. Every year, *amministratori* and *sindaci* of listed companies have to inform Consob about the compensation received in the preceding year. Consob does not release such information nor employment contracts may not be obtained by shareholders.

Listed companies' *amministratori*, *sindaci*, and *direttori generali* (general managers) have to inform Consob about their, their spouses', and minor children's holdings in the company or in companies controlled by the latter after they are elected and, every three months, about any trading on the company's shares (giving notice of date and price).

Individual shareholders or minority shareholders may not sue directors for damages suffered by the company. Only the company, after a resolution by the shareholders' meeting, may do so. Directors are forbidden, even *qua* shareholders, from voting in the resolutions regarding their liability,. Shareholders representing at least 10% of the issued shares may ask a Court to order an inspection of the company, alleging serious irregularities; if such irregularities emerge, the Court may nominate a «judiciary director» who might also sue former directors.

Table 4 and 5 summarize some of the information provided in this Section.

2.1.2 Holding Companies

In Italy there is no specific legal form for holding companies, but specific rules apply to them. Holding companies⁷ with net assets larger than 20 billion Lit. (approx. 10,500,000 ECU), listed or

⁷ Defined broadly by Article 19, l. 1974/216 as companies involved in the business of holding shares in other

non-listed, are subject to Articles 3 and 4, l. 1974/216, which confers Consob the power of: imposing them the publication of data and news which are deemed to be necessary for the market; asking them for data, information, or documents; inspecting them on site.

Holding companies also have to send to Consob: their annual accounts; proposals to the shareholders' meeting concerning the modification of the company's charter, the issue of shares, bonds, merger or divisions, the sale or acquisition of its own shares; the minutes of the shareholders meetings where such issues have been discussed; the half-year report.

Holding companies are not exempted from the obligation of drawing up consolidated accounts.

2.2 Basic population statistics

In tables 6, 7, 8 we present some basic statistic on the diffusion in Italy of the various types of *società*, and their employees. In tables 3 and 4 all types of firms (*imprese*) are included: *società* represent 26% of all firms, and 62% of all employees. Among the *società*, *società per azioni* are the most common for large firms. As a whole they represent 3% of all *società*, with 35% of employees. Among firms with more than 50 employees more than 50 per cent of firms are *società per azioni*, with nearly 80 per cent of all firms' employees.

2.3 Intermediaries

2.3.1 Banks

Since 1936 and until 1993, the possibility for banks with demand or short term deposits of acquiring significant shareholdings in non-financial companies was precluded by the Bank of Italy's policy in favour of separating banks from manufacturing firms. Such policy did not cover «istituti di credito», banks with no short term liabilities, such as IMI and Mediobanca. The latter institution appears to have been the only one having had a central role in Italian corporate governance in the last decades, while other banks have not adequately supported and advised industrial firms in their need of resources and strategies for growth⁸.

Following the EC harmonization of banking law, there are now less stringent limits for the

companies, and/or of trading, managing or underwriting securities).

⁸ See De Cecco, Ferri (1996).

equity investments of banks in non financial companies. Banks with a capital⁹ lower than 2,000 billions Lit. (approximately ECU 1,025,500,000) are allowed to invest 15 percent of their capital in shares of nonfinancial companies (half of such percentage having to be invested in listed companies). They can invest in each company or group of companies no more than 3 percent of their capital. Any single share in a nonfinancial company may not be above 15 percent of its capital. Banks with a higher capital («banche abilitate») may be authorized to make higher equity investments in non financial companies. They may be allowed to invest 50 percent of their capital with a maximum threshold of 6 per cent of their capital with regard to each company or group of companies; any holding in a single firm may not, however be higher than 15 per cent of its capital, unless it represents less than 2 per cent of the bank's capital and provided that the sum of all the holdings above 15 per cent represents no more than 2 percent of the bank's capital. Finally, specialized banks («banche specializzate»), banks with a capital higher than 2,000 billions lira, and with no demand or short term deposits among their liabilities, may be authorized to hold non financial company's equity for no more than 60 percent of their capital, and to hold no more than 15 percent in any single nonfinancial company or group, the limitation to single holdings described above for *banche abilitate* applying also to such banks.

Too little time has elapsed since the new regulation came into force in order to notice a more active stance in corporate governance by Italian banks. Consistently with their role as creditors, they seem in fact to have made little use of such new opportunities of investment, except for the cases of debt to equity swaps realized in connection with the reorganization of distressed firms.

2.3.2 Insurance Companies

Laws 295/78 and 742/86 regulate insurance companies. For what concerns the possibility to buy shares, insurance companies may use both their technical reserves and their net equity capital. They may invest in domestic companies which have been listed for at least 3 years or whose balance sheet has been audited for at least three years. They cannot invest more than 3 per cent of their technical reserves in the same company, or more than 5 per cent of the company's shares. A further limit derives from the prohibition to invest more than 20 per cent of their technical reserves in companies' shares. Insurance companies may control only companies whose activity is related to insurance.

⁹ As determined according to prudential supervision rules.

2.3.3 Pension Funds¹⁰

Until now, due to the very generous public pension system, there have been very few pension funds in Italy¹¹. They have had no active role in corporate governance.

In 1993, a new Law, amended in 1995, was passed to regulate such institutions and to promote them with a more generous tax regime (Decreto legislativo 1993/124). In 1997, the secondary rules needed to start up the new system have been approved. According to the new law pension funds may take the legal form either of an association, or of a legal person (*persona giuridica*) or, in some cases, of a sort of «trust» (*patrimonio di destinazione*). They may be either reserved to employees of specific firms and industries or open to any employee; in the latter case an investment fund, a bank, an insurance company or an investment firm takes the initiative for their foundation. Pension funds may not hold more than 5 or 10 per cent of the voting shares of any listed or non-listed companies respectively, and in no way an amount of shares which gives the pension fund the direct¹² control of a company (Article 6.5., D.lgs. 1993/124). Pension funds' assets have to be managed by investment funds, banks, investment firms or insurance companies, but pension funds may directly hold (and trade) shares in real estate companies or funds. The law provides that voting rights attached to shares held by pension funds pertain to the funds, as opposed to the asset manager. This solution has been criticized since the separation between investment decisions and exercise of the voting rights should reduce the incentives of an active involvement in corporate governance issues¹³.

2.3.4 Investment Funds

Open-end investment funds may take the form either of a sort of trust («fondo comune») or of a «società per azioni» with a special regime («SICAV»). *Fondi comuni* may be created and managed by management companies («Società di gestione di fondi comuni»), who are, as a matter of law, specialized in such activity. *Fondi comuni* or *SICAV* have to abide by some minimal diversification rules fixed by the Bank of Italy within the limits established by the law. They may not

¹⁰ Accounting aspects are regulated by the supervising authority («Commissione di vigilanza sui fondi pensione»).

¹¹ Pension funds have existed since a long time for employees in the banking and insurance industries.

¹² It is not easy to understand what «direct» («in via diretta») means in this context. See Enriques (1995).

¹³ See Bianco, Signorini (1994).

hold more than 5% of the voting shares of a single listed company, or more than 10% of the voting shares of a single non-listed company, or, in any case, such holding as to confer on the fund the power to exercise a significant influence on a company¹⁴.

Closed-end funds were first allowed and regulated by a 1993 law containing very strict and pervasive rules¹⁵, which in fact discourage the use of such investment vehicle. As a matter of fact, as of September 1997, there are only four active investment funds in Italy.

2.3.5 Foundations (and Trusts)¹⁶

Although the law does not explicitly prevent *foundations* from acting as for profit business entities, foundations are generally used for non profit purposes in Italy. In foundations a general meeting is not required by the law. Some foundations (especially those having a quasi-public nature, like «fondazioni bancarie»¹⁷) do have a sort of «participants» meeting, some other don't. The equivalent of a director in a foundation is the «amministratore». The act of foundation usually includes the rules for her/his appointment. Amministratori are under the supervision of the Ministry for Internal Affairs, or of Regions in case of local foundations. *Fondazioni bancarie* are under the control of the Ministry of Treasury.

2.3.6 Stock Exchanges

Since July 1996, *stock exchanges* may take the form of *società per azioni*, for profit or not for profit. Before that date, and in the transitory period thereafter, stock exchanges have been public entities. The Minister of the Treasury has to define the integrity («onorabilità») requirements for stock exchanges owners. With regard to the Milan Stock Exchange, the privatization of which is under way, d.lgs. 1996/415 provides that 51 per cent of the voting shares of the new Stock Exchange company shall be sold to intermediaries admitted to trade on the Exchange.

¹⁴ Accounting aspects are regulated by the supervising authority (Bank of Italy).

¹⁵ Just as an example, the law provides that after a maximum period of ten years a closed-end fund has to be liquidated.

¹⁶ Trusts are not allowed according to Italian law. However, foreign trusts can operate in Italy. The correspondent institutions, besides foundations, are «società fiduciarie», which hold assets on the account of other persons but in their own name. These «società» are supervised by the Ministry of Industry (Ministero dell'Industria).

¹⁷ «Fondazioni bancarie» used to be public banks: after a 1990 Law, their banking assets were spun off in «società per azioni» which became, and still are (with only two exceptions), controlled companies of «fondazioni bancarie». They are non profit organizations.

«Borsa Italiana S.p.A.» organizes three markets: «Borsa Valori», «Mercato Ristretto», and «Mercato di Borsa per la negoziazione degli strumenti finanziari derivati» (where derivatives contracts on stock exchange indexes are traded). Table 11 shows the number of companies listed on the two stock exchanges and their capitalization.

Consob is in charge of supervising them.

3. Ownership Structure and Voting Rights

3.1 Ownership Disclosure Rules and Availability of Information

Table 9 shows ownership disclosure requirements imposed by *company law* and table 10 those imposed by *accounting rules*, *i.e.* rules defining the contents and structure of annual reports. Table 12 shows whether and how ownership data from different sources are *available* to the public.

3.1.1 Listed companies

For listed companies there are additional statutory requirements concerning ownership information. L. 216/1974, as amended in 1992, at Article 1/5, provides that holdings of more than 2 per cent of a listed companies have to be reported to Consob within 48 hours. Consob immediately informs the public of such notifications (in practice, on the same day or the day after).

Variations of the 2% threshold have to be reported within thirty days, if the holding percentage becomes lower than 2 per cent or changes for more than 1 per cent. Such a low threshold is a unique case from a comparative point of view, at least as far as we know and, interestingly, it was introduced by a provision in the 1992 law on takeovers (l. 1992/149). Its origin suggests that such requirement is to be classified as a statutory antitakeover device no less than as a tool aimed at having a more transparent market. Furthermore, the Italian law on transparency of listed companies' ownership imposes that all the relevant (larger than 10 %) shareholdings of listed companies in non listed ones must be disclosed. A weakness in the disclosure system may be found in that whoever crosses a relevant threshold does not have to inform the market about the reason for the acquisition and about his or her intentions. The Transparency Directive is also silent on this point¹⁸.

¹⁸ If the notification is made with a delay of more than thirty days the sanction is the same as that provided for violations of the Transparency Directive requirements. If the delay is less than thirty days, the fine is from Lit. 1.000.000 to Lit. 20.000.000 (approx. ECU 520 to 10,500) and no penal sanction is applied.

Notifications are stored through computer. According to a project under way, starting June 1997, updated ownership information will be available to the public on electronic support. However some critical issues in disclosure regulation make it more difficult to identify true shareholders and controlling agents in Italy. The first refers to the issue of *joint control*: in the Transparency Directive (see Article 8) and in the Italian Law implementing it, the definition of control covers exclusively those cases in which a single person or entity is in control. Joint control (e.g., 50/50 control) is not taken into account. This omission has relevant consequences upon ownership data, since it does not allow having a complete picture of «horizontal» groups (see figure 1 for an illustration on how data may be distorted by this loophole). The second concerns *informal coalitions* and has similar effect on the possibility of drawing the «maps» of listed groups. In order to identify a controlling agent in a company Consob data on control, as defined by the Law on takeovers have to be used. This law does not take into account informal coalitions and shareholders' agreements concerning other issues than voting rights into account. Given that informal coalitions and other shareholders' agreements are common, especially at the highest levels of the control chains, it is often difficult to identify the true head of a group (see figure 2 for an illustration on how data may be distorted by this loophole). A final issue refers to the increasing role of *asset managers*: asset managers on behalf of their clients often hold major holdings. Formally, shares are in the name of clients, each of them holding a percentage lower than that for which disclosure has to be made. Therefore, no disclosure requirement applies in principles to asset managers, even though their role in corporate governance is increasingly relevant. All these issues reduce the transparency of ownership and control information.

Another regulatory rule that imposes additional ownership data reporting requirements is Regulation 1991/5553, adopted by Consob, which provides that listed companies have to inform Consob, the Stock Exchange and the public of any change in the control of the company, and of any acquisition or sale of holdings in other companies. The information has to be made available by press release with no delay. Consob stores this information only on paper.

The stock exchange does not impose additional ownership data reporting requirements. Until the implementation of the Investment Services Directive (July 1996), the Italian Stock Exchanges, which used to have a public nature, had no regulatory power upon such matters as market information (see also Section 6.1).

In 1996 the Italian Parliament, following the widely held view that Italian corporate governance system has tended to favor excessively the certainty of control at the expenses of

shareholders' protection¹⁹, has delegated the Government to modify the laws regulating listed companies (e.g., with regard to internal controls, shareholders agreements, infra-group transactions, minority shareholders' rights ...). The Government ought to reform these laws with the aim of «strengthening investors' protection and minority shareholders»²⁰. The new laws should be enacted by February 1998.

Table 13 describes how the Transparency Directive has been transposed in Italy.

3.1.2 Unlisted companies

For non listed companies - except for *società di persone*, i.e. partnerships - a 1993 Law provides that the identity of each shareholder be disclosed, by way of notification to the company register (*registro delle imprese*). The rationale for this Law is not to be found in any business or economic policy reason: the Law is in fact aimed at preventing money laundering.

Ownership data for a significant sample of non listed companies are collected by Cerved (a consortium among *Camere di Commercio*) and made available only at a relatively high costs²¹. As a consequence, for our quantitative analysis on such companies we resort to sample information based on surveys.

3.2 Quantitative Analysis

3.2.1 The Samples Available

In this note we make use of three different samples (see Table 14):

1) Listed companies and firms gravitating around the stock exchange. As discussed in section 3.1.2, for this set of firms the source of information is the administrative data on shareholdings that are collected by Consob and stored on computer. The number of companies in this set is defined by the regulations regarding the disclosure of identity of listed companies' relevant (owning more than 2 per cent) direct and indirect shareholders and of listed companies' direct and indirect relevant shares

¹⁹ See, for example, Barca (1996) and Costi (1995), but, for a different view, see Ciocca (1997).

²⁰ L. 56/96, art.21, par. 4.

²¹ See Table 12, note 1.

(larger than 10 per cent) in non listed companies²². Groups were identified by means of the information about control relationships reported to Consob and through some algorithms which, on the basis of shareholders' stakes, enabled to identify the existence of control relations also when not explicitly stated²³. Data have been analyzed with reference to two periods: January 1993 and June 1996. With reference to 1993 this set includes 263 listed companies (including those on the secondary market), 3,000 shareholders (individuals and limited liability companies) that hold shares in about 7,000 companies, 4,500 of which Italian. Values referring to this dataset are weighted with an indicator which combines the firm's net worth and the «consolidated» number of employees. Consolidated employees are those of the company itself and the share of all those of companies owned directly or indirectly in proportion to the stake owned by the company. With reference to 1996 we present data referring to 214 listed companies and their identified shareholders (approximately 1,100 direct shareholders and 800 ultimate shareholders). Values are presented both unweighted and weighted either with market capitalization (direct and indirect shareholdings) or with what we define market capitalization «deintegrated», i.e., the difference between the company market capitalization and the market value of shares held by the company in other listed companies belonging to the same group (integrated ownership and controlled shares). Table 15 provides the size distribution (in terms of market capitalization) of listed companies in 1996. In the Appendix the form used for the communications to Consob is attached.

2) Since, as was discussed in section 3.1, data on ownership of non listed companies are stored by Cerved but disclosed only to a cost, here we make use of survey data on manufacturing companies. A random sample of (approximately 1000) manufacturing companies with more than 50 employees was surveyed both in 1993 and in 1996, within the yearly survey of the Bank of Italy on firms' investments (called INVIND). In 1993, these companies were interviewed and asked their ownership and control structure (up to the 10th shareholder). In particular, for each of these shareholders, it was asked its «type»²⁴, the share owned, whether they controlled the company, whether they formed a coalition, whether they were relatives of other shareholders. The values from this sample are

²² Disclosure requirements on ownership structure and control relations were introduced in the 1970s.

²³ For all the details, see Barca et al. (1994a) and Bianchi, Casavola (1996).

²⁴ The classification for the type of owners was: 1) individual, 2) foreign company, 3) state owned company, 4) insurance company, 5) holding company, 6) other financial company belonging to the same group, 7) financial company belonging to other group, 8) independent financial company (merchant bank, venture capital..), 9) privately owned company controlled by another company, 10) privately owned company controlled by an individual.

weighted to take into account the different coverage of the sample by size, sector and geographical area. Moreover we present tables with values weighted by the size of each company (measured by employees)²⁵. In the 1996 survey, questions on ownership concentration, identity of controlling agents, diffusion of pyramidal groups and shares held by financial institutions have been included. In all the surveys from 1993 to 1996 firms were asked information on control transfers. In the Appendix the questionnaire used in the survey is attached.

3) A random sample of (approximately 4,400) manufacturing companies with more than 10 employees surveyed in 1995 by Mediocredito Centrale. As for the previous survey, ownership and control structure (but only up to the third shareholder) were asked to the companies²⁶; moreover they were asked whether they belonged to a pyramidal group. As compared to the previous survey, this dataset includes a representative sample of small and medium companies (with less than 500 employees, and in particular of those with 10 to 50 employees) and all companies with more than 500 employees. In what follows values are only weighted by employees but not by a weight that keeps into account the different coverage of the sample. Hence the weighted totals should be taken with care. The two samples are not totally comparable also because of the slightly different classification of types of owners. See the Appendix for the questionnaire used for the survey.

The information on groups either refer to what we define «listed groups» (i.e. to those including at least one listed company) or to those including one of the randomly selected companies in the samples (2 and 3): the companies in the two surveys were asked whether they belonged to a group, how many companies belonged to the group and how many employees the group had.

In the analysis, we shall first discuss results referring to manufacturing firms as a whole; secondly those valid for listed companies. Moreover (for 1993) we also present information on the set of companies belonging to pyramidal groups which include at least one listed company (which we shall define as listed groups).

3.2.2 Ownership concentration

²⁵ See Barca et al (1994b) and Bianco et al. (1996) for a description of the sample.

²⁶ The classification for the types of owners is: 1) individual, 2) foreign company, 3) industrial company, 4) holding company, 5) other financial company.

Average ownership concentration of manufacturing companies both non-weighted and weighted by the size (measured by employees), is presented in tables 16-21 for the years 1992-94-96.

The tables show that in Italy (direct) ownership of company shares is, in most cases, heavily concentrated. In 1992 the largest shareholder of manufacturing companies owned on average approximately 66 per cent of a company, the 3 largest shareholders owned more than 90 per cent (table 16). The concentration of ownership (measured by the stake of the first shareholder) is greater in larger firms: in firms with less than 100 employees the largest stake is on average 60 per cent, while in those with more than 1000 employees it is approximately 83 per cent. Hence any measure of concentration that weights firms according to their size yields even higher values. If firm size is defined by employment, the average largest share is equal to 77 per cent (table 17). This phenomenon is largely dependent on the fact that the largest shareholder is often another company with a majority stake, and this is more frequent for large companies. Partly due to this, data referring to 1994, which include also smaller companies, exhibit a lower concentration, with the average largest share equal to 61 per cent. For very small firms (11 to 50 employees) the largest shareholder owns on average approximately 53 per cent of the company (table 18)²⁷. Even if data referring to the same size classes show a slightly lower concentration, it is difficult to argue that this corresponds to a true reduction in ownership concentration in Italy, due to the differences in the datasets. When the data are weighted by employees, results are in fact very similar (table 19). In 1996 concentration appears to be slightly higher (tables 20 and 21). If we consider the 3 largest shareholders the positive relationship between size and concentration disappears: in all the years for which we have observations the cumulated share is stable at approximately 90-92 per cent; hence, independently on the type of owner (person or company), Italian companies are tightly held.

