

**Supplement dated 25 April 2014 to
the Base Prospectus for Fixed Income Notes dated 27 June 2013, the Base Prospectus for
Equity linked Notes and Certificates dated 27 June 2013 and the Base Prospectus for
Commodity and Currency linked Notes and Certificates dated 7 October 2013**

MORGAN STANLEY & CO. INTERNATIONAL PLC
(incorporated with limited liability in England and Wales)

MORGAN STANLEY B.V.
(incorporated with limited liability in The Netherlands)

and

MORGAN STANLEY
(incorporated under the laws of the State of Delaware in the United States of America)
as Guarantor

**Euro 2,000,000,000 German Programme for Medium Term Notes and Certificates
(Programme for the Issuance of Notes and Certificates)**

MORGAN STANLEY IQ

This supplement to the Original Base Prospectuses (as defined below) (the "**Supplement**") is prepared in connection with the EUR 2,000,000,000 German Programme for Medium Term Notes and Certificates (Programme for the Issuance of Notes and Certificates) (the "**Programme**") of Morgan Stanley & Co. International plc ("**MSI plc**") and Morgan Stanley B.V. ("**MSBV**" and MSI plc and MSBV, each an "**Issuer**" and, together, the "**Issuers**") and is supplemental to, and should be read in conjunction with the following base prospectuses:

- (a) the base prospectus for fixed income notes dated 27 June 2013 as supplemented by supplement No. 1 dated 25 September 2013 and supplement No. 2 dated 20 December 2013 (the "**Fixed Income BP**");
- (b) the base prospectus for equity linked notes and certificates dated 27 June 2013 as supplemented by supplement No. 1 dated 23 August 2013, supplement No. 2 dated 25 September 2013, supplement No. 3 dated 24 October 2013 and supplement No. 4 dated 20 December 2013 (the "**Equity BP**");
- (c) the base prospectus for commodity and currency linked notes and certificates dated 7 October 2013 as supplemented by supplement No. 1 dated 20 December 2013 (the "**Commodity and FX BP**").

(each of the base prospectuses listed above under (a) to (c) to be an "**Original Base Prospectus**" and together referred to the "**Original Base Prospectuses**") in respect of the Programme.

Notes issued by MSBV will benefit from a guarantee dated on or around 27 June 2013 (the "**Guarantee**") by Morgan Stanley ("**Morgan Stanley**" or the "**Guarantor**").

This Supplement is a supplement within the meaning of article 13 of the Luxembourg Act on Securities Prospectuses (*loi relative aux prospectus pour valeurs mobilières*) which implements article 16 of the Prospectus Directive. The purpose of this Supplement is to disclose the Guarantor's audited annual financial statements as of 31 December 2013 which have been published recently.

Unless otherwise stated or the context otherwise requires, terms defined in the Original Base Prospectuses have the same meaning when used in this Supplement. As used herein, "**Base Prospectus**" means an Original Prospectus and "**Base Prospectuses**" means the Original Prospectuses each as supplemented by this Supplement (whereas this Supplement shall be construed as supplement No. 3 with respect to the base prospectus for fixed income notes dated 27 June 2013, as supplement No. 5 with respect to the base prospectus for equity linked notes and certificates dated 27 June 2013 and as supplement No. 2 with respect to the base prospectus for

commodity and currency linked notes and certificates dated 7 October 2013).

The Original Base Prospectuses have been and this Supplement and the documents incorporated by reference into the Base Prospectuses through this Supplement will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

In accordance with article 13 of the Luxembourg Act on Securities Prospectuses (*loi relative aux prospectus pour valeurs mobilières*), investors who have already submitted purchase orders in relation to instruments issued under the Programme prior to the publication of this Supplement are entitled to withdraw their orders within two days of this Supplement having been published (the "**Withdrawal Right End Date**") if not yet credited in their respective securities account for the instruments so subscribed. Withdrawal Right End Date means 29 April 2014. A withdrawal, if any, of an order must be communicated in writing to the relevant Issuer at its registered office specified in the Address List hereof.

