

The Commissione Nazionale per le Società e la Borsa (CONSOB) calls the attention of the public and of intermediaries on the

BUYING AND SELLING OF DIAMONDS

with regard to which it has received reports from consumers' associations.

These concern commercial proposals made by specialised companies that operate through their websites or through bank branches. In these proposals diamonds are generally presented as a long-lasting, secure investment, with a possible prospect of a rising price over time and with a significant emphasis on the safe-haven characteristics. The purchase prices of the diamonds, determined directly by the proposer, are alleged to be higher than their market value. It is also alleged that, owing to the lack of transparency of the proposals, it is unclear what part of the price is due to the actual cost of the diamond and what instead is represented by the fees charged by the proposer companies and by the banks at the moment of the transaction.

The rules on transparency and correctness of investment services are not in themselves applicable to the sale of diamonds or of any other tangible assets even if this occurs through the banking channel nor, in these cases, is the publication of a prospectus provided for. However, as already clarified by CONSOB, the sale of a tangible asset, such as diamonds, can assume the characteristics of an offering of a financial product if elements such as promises of returns, repurchase obligations, making of profits or constraints on the enjoyment of the asset are explicitly provided for, also through related contracts.

On the possible presence of these elements CONSOB has in progress specific investigations and has begun collaboration with the Bank of Italy and with the Italian Anti-Trust Authority.

It is, in any case, of fundamental importance that potential purchasers be informed that these are investments that can present risks that are not immediately perceivable. CONSOB, therefore, calls the attention of the public to this circumstance and to the need to take the maximum caution in carrying out such operations and recommends always following the general rule of considering acceptance of contractual proposal only when one has an adequate understanding and only when assisted by clear and complete documentation.

Finally, CONSOB affirms the need for the purchase bidders - in particular if they are banking operators, conscious of the objective reliability offered by their specific professional position - to make the potential buyers completely aware of the rules applicable, the contractual conditions and the cost, including fees, present in the sales transactions proposed at the branch.