For listed companies we are able to distinguish between direct stakes and group blocks. Direct stakes are those owned by each independent shareholder. Group blocks are all the stakes of companies that are part of a business group and are the sum of all the stakes owned directly or indirectly by the same agent.

The first shareholder of listed companies in 1993 owned on average 51.4 per cent. For the whole set of companies belonging to listed groups the largest shareholders owned on average 70.6 per cent, the first three 73.7 per cent (for companies with identified control, the respective values are

²⁷ However it has to be kept into account that data are not weighted to take into account the different coverage of the sample by size, sector and area. Since small firms are less represented in the sample than larger ones, if data were weighted the average value of concentration would be even smaller.

86.6 per cent and 89.9 per cent)²⁸. In 1996 ownership concentration of listed firms is slightly lower but still very high (the largest shareholder has on average 48 per cent, tables 22 and 23). For smaller firms (the lowest 25th percentile in terms of market capitalization) the owner has the absolute majority. On average the first three shareholders own 62 per cent. In 1996 in more than 10 per cent of the companies the largest shareholder had a stake larger than 75 per cent and only in 15 per cent of the cases ownership was rather dispersed (i.e. the largest shareholder had less than 20 per cent). As opposed to manufacturing companies as a whole, ownership concentration of listed companies is not positively related with size. With the exception of the lowest percentiles (where values may be biased due to the fact that in this group we include companies suspended from trading for their financial difficulties) and those in the highest percentile we observe, as expected, a negative relationship between concentration and market capitalization. The fact that the positive relationship disappears in the highest percentile is partly due to the presence of the oil company ENI, which is in the process of being privatized and has been listed in 1995, thus becoming the largest listed company (15 per cent of total market capitalization) and where the state in June 1996 still owned 85 per cent) In particular, for listed companies we observe that the larger is the market capitalization of the company, the smaller is the share owned by the main shareholder, but also by minority shareholders (from the second to the tenth largest) and the larger is the share owned by the «market», which we define as the sum of all holdings lower than 2 per cent.

The difference between listed and unlisted companies is due to the fact that in a large number of cases, listed companies are at the head of pyramidal groups (and hence are not owned by other companies) or to the fact that pyramidal groups are used to maximize the resources controlled with the minimum possible amount of capital that allow to keep the control of the capital and the latter decreases the larger is the company.

The first step in trying to assess whether the group structure is able to produce a sufficient level of separation between ownership and control is the measurement of group blocks, i.e., of the total share held by an ultimate owner both directly and through controlled companies²⁹. In pyramidal groups ultimate owners may be either controlling shareholders or investors (outsiders). The value for group block ownership in 1996 shows as expected a slightly higher concentration as compared to direct ownership (tables 24 and 25). The difference between direct and group block largest share is

²⁸ See Barca et al. (1994a).

²⁹ I.e., if the agent controls company A and has a share b_1 in company B and company B has a share b_2 in B, the group block ownership in B is given by the sum of b_1 and b_2 .

particularly large for listed companies with a size included between the 50th and the 90th percentile and suggests that for this set of companies the group structure is more complex, with the controlling shareholders participating in the listed companies through various channels.

It is interesting to notice that for the most recently listed companies concentration is, on average, lower: the largest direct shareholder owns 40 per cent, the second 7.3 per cent, the third 4 per cent, while the share of the 4th to 10th shareholders is larger as compared to other listed companies (8.2). If we weight the values by market capitalization, concentration appears extremely high due to the presence of ENI and Telecom Italia Mobile, the two largest newly listed companies, where the state had respectively 85 and 61 per cent. Among smaller firms (up to the 95th percentile) instead, the first shareholder on average had less than 45 per cent.

3.2.3 Identity of owners

Considering the ten largest shareholders of each firm, the ownership of the average manufacturing firm is shared almost equally between individuals and companies (48.0 vs. 49.7 per cent, table 26). As expected, individuals own a larger share in smaller companies (in those with less than 100 employees they have the absolute majority) and a very small one in the largest. However also in small and medium firms other companies, and in particular holding companies and other private domestic non financial companies have a role. The larger is the size the more important is the presence of foreign companies, the state and holding companies among the shareholders. This explains the difference between non weighted values and those weighted by size. The latter show a much lower average value of the stake of individuals (who directly own 24 percent of firm capital) and a larger one for holding companies (32 per cent), foreign companies (16 per cent) and the state (12 per cent) (table 27) as compared to non weighted values³⁰. Notice that financial companies have nearly no share in manufacturing companies³¹.

Results are qualitatively similar if we consider the more recent Mediocredito Centrale dataset (tables 28 and 29). Here, however, only the three largest shareholders are taken into account and the state was not included in the list of possible owners (hence it might have been included among «industrial companies», «holding companies» or «financial companies»). The weight of individuals is

³⁰ Values are weighted by employees. Hence we are assuming that the size measured by employees is a proxy of the firm's capital.

³¹ Remember that only the ten largest shareholders in each company are considered; residual shareholdings account for only a small fraction of capital on average, but they may be important in some large firms.

slightly higher (69 per cent on non weighted values, and 38 per cent on weighted values), mainly due to the presence of very small companies (11-50 employees) where individuals own on average 89 per cent. Again, it is interesting to notice that also extremely small companies have industrial and holding companies among their shareholders: this can be interpreted as a sign of the diffusion of groups also among small companies. Finally, in the Mediocredito Centrale sample on 1994 we observe a much larger presence of financial companies among the shareholders as compared to 1992 data. Even if partly due to a different classification³², this probably reflects an increasing role that financial intermediaries are performing in Italian companies.

The main shareholders of listed companies in 1993 were non financial companies (21.6 per cent on weighted data), the state (19.3 per cent) and individuals (28.7 per cent, measured as the sum of reported shares of individuals and the difference between 100 and all the reported shares). Financial companies (banks, insurance companies, mutual funds and other) had approximately 25 per cent. If we consider the set of all the companies belonging to «listed groups», shareholders with reporting requirements owned 75 per cent. Other companies belonging to groups held the largest share (40 per cent, approximately equally shared between companies belonging to private and state controlled groups) followed by the state (15 per cent) and banks (9.5 per cent) (tables 30-31).

In 1996, among direct owners of listed companies we observe a very large weight of non financial companies, including holding companies, (on unweighted data they represent nearly 40 per cent), again evidence of the diffusion of pyramidal groups (table 32). As noticed above about ownership concentration, their weight decreases with the size of the company. Individuals do not own significant shares in single large companies. If we consider values weighted by market capitalization, we observe a reduction in the weight of individuals (from 5 to 1 per cent) and the increase in importance of the state, which is important mainly in very large companies. In particular the weight of the state is similar to the value of 1993, due to the listing of some large state owned companies³³. Banks own approximately 8 per cent of the capitalization, mainly in other banks and insurance companies, but also, recently, in non financial companies. The role of other financial companies (such as mutual funds and pension funds) is still very limited, even if here it is underestimated due to limit of 2 per cent in the communication to Consob. If we correct these data

³² Which might have led to include some group sub-holding among the financial companies.

³³ Currently (September 1997) the stake of the state in ENI, the largest company on the stock market, has decreased to 51,5 %; hence the data today would show a larger role for institutional investors (Italian and foreign) and for the market.

by keeping into account the fact that mutual funds and other institutional investors who own shares in listed companies usually do not have reporting requirements because their holdings are smaller than 2 per cent, we find that institutional investors at the end of 1996 owned approximately 14 per cent of total capitalization. This leads to an approximate estimate of individuals' shares of 29 per cent.

The weighted share of foreign investors is quite modest: they own about 2.5 per cent of capitalization, mainly concentrated in small size companies (their unweighted share is 10 per cent). Their share has reduced from 1993. However again these are only the significant shares (those larger than 2 per cent) and hence usually they represent a share in coalitions. Investments by foreign institutional investors are instead underestimated as those of the domestic investors.

When we consider group block ownership (tables 34 and 35), the weight of individuals, foreign investors and the state (the typical ultimate owners) obviously increase, and correspondingly decrease that of non financial companies. A significant share of group block holdings (approximately 1/3 of declared holdings), however, is held by what we define «apparent» ultimate shareholders, whose ownership structure does not allow, according to the Italian law, to identify a controlling agent. Some of these are bank foundations, whose ownership and control structures are not very well defined (see section 2.3.5). The other ones are partnerships or limited liability companies (with 15 per cent of declared holdings) mostly controlled by coalitions, which are considered «not relevant» for the Italian law on communications obligations (see section 3.1.1).

3.2.4 The role of financial institutions

As discussed in section 2.3.1, banks have had a limited role in companies' ownership and governance in Italy, due to the separation between banks and non financial firms imposed by the law in 1936. A remarkable exception has been however Mediobanca, an investment bank with stakes in all the largest Italian private groups, which has played a substantial corporate governance role guaranteeing their stability (and growth) over time³⁴. After the abolition of the 1936 separation, at the end of 1992, banks are now allowed to hold shares of non financial companies (up to a limit). However until recently they have exploited this possibility mainly to help companies in financial distress, converting debt into equity.

For what concerns other financial institutions (insurance companies, pension funds, open and

³⁴ See De Cecco, Ferri (1996), Ferri, Pesaresi (1996).

closed end funds) their development has been substantially delayed mainly due to the very generous public pension system and at the same time to the growth of government deficit and its financing by means of government bonds. In the 1980s these financial instruments represented the largest share of households' financial assets. Even insurance companies - the largest of this group of financial institutions - even when holding large shares of their financial assets in companies' stakes did not play any corporate governance role. The recent laws introduced in 1983 (see section 2.3.4) have favored the development of open-end funds. Even if they invest mainly in bonds, in the last few years they are starting to play a more active role in some companies' shareholders meetings or they are trying to induce companies to introduce more transparent means of communications or better protection for investors³⁵. The introduction of pension funds could work in the direction of increasing the role of financial institutions in the Italian corporate governance even if the rules concerning the exercise of voting rights do not seem to offer the correct incentives.

The data presented above confirm the limited role of financial institutions in Italy. However the data referring to very recent years suggest that some change are taking places.

First in the Mediocredito Centrale dataset firms where a financial company own shares are 10.7 per cent of the total sample. In 70 per cent of the cases the financial company also shares the control of the company. These cases occur more frequently among medium and large companies (for firms with more than 200 employees they represent more than 20 per cent of the sample). At a closer look, even if we do not have more detailed information about the identity of the financial companies, they appear to be in various cases financial companies belonging to a group that cannot be classified as holding companies³⁶. In other cases they are banks (for example in restructured firms) or other financial companies such as venture capital (private or state-owned) or merchant banks. It is interesting to notice that for the small companies (with less than 200 employees) with a «financial» shareholder, ownership concentration is higher than for the other small companies, suggesting that in these cases the financial company is possibly a «family owned» one. The reverse is true for larger firms, indicating that the presence of financial companies tends to be associated with a larger shareholder dispersion. Moreover in these cases also the stake with which the company is controlled is lower than the average value (see below, section 3.2.6).

Secondly the comparison between the 1992 and the 1996 INVIND surveys show a slight

³⁵ See Rubino, Verna (1997), Bianco, Goldstein (1995), Assogestioni (1996).

³⁶ Remember that in the Mediocredito Centrale sample there is no clear distinction between a purely financial companies and a financial company belonging to a pyramidal group.

increase in the percentage of firms with a share owned by a financial company, even if smaller than that emerging from the Mediocredito Centrale survey³⁷. In 1996 6.5 per cent of the companies have a financial shareholder (3.7 per cent if we take into account the different coverage of the sample by size and sector and 7.6 per cent if weighted also by employees). Also in these cases they are more common among firms with larger size and we observe a lower ownership concentration where financial companies are among the shareholders. The average share owned is 20 per cent.

3.2.5 Diffusion and role of groups

The definition of hierarchical group, or group, that we shall use is that of "a set of companies with separate legal status which are all subject to the direct or indirect control - through one or more lines of control - of one leadership (an individual, a coalition of individuals or a government body)" (see section 2.1). It is worthwhile to point out that in this definition of groups we include those with only one manufacturing company and other companies supplying services³⁸ and those with one manufacturing company and other companies whose purpose is only financial control.

The results of the survey on 1992 show that more than fifty percent (56 per cent) of Italian industrial firms belong to a hierarchical group (table 36). Moreover the diffusion of the phenomenon increases with the size of companies. Almost all Italian companies with more than 1,000 employees adopt this structure but the percentage remains very high also for small and medium size companies and this is perhaps the most surprising result. It shows the central role played by this form of organization and control in the Italian industry. If we distinguish among state owned companies, subsidiaries of foreign companies, and Italian privately held companies, we see that nearly all the state owned companies are organized in groups (except for some local government companies), and that all the subsidiaries of foreign companies, by definition, belong to a group. Even keeping this into account the diffusion of groups among privately owned firms appears extremely high (Fig. 3). The group organization is more frequent in high technology industries (possibly because it allows to limit the liability of controlling companies in a very risky environment) and in "scale intensive" industries, where it may reconcile the need to centralize control with that of widening the scope for attracting

³⁷ In this survey however, the definition is strict: among financial companies are included banks, merchant banks, investment companies, venture capital companies.

³⁸ In our 1992 sample these represent approximately 37 per cent of all groups with 13 per cent of total employment in groups.

venture capital (Fig. 4).

In the survey by Mediocredito Centrale (table 37) numbers are lower also due to the presence of very small firms, which are more rarely organized as groups³⁹.

The 1996 survey shows that fewer companies are organized as groups than in 1992. In particular the share of firms belonging to groups has slightly decreased among medium size firms (table 38). An estimate of the distribution of "economic" manufacturing companies with more than 50 employees was made possible by the availability of data on the size of groups⁴⁰. As expected, the size distribution of "economic" companies differs considerably from that of companies as defined legally. There is a smaller share of "economic" companies of small size than defined legally, while the numbers of large "economic" companies is much larger. What we do not observe, rather surprisingly, is an increased presence of medium-large firms, even when we keep into account groups. The greater number of large companies is in fact offset by a lower number of medium size companies. Almost 700,000 employees are concentrated in the first 34 groups (Fig. 5).

Various reasons have been identified for the adoption of the group structure in Italy⁴¹. First of all a pyramidal group represents a device to exert control: a group structure enables one or more individuals to control a wide set of activities with a limited share of assets owned. By spreading out the voting rights of minority shareholders over a large number of firms and concentrating those of the entrepreneur in the company at the top of the pyramid, this model allows the latter «to obtain control over the greatest possible amount of other people's capital with the smallest possible amount of his own»⁴². An approximate evaluation of this motivation may be obtained by selecting the firms (belonging to a group) controlled by other firms (industrial or financial) with a share smaller than 100 per cent. In 1992 among Italian privately owned firms organized in groups 37 per cent (28 per cent if weighted by employment) are holding companies (i.e. they are controlled by individuals,

³⁹ This survey allows to distinguish the position of the companies surveyed within the group: 20 per cent of the companies are head of the group, 24 are intermediate companies, 56 per cent are only controlled. Head of groups are concentrated in the 100-500 size class. Moreover firms were also asked about what were, in their perception, the advantages of the group organization: among the answers those which received higher weight referred to «better distribution of costs», «diversification», «backward or forward integration», «raising equity capital».

⁴⁰ Until now statistics were only available for local units and companies as defined by legal status. Here an "economic" company has been defined as the set of manufacturing companies incorporated in Italy that belong to the same group.

⁴¹ See Barca et al. (1994b), Bianco, Gola, Signorini (1996).

⁴² See Hilferding (1910).

families or coalitions), 31 per cent (32 if weighted) are controlled by another company with 100 per cent of shares and 32 per cent (40 per cent if weighted) are controlled by another company with less than 100 per cent of shares. We may proxy the cases where the group is a control device with the last number. We might instead exclude this motivation in those 30 per cent of cases where firms are controlled with 100 per cent of shares. We are not able to evaluate the relevance of this motivation among the holding companies since we have no information on firms controlled by them. Therefore the need to separate ownership and control is not the only reason that has induced Italian entrepreneurs to choose the group form of organization. Other different functions of the hierarchical group form of organization can be identified.

The group is also used as a means of limiting liability. Within a group the juridical autonomy of subsidiary companies allows the parent company (and each subsidiary) to limit its liability as compared with the alternative situation where the companies in the group are organized as divisions of one single large company.

The group may also represent an incentive structure. The substitution of delegated monitoring of divisions within a single company with relationships (contractual and other) between individual companies may enrich incentive structures needed in a world where principals are not always fully informed of the actions of those under them. Alternatively, a group structure may make it easier to share management functions among the members of a controlling family, favoring co-operation and reducing the risk of conflict. A group structure multiplies the number of different roles and positions that different members of the family may take so that each has his/her own sphere of influence. It is far from rare, for example, for each member of a family to "control" an individual company so that he/she decides that company's strategic policies. For small and medium size companies a group structure might be the first stage of a process towards more open control structures.

The group may be an "elusive" tool. The organization of an enterprise into multiple companies may allow them to avoid disclosing information to the market and the government.

Finally the group may be a means of co-operation. A group organization may make it possible to reach co-operation agreements (even without contracts) with external parties. A group structure increases the number of boards of directors where the controlling shareholder may interact with other relevant shareholders, increasing his chances of reaching long term agreements. In general this instrument increases the probability of collusion by means of the control (single or reciprocal) of sub-systems.

The vast majority of listed companies belong to a pyramidal group, where often another

company is listed as well. Here the motivation for the adoption of this structure is mostly a control reason. We shall evaluate in the next sections the degree of success of Italian pyramidal groups (mainly listed ones) in achieving separation between ownership and control.

3.2.6 Control

We turn now from ownership structure to control structure of Italian companies. Even if ownership is one of the main mode to exercise control, and hence it should be the first aspect to be considered, there may be different ones which in particular allow to obtain separation (and hence a larger growth of the company). The limited degree of separation between ownership and control obtained on average in Italian companies is clear from tables 40-45. On average in Italy the controlling agent alone owns more than 80 per cent of the company. Smaller manufacturing firms are usually controlled with a slightly smaller share (table 40-43)⁴³. If we add to those in control also the shares of their relatives and of those linked to controlling agents by voting agreements, this share increases to 90 per cent (93 in 1994): hence less than 10 per cent (7 per cent) of the capital of Italian manufacturing companies can be exchanged on the market (tables 44 and 45).

Listed firms are on average controlled with a lower stake (approximately 60 per cent on both unweighted and weighted values) (tables 46 and 47). Considering weighted values the controlling stake is approximately 70 per cent when the agent is the State or a bank (mostly controlling other banks) or an insurance company (mostly controlling other insurance companies). Only when control is exercised by a non financial company it is on average lower than 50 per cent (and this is only due to the weight of the largest percentile). It is worth noticing that the controlling stake is affected by company size only to a limited extent: it is in fact larger than 50 per cent in most cases for all size classes.

Given this identity between ownership and control among manufacturing firms it is not surprising that in most cases the distribution of control across types of investors reflects rather closely the distribution of ownership (tables 48-53). Some changes emerge from the comparison between 1992 and 1996: the amount of companies controlled by individuals has increased especially among medium size companies; similarly for the number of companies controlled by foreign companies and by financial institutions in all size classes⁴⁴. Correspondingly the weight of holding

⁴³ The survey on 1994 shows similar values.

⁴⁴ For the 1996 dataset we do not have information on ownership distribution by type of investor, but only those

companies and of state-owned companies has decreased (compare tables 49 and 53).

Among listed companies the largest share is controlled by the state, even when we exclude the largest company on the stock market, still state owned (tables 54-55). In the lowest percentiles individuals and formal agreements are those with the largest amount of capital controlled, while among medium and large companies (except for the largest percentile) non financial companies control most of the capital. This finding is partly due to the difficulty of moving up along the control chain beyond partnerships or other companies where there is joint control or informal agreements. Similarly, the rather large share of banks among controlling agents is due to the presence of bank foundations whose ownership and control structure is not well defined.