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IMPORTANT NOTICE

This Supplement should be read and construed with the Original Base Prospectuses and with any documents incorporated by reference therein and, in relation to any issue of Notes, with the relevant Final Terms. In the case of any inconsistency between (i) any statement contained in this Supplement or any statement incorporated by reference into the Base Prospectuses through this Supplement; and (ii) any other statement in or incorporated by reference in the Original Base Prospectuses as supplemented, the statement contained in this Supplement or the statement incorporated by reference into the Base Prospectuses through this Supplement shall prevail.

Any managers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any managers as to the accuracy or completeness of the information contained in this Supplement or any other information provided by the Issuers and the Guarantor in connection with the Programme.

No person has been authorised by any of the Issuers or the Guarantor to issue any statement which is not consistent with or not contained in this document, any other document entered into in relation to the Programme or any information supplied by the Issuers or the Guarantor or any information as in the public domain and, if issued, such statement may not be relied upon as having been authorised by the Issuers, the Guarantor or any managers.

The distribution of this Supplement, the Original Base Prospectuses, any Final Terms, any simplified prospectus in the case Notes in Switzerland are not publicly distributed by their listing at SIX/Scoach/EUREX but by publishing a simplified prospectus ("**Simplified Prospectus**") pursuant to article 5 of the CISA and any offering material relating to the Notes and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Nobody may use this Supplement, the Original Base Prospectuses or any Final Terms or any Simplified Prospectus for the purpose of an offer or solicitation if in any jurisdiction such use would be unlawful. In particular, this document may only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the Financial Services and Markets Act 2000 does not apply. Additionally, Notes issued under this Programme will not be registered under the United States Securities Act of 1933, as amended. Therefore, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

For a more detailed description of some restrictions, see the paragraph "*Subscription and Sale*" of the relevant the Original Base Prospectus.

Neither this Supplement, the Original Base Prospectuses nor any Final Terms nor any Simplified Prospectus constitute an offer to purchase any Notes and should not be considered as a recommendation by the Issuers, the Guarantor or any manager that any recipient of this Supplement, the Original Base Prospectuses or any Final Terms or any Simplified Prospectus should purchase any Notes. Each such recipient shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of each of the Issuers and the Guarantor (see paragraph "*Risk Factors*" of the relevant Original Base Prospectus).

RESPONSIBILITY STATEMENT

Each of Morgan Stanley & Co. International plc, London, United Kingdom, Morgan Stanley B.V., Amsterdam, The Netherlands, and Morgan Stanley, Delaware, United States of America, assumes responsibility for the content of this Supplement and declares that the information contained in this Supplement is to the best of their respective knowledge in accordance with the facts and that no material circumstances have been omitted.

Dated: 25 April 2014

AMENDMENTS TO THE ORIGINAL BASE PROSPECTUSES

Any wording of the Original Base Prospectuses which is amended or newly inserted by this Supplement is highlighted in yellow.

PART I: AMENDMENTS TO ALL ORIGINAL BASE PROSPECTUSES

A. *In the section “Summary of the Base Prospectus”, under paragraph “B. Issuers and Guarantors – Morgan Stanley” of the Original Base Prospectuses (Fixed Income BP, page 9; Equity BP, page 6; Commodity and FX BP, page 7), item B.19 B.12 shall be deleted in its entirety and replaced as follows:*

B.19 Selected historical
B.12 key financial
information (in \$
millions):

	31 December 2012	31 December 2013
Balance Sheet (<i>in \$ millions</i>)		
<i>Total Assets</i>	780,960	832,702
<i>Total Liabilities and Redeemable Noncontrolling Interests & Equity</i>	780,960	832,702
Consolidated Income Statement (<i>in \$ millions</i>)		
<i>Net Revenues</i>	26,112	32,417
<i>Income (loss) from continuing operations before tax</i>	515	4,482
<i>Net income</i>	716	3,613

Material adverse change in the prospects of the Guarantor:

There has been no material adverse change in the prospects of Morgan Stanley since 31 December 2013, the date of the latest published annual audited accounts of Morgan Stanley.

