AGREEMENT

BETWEEN THE GOVERNMENT OF THE ITALIAN REPUBLIC

AND THE GOVERNMENT OF _____

FOR THE PROMOTION AND PROTECTION OF INVESTMENTS

The Government of the Italian Republic and the Government of _____ hereafter referred to as "Contracting Parties",

DESIRING to establish favourable conditions to enhance economic co-operation between the two Countries, especially in relation to direct investments by investors of one Contracting Party in the territory of the other Contracting Party;

ACKNOWLEDGING that the mutual encouragement and protection of such investments based on international agreements will contribute to stimulate economic relations that will foster the prosperity of both Contracting Parties;

REAFFIRMING their commitment to democratic principles and human rights as laid down in the Universal Declaration of Human Rights and other relevant international human rights instruments, as well as to the principles of the rule of law and good governance;

REAFFIRMING their commitment to sustainable development and to promote the development of international economic cooperation in such a way as to contribute to sustainable development in its economic, social and environmental dimensions;

ENCOURAGING enterprises operating within their territory or subject to their jurisdiction to respect internationally recognised guidelines and principles of corporate social responsibility, including the OECD Guidelines for Multinational Enterprises, and to pursue best practices of responsible business conduct;

RECOGNIZING the importance to promote equal opportunities and participation for women and men in the economy;

WILLING to duly protect the intellectual property rights of their investors and

RECOGNISING that the provisions of this Agreement preserve the right of the Parties to regulate within their territories in order to achieve legitimate policy objectives, such as public health, safety, environment, public morals, financial stability, social or consumer protection, and the promotion and protection of cultural diversity;

HAVE agreed as follows:

ARTICLE 1
Definitions

For the purposes of this Agreement:

1. The term "investment" shall mean any kind of asset that an investor of one Contracting Party owns or controls, directly or indirectly, in the territory of the other Contracting Party, irrespective of the legal form chosen, as well as of the legal framework. For the purposes of this Agreement, an investment includes a

certain duration, the commitment of capital or other resources, and the assumption of risk. Without limiting the generality of the foregoing, the term "investment" shall include in particular, but not exclusively:

a. an enterprise;
b. movable and immovable property, and any ownership rights *in rem*, including real guarantee rights on a property of a third party, to the extent that it is connected with an investment;
c. shares, debentures, equity holdings and any other instruments of credit;
d. re-invested incomes and capital gains or any service rights having an economic value as integral part of an investment;
e. intellectual property rights, including copyright and related rights, trade-mark rights, rights in geographical indications, patent rights, rights in industrial designs and other intellectual and industrial property rights, know-how, trade secrets, trade names and goodwill;
f. any economic right accruing by law or by contract and any license and franchise granted in accordance with the provisions in force on economic activities, including the right to prospect for, extract and exploit natural resources;
g. turnkey, construction, infrastructure, management, production, concession, revenue-sharing, and other similar contracts;
h. any increase in value of the original investment;
i. claims to money or claims to performance under a contract;
j. credits to sums of money or credits to performance under any order, judgment, arbitral award or under any settlement when such orders, judgments, arbitral awards or settlements relate to an investment.

Any alteration of the legal form chosen for the investments shall not affect their classification as investments.

For greater certainty, "claims to money" does not include:

k. claims to money that arise solely from commercial contracts for the sale of goods or services by a person in the territory of a Contracting Party to another in the territory of the other Contracting Party;
l. the domestic financing of such contracts; or
m. any order, judgment, or arbitral award related to sub-paragraph (k) or (l), as it lacks of the characteristics of an investment.

2. The term "covered investment", in respect of a Contracting Party, means an investment in existence as of the date of entry into force of this Agreement or made or acquired thereafter, that has been made and conducted in conformity with the national legislation, rules, regulations as well as obligations of that Party.

3. The term "control" means, in relation to any undertaking, being:

(a) entitled to exercise, or control the exercise of (directly or indirectly) more than 50 per cent of the voting power at any general meeting of the shareholders, members or partners or other equity holders (and including, in the case of a limited partnership, of the limited partners of, or, in the case of a trust, of the beneficiaries thereof) in respect of all or substantially all matters falling to be decided by resolution or meeting of such persons; or

(b) entitled to appoint or remove:

(i) directors on the board of directors or its other governing body (or, in the case of a limited partnership, of the board or other governing body of its general partner) who are able (in aggregate) to exercise more than 50 per cent. of the voting power at meetings of that board or governing body in respect of all or substantially all matters; and/or

(ii) any managing member of that undertaking;

(iii) in the case of a limited partnership, its general partner; or

(iv) in the case of a trust, its trustee and/or manager; or

(c)

entitled to exercise a dominant influence over that undertaking (otherwise than solely as a fiduciary) by virtue of the provisions contained in its constitutional documents or, in the case of a trust, trust deed or pursuant to an agreement with other shareholders, partners, members (or beneficiaries) of that undertaking.