In order to evaluate the degree of separation between ownership and control, we need to go a step further, in particular we need to consider «ultimate» owners. For listed companies this is what will be done in section 3.2.8. However since for the companies in the INVIND surveys we are not able to go up along the control chain, we proxy the computation of the separation by grouping firms according to «control models» (fig. 6)⁴⁵. We define as absolute control the case where there is nearly no separation between ownership and control: control is exerted by an individual with a majority of voting rights. This control model accounts for approximately 9 per cent of the activity of manufacturing firms with more than 50 employees. As expected, it is more common among small firms and extremely rare among the largest ones. A hierarchical group control is the most frequent corporate governance model; it accounts for 52 per cent of manufacturing activity and is more frequent among larger firms. The second most relevant model is what we define as family control, a case where family links exist among those in control or between the latter and non controlling shareholders. It may be interpreted as another device which allows separation between ownership and control. A fourth model of corporate control is what we define coalition control: this model is similar to the previous one but is slightly more complex. The trust-link between entrepreneurs and investors is based on their sharing common values (belonging to the same industrial district, to the same political party etc.) and might further be forged with formal agreements. Empirically it is proxied by all cases with joint control or single control without majority of votes, except when there are family links. It accounts for 9 per cent of total manufacturing activity and is more common among small firms. The financial supervision model, where financial guarantees to non controlling

referring to control. This is the reason why we could not comment on these changes also for ownership distribution in section 3.2.1.

⁴⁵ See Barca (1996); Barca et al. (194b); Bianco, Gola, Signorini (1996).

shareholders are represented by the presence of financial companies with privileged information exerting monitoring (banks, merchant banks, institutional investors etc.), is proxied by all cases where among the owners there is an independent financial company with a relevant share (larger than 20 per cent). This model was basically absent among Italian manufacturing firms in 1992 (only four cases are found in the INVIND survey). State ownership can be interpreted as a model where the state collects capital directly from savers and finances entrepreneurs by entrusting the political authorities the power to safeguard the interests of investors. This model accounts for approximately 13 per cent of the activity, and is more frequent among larger companies. Finally we proxied public companies by cases in which control is exerted without ownership of shares or where ownership is extremely dispersed. A limited number of firms was identified. In all these cases however the market for corporate control was not active and no real threat of take-over existed for these companies. Hence this model, which accounts for 1 per cent of the activity, was named pseudo-public company.

In sum the Italian case is peculiar in that regulation and corporate culture did not favor the development of relationships between banks and companies that emerged in Germany, but at the same time other corporate governance devices (more frequent in the Anglo-Saxon countries) such as acquisitions, fiduciary duties and other financial institutions did not develop. Firms' financing and growth have been solved through the mechanisms of the State, the families, the coalitions, often organized into pyramidal groups. Banks or other financial and non financial institutions have not exerted monitoring or played an active role as advisors or intermediaries in the transfer of control. Takeovers have never worked as a monitoring device. Company and securities laws have not provided fiduciary duties, nor guarantees that adequate information was given to shareholders. A large number of companies are organized into pyramidal groups where no special guarantees exist for minority shareholders. The State has played a central, direct role via ownership and via financial transfers to private companies. Implicit rules, such as family relations and coalitions among owners sharing common interests or values, have been widely used, further preventing the exit mechanism from working. The separation between ownership and control has been limited. The difficulty in realizing the separation is further shown by the wide diffusion of clauses restricting control transfer in the company by-laws. Approximately 41 per cent of the firms, especially among those with family or coalition control, have such clauses.

If we consider listed groups in 1993 the largest share was controlled by state owned holdings (40.5 per cent) followed by private companies (19.4 per cent) and banks (12.7 per cent) (table 30). If we only consider the private non banking sector 45.9 per cent was controlled by private companies and 24.4 by individuals, whereas coalitions controlled 17.9 per cent (table 31)

Among listed companies in 1996, the largest share is still controlled by the State (47 per cent) (table 54). This share is especially large in the highest percentile, due to the presence of some state-owned companies listed recently. A large share is controlled also by non financial companies: this might be taken as evidence of the presence of informal agreements. Formal agreements are also extremely common. If ENI (the largest state-owned company) is excluded from the sample, the weight of the State decreases to 33 per cent (table 55) whereas non financial companies increase their share from 20 to 25 per cent.

3.2.7 Boards and interlocking

As discussed above, in Italy the appointment of directors is the responsibility of the stockholders' meeting which decides on a majority vote (see section 2.1.1). The board has supervisory duty over the executive directors. In large Italian companies they are usually both non-executive and executive directors. A recent research on the role and the functioning of Italian boards (Crisci, Tarizzo, 1985) shows that the board represents mainly the interests of majority owners⁴⁶. Usually the directors are proposed by the president of the board or by the majority shareholder and are chosen (in 90 % of cases) among employees or persons with professional relationships with the company. From table 5 we see that boards of listed companies have on average 12 directors. This number is increasing in the company's size⁴⁷ and is slightly lower for financial and holding companies. The size appears to be relatively stable over the last 10 years. More complex ownership structures (as is the case for large companies) seem to generate boards with a higher number of directors. It is possible to distinguish between executive and non executive directors: on average listed companies have 1.3 executive directors⁴⁸. The boards' turnover is rather high over the period: every year 14 per cent of directors on average left the board, and approximately the same percentage entered⁴⁹. For banks the turnover

⁴⁶ The research was performed on a sample of all listed companies and the 300 largest companies (except those listed) in 1994 through a questionnaire sent to 1,500 directors. It should be noted that the results are based on the answers of 219 directors and hence might not be totally representative.

⁴⁷ See also Barca et al. (1994b), ch. IV, for an analysis of the relationship between boards structures and control models.

⁴⁸ The differences with the results of Crisci and Tarizzo (1995) may be due to the different samples used of to an over-representativeness of executive directors in their sample. For what concerns the possibility to distinguish more clearly between insiders and outsiders, it must be noticed that directors, internal auditors and chief executive officers must reveal their ownership share in the company to Consob (art. 17, L. 216/74). The introduction of new «schemes» for the communication to Consob will guarantee a better use of these data.

⁴⁹ The slight difference between the two rates is due to the turnover of the listed companies.

is slightly higher (table 56). In particular directors with more than one position are more «mobile». For executive directors the turnover is similar to that of the others. A rather stable composition and size of the board are accompanied by a relatively high internal mobility.

Interlocking directorates are a rather common phenomenon among Italian listed companies⁵⁰. The share of directors with multiple positions is approximately 20 per cent (table 57). This is a preliminary evidence that the Italian system is characterised in a stable way by a strong network of links not only through the ownership structure but also through interlocking directorships.

The average number of positions held by a director is 1.4. Also in this case the value is stable over the last 10 years (table 57). Most of the links are generated by directors with a large number of positions: in 1995, more than 60 per cent of the interlocks was due to directors with more than 4 positions. It should be noticed that, since 1990, this share decreased, even if this might be due to a reduction in the number of listed companies. If we take into account only «close» links, i.e., those established by the presence of directors which are executive or president of the board (*in-in* interlocks), we find that they are mainly established across companies belonging to the same group (Fiat group, Cofide group etc.). Therefore *in-in* interlocks seem to strengthen ownership links or substitute them when they are indirect. Within pyramidal groups executive directors are mainly representative of the majority owners. This structure is relatively stable: its changes are linked to changes in the groups' ownership structures.

It is worth noticing that, with a legislation imposing separation between banks and non financial companies (at least until 1993) (with both banks forbidden from owning shares in non financial companies and viceversa), personal links have been a way to substitute ownership. There are in fact many instances of *in-out* or *out-in* links (i.e., where the director has an executive position in one of the company and a non executive one in the other) between non financial companies and banks among Italian listed companies.

3.2.8 Separation between ownership and control

A further step in measuring the success of pyramidal groups in obtaining separation between ownership and control is the evaluation of «integrated ownership», i.e. the amount that has been

⁵⁰ For a description and a preliminary analysis of the phenomenon see Bianco and Pagnoni (1997), here we report some of their main conclusions.

actually provided in the company by the controlling agent. Integrated ownership is computed for each listed company with an identified controlling agent moving from the direct shareholding of the controlling agent along the control chain. If agent A controls company B with a 50 per cent share and B controls company C with a 50 per cent share, the integrated ownership of A in C is 25 per cent.

In 1993, average integrated ownership for controlling agents in listed groups was 39 per cent; in private non banking groups it was 17 per cent. In 1996 integrated ownership of controlling agents in the set of all listed companies with an identified controlling agent amounts to 51% of capital (table 58). The State holds more than half of total integrated ownership. If however ENI is excluded, integrated ownership reduces to 42% and the share of the State to about one third of total value (table 59).

The high value of integrated ownership reflects a limited degree of separation between ownership and control. In 1993 on average, the ownership of one unit of capital allowed the control of 2.7 units of capital. In 1996 for listed firms this number was 1.95 (table 60); it is about 1.6 for the State, while it is above the average value for individuals (3.62) and non financial companies (4.48)⁵¹. If ENI is excluded, the value increases to 2.4 for all companies, and is higher also for the State (2.3) (table 61). In private groups where the head of the company is a non financial company the separation increases with size.

The degree of separation of ownership and control may appear modest, in particular if compared to the absolute separation realized in the pure public company model. Considering, however, that control, in most of the cases, is not contestable and that there is a very little external efficient monitoring (due to the low protection of minority shareholders and the limited role of financial shareholders), the separation may not be considered so small. Indeed separation between ownership and control in private groups, especially where the head of the group is not a financial company, is much larger than in State controlled group. For the private groups in fact the pyramidal structure is exploited to gain as much external finance as possible.

If we look at the first 30 groups by market capitalization, the dichotomy between private and State controlled groups appears to be even more evident (tables 62, 63). For the Agnelli group, the third one by capitalization, the capital controlled with one unit of capital is about 9; for the De Benedetti group it is about 10⁵², and it is higher than 4 for Compart, Radici Pesenti, Ligresti,

⁵¹ In many instances it is not possible to move up along the control chain above non financial companies (often partnerships).

⁵² Notice that since the end of 1995 Olivetti is not controlled by this group any more.

Pininfarina and Falck groups. For State controlled groups, the value is 1.2 for those controlled by Ministero del Tesoro, and 2.4 for the IRI group, respectively first and second by capitalization. Furthermore, it should be noticed that for many private groups it was not possible to identify the true head of the group, due to the presence of coalitions controlling the holding company of the group that are not relevant according to the regulation about ownership disclosure. Were it possible to identify the true head of these groups, the separation would appear to be considerably higher.

4. The recent evolution

Recently some changes are recognizable in the Italian corporate governance structure, some of which cannot still be traced in the data, at least not in those referring to 1996.

As far as the group structure is concerned, it is recognizable a tendency towards a simplification of pyramidal private groups: this trend seems to be led mostly by financial difficulties of some groups and it has involved mostly listed companies located at low levels of pyramidal groups. The difficulties of some private groups have also led to a greater instability of ownership structure with a larger role for financial institutions (both banks and institutional investors).

On the contrary, an increase of leverage is noticeable for State controlled groups, due to the spin-off of some assets (like in the case of the cellular phone company Tim) and to a decrease of control stakes owned, mostly in the framework of progressive privatization (see for examples INA and ENI). In the process of restructuring, on the other side, some simplification of group structure is taking place.

The privatization process is enlarging stock market capitalization but this is occurring slowly and with some ambiguities: in some instances ownership has been transferred from the state to banks which are controlled by foundations, and can be hardly considered private. In other cases the state still controls 51 per cent of the capital.

Also due to financial incentives, in 1995 and 1996 a relatively large number of medium size companies was listed, especially among those with venture capital participations.

Financial institutions seem to be playing a larger role both in terms of their ownership share in non financial companies and in terms of their voice in shareholders' meetings. These changes however are taking place very slowly: banks, who are now allowed to own shares in non financial companies have used this possibility only in a limited number of cases and mostly to convert their

debt towards firms in financial difficulties into shares.

Consistently with the tradition of continental Europe legal systems, and in the absence, until today, of any E.C. harmonization imposing corporate governance systems more sensitive to the need for investors' protection, the current Italian company law, according to the dominant view⁵³, has tended to favour excessively the certainty of control at the expenses of shareholders' protection. Adhering to this view, in 1996 the Italian Parliament has delegated the Government to modify the laws regulating listed companies with specific regard to internal controls, shareholders agreements, infra-group transactions, minority shareholders' rights. The Government ought to reform these laws with the aim of «strengthening investors' protection and minority shareholders»⁵⁴. The new law should be enacted by February 1998. In the meantime, a wide debate among academicians and professional associations is taking place⁵⁵; even the press has recently started to discuss the issue. It is too early to know what kind of legislation will finally be enacted, although it is fairly predictable that, in general, the government will be very cautious in shifting the balance of the law from insiders to minority shareholders, as the Parliament requires it to do.

⁵³ See, for example, Barca (1996) and Costi (1995), but, for a different view, see Ciocca (1997).

⁵⁴ L. 56/96, art.21, par. 4.

⁵⁵ See, e.g., Ceradi (1996); Assogestioni (1996); Associazione Preite (1997); Assonime (1997).

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Table 1

COMPANY TYPES

	Limited Liability	Minimum Capital (millions lire)	Smallest number of owners	Smallest number of managers	Degree of imperativeness of the legal rules
Società semplice ⁽¹⁾	Only for partners not participating in the management of the company, if (a) the partnership contract so provides, and (b) creditors are informed of the existence of such clause.	No	2	1	Low
Società in nome collettivo	No	No	2	1	Low
Società in accomandita semplice	Unlimited for “soci accomandatari”; limited for “soci accomandanti” ⁽²⁾ .	No	2	1	Low
Società per azioni	Yes, unless the Co. has a single owner	200 Approx. ECU 105,000	2 at foundation, 1 thereafter	1	High
Società in accomandita per azioni	Unlimited for “soci accomandatari” and limited for “soci accomandanti”.	200	2 at foundation, 1 thereafter	1	High
Società a responsabilità limitata	Yes	20 Approx. ECU 10,500	1 ⁽³⁾	1	Medium
Società cooperative	Cooperatives can be founded either as companies with limited liability or as companies with unlimited liability.	No	3	1	High

¹ This legal form can be used for agricultural firms only.

² Partners are identified as “accomandanti” or “accomandatari” in the partnership contract. The liability of accomandanti becomes unlimited if they act as managers of the company.

³ The 12th Company Law Directive on single owner companies was transposed with Decreto legislativo 3 marzo 1993 n. 88, which provides that whenever the company falls into the hands of (or is founded by) a single owner, the directors or the single owner shall deposit at the company register (“registro delle imprese”) a statement indicating the identity of the owner, his date and place of birth, his domicile and his citizenship.

DEFINITION OF CONTROL

Source of definitions	A company is controlled by another entity if:
COMPANY LAW:	1.1 the latter has a majority of the shareholders' voting rights; 1.2 the latter has enough voting rights to exert a dominant influence on the shareholders' meeting of the former; 1.3 the latter has a dominant influence on the former by force of some contractual ties with the former; 1.4 for the application of nn. 1. and 2. above, voting rights pertaining to subsidiary companies, and to companies or persons acting as "trustees" - "società fiduciarie" ⁽¹⁾ - or nominees of another company are considered to be pertaining to this company.
LAW IMPLEMENTING DIRECTIVE 83/349/EEC ⁽²⁾ :	2.1 in the cases 1.1 and 1.2 above; 2.2 another undertaking has the right to exercise a dominant influence, pursuant to a contract entered into with that undertaking or to a provision in its memorandum or articles of association, when the law governing that subsidiary undertaking permits such contract or provision ⁽³⁾ ; 2.3 another company controls alone, pursuant to an agreement with other shareholders or members, a majority of shareholders' or members' voting rights in that undertaking, taking into account the voting rights pertaining to subsidiary companies, and to persons acting as fiduciaries or nominees.
ANTITRUST LAW ⁽⁴⁾ :	3.1 in cases 1.1 and 1.4; 3.2 in the presence of rights, contracts or other legal relations, which, separately or jointly, and taking the legal and factual circumstances into account, give the power of exerting a determining influence on the activity of an enterprise, such as, e.g.: - rights of property or use on the enterprise's assets or part of them; - rights, contracts or other legal relations which confer a determining influence on the composition, deliberations and decisions of a company's organs; 3.3 control is considered to be held by the person, enterprise, group of persons or enterprises who either are entitled to exercise such rights or to benefit from such contracts or legal relations, or have a de facto power to exercise the rights related to them.

¹ See section 2.2.5.

² D.lgs. 1991/127, Article 26.

³ According to Italian law, such contract or provision is void.

⁴ L. 1990/287, Article 7.

Table 2
(continued)

DEFINITION OF CONTROL

Source of definitions	A company is controlled by another entity if:
BANKING LAW:	<p>4.1 in cases 1.1, 1.2 ((account is also taken of holdings acquired or held in any way through subsidiary companies and companies or persons acting as “trustees” - “società fiduciarie” - or nominees of the latter);</p> <p>4.2 in cases of dominant influence, which is deemed to exist:</p> <ul style="list-style-type: none"> - where a person, pursuant to agreements with other members, is entitled to appoint or remove a majority of the directors or controls alone a majority of the voting rights at ordinary general meetings; - where a person owns a holding which would allow him to appoint or remove a majority of the members of the board of directors; - where there exist financial or organizational relationships, including those between members, which are likely to produce one of the following effects: a) the transfer of profits and losses; b) the coordination of the management of an undertaking with that of other undertakings for the purpose of pursuing a common objective; c) the attribution of powers greater than those deriving from the shares or capital parts owned; d) the attribution of powers in the choice of directors or managers of undertakings to persons other than those entitled to exercise such powers on the basis of the ownership structure; - where undertakings are subject to common management arising from the composition of the administrative bodies or other concurrent factors.
PRUDENTIAL REGULATION:	<p>5.1 for companies other than banks or financial intermediaries the definition is 2.1, 2.2, 2.3;</p> <p>5.2 for banks and other financial intermediaries the definition is 4.1, 4.2.</p>
LAW IMPLEMENTING DIRECTIVE 89/627/EEC:	<p>6.1 in case 1.1-1.4;</p> <p>6.2 in case of a person who, pursuant to agreements with other members, controls alone a majority of the voting rights at ordinary general meetings or is entitled to appoint or remove a majority of the directors.</p>
LAW ON TAKEOVERS ⁽⁵⁾ ;	<p>7.1 when the latter holds enough shares to dispose of the majority of the voting rights in the ordinary meetings, or to exercise a dominant influence upon the meeting, taking into account also shares held through nominees and “società fiduciarie”; shareholders’ agreements concerning voting rights are also relevant, if they allow to exercise a dominant influence on the shareholders’ meeting.</p>

⁵ L. 1992/149, Article 10.2.

Table 3

PROXY RULES

	Insiders ⁽¹⁾	Banks ⁽²⁾	Quantitative limits ⁽³⁾
Società per azioni	No	No ⁽⁴⁾	10
Additional req. or spec. rules for listed companies	Same	Same	50, 100, 200 ⁽⁵⁾

¹ May directors, managers, employees act as proxies?

² May banks act as proxies?

³ Does the law state that the same proxy may not act in the name of a certain number or % of capital of shareholders? If yes, what is the limit?

⁴ They may do so only in order to represent clients of the asset management department.

⁵ 50 shareholders for companies with a capital of less than Lit. 10 billions (approx. ECU 5,244,000); 100 for companies with a capital between Lit. 10 billions and 50 billions (approx. ECU 26,220,000); 200 for companies with a capital of more than Lit. 50 billions.

Table 4

SHAREHOLDERS' MEETINGS AND BOARDS OF "SOCIETÀ PER AZIONI"

	% of capital needed to obtain con- vocation of meeting	Deposit of shares ⁽¹⁾	Directors' maximum term of appointment	Is directors' compensation disclosed?	Is directors' trading disclosed?	Derivative suits ⁽²⁾
Società per azioni	20	Yes, 5 days before	3 years	Only the total compensation paid to directors altogether	No	No
Additional requirements or special rules for listed companies	Same	Same	Same	Directors inform Consob about their compensation	Directors inform Consob	Same

¹ Do shares have to be deposited at the company's site or at a financial institution in order to have access to the meeting?