Significant changes in the financial or trading position of the Guarantor:

There has been no significant change in the financial or trading position of Morgan Stanley since 31 December 2013, the date of the latest published annual audited accounts of Morgan Stanley.

B. In the section “Deutsche Fassung der Zusammenfassung des Basisprospekts”, under paragraph “B. Emittentinnen und Garantin – Morgan Stanley” of the Original Base Prospectuses (Fixed Income BP, page 34; Equity BP, page 57; Commodity and FX BP, page 77), item B.19 B.12 shall be deleted in its entirety and replaced as follows:

B.19 Ausgewählte
B.12 wesentliche
historische Finanz-
informationen (in
Millionen \$):

	31. Dezember 2012	31. Dezember 2013
Jahresabschluss (in Millionen \$)		
Gesamtvermögen	780.960	832.702
Gesamtsumme aller Verbindlichkeiten und rückzahlbare nicht beherrschte Beteiligungen & Einlagen	780.960	832.702
Konzerngewinn- und Verlustrechnung (in Millionen \$)		
Nettohandelsumsätze	26.112	32.417
Ergebnis vor Steuern (EBT)	515	4.482
Nettoertrag	716	3.613

Wesentliche
Veränderung der
Aussichten der
Garantin:

Seit dem 31. Dezember 2013, dem Tag, an dem der letzte geprüfte Jahresabschluss von Morgan Stanley veröffentlicht wurde, ist es zu keinen wesentlichen negativen Veränderungen in den Aussichten von Morgan Stanley gekommen.

Wesentliche
Veränderung bei der
Finanzlage oder der
Handelsposition der
Garantin:

Seit dem 31. Dezember 2013, dem Tag, an dem der letzte geprüfte Jahresabschluss von Morgan Stanley veröffentlicht wurde, ist es zu keinen wesentlichen Veränderungen in der Finanz- und Ertragslage von Morgan Stanley gekommen.

C. Incorporation of annual financial statements of Morgan Stanley

In the section “Incorporation by Reference” of the Original Base Prospectuses (Fixed Income BP, page 77 et seqq.; Equity BP, page 132 et seqq.; Commodity and FX BP, page 170):

The table under the paragraph “The following information shall be deemed to be incorporated in, and to form part of, this Base Prospectus” shall be deleted and replaced as follows:

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D. In the section “Significant changes in the financial or trading position” under sub-section “Morgan Stanley” of the Original Base Prospectuses (Fixed Income BP, page 85; Equity BP, page 139; Commodity and FX BP, page 179), the whole sentence shall be deleted and replace by the following sentence:

“There has been no material adverse change in the prospects of Morgan Stanley since 31 December 2013, the date of the latest published annual audited accounts of Morgan Stanley.”

PART II: FURTHER AMENDMENTS TO THE EQUITY BP

E. In the part “TAXATION” on page 398 of the Equity BP, the section “6. Taxation in the Republic of Italy” shall be deleted and replaced as follows:

“6. Taxation in the Republic of Italy

The information presented below represents a summary of the tax regime relating to the purchase, holding and sale of the Notes pursuant to current tax legislation in Italy and applying to investors. The following is not intended to be an exhaustive analysis of the tax consequences of purchasing, holding and selling the Notes. The tax regime relating to the purchase, holding and sale of the Notes presented below is based on current legislation and existing practice at the Date of the Prospectus which are liable to change, possibly with retroactive or retrospective effect, and accordingly consist of a mere introduction to the subject.

Investors are accordingly required to consult their own advisors with regard to the tax regime applicable in Italy to the purchase, holding and sale of the Notes.