4. The term “investor” shall mean:

a) a natural person having the nationality of a Contracting Party according to its laws; or

b) an undertaking constituted on the territory of a Contracting Party in accordance with the laws of that Party, and having its head office, as well as real business activities, on the territory of that Party; or

c) an undertaking controlled directly or indirectly by a person under a) or b) and constituted on the territory of a Contracting Party in accordance with the laws of that Party; and

that is making or has made an investment in the territory of the other Contracting Party in accordance with the law of the latter.

The term "investor" in respect of the Italian Republic also includes:

- any national of a Member State of the European Union or of the European Economic Area who, within the context of freedom of establishment pursuant to Article 49 of the TFUE (former Article 43 TEC), is established in the Italian Republic;

- any undertaking of a Member State of the European Union or of the European Economic Area that enjoys freedom of establishment as an agency or permanent establishment in Italy pursuant to Articles 49 and 54 TFUE (former Articles 43 and 48 TEC);

5. The term “income” shall mean the money accrued or accruing to an investment, including in particular profits or interests, dividends, royalties, payments for assistance or technical services and other services, as well as any considerations in kind.

6. The term "undertaking" shall mean any entity constituted or organized under applicable law, whether or not for profit, and whether privately or governmentally owned or controlled, and includes a corporation, trust, partnership, sole proprietorship, joint venture, association, or other organization.

7. The term “territory” shall mean the part of a land area, internal and territorial waters, air space above them, the sea area outside the territorial waters, including the seabed and subsoil on which the Contracting Party exercises sovereign rights, and subject to its jurisdiction, according to international law.

8. The term “investment agreement” shall mean an agreement that a Contracting Party may stipulate with an investor of the other Contracting Party in order to regulate the specific relationship concerning the investment.

9. The term “non-discriminatory treatment” shall mean a treatment that is at least as favourable as the best between national treatment and the most-favoured-nation treatment as established under Article 4.

10. The term “activities connected with an investment” shall include, *inter alia*, the organization, control, operations, maintenance and disposal of companies, branches, agencies, offices or other organizations for the conduct of business; the access to the financial markets; the borrowing of funds; the purchase, sale and issue of shares and other securities and the purchase of foreign exchange for imports necessary for the conduct of business affairs; the marketing of goods and services; the procurement, sale and transport of raw and processed materials, energy, fuels and production means and the dissemination of commercial information.

ARTICLE 2
Promotion and Protection of Investments

1. Each Contracting Party shall encourage the investors of the other Contracting Party to invest in its territory and shall create and maintain in its territory, in conformity with its legal order, a favorable legal environment, capable of guaranteeing the investors of generally stable and equitable conditions for investment.

2. Neither Contracting Parties shall set any conditions for the operation, expansion or continuation of investments, which might imply taking over or imposing any obligations on export production and specifying that goods must be procured locally or similar conditions.

3. In accordance with its legislation, rules and regulations, each Contracting Party shall grant to nationals of the other Contracting Party, who are in its territory in connection with an investment under this Agreement, adequate working conditions for carrying out their professional activities. Each Contracting Party shall regulate as favourably as possible the problems connected with the entry, stay, work and movement in its territory of the above nationals of the other Contracting Party and members of their families. Undertakings constituted under the legislation, rules and regulations of one Contracting Party, and which are owned or controlled by investors of the other Contracting Party, shall be permitted to engage top managerial personnel of their choice, regardless of nationality, in accordance with the laws of the host Contracting Party.

4. As for the Italian Republic, paragraphs 2 and 3 apply for what pertaining to Italy's competences within the EU and is not meant to overlap with any Union measures on access to entry.

5. Each Contracting Party shall encourage socially responsible behaviors by investors, in line with international standards and best practice, and shall not promote investments in its territory by lowering environment and social rights protection.

ARTICLE 3

Fair and Equitable Treatment and Standard of Full Protection and Security

1. Each Contracting Party in its territory shall at all time ensure fair and equitable treatment to investors of the other Party and to their covered investments. Neither Contracting Parties shall take unjustified, unreasonable or discriminatory measures against the management, maintenance, exploitation, transformation, enjoinment, use, ownership or investors' right of disposition of investments effected by investors of the other Contracting Party in its territory, as well as by undertakings in which these investments have been effected.

2. A Contracting Party breaches the obligation of fair and equitable treatment referenced in this paragraph, if a measure or series of measures constitutes:

(a) denial of justice in criminal, civil or administrative proceedings;
(b) fundamental breach of due process, including a fundamental breach of transparency, in judicial and administrative proceedings;
(c) manifest arbitrariness;
(d) targeted discrimination on manifestly wrongful grounds, such as gender, race, nationality, sexual orientation or religious belief;
(e) abusive treatment of investors, such as coercion, duress and harassment.

3. The Parties shall regularly, or upon request of a Party, review the content of the obligation to provide fair and equitable treatment. The Committee established under Article 12 may develop recommendations in this regard and submit to the Parties for decision.