² May individual shareholders or a qualified minority of them sue directors for damages to the corporation?

Table 5

BOARD SIZE OF LISTED COMPANIES

	1985	1990	1995
Industrial companies:			
≤ - 99	9.1	8.7	8.0
100 - 499	8.6	9.9	9.5
500 - 999	9.8	9.5	8.6
1000 - 4999	12.4	12.8	12.2
more than 5000	18.4	17.9	14.7
Financial companies	9.7	8.7	9.4
Holdings companies	11.4	12.5	10.0
Total	12.0	12.7	11.5
<i>of which: executive</i>	1.3	1.3	1.2
N. companies	187	250	217

Source: Consob.

TOTAL NUMBER OF ACTIVE COMPANIES AND THEIR EMPLOYEES
(Absolute values)

Size classes (employees)		Imprese individuali	Società							Municipa- lizzate	Other	Total
			semplici	in nome collettivo	in accomandita	per azioni	a respons. limitata	cooperative				
1 - 9	Number	2,334,999	747,970	112,287	324,619	121,974	7,605	156,962	24,523	101	24,269	3,107,339
	Employees	3,995,740	2,558,321	330,016	1,156,814	360,932	29,439	586,862	94,258	535	70,029	6,624,625
10 - 49	Number	30,176	141,357	3,926	42,407	10,883	13,063	61,758	9,320	110	1,761	173,404
	Employees	455,532	2,620,277	57,066	652,191	188,429	342,385	1,196,097	184,109	2,751	30,958	3,109,518
50 - 99	Number	323	11,271	50	553	349	5,183	4,112	1,024	50	166	11,810
	Employees	20,670	771,249	3,270	36,027	23,222	364,814	274,504	69,412	3,734	11,568	807,221
100 - 199	Number	54	4,960	13	116	83	3,075	1,203	470	58	96	5,168
	Employees	6,765	677,337	1,613	15,043	10,885	426,308	159,234	64,254	8,595	12,790	705,487
200 - 499	Number	9	2,513	-	33	19	1,846	395	220	57	67	2,646
	Employees	2,296	747,377	-	9,619	5,237	550,544	115,211	66,766	18,586	20,891	789,150
500 - 999	Number	1	662	2	2	6	491	104	57	28	38	729
	Employees	755	447,039	1,298	1,363	3,854	332,752	69,150	38,622	19,203	26,459	493,456
1000 -	Number	1	387	-	1	1	320	33	32	25	42	455
	Employees	1,097	1,292,083	-	2,053	1,501	1,124,240	97,388	66,901	84,570	694,605	2,072,355
Total	Number	2,365,563	909,120	116,278	367,731	133,315	31,583	224,567	35,646	429	26,439	3,301,551
	Employees	4,482,855	9,113,683	393,263	1,873,110	594,060	3,170,482	2,498,446	584,322	137,974	867,300	14,601,812

Source: ISTAT - Censimento sul 1991

TOTAL NUMBER OF ACTIVE COMPANIES AND THEIR EMPLOYEES
(Percentages)

Size classes (employees)		Imprese individuali	Totale società:	semplici	in nome collettivo	in accomandita	per azioni	a respons. limitata	cooperative	Municipa- lizzate	Other	Total
1 - 9	Number	75.1	24.1	3.6	10.4	3.9	0.2	5.1	0.8	0.0	0.8	100.0
	Employees	60.3	38.6	5.0	17.5	5.4	0.4	8.9	1.4	0.0	1.1	100.0
10 - 49	Number	17.4	81.5	2.3	24.5	6.3	7.5	35.6	5.4	0.1	1.0	100.0
	Employees	14.6	84.3	1.8	21.0	6.1	11.0	38.5	5.9	0.1	1.0	100.0
50 - 99	Number	2.7	95.4	0.4	4.7	3.0	43.9	34.8	8.7	0.4	1.4	100.0
	Employees	2.6	95.5	0.4	4.5	2.9	45.2	34.0	8.6	0.5	1.4	100.0
100 - 199	Number	1.0	96.0	0.3	2.2	1.6	59.5	23.3	9.1	1.1	1.9	100.0
	Employees	1.0	96.0	0.2	2.1	1.5	60.4	22.6	9.1	1.2	1.8	100.0
200 - 499	Number	0.3	95.0	0.0	1.2	0.7	69.8	14.9	8.3	2.2	2.5	100.0
	Employees	0.3	94.7	0.0	1.2	0.7	69.8	14.6	8.5	2.4	2.6	100.0
500 - 999	Number	0.1	90.8	0.3	0.3	0.8	67.4	14.3	7.8	3.8	5.2	100.0
	Employees	0.2	90.6	0.3	0.3	0.8	67.4	14.0	7.8	3.9	5.4	100.0
1000 -	Number	0.2	85.1	0.0	0.2	0.2	70.3	7.3	7.0	5.5	9.2	100.0
	Employees	0.1	62.3	0.0	0.1	0.1	54.2	4.7	3.2	4.1	33.5	100.0
Total	Number	71.7	27.5	3.5	11.1	4.0	1.0	6.8	1.1	0.0	0.8	100.0
	Employees	30.7	62.4	2.7	12.8	4.1	21.7	17.1	4.0	0.9	5.9	100.0

Source: ISTAT - Censimento sul 1991.

Table 8

TOTAL NUMBER OF ACTIVE COMPANIES AND THEIR EMPLOYEES
(Percentages)

Size classes (employees)		Società semplici	Società in nome collettivo	Società in accomandita	Società per azioni	Società a responsabilità limitata	Società cooperative	Total
1 - 9	Number	15.0	43.4	16.3	1.0	21.0	3.3	100.0
	Employees	12.9	45.2	14.1	1.2	22.9	3.7	100.0
10 - 49	Number	2.8	30.0	7.7	9.2	43.7	6.6	100.0
	Employees	2.2	24.9	7.2	13.1	45.6	7.0	100.0
50 - 99	Number	0.4	4.9	3.1	46.0	36.5	9.1	100.0
	Employees	0.4	4.7	3.0	47.3	35.6	9.0	100.0
100 - 199	Number	0.3	2.3	1.7	62.0	24.3	9.5	100.0
	Employees	0.2	2.2	1.6	62.9	23.5	9.5	100.0
200 - 499	Number	0.0	1.3	0.8	73.5	15.7	8.8	100.0
	Employees	0.0	1.3	0.7	73.7	15.4	8.9	100.0
500 - 999	Number	0.3	0.3	0.9	74.2	15.7	8.6	100.0
	Employees	0.3	0.3	0.9	74.4	15.5	8.6	100.0
1000 -	Number	0.0	0.3	0.3	82.7	8.5	8.3	100.0
	Employees	0.0	0.2	0.1	87.0	7.5	5.2	100.0
Total	Number	12.8	40.4	14.7	3.5	24.7	3.9	100.0
	Employees	4.3	20.6	6.5	34.8	27.4	6.4	100.0

Source: ISTAT - Censimento sul 1991.

Table 9

COMPANY LAW

	Deposit of list of owners at foundation	Transfer procedures	Directors' ownership	Buy-out of own shares	Notification of acquisitions to the company register
Società di persone ⁽¹⁾	Yes ⁽²⁾	Same form as that used for the company's foundation ⁽³⁾	No limit	Not allowed	No
Società per azioni (non listed)	Yes ⁽²⁾	Certified endorsement, registration in the shareholders' register ^{(4) (5)}	No limit	Up to 10% ⁽⁶⁾	No
Società a responsabilità limitata	Yes ⁽²⁾	Registration in the "registro delle imprese" and in the shareholders' register ⁽⁷⁾	No limit ⁽⁸⁾	Not allowed	No
Società cooperative	Yes ⁽²⁾	Approval by directors, registration in the shareholders' register ⁽⁹⁾	No limit ⁽¹⁰⁾	No limit ⁽¹¹⁾	No

¹ Società semplici, società in nome collettivo, società in accomandita semplice.

² Name, birth place, birth date, address, citizenship, number of shares (or percentage of capital). "Società semplici" and "società in nome collettivo" may however be founded by way of an informal agreement, and without any notification to the "registro delle imprese". The sanction in case of omitted notification to the "registro delle imprese" is a fine from Lit. 20,000 to Lit. 1,000,000 (approx. ECU 10.5 to 525).

³ The transfer has to be registered at the "registro delle imprese" as well.

⁴ Shares cannot be anonymous. They can be transferred with an endorsement certified by either a notary public or an investment firm, but such endorsement has no effect as against the company: in order for the transfer to have effect against the company, it has to be recorded in the "libro dei soci" (shareholder register), the keeping of which is care of the company's directors. Shareholders and the bondholders' agent have access to the "libro dei soci".

⁵ Companies may limit, but not totally preclude, the transferability of shares. At least since 1986, when a Law was enacted to this purpose, charter provisions which make the transfer conditional on the directors' mere agreement are void (before 1986 some case law had already affirmed this rule).

⁶ The acquisition and the sale of shares by the company have to be authorized by the shareholders' general meeting. Treasury shares cannot be voted.

⁷ By charter provision the transferability of shares can be excluded. There is no specific rule for the transfer of shares between the buyer and the seller; as for "società per azioni", in order for the transfer to have effect against the company, it has to be recorded in the "libro dei soci" (shareholder register), the keeping of which is care of the company's directors. Shareholders have access to the "libro dei soci". Since 1993, when a Law aimed at preventing money laundering was enacted (l. 1993/310), in order for the transfer to be recorded in the "libro dei soci", the transfer contract or act has first to be recorded in the "registro delle imprese".

⁸ Unless otherwise provided by the company's statute, directors have to be shareholders.

Table 9
(continued)

COMPANY LAW

	Deposit of list of owners at foundation	Transfer procedures	Directors' ownership	Buy-out of own shares	Notification of acquisitions to the company register
Società per azioni (listed)	Yes ⁽²⁾	Book entries in registers kept by intermediaries and registration in the shareholders' register ⁽¹²⁾	No specific limit	Up to 10% (6) (13)	No (14)
Società in accomandita per azioni	Yes ⁽²⁾	See società per azioni	No limit	Up to 10% ⁽⁶⁾	No
Banks ⁽¹⁵⁾⁽¹⁶⁾	Yes ⁽²⁾	Same as for their legal form ⁽¹⁷⁾	No limit	Same as for their legal form ⁽¹⁸⁾	No ⁽¹⁹⁾
Insurance companies (15) (16)	Yes ⁽²⁾	Same as for their legal form ^{(20) (21)}	No limit	Same as for their legal form	No

⁹ In order for the transfer to have effect against the company, it has to be approved by directors and recorded in the "libro dei soci" (shareholder register), the keeping of which is care of the company's directors. Shareholders have access to the "libro dei soci". By charter provision the transferability of shares can be excluded.

¹⁰ Directors have to be shareholders or agents of legal persons who are shareholders.

¹¹ The acquisition can take place only within the limits of distributable reserves and income.

¹² Transfers take place by way of book entries in the registers kept by intermediaries, when, as normally, shares are in the custody of Monte titoli s.p.a., a central depository institution. Otherwise, see società per azioni, non listed.

¹³ Since 1992, acquisitions of listed companies' shares can only take place by trades on the market.

¹⁴ Besides rules concerning notifications of acquisitions of holdings in listed companies (see Sections 3.1), acquisitions of holdings of 10% or more in non listed companies by a listed company have to be notified to Consob, which gives immediate notice of such acquisition to the public.

¹⁵ The additional requirements imposed on listed "società per azioni" apply to banks and insurance companies, when they are listed. The BCCI directive has not yet been transposed in Italy.

¹⁶ Banks and insurance companies can be formed either as "società per azioni" or as "società cooperativa per azioni".

¹⁷ For holdings of 2% or more and for controlling holdings, there needs to be an authorization of the acquisition by the Bank of Italy. If the Bank of Italy refuses to give its authorization, the buyer will have to resell its holding within the term fixed by the Bank of Italy.

¹⁸ However, "banche di credito cooperativo" (i.e., small cooperative banks) may not buy their own shares.

¹⁹ Acquisitions of holdings have to be notified to the Bank of Italy, with the exception of holdings of less than 2%, so long as no more than 2% of the bank's capital (net assets as calculated according to banking supervision rules) is engaged for the acquisition.

²⁰ Insurance companies can be formed either as "società per azioni" or as "società cooperativa".

²¹ Acquisitions of holdings of 5% or more in an insurance company have to be notified to ISVAP (Istituto di Vigilanza sulle Assicurazioni Private, the supervising authority); for holdings of 10% or more and for controlling holdings or holdings which guarantee a significant influence on the insurance company, there needs to be an authorization of the acquisition by ISVAP. Shares for which there has been no notification to or authorization by ISVAP cannot be voted.

²² Acquisitions of holdings by an insurance company have to be notified to ISVAP, with the exception of acquisitions of non-controlling holdings under 5%. ISVAP informs the public of the notifications received and it may forbid the acquisition for soundness reasons. For the acquisitions of stakes in other insurance companies, see the preceding footnote.

Table 10

ACCOUNTING RULES⁽¹⁾

	Rules requiring information on holdings in the annual accounts	Rules requiring information on owners in the annual accounts	Availability of annual accounts to the public
Società di persone	No	No	No
Società per azioni - non listed	Yes (2)	Yes (3)	Yes
Società per azioni - listed	Yes (2)	Yes (4)	Yes
Società in accomandita per azioni	Yes (2)	Yes (3) (4)	Yes
Società a responsabilità limitata	Yes (2)	Yes (3)	Yes
Società cooperative	Yes (2)	Yes (3)	Yes
Banks	Yes (5)	Yes (3)	Yes
Insurance companies	Yes (2)	Yes (3)	Yes

¹ See Fourth Company Law Directive (78/660/EEC), and Seventh Company Directive (83/349/EEC), implemented with Decreto Legislativo 1991/127; for banks, see Financial Institutions and Bank Accounting Directive (86/635/EEC), implemented with Decreto Legislativo 1992/87; for insurance companies, see Insurance Company Accounting Directive 91/674/EEC, not yet implemented in Italy.

² Annual accounts have to list holdings in controlled undertakings, connected undertakings, and controlling undertakings (Civil Code, Articles 2427 and 2428, as amended by d.lgs. 1991/127).

³ Following the 1993 legislation against money laundering (see above), non listed companies have to deposit at the company register, together with the annual accounts, the list of owners at the date of their approval by the shareholders' meeting, with the indication of persons or entities, other than owners, having any right on the shares. All of the annotations made in the "libro dei soci" during the precedent year have also to be reported to the company's register (Civil Code, Article 2435, as amended by d.lgs. 1993/310).

⁴ Consob recommends that companies provide shareholders, at the annual meeting, with a list of shareholders holding a stake of more than 2%.

⁵ Annual accounts have to list holdings in controlled undertakings and connected undertakings (D.lgs. 1992/87, Article 23).

Table 11

STOCK EXCHANGES⁽¹⁾

	Number of companies	Market capitalization
Borsa Valori	217	Lit. 386,157 billions ⁽²⁾
Mercato Ristretto	30	Lit. 6,388 billions ⁽³⁾

¹ Consob data at 12/31/1996.

² Approx. ECU 202.5 billions.

³ Approx. ECU 3.3 billions.

Table 12

ACCESSIBILITY AND AVAILABILITY OF OWNERSHIP DATA

	Accessibility of data	Availability of data on computer
Company register	Yes	Yes ⁽¹⁾
Market Supervision Authority	Yes ⁽²⁾	Not yet ⁽³⁾
Banking Supervision Authority	No	No
Insurance Companies Supervision Authority	Yes ⁽⁴⁾	No
Competition Authorities ⁽⁵⁾	Yes	No

¹ Some of the information collected by the offices of the “registro delle imprese” (such as legal form, name, stated capital, kind of activity, date of foundation, name and date of appointment of directors, bankruptcy issues) is available on computer. The fee to be paid is Lit. 5,000 (approx. ECU 2.6) for each single company for which information is requested. For companies the foundation of which has been notified after 26 January 1994, the name of owners at the date of foundation is also available on computer. Other information, such as the annual accounts and current ownership is available on paper for a fee varying in accordance with the kind of information requested. The information from the two sources (paper and computer) is sometimes inconsistent, because many of the offices throughout Italy insert data in the computer network with a significant delay.

² See Section 3.1.

³ See Section 3.1.

⁴ See Table 9, note 22. ISVAP also communicates every year to insurance companies, their association and the Ministry of Trade (Ministero dell’Industria) the transfers of control which have taken place in the previous six years.

⁵ Every firm, whatever its legal form, is subject to antitrust rules. When a concentration takes place (involving either firms which jointly sale in Italy for more than Lit. 671 billions - approx. ECU 344,000,000 - or a taken over firm with sales in Italy for more than Lit. 67 billions - approx. ECU 34,000,000), it has to be reported either to the antitrust authority (“Autorità garante della concorrenza e del mercato”), or, in case of banks (for which the sales are assumed to be equal to one tenth of the assets), to the Bank of Italy. The antitrust authorities’ decisions upon whether to instruct an antitrust case (and hence with all the relevant data about the concentrations which take place) are published on the “Bollettino dell’Autorità garante della concorrenza e del mercato”, a weekly publication by the Italian Government.

SOCIETÀ PER AZIONI (LISTED): THE TRANSPARENCY DIRETTIVE

1. <i>When was the TD transposed?</i>	In 1992, with Decreto legislativo 1992/90.
2. <i>When did the legislation become effective?</i>	On March, 1st 1992.
2a. <i>What was the reason for the delay?</i>	No specific reason.
3. <i>Which are the “competent authorities”?</i>	Consob
4. <i>In Article 4(1), what are the reporting thresholds that were chosen?</i>	10, 20, 33, 50, 75.
5. <i>What is the first time notification threshold referred to in Article 5?</i>	10%.
6. <i>Do natural persons or legal entities have to notify why they notified?</i>	Yes.
7. <i>Do natural persons or legal entities have to notify how they control an undertaking?</i>	Yes.
8. <i>How much time may pass between crossing a threshold and reporting to the company?</i>	Two days.
9. <i>How much time may pass between the notification of the company (and the competent authority) and the notification of the public?</i>	Two trading days.
10. <i>Who notifies the public?</i>	The “target” company.

Table 13
(continued)

SOCIETÀ PER AZIONI (LISTED): THE TRANSPARENCY DIRETTIVE

11. <i>Does the national law prescribe that “a company must also be informed in respect of the proportion of capital held by a natural person or legal entity”?</i>	Yes.
12. <i>By what means are the company and the competent authority notified?</i>	Either by direct delivery, or by facsimile followed by a registered letter with acknowledgment of receipt, or telematically.
13. <i>How does the competent authority store the notifications?</i>	On paper.
14. <i>Does the competent authority distribute the notifications cumulatively?</i>	See Section B.a.1.3.
15. <i>Does the competent authority have to declare how often it has applied the waiver rule set out in Article 11 (and for which natural person, legal entity)?</i>	No. But this power, which according to D.lgs. 1990/92 should be circumscribed by the means of a Consob Regulation (which has never been adopted), has never been exercised.
16. <i>What are the sanctions mentioned in Article 15?</i>	Imprisonment up to three months and fine from Lit. 2 millions to 20 millions (approx. ECU 1,050 to 10,500).
17. <i>How are these sanctions applied (or, what powers are conferred upon the competent authority for the performance of their duties (Art. 12(2))?</i>	Besides Consob’s general powers on listed companies, holdings etc. (inspection, information etc.), D.lgs. 1992/90 provides that Consob may ask parts to the relevant transaction for information and the acquiring company for data on its shareholders.