The Holder shall be liable for all present and future taxes and duties that become payable by law on the Notes and/or the related interest, premiums and other income. As a consequence, all payments in respect of the Notes shall be made by the Issuer net of any withholding tax that may be applicable pursuant to prevailing legislation. More specifically the Holder shall be liable for all taxes payable on the interest, premiums and other income received or receivable from the Issuer or other parties intervening in the payment of such interest, premiums and other income, such as by way of mere example the substitutive tax (*imposta sostitutiva*) pursuant to Legislative Decree no. 239 of 1 April 1996 (“**Legislative Decree no. 239/1996**”).

The information provided below takes into account the amendments to the taxation of earnings from capital and capital gains introduced by Law Decree 13 August 2011, No. 138, converted into Law 14 September 2011, No. 148 (“**Decree 138/2011**”), effective as of January 1, 2012, and with respect to stamp duties, by Law Decree 6 December 2011, No. 201, converted into Law 22 December 2011, No. 214 (“**Decree 201/2011**”).

Finally, it should be noted that on April 23, 2014 the Italian Government issued a new Law Decree which increases the standard tax rate on income of financial source from 20% to 26%. The new Decree will be shortly published on the Official Gazette.

Earnings from capital

Legislative Decree no. 239/1996 as subsequently amended and supplemented governs the fiscal treatment of interest, premiums and other income (including any differences between the issue and redemption prices, the “**Interest**”) deriving from the Notes or similar securities issued, among others, by companies resident in Italy with shares traded on Italian regulated markets.

Investors resident in Italy

If an investor resident in Italy is (i) a natural person holding the Notes who is not engaged in any business activities (unless he has elected for the “*risparmio gestito*” regime described in the Paragraph “Taxation of capital gains”), (ii) a partnership or similar subject, other than a *società in nome collettivo, società in accomandita semplice* or similar, as per article 5 of Presidential Decree no. 917 of 22 December 1986 (the “**TUIR**”), (iii) a private or public entity not carrying out commercial activities, (iv) an investor exempt from Italian corporate income tax, the Interest arising on the Notes is liable to a substitutive tax of 20%.

If an investor in category (i) or (iii) holds the Notes as part of engaging in business activities, the Interest is included in the computation of the investor’s business income and the lieu tax may be deducted from the total amount of taxation on income due.

Pursuant to Legislative Decree no. 239/1996, the substitutive tax applies to banks, stock brokerage companies, fiduciary companies, securities brokerage firms and the other subjects expressly listed in specific decrees of the Minister for the Economy and Finance (the “**Intermediaries**”, each being an “**Intermediary**”).

If a resident investor is a corporation or a commercial entity (including permanent establishments in Italy of non-resident investors) and the Notes are deposited with an Intermediary, the Interest is not liable for substitutive tax but is included in the computation of the recipient’s total income for corporate income tax purposes (and, in certain circumstances, depending on the nature of the investor, the recipient’s income liable to IRAP - the regional tax on productive activities).

If the investor is a real estate investment fund the Interest is not liable to either substitutive tax or any other income tax paid by the fund. In all cases the recipient of income arising from the investment in real estate funds is liable to a 20% withholding tax that is treated either as a payment on account of income taxes or as a tax in lieu of income tax (depending on the recipient’s legal form).

If the investor resident in Italy is an open-end or closed-end stock investment fund or a SICAV (open-end investment company) and the Notes are deposited with an Intermediary, the Interest accruing during the period of ownership is not liable to the above-mentioned lieu tax and no other lieu tax will be applicable to the management result of the fund or of the SICAV. In any event profits distributed by the fund or by the SICAV or perceived by certain categories of investors upon redemption and sale of the units will be subject to a 20% withholding tax (being it understood that such withholding may be definitive or on account of the final tax payment depending on the recipient’s legal form).

If the investor is a pension fund (subject to the regime provided by article 17 of Legislative Decree no. 252 of 5 December 2005) and the Notes are not deposited with an Intermediary, the Interest accruing during the period of ownership is not liable to the above-mentioned lieu tax, but must be included in the result of the fund, recognised at the end of each tax period, liable to an ad hoc lieu tax of 11%.