Table 14

DATASET USED

Size classes (employees)	INVIND ⁽¹⁾ (year 1992)		Mediocredito Centrale ⁽²⁾ (year 1994)		INVIND ⁽¹⁾ (year 1996)	
	Number of firms	Percentages	Number of firms	Percentages	Number of firms	Percentages
11 - 49	-	-	1869	44.8	-	-
50 - 99	196	20.1	906	21.7	211	20.0
100 - 199	200	20.6	736	17.6	255	24.2
200 - 499	291	29.9	431	10.3	307	29.1
500 - 999	143	14.7	138	3.3	133	12.6
1000 -	143	14.7	90	2.2	149	14.1
Total	973	100	4173	100	1055	100

Size classes (market capitalization)	LISTED FIRMS ⁽³⁾ (year 1996)	
	Number of firms	Percentages
5 percentile	19	8.9
10 percentile	10	4.7
25 percentile	31	14.5
50 percentile	51	23.8
75 percentile	51	23.8
90 percentile	31	14.5
95 percentile	10	4.7
>95 percentile	11	5.1
Total	214	100

(1) Yearly survey of the Bank of Italy on manufacturing firms investments, based on a representative sample of manufacturing firms with more than 50 employees.

(2) Survey of Mediocredito Centrale on manufacturing firms, based on a representative sample of manufacturing firms with more than 10 employees.

(3) All listed firms in June 1996. Source: Communications to Consob.

Table 15

PERCENTILE	NAME	MARKET CAPITALIZATION
5 percentile (19 companies)	DEL FAVERO SPA - IMPRESA DI COSTRUZIONI	(*)
	F.M.C. SPA - FABBRICA MILANESE CONDUTTORI	(*)
	FIMPAR SPA	(*)
	FINREX SPA IN AMMINISTRAZIONE	(*)
	GRASSETTO SPA IN LIQUIDAZIONE	(*)
	OLD GOTTARDO RUFFONI SPA	(*)
	SANTAVALERIA - SOC. DI PARTECIPAZIONI IND.LI SPA	(*)
	TRIPCOVICH & CI. SPA	(*)
	MANIFATTURA ROTONDI SPA	7,623
	PERLIER SPA	14,240
	RODRIQUEZ SPA	15,694
	BRIOSCHI FINANZIARIA SPA	16,859
	COATS CUCIRINI SPA	17,040
	AUSILIARE SPA	17,423
	LA GAIANA SPA	17,956
	FINCASA 44 SPA	19,538
NAI SPA - NAVIGAZIONE ALTA ITALIA	20,221	
SCHIAPPARELLI 1824 SPA	21,750	
TERME DEMANIALI DI ACQUI SPA	21,969	
10 percentile (10 companies)	TEXMANTOVA SPA	25,025
	WABCO WESTINGHOUSE SPA	25,200
	FOCHI SPA - FILIPPO FOCCHI	26,097
	IPI SPA - ISTITUTO PIEMONTESE IMMOBILIARE	27,192
	CENTENARI E ZINELLI SPA	28,358
	RAGGIO DI SOLE FINANZIARIA SPA	30,072
	ISEFI SPA - INTERNAZIONALE DI SERVIZI FINANZIARI	32,331
	FINANZIARIA AUTOGRILL SPA	32,800
	GABETTI HOLDING SPA	33,568
LINIFICIO E CANAPIFICIO NAZIONALE	34,106	
25 percentile (31 companies)	GARBOLI REP SPA - IMPR.GENERALE DI COSTRUZIONI	35,100
	STAYER SPA	35,905
	BOERO BARTOLOMEO SPA	35,982
	OLCESE SPA - COTONIFICIO OLCESE VENEZIANO	42,260
	BERTO LAMET IMPES SPA	45,873
	BASTOGI SPA	46,166
	VIANINI INDUSTRIA SPA	46,316
	FIAR SPA - FABB. ITAL. APPARECCH.RE RADIOELETTR.	47,393
	SMURFIT SISA SPA	47,680
	FAEMA SPA	47,938
	ACQUE POTABILI SPA	51,238

NECCHI SPA	52,117
PREMUDA SPA - SOCIETA' DI NAVIGAZIONI	52,853
GIFIM INIZIATIVE IMMOBILIARI SPA	53,757
EUROMOBILIARE SPA	54,693
SCI SPA	63,081
CAMFIN CAM FINANZIARIA SPA	63,432
BANCO DI SARDEGNA SPA	63,545
RIVA FINANZIARIA SPA	66,533
BONIFICA TERRENI FERRARESI E IMPR. AGRICOLE SPA	67,500
SAVINO DEL BENE SPA TRASPORTI	70,006
MAFFEI SPA	70,500
CEMENTERIA DI BARLETTA SPA	72,244
LA MAGONA D'ITALIA SPA	73,594
ACQUEDOTTO NICOLAY SPA	75,816
MITTEL SPA	76,395
MONRIF SPA	81,000
BANCA INTERMOBILIARE DI INVESTIMENTI E GESTIONI	84,000
CMI SPA	88,320
BINDA SPA	94,655
REJNA SPA	95,226

50 percentile
(51 companies)

LINIFICIO E CANAPIFICIO NAZIONALE	34,106
ITALJOLLY SPA - COMP. ITALIANA DEI JOLLY HOTELS	111,006
CANTONI I.T.C. SPA	112,350
CEMENTERIA DI AUGUSTA SPA	116,151
ATTIVITA' DI INVESTIMENTO E PROMOZIONE IMM.RE	119,140
MARANGONI SPA	120,000
ROLAND EUROPE SPA	125,708
STEFANEL SPA	130,202
ACQUEDOTTO DE FERRARI GALLIERA	130,621
BASSETTI SPA	135,720
AUTOSTRADA TORINO MILANO SPA	136,688
INTERBANCA - BANCA FINANZIAMENTI A M/L TERM.	141,943
SAFFA SPA	148,851
TECNOST SPA	152,700
TEKNECOMP SPA	154,148
TELECO CAVI SPA	157,122
SAIAG SPA - INDUSTRIA ARTICOLI GOMMA	157,307
ZUCCHI SPA - VINCENZO ZUCCHI	164,953
AEDES SPA - LIGURE LOMBARDA IMPR. E COSTRUZ.	166,488
TRENNO SPA	167,577
CEMENTERIE DI SARDEGNA SPA	171,180
SNIA FIBRE SPA	171,471
ZIGNAGO SPA - INDUSTRIE ZIGNAGO S. MARGHERITA	176,120
PAGNOSSIN SPA	176,700
PREMAFIN FINANZIARIA SPA	186,728
CALCEMENTO SPA - SOC. CALCESTRUZZO E CEMENTO	187,523

ACQUA PIA ANTICA MARCIA SPA	189,408
BANCO DI CHIAVARI E DELLA RIVIERA LIGURE	190,050
RATTI SPA	192,000
GIM SPA - GENERALE INDUSTRIE METALLURGICHE	194,379
ANSALDO TRASPORTI SPA	196,426
VITTORIA ASSICURAZIONI SPA	196,500
CREDITO FONDIARIO E INDUSTRIALE SPA	198,000
RISANAMENTO NAPOLI SPA	199,971
CEMENTERIE SICILIANE SPA	200,756
RECORDATI SPA - INDUSTRIA CHIMICA E FARMACEUT.	201,978
LA DORIA SPA	207,018
CALP SPA - CRISTALLERIA ARTISTCA LA PIANA	208,738
SERONO SPA - ISTITUTO FARMACOLOGICO SERONO	212,625
SERFI SPA	226,426
COMAU FINANZIARIA SPA	244,872
VIANINI LAVORI SPA	247,778
FRANCO TOSI SPA	248,741
ESAOTE SPA	
COSTA CROCIERE SPA	253,973
SIMINT SPA	256,119
SO.PA.F. SPA - SOC. DI PARTECIPAZIONI FINANZIARIE	260,441
BANCA DI LEGNANO SPA	267,267
CALTAGIRONE SPA	272,668
FINARTE CASA D'ASTE SPA	283,920
MONTEFIBRE SPA	300,450
75 percentile (51 companies)	
CAFFARO SPA	300,618
BANCO DI DESIO E DELLA BRIANZA	302,679
CEMENTIR SPA - CEMENTERIE DEL TIRRENO	323,595
SOGEFI SPA	335,212
MERLONI ELETTRODOMESTICI SPA	336,164
CARRARO SPA	338,184
COFIDE SPA - COMPAGNIA FINANZIARIA DE BENEDETTI	343,010
EDITORIALE LA REPUBBLICA SPA	353,478
CONDEA AUGUSTA SPA	375,000
GIOVANNI CRESPI SPA	378,000
BANCA AGRICOLA MILANESE SPA	386,400
I.M.A. INDUSTRIA MACCHINE AUTO	392,407
FIN.PART SPA	414,086
ITALFONDIARIO SPA - IST. ITAL. CREDITO FONDIARIO	418,500
POLIGRAFICI EDITORIALE SPA	421,080
BNL - BANCA NAZIONALE DEL LAVORO SPA	429,477
SMI SPA - SOCIETA' METALLURGICA ITALIANA	438,337
EDITORIALE L'ESPRESSO SPA	444,865
BANCA POPOLARE DI BRESCIA SCRL	447,156
DALMINE SPA	449,949
ALLIANZ SUBALPINA SPA	450,212

IMMOBILIARE METANOPOLI SPA	452,047
ERICSSON SPA	465,070
FALCK SPA	478,065
STANDA SPA	479,270
BANCA NAZIONALE DELL'AGRICOLTURA SPA	492,070
LA PREVIDENTE ASSICURAZIONI SPA	492,836
CIRIO SPA	501,279
AVIR SPA - AZIENDE VETRARIE IND.LI RICCIARDI	527,637
DANIELI SPA - OFFICINE MECCANICHE DANIELI & C.	557,444
ALITALIA LINEE AEREE ITALIANE	572,535
BANCO DI NAPOLI SPA	587,589
BREMBO SPA - FRENI BREMBO	645,265
ITALMOBILIARE SPA	665,530
CIR SPA - COMPAGNIE INDUSTRIALI RIUNITE	678,365
MARZOTTO SPA - MANIFAT. LANE G.MARZOTTO & Figli	690,174
SASIB SPA	717,577
CIGA SPA	739,392
SAFILO SPA - SOC. AZ. FABBR. ITAL. LAV.NE OCCHIALI	784,665
SME SPA - SOCIETA' MERIDIONALE FINANZIARIA	792,439
FINANZA & FUTURO SPA	802,424
SONDEL SPA - SOCIETA' NORDELETTRICA	802,980
IMPREGILO SPA	810,413
UNIPOL SPA - COMPAGNIA ASSICURATRICE	840,784
IFI SPA - ISTITUTO FINANZIARIO INDUSTRIALE	852,891
PIRELLI & C. ACCOMANDITA PER AZIONI	863,225
BANCA TOSCANA SPA	864,653
FINMECCANICA SPA	886,065
SAES GETTERS SPA	887,177
GEWISS SPA	919,480
UNICEM SPA UNIONE CEMENTERIE EMILIANE SPA	929,679
90 percentile (31 companies)	
MAGNETI MARELLI SPA	932,624
BANCA SAN PAOLO DI BRESCIA SPA	935,280
SORIN BIOMEDICA SPA	947,092
CARTIERE BURGO SPA	1,073,813
ASSITALIA SPA - ASSICURAZIONI D'ITALIA	1,168,258
PININFARINA SPA	1,212,305
CREDITO BERGAMASCO SPA	1,217,686
SNIA BPD SPA	1,264,898
CAB CREDITO AGRARIO BRESCIANO	1,407,793
BANCA CARIGE SPA - CASSA RISP.GENOVA E IMPERIA	1,424,260
ARNOLDO MONDADORI EDITORE SPA	1,487,468
AUTOSTRADE SPA - CONCESS. E COSTR. AUTOSTRADE	1,542,041
FIDIS SPA - FINANZIARIA DI SVILUPPO	1,561,500
BANCA POPOLARE DI MILANO SCRL	1,669,287
TORO ASSICURAZIONI SPA	1,723,205
BULGARI SPA	1,748,016

	GEMINA SPA - GENER. MOBILIARE INTERESSENZE AZ.	1,950,950
	LA RINASCENTE SPA	2,068,355
	MILANO ASSICURAZIONI SPA	2,091,257
	SAI SPA - SOCIETA' ASSICURATRICE INDUSTRIALE	2,131,473
	SIRTI SPA	2,180,200
	MEDIOLANUM SPA	2,200,091
	COMPART SPA - COMP. PARTECIP.NI ASSIC.VE E IND.LI	2,317,406
	PARMALAT FINANZIARIA SPA	2,323,958
	ITALCEMENTI SPA FABBRICHE RIUNITE CEMENTO	2,482,492
	BANCO AMBROSIANO VENETO SPA	2,567,187
	SAIPEM SPA	2,569,732
	IFIL SPA - FINANZIARIA DI PARTECIPAZIONI	2,664,874
	LA FONDIARIA ASSICURAZIONI SPA	2,840,397
	OLIVETTI SPA - ING. C. OLIVETTI & C.	2,984,090
	BANCA FIDEURAM SPA	3,036,003
95 percentile (10 companies)	BENETTON GROUP SPA	3,470,128
	ITALGAS SPA - SOCIETA' ITALIANA PER IL GAS	3,924,156
	PIRELLI SPA	3,945,464
	CREDITO ITALIANO SPA	4,021,077
	ROLO BANCA 1473 SPA	4,568,942
	BANCA DI ROMA SPA	4,589,518
	MEDIOBANCA SPA	4,631,956
	MONTEDISON SPA	5,426,662
	BANCA COMMERCIALE ITALIANA SPA	5,546,586
	EDISON SPA	5,814,357
>95 percentile (11 companies)	RAS SPA - RIUNIONE ADRIATICA DI SICURTA'	6,223,512
	IMI - ISTITUTO MOBILIARE ITALIANO	7,714,200
	ISTITUTO BANCARIO SAN PAOLO DI TORINO SPA	7,987,754
	ALLEANZA ASSICURAZIONI SPA	8,223,830
	INA - ISTITUTO NAZIONALE DELLE ASSICURAZIONI SPA	9,232,000
	FIAT SPA	21,262,338
	STET SPA - SOCIETA' FINANZIARIA TELEFONICA	25,689,778
	TELECOM ITALIA SPA	25,796,815
	TELECOM ITALIA MOBILE SPA	26,135,826
	GENERALI SPA - ASSICURAZIONI GENERALI SPA	28,373,517
	ENI SPA	60,809,960

(*) These companies have been suspended from the trading due to financial difficulties.

Table 16

**AVERAGE OWNERSHIP CONCENTRATION OF
MANUFACTURING COMPANIES
(1992, unweighted) ⁽¹⁾**

Size classes (employees)	Ownership Distribution			
	Largest stake	2nd	3rd	4-10th
50 - 99	60.11	20.16	9.52	7.98
100 - 199	71.82	14.65	6.49	5.47
200 - 499	78.25	12.32	3.36	3.20
500 - 999	80.76	11.27	3.08	2.11
1000 -	83.23	8.50	1.79	1.89
Total	66.45	17.09	7.69	6.40
N. companies	973	973	973	973

(1) The values are weighted in order to take into account the different coverage of the sample by size, sector and geographical area.

Source: Indagine sugli investimenti della Banca d'Italia (1993) on a representative sample of manufacturing companies with more than 50 employees.

Table 17

**AVERAGE OWNERSHIP CONCENTRATION OF
MANUFACTURING COMPANIES
(1992, weighted) ⁽¹⁾**

Size classes (employees)	Ownership Distribution			
	Largest stake	2nd	3rd	4-10th
50 - 99	59.20	20.19	9.90	8.13
100 - 199	71.95	14.62	6.54	5.46
200 - 499	77.53	12.90	3.39	3.28
500 - 999	82.58	10.36	2.62	1.75
1000 -	82.48	8.52	1.99	2.12
Total	76.64	12.09	1.24	3.78
N. companies	973	973	973	973

(1) The values are weighted in order to take into account the different coverage of the sample by size, sector and geographical area. Moreover they are weighted by employees.

Source: Indagine sugli investimenti della Banca d'Italia (1993) on a representative sample of manufacturing companies with more than 50 employees.

Table 18

**AVERAGE OWNERSHIP CONCENTRATION OF
MANUFACTURING COMPANIES
(1994, unweighted)**

Size classes (employees)	Ownership Distribution			
	Largest stake	2nd	3rd	other
11 - 49	52.77	27.50	11.69	8.04
50 - 99	61.59	21.87	8.97	7.57
100 - 199	66.83	18.65	7.28	7.24
200 - 499	74.69	14.75	5.96	4.60
500 - 999	82.72	10.27	2.82	4.17
1000 -	81.04	11.13	3.24	4.58
Total	61.05	22.46	9.24	7.23
N. companies	4161	4161	4161	4161

Source: Indagine Mediocredito Centrale (1996) on a representative sample of manufacturing companies with more than 10 employees.

Table 19

**AVERAGE OWNERSHIP CONCENTRATION OF
MANUFACTURING COMPANIES
(1994, weighted)⁽¹⁾**

Size classes (employees)	Ownership Distribution			
	Largest stake	2nd	3rd	other
11 - 49	53.66	26.46	11.51	8.36
50 - 99	62.05	21.62	8.82	7.50
100 - 199	66.94	18.67	7.25	7.14
200 - 499	75.36	14.38	5.70	4.55
500 - 999	83.08	9.88	2.85	4.18
1000 -	83.18	9.27	2.59	4.95
Total	75.24	14.07	5.11	5.56
N. companies	4161	4161	4161	4161

(1) The values are weighted by employees.

Source: Indagine Mediocredito Centrale (1996) on a representative sample of manufacturing companies with more than 10 employees.

Table 20

**AVERAGE OWNERSHIP CONCENTRATION OF
MANUFACTURING COMPANIES
(1996, unweighted)⁽¹⁾**

Size classes (employees)	Ownership Distribution		
	Largest stake	2nd and 3rd	other
50 - 99	64.91	25.24	9.86
100 - 199	69.36	22.12	8.52
200 - 499	77.33	14.36	8.31
500 - 999	76.19	13.74	10.07
1000 -	82.46	8.98	8.56
Total	68.76	22.00	9.23
N. companies	952	952	952

(1) The values are weighted in order to take into account the different coverage of the sample by size, sector and geographical area.

Source: Indagine sugli investimenti della Banca d'Italia (1997) on a representative sample of manufacturing companies with more than 50 employees.

Table 21

**AVERAGE OWNERSHIP CONCENTRATION OF
MANUFACTURING COMPANIES
(1996, weighted)⁽¹⁾**

Size classes (employees)	Ownership Distribution		
	Largest stake	2nd and 3rd	other
50 - 99	64.51	25.83	9.66
100 - 199	69.44	21.76	8.80
200 - 499	78.37	14.26	7.37
500 - 999	77.26	12.81	9.92
1000 -	83.74	9.40	6.86
Total	75.64	16.17	8.19
N. companies	952	952	952

(1) The values are weighted in order to take into account the different coverage of the sample by size, sector and geographical area. Moreover they are weighted by employees.

Source: Indagine sugli investimenti della Banca d'Italia (1997) on a representative sample of manufacturing companies with more than 50 employees.

Table 22

**AVERAGE OWNERSHIP CONCENTRATION
OF LISTED COMPANIES
(1996, unweighted)**

Size classes (market capitalization)	Ownership Distribution			
	Largest stake	2nd	3rd	4-10th
5 percentile	50.53	14.18	4.19	4.20
10 percentile	46.33	10.31	6.59	9.29
25 percentile	53.27	8.90	4.92	10.87
50 percentile	47.57	11.98	5.09	6.54
75 percentile	50.09	10.11	3.52	6.12
90 percentile	42.42	9.36	2.95	3.54
95 percentile	37.02	7.00	3.17	2.23
>95 percentile	48.63	2.55	2.03	2.31
Total	48.02	10.14	4.12	6.13
N. companies	214	214	214	214

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital.

Table 23

**AVERAGE OWNERSHIP CONCENTRATION
OF LISTED COMPANIES
(1996, weighted)⁽¹⁾**

Size classes (market capitalization)	Ownership Distribution			
	Largest stake	2nd	3rd	4-10th
5 percentile	45.63	15.32	5.91	5.39
10 percentile	45.89	10.13	6.54	9.56
25 percentile	53.96	8.78	5.00	10.85
50 percentile	47.57	11.47	4.98	6.32
75 percentile	49.65	9.99	3.46	6.24
90 percentile	41.16	10.05	3.28	3.75
95 percentile	35.88	7.19	3.23	2.41
>95 percentile	55.38	1.68	1.34	1.04
Total	50.10	4.62	2.16	2.23
N. companies	214	214	214	214

(1) By market capitalization.