If the Notes are not deposited with an Intermediary, the lieu tax is charged and withheld by each Intermediary that in any event intervenes in the payment of the Interest to the investor or, also in the capacity as purchaser, in the transfer of the Notes. If the Interest is paid directly by the Issuer it applies the lieu tax directly.

Non-resident investors

No substitutive tax is due on the payment of Interest relating to Notes subscribed by investors who are not resident in Italy, if such are: (i) resident for tax purposes in a State that allows for an adequate exchange of information with Italy. The list of Countries that allow for an adequate exchange of

information with Italy is included in the Ministerial Decree of 4 September 1996 as subsequently amended and supplemented. The law 24 December 2007, n. 244 (the “**2008 Finance Law**”) provides that, on the basis of the requirements of article 168-*bis* of the TUIR, the Ministry for the Economy and Finance (“**MEF**”) shall issue a decree that contains a list of countries that allow for an adequate exchange of information with Italy; the States and territories currently not included in the lists as per the ministerial decrees of 4 May 1999, 21 November 2001, 23 January 2002 and 4 September 1996 are considered included in that list for a period of five years from the date of the publication of the decree provided by article 168-*bis* of the TUIR in the Official Gazette; (ii) international entities and bodies established on the basis of international agreements ratified in Italy; (iii) foreign institutional investors, even if not subject to taxation, established in countries that allow for an adequate exchange of information with Italy; or (iv) central banks or entities that manage, *inter alia*, the official reserves of the State.

To benefit from this exemption the non-resident investor must: (i) directly or indirectly deposit the Notes with a bank or resident securities brokerage firm, or with a permanent establishment in Italy of a non-resident bank or securities brokerage firm that has direct electronic contact with the MEF; (ii) provide the depository, either prior to or on depositing the Notes, with a self-declaration in which the investor states that he is the actual beneficiary of the Interest and that he is in possession of the requirements to be able to benefit from the above exemption. This self-declaration must be completed by using the format required by the Ministerial Decree of 12 December 2001 and remains effective until revoked.

A self-declaration is not required if the investor is an international body established on the basis of international agreements ratified in Italy, or central banks or entities that manage, *inter alia*, the official reserves of the State; (iii) provide his personal details and the identification code of the security and the information required to calculate the interest, premiums and other income not liable to substitutive tax.

A substitutive tax of 20%, or the lower rate provided by any applicable double taxation avoidance treaties, is charged on the Interest paid to investors resident in countries that do not allow for an adequate exchange of information with Italy or which do not comply with at least one of the other conditions set out above.

Taxation of capital gains

Capital gains deriving from the sale or redemption of the Notes form part of the investor’s taxable income (and, in certain circumstances, depending on the nature of the investor, of the net production value for IRAP purposes) if realized by an Italian company or commercial entity (including permanent establishments in Italy of non-resident investors to which the Notes are connected) or by entrepreneurs resident in Italy that purchase the Notes as part of business activities.

If an investor resident in Italy is a natural person holding the Notes who is not engaged in any business activities, the capital gains realized on the sale or redemption of the Notes are liable to a lieu tax of 20%.

Under the “declaration regime”, which is the regime which normally applies to non-resident natural persons not holding the Notes as part of business activities, the substitutive tax is due, net of the respective capital losses, on all the capital gains realized by the investor as the result of the sale or redemption of the securities occurring during the tax period. In this case resident investors must indicate the capital gains realized in each tax period, net of any capital losses, in their tax returns and settle the lieu tax together with their income taxes. Any capital losses exceeding the capital gains realized in the tax period may be carried forward to offset capital gains of the same nature realized in the following four tax periods. Pursuant to Decree 138/2011 capital losses realized as of 31 December 2011 may be carried forward to be offset against subsequent capital gains of the same nature for an overall amount of 62.5 per cent of the relevant capital losses.

Alternatively to the tax declaration regime, resident natural persons not holding the Notes as part of business activities may elect to pay the lieu tax separately for each capital gain realized on the sale or redemption of the securities (the “*risparmio amministrato*” regime). Taxation of capital gains under the *risparmio amministrato* regime is permitted provided (i) the Notes are deposited with an Italian bank,

an SIM (*società di intermediazione mobiliare*) or an authorized financial intermediary and (ii) the investor has elected that regime. For the purpose of applying the lieu tax the depository of the Notes is required to consider each capital gain, positive difference or item of income received by the investor on the sale or redemption of the Notes, net of any capital losses, and is required to pay over the lieu tax to the tax authorities on behalf of the investor, by withholding the corresponding amount from the sums due to him or by using the funds made available for the purpose by the investor.

If the sale or redemption of the Notes leads to a capital loss under the *risparmio amministrato* regime, such loss may be deducted from any capital gains realized at a later date, within the same administration relationship, in the same tax period or in the following four tax periods. Under this regime the investor is not required to state the capital gains in his tax return.

The capital gains realized by an investor who is a natural person resident in Italy, who (i) does not hold the Notes as part of business activities, (ii) has engaged an Intermediary to manage his financial assets, including the Notes, and (iii) has made an election for the *risparmio gestito* regime, shall be included in the management result that has accrued in the tax period, even if this has not been realized. Such management result accrued as of 1 January 2012 is liable to a lieu tax of 20%, which is paid over by the Intermediary engaged for management purposes. Under this regime, if the management result that has accrued at the end of the tax period is negative, the amount may be offset against the management results achieved over the following tax periods, up to and including the fourth. Pursuant to Decree 138/2011 negative management results accrued as of 1 January 2012 may be carried forward to be offset against subsequent positive results of the same nature for a percentage of 62.5 per cent of the relevant amount. Under this regime there is no requirement for the investor to declare the capital gains realized in his tax return.

The capital gains realized by an investor that is an open-end or closed-end Italian investment fund, or a SICAV, will not be subject to lieu tax (see the Paragraph "Earnings from capital - Investors resident in Italy").

The capital gains realized by an investor that is an Italian pension fund (subject to the tax regime provided by Article 17 of Legislative Decree 5 December 2005, n. 252) must be included in the management result that has accrued at the end of the tax period and are liable to a lieu tax of 11% (see the Paragraph "Earnings from capital - Investors resident in Italy").

An investor that is a real estate investment fund is not liable to lieu tax on the realized capital gains.

Capital gains realized by an investor that is a real estate investment fund will not be subject to any lieu tax in the hands of the same fund. In all cases the recipient of income arising from the investment in real estate funds is liable to a 20% withholding tax.

The capital gains that derive from the sale or redemption of Notes traded on a regulated market, realized by non-resident investors who do not have a permanent establishment in Italy and to whom the Notes are effectively connected, are not liable to any tax in Italy.

The capital gains that derive from the sale or redemption of Notes not traded on a regulated market, realized by non-resident investors who do not have a permanent establishment in Italy and to whom the Notes are effectively connected, are not liable to any tax in Italy provided that the transferor (who is also the effective beneficiary of the respective credit) is: (i) resident in a State that allows for an adequate exchange of information with Italy (the list of countries that allow for an adequate exchange of information with Italy is included in the Ministerial Decree of 4 September 1996 as subsequently amended and supplemented. The 2008 Finance Law provides that, on the basis of the requirements of article 168-*bis* of the TUIR, the Ministry for the Economy and Finance shall issue a decree that contains a list of countries that allow for an adequate exchange of information with Italy); the States and territories currently not included in the lists as per the ministerial decrees of 4 May 1999, 21 November 2001, 23 January 2002 and 4 September 1996 are considered included in that list for a period of five years from the date of the publication of the decree provided by article 168-*bis* of the TUIR in the Official Journal; (ii) an international entity or body established on the basis of international agreements ratified in Italy; (iii) a foreign institutional investor, even if not subject to taxation, established in a country that allow for an adequate exchange of information with Italy; or (iv) a central bank or entity that manages, inter alia, the official reserves of the State.