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital.

Table 24

**AVERAGE GROUP BLOCK OWNERSHIP CONCENTRATION
(1996, unweighted)**

Size classes (market capitalization)	Ownership Distribution			
	Largest stake	2nd	3rd	4-10th
5 percentile	54.21	12.53	3.45	3.01
10 percentile	51.21	9.29	3.52	8.51
25 percentile	55.47	8.35	4.89	9.82
50 percentile	53.40	8.39	4.12	5.65
75 percentile	55.47	6.48	3.09	4.81
90 percentile	46.06	7.54	2.38	2.27
95 percentile	41.25	4.58	2.62	0.98
>95 percentile	49.36	2.32	1.87	1.89
Total	52.32	7.73	3.46	5.05
N. companies	214	214	214	214

Group block ownership is defined as the sum of shares directly owned and those owned through other companies by the same agent.

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital.

Table 25

**AVERAGE GROUP BLOCK OWNERSHIP CONCENTRATION
(1996, weighted)⁽¹⁾**

Size classes (market capitalization)	Ownership Distribution			
	Largest stake	2nd	3rd	4-10th
5 percentile	50.86	13.14	4.71	3.69
10 percentile	50.34	9.44	3.56	8.77
25 percentile	52.36	8.49	4.99	9.97
50 percentile	52.95	8.28	4.03	5.52
75 percentile	54.67	6.21	3.04	4.94
90 percentile	45.14	7.96	2.76	2.52
95 percentile	40.38	4.55	2.70	1.09
>95 percentile	56.10	1.47	1.15	0.75
Total	52.25	3.24	1.84	1.57
N. companies	214	214	214	214

Group block ownership is defined as the sum of shares directly owned and those owned through other companies by the same agent.

(1) Values are weighted by market capitalization.

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital.

AVERAGE OWNERSHIP BY TYPE OF INVESTOR
(1992, unweighted)⁽¹⁾

Size classes (employees)	Individual	Foreign company	State-owned company	Holding company	Other non financial company	Financial company	Total
50 - 99	62.86	5.30	1.99	13.65	13.64	0.00	97.43
100 - 199	37.71	7.69	6.33	28.01	18.64	0.20	98.57
200 - 499	25.12	14.13	6.84	33.62	17.52	0.53	97.76
500 - 999	14.37	20.13	15.59	34.04	12.27	0.91	97.32
1000 -	6.10	22.98	14.55	42.63	8.16	0.58	94.99
Total	48.03	8.05	4.59	21.57	15.33	0.17	97.72

(1) The values are weighted in order to take into account the different coverage of the sample by size, sector and geographical area. Row sums do not add up to 100 per cent because in the survey only information regarding the 10 largest shareholders were asked.

Source: Indagine sugli investimenti della Banca d'Italia (1993) on a representative sample of companies with more than 50 employees.

**AVERAGE OWNERSHIP BY TYPE OF INVESTOR
(1992, weighted)⁽¹⁾**

Size classes (employees)	Individual	Foreign company	State-owned company	Holding company	Other non financial company	Financial company	Total
50 - 99	62.61	5.42	1.77	13.84	13.61	0.00	97.25
100 - 199	36.33	7.67	7.02	28.33	19.15	0.16	98.66
200 - 499	23.45	14.68	6.96	33.78	18.44	0.48	97.79
500 - 999	13.56	21.39	15.89	33.93	11.69	0.79	97.24
1000 -	3.40	24.02	21.57	41.66	3.88	0.74	95.27
Total	24.35	15.89	12.23	32.14	11.81	0.47	96.89

(1) The values are weighted in order to take into account the different coverage of the sample by size, sector and geographical area. Moreover they are weighted by employees. Row sums do not add up to 100 per cent because in the survey only information regarding the 10 largest shareholders were asked. Source: Indagine sugli investimenti della Banca d'Italia (1993) on a representative sample of companies with more than 50 employees.

Table 28

**AVERAGE OWNERSHIP BY TYPE OF INVESTOR
(1994, unweighted)**

Size classes (employees)	Individual	Foreign company	Industrial company	Holding company	Financial company	Total
11 - 49	88.66	1.02	6.03	2.14	2.08	99.93
50 - 99	71.20	3.22	11.75	5.80	7.94	99.91
100 - 199	52.65	3.90	17.02	13.90	12.49	99.96
200 - 499	31.64	8.66	20.45	23.56	15.54	99.85
500 - 999	16.73	9.34	22.64	38.43	12.83	99.97
1000 -	13.42	9.89	20.46	43.30	12.52	99.59
Total	68.57	3.26	11.57	9.34	7.16	99.90

Row sums do not add up to 100 per cent because in the survey only information regarding the 3 largest shareholders were asked.

Source: Indagine Mediocredito Centrale (1996) on a representative sample of manufacturing companies with more than 10 employees.

**AVERAGE OWNERSHIP BY TYPE OF INVESTOR
(1994, weighted)⁽¹⁾**

Size classes (employees)	Individual	Foreign company	Industrial company	Holding company	Financial company	Total
11 - 49	86.55	1.32	7.04	2.61	2.44	99.96
50 - 99	69.89	3.45	12.04	6.29	8.22	99.89
100 - 199	52.12	4.19	17.26	13.91	12.48	99.96
200 - 499	29.48	8.91	21.34	25.04	15.09	99.86
500 - 999	16.92	10.29	23.12	37.40	12.16	99.89
1000 -	14.85	10.95	18.52	47.96	7.47	99.75
Total	33.56	8.10	18.13	29.98	10.10	99.87

Row sums do not add up to 100 per cent because in the survey only information regarding the 3 largest shareholders were asked.

(1) The values are weighted by employees.

Source: Indagine Mediocredito Centrale (1996) on a representative sample of manufacturing companies with more than 10 employees.

**OWNERSHIP AND CONTROL OF COMPANIES BELONGING TO LISTED GROUPS
(1993, weighted)⁽¹⁾**

Shareholders	Direct ownership	Integrated ownership: control	Integrated ownership: non controlling	Control	Capital under control in proportion to owned
Total shareholders with reporting requirements	75.3	37.0	6.5	-	-
Non banking Private Sector	32.1	5.5	1.7	43.3	7.9
HEADS OF GROUPS					
- individuals and partnerships	0.8	2.8	0.3	11.2	4.0
- private companies	1.0	2.0	0.1	19.4	9.7
- other companies	0.6	0.7	0.2	1.6	2.3
- coalitions	-	-	-	11.1	-
COMPANIES BELONGING TO GROUPS	1.7				
- Italian	26.8	-	-	-	-
- Foreign	1.8	-	-	-	-
INVESTORS					
- individuals and partnerships	0.4	-	0.4	-	-
- companies not belonging to groups	0.5	-	0.5	-	-
- investment fund management companies	0.2	-	0.2	-	-
Non banking Public Sector	29.0	21.3	2.0	40.5	1.9
- heads of groups	15.1	21.3	2.0	40.5	1.9
- other companies	13.9	-	-	-	-
Banks	9.5	8.6	1.1	12.7	1.5
Foreign Sector	2.7	1.6	1.7	3.6	2.3
Other shareholders with no reporting requirements	24.7	-	56.5	-	-
TOTAL	100	37.0	63.0	100	2.7

(1) By an indicator which combines the company's net worth and its "consolidated" number of employees. Consolidated employees are those of the company itself and the share of employees of the companies owned directly or indirectly, corresponding to the company's stake.

Source: Barca et al. (1994) based on Consob.

**OWNERSHIP AND CONTROL OF COMPANIES BELONGING TO LISTED GROUPS:
PRIVATE NON BANKING
(1993, weighted)⁽¹⁾**

Shareholders	Direct ownership	Integrated ownership: control	Integrated ownership: non controlling	Control	Capital under control in proportion to owned
Total shareholders with reporting requirements	72.5	16.6	8.1	-	-
Non banking Private Sector	60.7	12.8	3.7	92.0	7.2
HEADS OF GROUPS					
- individuals and partnerships	1.5	6.5	0.6	24.4	3.8
- private companies	2.0	4.7	0.2	45.9	9.7
- other companies	1.0	1.7	0.2	2.8	2.2
- coalitions	-	-	-	17.9	-
COMPANIES BELONGING TO GROUPS	1.7				
- Italian	51.2	-	-	-	-
- Foreign	3.3	-	-	-	-
INVESTORS					
- individuals and partnerships	0.6	-	1.2	-	-
- companies not belonging to groups	0.8	-	1.1	-	-
- investment fund management companies	0.3	-	0.4	-	-
Non banking Public Sector	0.1	-	-	-	-
- heads of groups	0.0	-	-	-	-
- other companies	0.1	-	-	-	-
Banks	3.2	0.5	1.4	0.6	1.2
Foreign Sector	8.5	3.3	3.0	7.4	2.2
Other shareholders with no reporting requirements	27.5	-	75.3	-	-
TOTAL	100	17.3	82.7	100	5.9

(1) By an indicator which combines the company's net worth and its "consolidated" number of employees. Consolidated employees are those of the company itself and the share of employees of the companies owned directly or indirectly, corresponding to the company's stake.

Source: Barca et al. (1994) based on Consob.

**AVERAGE OWNERSHIP OF LISTED COMPANIES BY TYPE OF INVESTOR
(1996, unweighted)**

Size classes (market capitalization)	Individuals	Foreign	State	Non Financial Company	Banks	Insurance	Mutual Funds	Other Financial	Total
5 percentile	9.00	17.02	0.00	38.98	6.36	0.07	0.44	1.35	73.22
10 percentile	19.14	15.19	0.00	23.81	11.14	3.52	0.44	0.00	74.58
25 percentile	6.00	11.15	0.00	46.68	12.18	0.47	0.47	2.16	79.11
50 percentile	5.22	9.44	0.60	43.90	8.06	1.13	1.46	1.94	72.41
75 percentile	3.39	10.55	5.87	38.17	8.04	2.88	0.85	0.42	69.26
90 percentile	2.74	4.05	0.70	34.31	10.22	5.61	0.53	0.19	58.35
95 percentile	0.00	1.77	1.38	26.74	17.68	1.05	0.20	0.62	49.44
>95 percentile	0.00	0.43	16.42	17.22	10.40	5.66	0.00	0.77	50.90
Total	5.01	9.29	2.62	38.08	9.57	2.37	0.76	1.09	68.50

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital. This is the reason why row sums do not add up to 100 per cent. Therefore the difference between 100 and the row sums is "dispersed ownership".

**AVERAGE OWNERSHIP OF LISTED COMPANIES BY TYPE OF INVESTOR
(1996, weighted)⁽¹⁾**

Size classes (market capitalization)	Individuals	Foreign	State	Non Financial Company	Banks	Insurance	Mutual Funds	Other Financial	Total
5 percentile	14.28	10.91	0.00	35.74	8.60	0.00	0.44	2.27	72.24
10 percentile	19.71	14.28	0.00	23.27	11.92	3.24	0.48	0.00	74.40
25 percentile	6.23	9.59	0.00	48.03	12.58	0.47	0.42	2.37	79.69
50 percentile	4.85	9.71	0.53	43.43	7.84	1.15	1.47	1.93	71.93
75 percentile	2.95	10.57	6.08	37.75	8.43	2.57	0.87	0.44	68.85
90 percentile	2.61	4.83	0.60	32.98	11.90	4.78	0.46	0.17	58.33
95 percentile	0.00	2.04	1.37	25.85	17.72	1.03	0.17	0.53	48.71
>95 percentile	0.00	0.61	31.76	18.22	5.65	2.45	0.00	0.77	59.46
Total	0.82	2.52	20.16	23.79	8.42	2.60	0.20	0.66	59.12

(1) By market capitalization.

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital. This is the reason why row sums do not add up to 100 per cent. Therefore the difference between 100 and the row sums is "dispersed ownership".

**AVERAGE GROUP BLOCK OWNERSHIP OF LISTED COMPANIES BY TYPE OF INVESTOR
(1996, unweighted)**

Size classes (market capitalization)	Individuals	Foreign	State	Non Financial Company	Banks	Insurance	Mutual Funds	Other Financial	Total
5 percentile	35.81	10.03	0.00	22.39	2.87	0.00	0.63	1.47	73.20
10 percentile	19.88	14.51	0.51	27.11	11.04	0.00	0.44	0.00	73.49
25 percentile	21.90	8.55	7.25	26.47	11.89	0.40	0.55	2.16	79.17
50 percentile	23.48	7.99	4.33	23.34	9.29	0.00	1.41	1.94	71.78
75 percentile	22.13	12.84	8.13	16.80	8.16	0.54	0.85	0.42	69.87
90 percentile	13.76	4.79	6.95	17.82	10.11	3.96	0.53	0.34	58.26
95 percentile	0.50	7.41	5.57	17.15	17.69	0.30	0.20	0.62	49.44
>95 percentile	0.00	5.29	26.91	2.12	10.29	5.44	0.00	0.79	50.84
Total	20.07	9.07	6.79	20.06	9.48	1.07	0.78	1.12	68.44

Group block ownership is the sum of shares directly owned and those owned through other companies by the same agent.

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital. This is the reason why row sums do not add up to 100 per cent. Therefore the difference between 100 and the row sums is "dispersed ownership".

**AVERAGE GROUP BLOCK OWNERSHIP OF LISTED COMPANIES BY TYPE OF INVESTOR
(1996, weighted)⁽¹⁾**

Size classes (market capitalization)	Individuals	Foreign	State	Non Financial Company	Banks	Insurance	Mutual Funds	Other Financial	Total
5 percentile	45.11	6.52	0.00	14.66	2.86	0.00	0.76	2.49	72.40
10 percentile	20.52	13.53	0.52	26.28	11.86	0.00	0.49	0.00	73.20
25 percentile	23.32	7.26	5.45	28.20	12.25	0.36	0.51	2.37	79.72
50 percentile	24.93	7.78	5.41	20.60	8.93	0.00	1.42	1.94	71.01
75 percentile	20.12	11.28	7.99	19.32	8.33	0.50	0.88	0.44	68.86
90 percentile	14.47	4.93	7.70	15.70	11.79	3.10	0.46	0.25	58.40
95 percentile	0.47	6.89	4.96	17.63	17.73	0.36	0.17	0.53	48.74
>95 percentile	0.00	2.22	46.13	2.37	5.62	2.36	0.00	0.78	59.48
Total	4.66	4.10	30.81	8.26	8.40	2.01	0.20	0.68	59.12

Group block ownership is the sum of shares directly owned and those owned through other companies by the same agent.

(1) By market capitalization.

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital. This is the reason why row sums do not add up to 100 per cent. Therefore the difference between 100 and the row sums is "dispersed ownership".

Table 36

**DIFFUSION OF GROUPS AMONG MANUFACTURING COMPANIES
(1992)**

Size classes (employees)	Percentages of firms		Percentages of employees	
	Not organized in groups	Organized in groups	Not organized in groups	Organized in groups
50 - 99	60.51	39.49	60.69	39.31
100 - 199	31.35	68.65	29.88	70.22
200 - 499	17.28	82.72	15.24	84.76
500 - 999	11.24	88.76	10.64	89.36
1000 -	0.81	99.19	0.28	99.72
Total	43.75	56.25	19.93	80.07

Source: Indagine sugli investimenti della Banca d'Italia (1993) on a representative sample of manufacturing companies with more than 50 of employees.

Table 37

**DIFFUSION OF GROUPS AMONG MANUFACTURING COMPANIES
(1994)**

Size classes (employees)	Percentages of firms		Percentages of employees	
	Not organized in groups	Organized in groups	Not organized in groups	Organized in groups
11 - 49	91.10	8.90	89.00	11.00
50 - 99	75.00	25.00	73.50	26.50
100 - 199	57.60	42.40	56.40	43.60
200 - 499	37.00	63.00	33.90	66.10
500 - 999	12.30	87.70	11.70	88.30
1000 -	8.90	91.10	5.60	94.40
Total	71.76	28.24	31.90	68.10

Source: Indagine Mediocredito Centrale (1996) on a representative sample of manufacturing companies with more than 10 employees.

**DIFFUSION OF GROUPS AMONG MANUFACTURING COMPANIES
(1996)**

Size classes (employees)	Percentages of firms		Percentages of employees	
	Not organized in groups	Organized in groups	Not organized in groups	Organized in groups
50 - 99	64.23	35.77	63.86	36.14
100 - 199	47.90	52.10	46.55	53.45
200 - 499	29.78	70.22	27.52	72.48
500 - 999	15.66	84.34	15.45	84.55
1000 -	7.54	92.46	5.56	94.44
Total	52.21	47.79	30.17	69.83

Source: Indagine sugli investimenti della Banca d'Italia (1997) on a representative sample of manufacturing companies with more than 50 employees.

AVERAGE GROUP SIZE

	Number of firms	Numbers of employees
Indagine sugli investimenti della Banca d'Italia (year 1992)	36.70	12,769.00
Mediocredito Centrale (year 1994)	37.21	7,062.84

Table 40

**STAKE OWNED BY CONTROLLING AGENT IN
MANUFACTURING COMPANIES
(1992, unweighted)⁽¹⁾**

Size classes (employees)	TOTAL
50 - 99	81.5
100 - 199	86.9
200 - 499	86.2
500 - 999	89.1
1000 -	87.2
Total	84.0

(1) The values are weighted in order to take into account the different coverage of the sample by size, sector and geographical area.

Source: Indagine sugli investimenti della Banca d'Italia (1993) on a representative sample of manufacturing companies with more than 50 employees.

Table 41

**STAKE OWNED BY CONTROLLING AGENT IN
MANUFACTURING COMPANIES
(1992, weighted)⁽²⁾**

Size classes (employees)	TOTAL
50 - 99	81.6
100 - 199	87.5
200 - 499	86.3
500 - 999	88.9
1000 -	88.0
Total	86.3

(2) The values are weighted in order to take into account the different coverage of the sample by size and sector. Moreover they are weighted by employees.

Source: Indagine sugli investimenti della Banca d'Italia (1993) on a representative sample of manufacturing companies with more than 50 employees.

Table 42

**STAKE OWNED BY CONTROLLING AGENT
IN MANUFACTURING COMPANIES
(1994, unweighted)**

Size classes (employees)	TOTAL
11 - 49	87.80
50 - 99	86.76
100 - 199	86.04
200 - 499	88.11
500 - 999	90.83
1000 -	88.01
Total	87.40

Source: Indagine Mediocredito Centrale (1996), on a representative sample of manufacturing companies with more than 10 employees.

Table 43

**STAKE OWNED BY CONTROLLING AGENT
IN MANUFACTURING COMPANIES
(1994, weighted)⁽¹⁾**

Size classes (employees)	TOTAL
11 - 49	87.24
50 - 99	86.62
100 - 199	86.04
200 - 499	88.05
500 - 999	90.81
1000 -	88.49
Total	88.10

(1) The values are weighted by employees
Source: Indagine Mediocredito Centrale (1996) on a representative sample of manufacturing companies with more than 10 employees.

STAKES OWNED BY CONTROLLING SHAREHOLDERS
(1992, weighted)⁽¹⁾

Size classes (employees)	Controlling shareholders	Together with those linked by voting agreements	Together with relatives and those linked by voting agreements
50 - 99	81.6	88.8	91.4
100 - 199	87.5	90.3	93.2
200 - 499	85.7	88.1	90.7
500 - 999	87.8	88.9	90.1
1000 -	88.0	89.5	90.1
Total	86.3	89.2	91.0

(1) The values are weighted in order to take into account the different coverage of the sample by size, sector and geographical area. Moreover they are weighted by employees.

Source: Indagine sugli investimenti della Banca d'Italia (1993) on a representative sample of manufacturing companies with more than 50 employees.

STAKES OWNED BY CONTROLLING SHAREHOLDERS
(1994, weighted)⁽¹⁾

Size classes (employees)	Controlling shareholders	Together with those linked by voting agreements	Together with relatives and those linked by voting agreements
11 - 49	87.2	93.0	94.5
50 - 99	86.6	93.0	94.4
100 - 199	86.0	91.2	92.9
200 - 499	88.0	92.8	93.9
500 - 999	90.8	93.7	93.9
1000 -	88.5	92.0	92.0
Total	88.1	92.4	93.2

(1) The values are weighted by employees.

Source: Indagine Mediocredito Centrale (1996) on a representative sample of manufacturing companies with more than 10 employees.

**STAKE OWNED BY THE CONTROLLING AGENT IN LISTED COMPANIES BY TYPE OF INVESTOR
(1996, unweighted)**

Size classes (market capitalization)	Individuals	Foreign	State	Non Financial Company	Banks	Insurance	Through Formal Agreements	Other Financial	Total
5 percentile	54.79	86.12	0.00	61.37	0.00	0.00	73.61	0.00	63.23
10 percentile	49.36	64.81	0.00	53.41	60.79	0.00	0.00	0.00	55.86
25 percentile	61.46	66.88	70.67	64.83	80.05	0.00	45.54	62.19	63.00
50 percentile	61.39	77.05	63.50	58.25	72.63	0.00	55.90	58.60	61.66
75 percentile	57.20	72.20	75.79	59.91	62.28	0.00	50.31	0.00	61.96
90 percentile	50.91	56.80	70.84	51.83	78.51	93.91	53.37	0.00	58.00
95 percentile	0.00	51.21	41.93	54.96	69.56	0.00	50.00	0.00	55.89
>95 percentile	0.00	56.13	68.55	25.38	65.04	65.27	0.00	0.00	60.75
Total	57.56	70.43	68.95	57.38	70.63	79.59	54.45	60.40	61.02

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital.

**STAKE OWNED BY THE CONTROLLING AGENT IN LISTED COMPANIES
(1996, weighted)⁽¹⁾**

Size classes (market capitalization)	Foreign	State	Non Financial Company	Banks	Insurance	Through Formal Agreements	Other Financial	Total
5 percentile	72.85	0.00	59.86	0.00	0.00	72.87	0.00	63.71
10 percentile	62.90	0.00	53.74	60.79	0.00	0.00	0.00	55.47
25 percentile	67.65	70.54	65.68	81.54	0.00	45.92	62.19	63.79
50 percentile	79.65	64.17	56.84	69.44	0.00	55.98	58.60	61.28
75 percentile	71.07	73.28	61.71	63.77	0.00	52.79	0.00	62.33
90 percentile	56.80	69.51	48.20	77.20	93.91	54.28	0.00	56.65
95 percentile	51.21	41.93	52.96	69.57	0.00	50.00	0.00	55.38
>95 percentile	56.13	72.70	25.38	65.04	65.27	0.00	0.00	65.93
Total	59.47	71.74	43.60	69.11	68.83	53.01	59.51	62.73

1) By market capitalization

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital.

**AVERAGE CONTROLLED SHARE BY TYPE OF INVESTOR IN MANUFACTURING COMPANIES
(1992, unweighted)⁽¹⁾**

Size classes (employees)	Individual	Foreign company	State-owned company	Holding company	Other non financial company	Financial company	Total
50 - 99	66.05	5.62	1.28	13.82	13.24	0.00	100.00
100 - 199	40.10	7.24	6.13	27.64	18.89	0.00	100.00
200 - 499	27.06	13.99	6.25	35.09	17.27	0.34	100.00
500 - 999	15.87	20.65	15.64	35.87	11.97	0.00	100.00
1000 -	6.95	21.70	15.55	46.72	9.09	0.00	100.00
Total	50.72	8.07	4.10	21.91	15.16	0.04	100.00

The share controlled by an agent in a company is 100% if she is the only agent in the control. It is 100/n if control is exercised jointly by n agents. Values are averaged over all companies of that size class. As opposed to the data on ownership, row sums have to add up to 100 (except for some case without a declared control).

(1) The values are weighted in order to take into account the different coverage of the sample by size, sector and geographical area.

Source: Indagine sugli investimenti della Banca d'Italia (1993) on a representative sample of manufacturing companies with more than 50 employees.

**AVERAGE CONTROLLED SHARE BY TYPE OF INVESTOR IN MANUFACTURING COMPANIES
(1992, weighted)⁽¹⁾**

Size classes (employees)	Individual	Foreign company	State-owned company	Holding company	Other non financial company	Financial company	Total
50 - 99	65.89	5.84	0.90	14.09	13.28	0.00	100.00
100 - 199	38.42	7.14	6.97	27.90	19.58	0.00	100.00
200 - 499	25.38	14.65	6.29	35.10	18.23	0.35	100.00
500 - 999	15.38	21.90	16.21	35.25	11.25	0.00	100.00
1000 -	4.81	22.18	23.84	45.04	4.14	0.00	100.00
Total	26.35	15.38	12.77	33.70	11.83	0.06	100.00

The share controlled by an agent in a company is 100% if she is the only agent in the control. It is 100/n if control is exercised jointly by n agents. Values are averaged over all companies of that size class. As opposed to the data on ownership, row sums have to add up to 100 (except for some case without a declared control).

(1) The values are weighted in order to take into account the different coverage of the sample by size, sector and geographical area. Moreover they are weighted by employees.

Source: Indagine sugli investimenti della Banca d'Italia (1993) on a representative sample of manufacturing companies with more than 50 employees.

**AVERAGE CONTROLLED SHARE BY TYPE OF INVESTOR IN MANUFACTURING COMPANIES
(1994, unweighted)**

Size classes (employees)	Individual	Foreign company	Industrial company	Holding company	Financial company	Total
11 - 49	88.06	1.02	5.59	1.96	1.65	98.28
50 - 99	71.81	3.03	10.36	4.99	7.03	97.22
100 - 199	54.30	3.77	15.70	13.12	10.52	97.41
200 - 499	35.51	8.66	19.48	22.34	12.61	98.60
500 - 999	16.24	8.94	22.95	39.43	10.26	97.82
1000 -	13.62	9.68	17.74	44.44	11.29	96.77
Total	69.11	3.19	10.69	8.88	6.01	97.88

The share controlled by an agent in a company is 100% if she is the only agent in the control. It is 100/n if control is exercised jointly by n agents. Values are averaged over all companies of that size class. As opposed to the data on ownership, row sums have to add up to 100 (except for some case without a declared control).

Source: Indagine Mediocredito Centrale (1996) on a representative sample of manufacturing companies with more than 10 employees.

Table 51

**AVERAGE CONTROLLED SHARE BY TYPE OF INVESTOR IN MANUFACTURING COMPANIES
(1994, weighted)⁽¹⁾**

Size classes (employees)	Individual	Foreign company	Industrial company	Holding company	Financial company	Total
11 - 49	85.76	1.31	6.65	2.46	1.97	98.15
50 - 99	70.49	3.27	10.73	5.39	7.18	97.06
100 - 199	53.44	4.10	15.93	13.25	10.67	97.39
200 - 499	33.35	8.92	20.13	23.90	12.37	98.67
500 - 999	16.15	9.93	23.53	38.58	9.52	97.71
1000 -	14.36	10.74	16.23	49.81	6.47	97.61
Total	34.22	7.94	16.80	30.39	8.43	97.78

The share controlled by an agent in a company is 100% if she is the only agent in the control. It is 100/n if control is exercised jointly by n agents. Values are averaged over all companies of that size class. As opposed to the data on ownership, row sums have to add up to 100 (except for some case without a declared control).

(1) The values are weighted by employees.

Source: Indagine Mediocredito Centrale (1996) on a representative sample of manufacturing companies with more than 10 employees.

**AVERAGE CONTROLLED SHARE BY TYPE OF INVESTOR IN MANUFACTURING COMPANIES
(1996, unweighted)⁽¹⁾**

Size classes (employees)	Individual	Foreign company	State-owned company	Holding company	Other non financial company	Financial company	Total
50 - 99	64.54	8.61	2.98	11.53	9.64	2.71	100.00
100 - 199	51.09	13.07	0.99	17.44	9.38	8.03	100.00
200 - 499	33.97	20.17	3.22	28.13	10.06	4.44	100.00
500 - 999	27.45	29.51	2.29	28.49	8.25	4.00	100.00
1000 -	9.39	38.27	5.53	9.58	30.46	6.77	100.00
Total	54.38	12.67	2.50	16.31	9.67	4.47	100.00

The share controlled by an agent in a company is 100% if she is the only agent in the control. It is 100/n if control is exercised jointly by n agents. Values are averaged over all companies of that size class. As opposed to the data on ownership, row sums have to add up to 100 (except for some case without a declared control).

(1) The values are weighted in order to take into account the different coverage of the sample by size, sector and geographical area.

Source: Indagine sugli investimenti della Banca d'Italia (1997) on a representative sample of manufacturing companies with more than 50 employees.

**AVERAGE CONTROLLED SHARE BY TYPE OF INVESTOR IN MANUFACTURING COMPANIES
(1996, weighted)⁽¹⁾**

Size classes (employees)	Individual	Foreign company	State-owned company	Holding company	Other non financial company	Financial company	Total
50 - 99	65.02	8.27	3.14	11.62	9.25	2.72	100.00
100 - 199	50.74	13.51	1.08	17.43	9.29	7.95	100.00
200 - 499	30.61	21.06	3.45	30.18	10.22	4.48	100.00
500 - 999	26.42	33.37	1.93	27.21	7.30	3.77	100.00
1000 -	7.85	39.00	9.46	29.02	8.69	5.98	100.00
Total	35.10	23.09	4.32	23.26	9.13	5.10	100.00

The share controlled by an agent in a company is 100% if she is the only agent in the control. It is 100/n if control is exercised jointly by n agents. Values are averaged over all companies of that size class. As opposed to the data on ownership, row sums have to add up to 100 (except for some case without a declared control).

(1) The values are weighted in order to take into account the different coverage of the sample by size and sector. Moreover they are weighted by employees.
Source: Indagine sugli investimenti della Banca d'Italia (1997) on a representative sample of manufacturing companies with more than 50 employees.

AVERAGE CONTROLLED SHARE BY TYPE OF INVESTOR IN LISTED COMPANIES⁽¹⁾
(1996, weighted)⁽²⁾

Size classes (market capitalization)	Individuals	Foreign	State	Non Financial Company	Banks	Insurance	Other Financial	Through Formal Agreements	Total
5 percentile	44.87	9.56	0.00	13.42	0.00	0.00	0.00	32.16	100
10 percentile	23.64	21.10	0.00	42.92	12.34	0.00	0.00	0.00	100
25 percentile	21.77	5.56	8.27	36.58	7.31	0.00	4.17	16.35	100
50 percentile	28.01	5.97	9.15	33.55	8.90	0.00	2.53	11.89	100
75 percentile	24.67	17.63	12.41	26.31	7.63	0.00	0.00	11.36	100
90 percentile	21.27	2.78	14.39	27.19	10.20	2.67	0.00	21.50	100
95 percentile	0.00	12.13	11.97	34.27	27.38	0.00	0.00	14.24	100
>95 percentile	0.00	3.91	72.54	12.72	5.34	5.49	0.00	0.00	100
Total	6.79	6.04	47.38	19.88	9.26	3.64	0.10	6.91	100

The share controlled by an agent in a company is 100% if she is the only agent in the control. It is 100/n if control is exercised jointly by n agents. Values are averaged over all companies of that size class. As opposed to the data on ownership, row sums have to add up to 100.

(1) Companies with identified controlling agent only.

(2) By market capitalization "deintegrated", defined as the difference between the company market capitalization and the market value of shares held by the company in other listed firms belonging to the same group.

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital.

AVERAGE CONTROLLED SHARE BY TYPE OF INVESTOR IN LISTED COMPANIES ⁽¹⁾
(1996, weighted)⁽²⁾

Size classes (market capitalization)	Individuals	Foreign	State	Non Financial Company	Banks	Insurance	Other Financial	Through Formal Agreements	Total
5 percentile	44.87	9.56	0.00	13.42	0.00	0.00	0.00	32.16	100
10 percentile	23.64	21.10	0.00	42.92	12.34	0.00	0.00	0.00	100
25 percentile	21.77	5.56	8.27	36.58	7.31	0.00	4.17	16.35	100
50 percentile	28.01	5.97	9.15	33.55	8.90	0.00	2.53	11.89	100
75 percentile	24.67	17.63	12.41	26.31	7.63	0.00	0.00	11.36	100
90 percentile	21.27	2.78	14.39	27.19	10.20	2.67	0.00	21.50	100
95 percentile	0.00	12.13	11.97	34.27	27.38	0.00	0.00	14.24	100
>95 percentile	0.00	3.91	55.83	20.47	8.59	8.84	0.00	0.00	100
Total	8.70	7.73	32.61	25.47	11.86	4.66	0.13	8.85	100

The share controlled by an agent in a company is 100% if she is the only agent in the control. It is 100/n if control is exercised jointly by n agents. Values are averaged over all companies of that size class. As opposed to the data on ownership, row sums have to add up to 100 (except for some case without a declared control).

(1) Companies with identified controlling agent, excluding ENI, the largest listed company, where the State still had 85%.

(2) By market capitalization "deintegrated", defined as the difference between the company market capitalization and the market value of shares held by the company in other listed firms belonging to the same group.

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital.

Table 56

DIRECTORS' TURNOVER
(percentage)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	<i>Average</i>
All companies												
Exits	16.5	9.5	12.9	13.5	11.8	12.9	13.4	11.8	19.3	19.0	–	14.1
Entries	10.7	12.2	16.9	17.4	13.9	18.8	15.3	12.8	12.6	15.3	12.2	14.4

Source: based on Consob data.

Table 57

SHARE OF DIRECTORS WITH MULTIPLE POSITIONS

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Share of directors with more than one position	20.3	21.6	21.9	22.1	22.7	22.9	23.9	22.5	22.0	22.1	20.5
Number of directors	1,669	1,807	1,974	2,106	2,084	2,188	2,156	2,125	2,113	2,026	1,832
Number of positions	2,250	2,517	2,824	3,056	2,971	3,163	3,096	3,029	2,978	2,812	2,493
Cumulation ratio	1.35	1.39	1.43	1.45	1.43	1.45	1.44	1.43	1.41	1.39	1.36

Source: based on Consob data.

AVERAGE INTEGRATED OWNERSHIP BY TYPE OF INVESTOR IN LISTED COMPANIES ⁽¹⁾
(1996, weighted)⁽²⁾

Size classes (market capitalization)	Individuals	Foreign	State	Non Financial Company	Banks	Insurance	Other Financial	Through Formal Agreements	Total
5 percentile	14.95	6.96	0.00	5.33	0.00	0.00	0.00	23.43	50.67
10 percentile	11.63	9.45	0.00	15.47	3.21	0.00	0.00	0.00	39.76
25 percentile	4.12	3.76	3.71	12.20	5.69	0.00	2.59	7.51	39.58
50 percentile	10.07	3.14	4.68	13.75	4.89	0.00	1.48	6.95	44.96
75 percentile	8.05	11.75	8.89	9.21	4.42	0.00	0.00	6.43	48.75
90 percentile	4.86	1.58	8.43	4.35	7.87	2.51	0.00	11.67	41.27
95 percentile	0.00	6.21	4.27	12.93	12.98	0.00	0.00	7.12	43.51
>95 percentile	0.00	2.19	46.02	1.31	3.47	3.59	0.00	0.00	56.58
Total	1.88	3.47	29.56	4.44	5.55	2.50	0.06	3.71	51.17

Integrated ownership is defined as the percentage of capital that has been actually provided by the controlling agent and is computed moving up from direct shareholdings to the top of the pyramidal group along the control chain. Hence if A controls B with 50 per cent and B controls C with 50 per cent, the integrated ownership of A in company C is 25 per cent.

(1) Companies with identified controlling agent only.

(2) By market capitalization "deintegrated", defined as the difference between the company market capitalization and the market value of shares held by the company in other listed firms belonging to the same group.

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital.

AVERAGE INTEGRATED OWNERSHIP BY TYPE OF INVESTOR IN LISTED COMPANIES ⁽¹⁾
(1996, weighted)⁽²⁾

Size classes (market capitalization)	Individuals	Foreign	State	Non Financial Company	Banks	Insurance	Other Financial	Through Formal Agreements	Total
5 percentile	14.95	6.96	0.00	5.33	0.00	0.00	0.00	23.43	50.67
10 percentile	11.63	9.45	0.00	15.47	3.21	0.00	0.00	0.00	39.76
25 percentile	4.12	3.76	3.71	12.20	5.69	0.00	2.59	7.51	39.58
50 percentile	10.07	3.14	4.68	13.75	4.89	0.00	1.48	6.95	44.96
75 percentile	8.05	11.75	8.89	9.21	4.42	0.00	0.00	6.43	48.75
90 percentile	4.86	1.58	8.43	4.35	7.87	2.51	0.00	11.67	41.27
95 percentile	0.00	6.21	4.27	12.93	12.98	0.00	0.00	7.12	43.51
>95 percentile	0.00	3.53	22.28	2.11	5.58	5.77	0.00	0.00	39.27
Total	2.41	4.45	13.99	5.69	7.11	3.21	0.08	4.75	41.69

Integrated ownership is defined as the amount that has been actually provided by the controlling agent and is computed moving up from direct shareholdings to the top of the pyramidal group along the control chain. Hence if A controls B with 50 per cent and B controls C with 50 per cent, the integrated ownership of A in company C is 25 per cent.

(1) Companies with identified controlling agent, excluding ENI, the largest listed company, where the State still had 85%.

(2) By market capitalization "deintegrated", defined as the difference between the company market capitalization and the market value of shares held by the company in other listed firms belonging to the same group.

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital.

SEPARATION BETWEEN OWNERSHIP AND CONTROL ^{(1) (2)}
(1996, weighted)⁽³⁾

Size classes (market capitalization)	Individuals	Foreign	State	Non Financial Company	Banks	Insurance	Other Financial	Through Formal Agreements	Total
5 percentile	3.00	1.37	0.00	2.52	0.00	0.00	0.00	1.37	1.97
10 percentile	2.03	2.23	0.00	2.77	3.85	0.00	0.00	0.00	2.52
25 percentile	5.28	1.48	2.23	3.00	1.29	0.00	1.61	2.18	2.53
50 percentile	2.78	1.90	1.95	2.44	1.82	0.00	1.71	1.71	2.22
75 percentile	3.07	1.50	1.40	2.86	1.72	0.00	0.00	1.77	2.05
90 percentile	4.38	1.76	1.71	6.25	1.30	1.06	0.00	1.84	2.42
95 percentile	0.00	1.95	2.81	2.65	2.11	0.00	0.00	2.00	2.30
>95 percentile	0.00	1.78	1.58	9.72	1.54	1.53	0.00	0.00	1.77
Total	3.62	1.74	1.60	4.48	1.67	1.45	1.68	1.86	1.95

(1) Defined as the ratio between the amount of capital under control and the amount of capital owned (integrated ownership).

(2) Companies with identified controlling agent only.

(3) By market capitalization "deintegrated", defined as the difference between the company market capitalization and the market value of shares held by the company in other listed firms belonging to the same group.

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital.

SEPARATION BETWEEN OWNERSHIP AND CONTROL ^{(1) (2)}
(1996, weighted)⁽³⁾

Size classes (market capitalization)	Individuals	Foreign	State	Non Financial Company	Banks	Insurance	Other Financial	Through Formal Agreements	Total
5 percentile	3.00	1.37	0.00	2.52	0.00	0.00	0.00	1.37	1.97
10 percentile	2.03	2.23	0.00	2.77	3.85	0.00	0.00	0.00	2.52
25 percentile	5.28	1.48	2.23	3.00	1.29	0.00	1.61	2.18	2.53
50 percentile	2.78	1.90	1.95	2.44	1.82	0.00	1.71	1.71	2.22
75 percentile	3.07	1.50	1.40	2.86	1.72	0.00	0.00	1.77	2.05
90 percentile	4.38	1.76	1.71	6.25	1.30	1.06	0.00	1.84	2.42
95 percentile	0.00	1.95	2.81	2.65	2.11	0.00	0.00	2.00	2.30
>95 percentile	0.00	1.78	2.51	9.72	1.54	1.53	0.00	0.00	2.55
Total	3.62	1.74	2.33	4.48	1.67	1.45	1.68	1.86	2.40

(1) Defined as the ratio between the amount of capital under control and the amount of capital owned (integrated ownership).