If none of the above conditions is satisfied, the capital gains realized by investors who are not resident in Italy on the sale or redemption of Notes not traded on a regulated market are liable to a lieu tax of 20%.

In any case non-resident investors not having a permanent establishment in Italy, to whom a double taxation avoidance treaty with the Republic of Italy applies, who subject the capital gains realized on the sale or redemption of the Notes to taxation only in the State in which the investor is resident are not liable to tax on the capital gains realized.

Inheritance and gift tax

Under Decree Law no. 262 of 3 October 2006, converted with Law no. 286 of 24 November 2006, the free of charge transfer between living persons or on death of any asset (including bonds and any other debt security) is liable to tax at the following rates:

- a 4% rate is applied to transfers to a spouse and immediate family members, with an allowance of Euro 1,000,000 granted for each beneficiary;
- a 6% rate is applied to transfers to other relations up to the fourth degree of kindred and persons related by direct affinity, as well as to persons related by collateral affinity up to the third degree of kindred. If the beneficiaries of the bequest or legacy are brothers or sisters there is an allowance of Euro 100,000 on the value of the assets bequeathed, left or gifted;
- an 8% rate is applied for transfers to other parties.

If a beneficiary is disabled, tax is applied only on the amount exceeding Euro 1,500,000.

Tax on stock exchange transactions

Pursuant to article 37 of Decree Law no. 248 of 31 December 2007, converted by Law no. 31 of 28 February 2008, the stamp duty on stock exchange transactions imposed under Royal Decree no. 3278 of 30 December 1923 has been lifted.

Stamp Duty

Article 19 of Decree No. 201/2011 introduced a proportional stamp duty to be levied on an annual basis with respect to any periodic reporting communications which may be sent by a financial intermediary to its customers in respect of any financial product or instrument which are deposited on a voluntary basis with such financial intermediary (with the sole exclusion of pension funds and of sanitary funds). Pursuant to such provisions it is, *inter alia*, foreseen that a proportional stamp duty applies on the aggregate market value or – if no market value figure is available – on the nominal value or redemption amount of the same financial instrument at the following rates:

- (i) 0.1 per cent on a yearly basis for 2012;
- (ii) 0.15 per cent on a yearly basis

starting from 2013.

In any event the stamp duty can be no lower than € 34.20 (and for the year 2012 only, it cannot exceed € 1,200.00).

The stamp duty is levied by banks and by other financial intermediaries.

European Union Savings Tax Directive

Pursuant to Council Directive no. 2003/48/EC, from 1 July 2005, each Member State of the European Union must provide the tax authorities of the other member States with information regarding the payment of interest (or similar income) by agents established within their territory to natural persons

resident in other Member States, with the exception of Luxembourg and Austria. Such States shall adopt for a transitional period (unless in this period the mentioned States decide otherwise), a system that envisages the payment of a withholding tax at rates that vary over time up to 35%. The duration of the transitional period shall depend on reaching agreements on the exchange of information with certain other countries. Certain countries that are not members of the European Union, including Switzerland, have agreed to adopt regimes similar to those described (a system based on withholding tax as far as Switzerland is concerned) starting from the effective date of the directive.

Implementation in Italy of the Directive on the taxation of savings income in the form of interest payments

Italy implemented the European Directive on the taxation of savings income in the form of interest payments by means of Legislative Decree no. 84 of 18 April 2005, under which, provided a series of important conditions are satisfied, for interest paid from 1 July 2005 to natural persons who are the effective beneficiaries of the interest and are resident for fiscal purposes in another Member State, qualified Italian paying agents must provide the Tax Revenue Office with details of the interest paid and the personal details of the effective beneficiaries of the payment made. This information is sent by the Tax Revenue Office to the competent tax authorities of the foreign country of residence of the effective beneficiary of the payment.”

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