(2) Companies with identified controlling agent, excluding ENI, the largest listed company, where the State still had 85%.

(3) By market capitalization "deintegrated", defined as the difference between the company market capitalization and the market value of shares held by the company in other listed firms belonging to the same group.

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital.

**INTEGRATED OWNERSHIP OF CONTROLLING AGENTS
IN THE LARGEST ITALIAN LISTED COMPANIES ⁽¹⁾
(1996)**

ENI S.p.a.	85
Telecom Italia Mobile S.p.a.	39
Telecom Italia S.p.a.	41
STET S.p.a.	63
FIAT S.p.a.	10
Alleanza Assicurazioni S.p.a.	65
Istituto Bancario San Paolo di Torino	65
RAS S.p.a.	56
Edison S.p.a.	20
Montedison S.p.a.	32
Mediobanca S.p.a.	50
Banca di Roma S.p.a.	52
Rolo Banca 1473 S.p.a.	43
Pirelli S.p.a.	51
Italgas S.p.a.	36
Benetton Group S.p.a.	71
Banca Fideuram S.p.a.	75
La Fondiaria Assicurazioni	32
IFIL S.p.a.	53
Saipem S.p.a.	65
Banco Ambrosiano Veneto	64
Italcementi S.p.a.	25
Parmalat Finanziaria S.p.a.PA	26
Mediolanum S.p.a.	51
Sirti S.p.a.	31
SAI S.p.a.	21
Milano Assicurazioni S.p.a.	16
La Rinascente S.p.a.	14
Gemina S.p.a.	45
Bulgari S.p.a.	56

(1) Integrated ownership is defined as the percentage of capital that has been provided by the controlling agent (see Table 56). Companies are ordered by market capitalization.

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital.

**SEPARATION BETWEEN OWNERSHIP AND CONTROL
IN THE LARGEST ITALIAN GROUPS ⁽¹⁾
(1996)**

Head of the group	Capital under control in proportion to owned
Ministero del Tesoro	1.24
IRI Istituto per la ricostruzione industriale	2.40
Giovanni Agnelli & C. S.a.p.a.	8.86
Compart S.p.a.	4.35
Generali S.p.a.	1.53
Compagnia di San Paolo	1.54
Allianz Holding A.G.	1.78
Benetton	1.46
Cassa di Risparmio di Roma	2.40
Mediobanca S.p.a. ⁽²⁾	2.00
Credito Italiano S.p.a.	2.35
Pirelli	1.95
IMI Istituto Mobiliare Italiano	1.34
Radici Pesenti Rosalia	4.15
Banco Ambrosiano Veneto ⁽²⁾	1.55
Tanzi Calisto	1.68
Mediolanum S.p.a. ⁽²⁾	1.96
Ligresti Salvatore	4.83
Berlusconi Silvio	3.66
Gemina S.p.a. - Generale ⁽²⁾	2.22
Bulgari S.p.a. ⁽²⁾	1.80
De Benedetti Carlo	10.33
Fondaz. Cassa di Resp. Genova	1.22
Credit Lyonnais S.a	1.76
Pininfarina Sergio	5.93
INA Istituto Nazionale Assic.	1.06
Banca San Paolo di Brescia ⁽²⁾	1.98
Bosatelli Domenico	1.39
Falck S.p.a. ⁽²⁾	4.20
Saes Getters S.p.a.	1.48

(1) Defined as the ratio between the amount of capital under control and the the amount of capital owned (integrated ownership). Groups are ordered by market capitalization.

(2) The head of the Group is the coalition controlling the company.

Source: Consob. Information are based on all the communications to Consob referring to holdings in listed companies larger than 2% of capital.

CONTROL TRANSFERS AMONG MANUFACTURING FIRMS
(% of manufacturing firms)⁽¹⁾

Size classes (employees)	1993	1994	1995	1996
50 - 99	1.81	0.00	2.74	0.96
100 - 199	3.99	0.00	1.79	1.76
200 - 499	5.71	0.94	3.28	2.22
500 - 999	3.40	1.68	0.45	1.27
1000 -	4.93	1.58	2.07	3.11
Total	3.05	0.22	2.48	1.40

Defined as the percentage of manufacturing firms whose controlling agent changed during that year, excluding the transfers within the same group.

(1) The values are weighted in order to take into account the different coverage of the sample by size, sector and geographical area.

Source: Indagine sugli investimenti della Banca d'Italia (1993, 1994, 1995, 1996) on a representative sample of manufacturing companies with more than 50 employees.

Figure 1

Critical issues of disclosure regulations:
1) definitions of control in cases of “joint control”

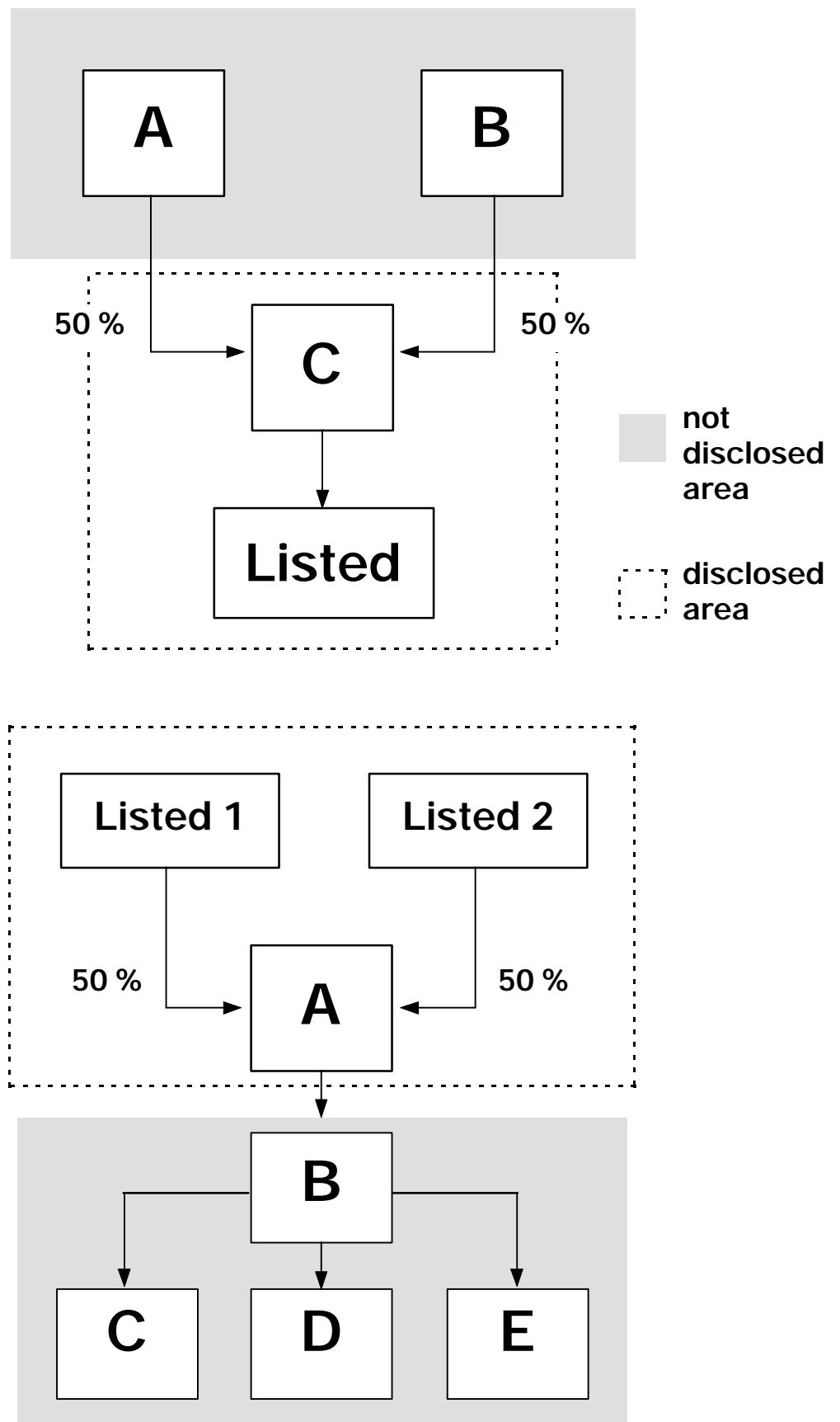


Figure 2

Critical issues of disclosure regulations:
2) identification of control coalitions → non
relevance of informal coalitions

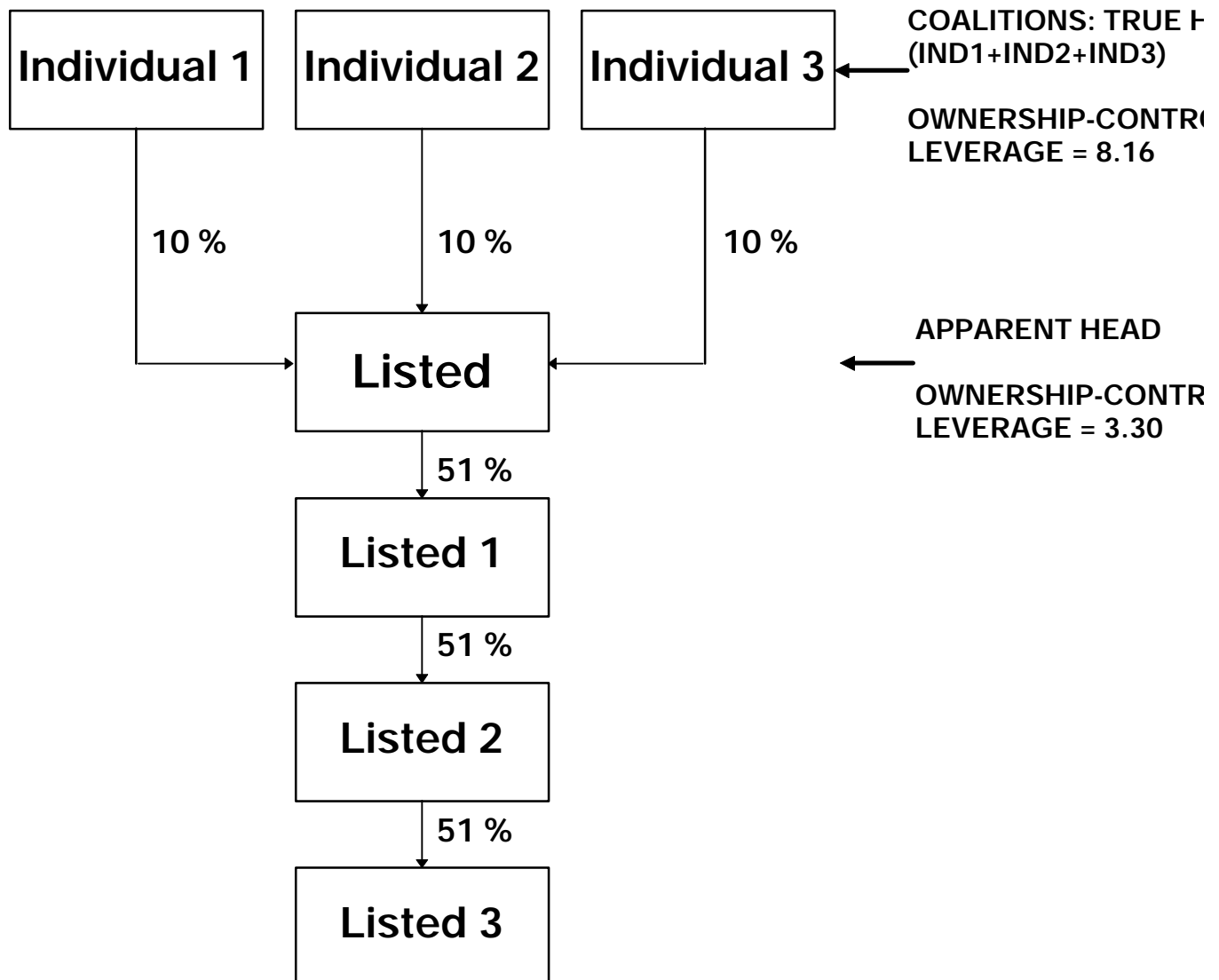


Fig. 3: Diffusion of hierarchical groups in Italian industry

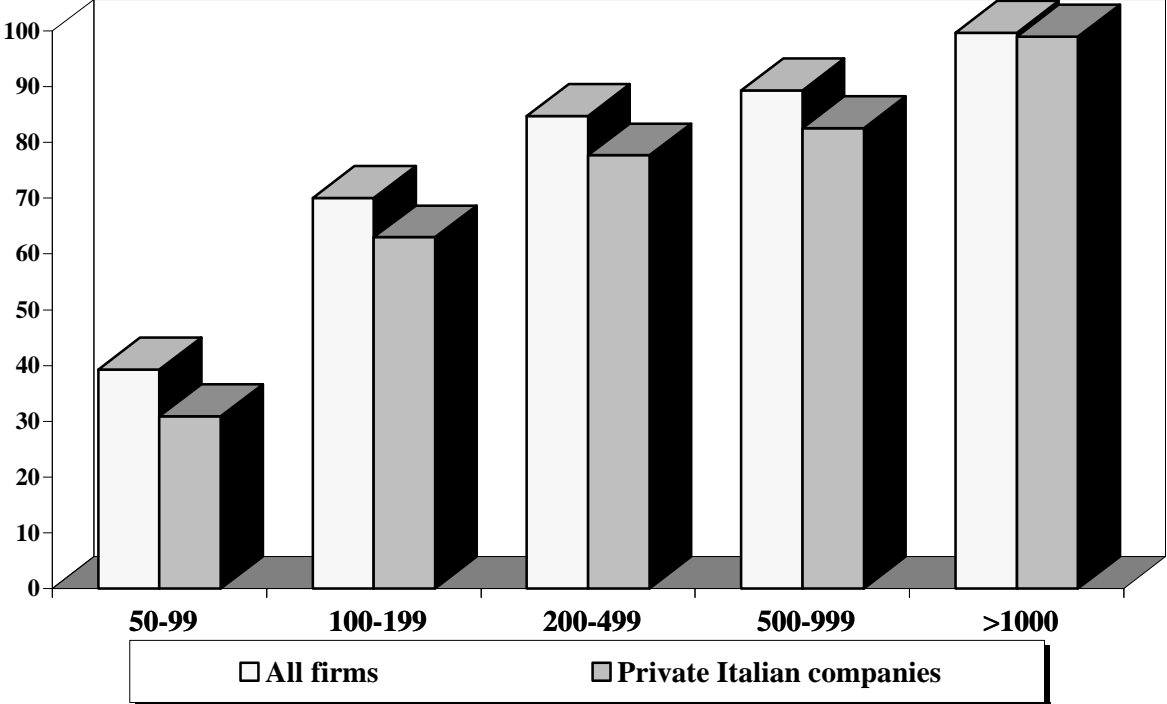


Fig. 4: Diffusion of groups in different sectors

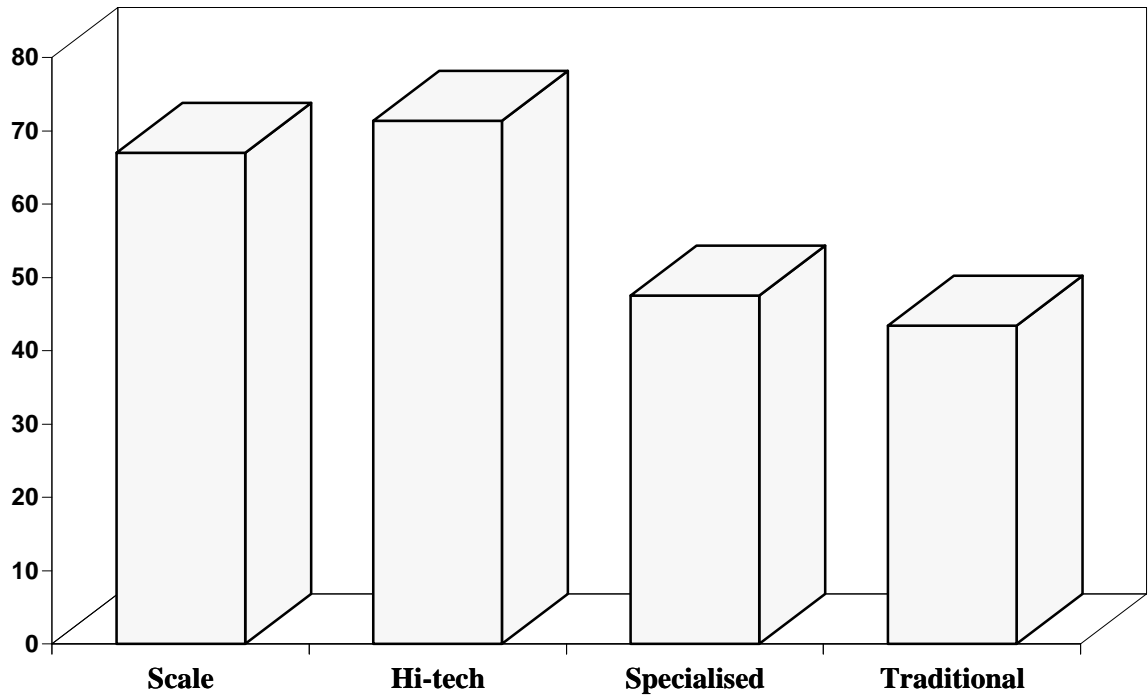
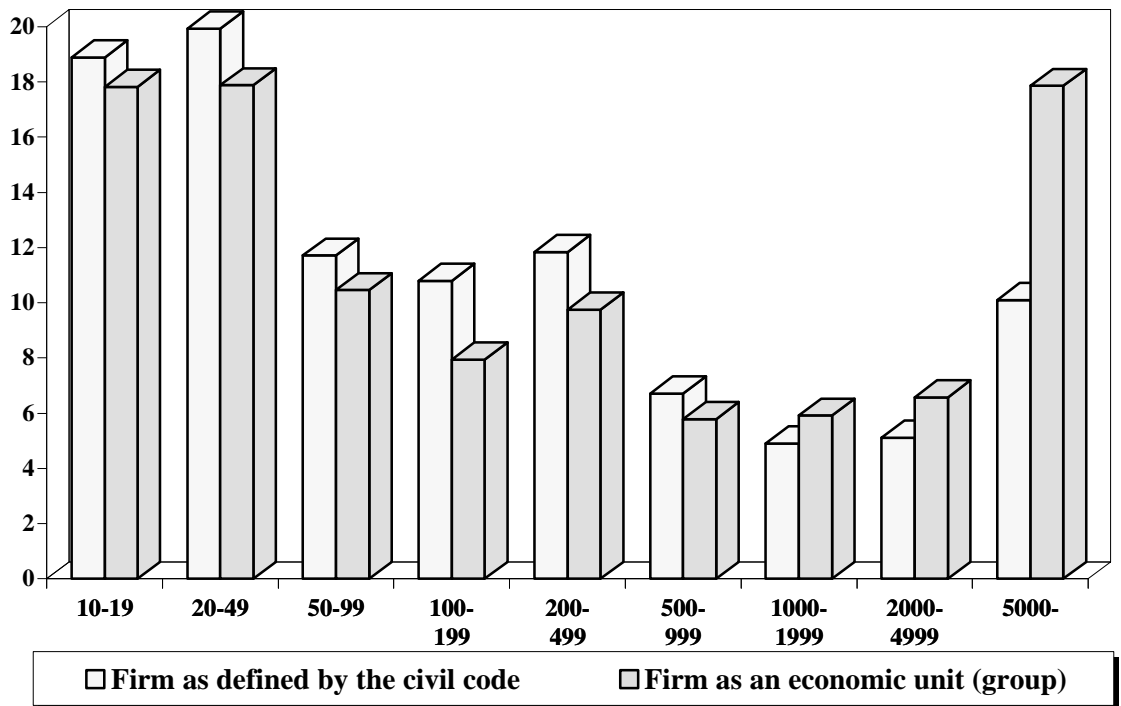


Fig. 5: The size distribution of employees in manufacturing companies



**Fig. 6: Models of corporate control in Italian industry
(percentages)**