4. When applying the above fair and equitable treatment obligation, the Tribunal may take into account whether a Party made a specific representation to an investor to induce a covered investment, that created a legitimate expectation, and upon which the investor relied in deciding to make or maintain the covered investment, but that the Party subsequently frustrated.

5. Each Party shall accord in its territory to covered investments of the other Party and to investors with respect to their covered investments full protection and security. For greater certainty, "full protection and security" refers to the Party's obligations relating to the physical security of investors and covered investments.

ARTICLE 4
National Treatment and Most Favoured Nation clause

1. Each Contracting Party, within its territory, shall offer to investors of the other party and to covered investments, treatment no less favourable than the treatment accorded to its own investors and their investments, or to investors of any third State and their investments, in like situations, with respect with the expansion, conduct, operation, management, maintenance, use, enjoyment and sale or disposal of their investments in its territory.

2. The provisions of paragraphs 1 of this Article do not refer to the privileges and advantages which a Contracting Party may grant to investors of a third State, arising from their membership to a Custom or Economic Union, a Common Market, a Free Trade Area, a regional or sub-regional or international multilateral economic Agreement, or by virtue of international treaties on avoidance of double taxation or to facilitate cross border trade.

3. For greater certainty, "treatment" referred to in paragraph 1 does not include procedures for the resolution of investment disputes between investors and States provided for in other international investment treaties and other trade agreement.

ARTICLE 5
Right to regulate

1. For the purpose of this Agreement, the Contracting Parties reaffirm their right to regulate within their territories to achieve legitimate policy objectives, such as the protection of human rights, public health, safety, the environment, public morals, financial stability, social or consumer protection, or the promotion and protection of cultural diversity.

2. For greater certainty, the mere fact that a Contracting Party regulates through general measures, including through a modification to its laws, in a manner which negatively affects a covered investment or interferes with an investor's expectations, including its expectations of profits, does not amount to a breach of an obligation under this Agreement, as long as this is non-discriminatory, reasonable and proportionate.

3. For greater certainty, a Contracting Party's decision not to issue, renew or maintain a subsidy:

(a) in the absence of any specific commitment under law or contract to issue, renew, or maintain that subsidy; or

(b) in accordance with any terms or conditions attached to the issuance, renewal or maintenance of the subsidy,

does not constitute a breach of the provisions of this Agreement.

4. For greater certainty, nothing in this Article shall be construed as preventing a Contracting Party from discontinuing the granting of a subsidy or requesting its reimbursement where such measure is necessary in order to comply with international obligations between the Contracting Parties. In the case of the Italian Republic, this shall equally apply when discontinuing the granting of a subsidy or requesting its reimbursement, has been ordered by a competent court, administrative tribunal or other competent authority under European law.

ARTICLE X- CLAUSOLA OPZIONALE. PER EVENTUALE INCLUSIONE
Compliance with legislation of the host Party

1. Investors and their investments shall be subject to and comply with the legislation of the host State. This includes, but is not limited to the following:

(i) Law concerning payment of wages and minimum wages, employment of contract labour, prohibition on child labour, special conditions of work, social security and benefit and insurance schemes applicable to employees;
(ii) environmental law applicable to the Investment and its business operations;
(iii) law relating to conservation of natural resources;
(iv) law relating to human rights, as set forth in the Universal Declaration of Human Rights;
(v) law of consumer protection and fair competition;
(vi) relevant national and internationally accepted standards of corporate governance and accounting practices; and

(vii) information sharing requirements of the host State concerning the compliance with laws and regulations on human rights, environmental protection and labor laws for the Investment in question and in the corporate history and practices of the Investment or Investor, for purposes of decision making in relation to that Investment or for other purposes.

2. Investors and their investments shall strive, through their management policies and practices, to contribute to sustainable development of the host State and to promote gender equality.
3. A Contracting Party may initiate a counter-claim against the Investor or Investment, having started a dispute under Article 14, for a breach of the obligations set out under subparagraphs i-vii of paragraph 1 of this Article before a Tribunal established under this Agreement and seek as a remedy suitable declaratory relief, enforcement action or monetary compensation.

4. The application of paragraph 3 of this article is conditional upon a withdrawal of disputing rights before the relevant national courts by the Contracting party.

ARTICLE X – CLAUSOLA OPZIONALE. PER EVENTUALE INCLUSIONE.
Prudential carve-out

1. This Agreement does not prevent a Party from adopting or maintaining reasonable measures for prudential reasons, including:

(a) the protection of investors, depositors, policy-holders, or persons to whom a financial institution, cross-border financial service supplier, or financial service supplier owes a fiduciary duty;

(b) the maintenance of the safety, soundness, integrity, or financial responsibility of a financial institution, cross-border financial service supplier, or financial service supplier; or

(c) ensuring the integrity and stability of a Party's financial system.

2. Without prejudice to other means of prudential regulation of cross-border trade in financial services, a Party may require the registration of cross-border financial service suppliers of the other Party and of financial instruments.

3. A Party may, for prudential reasons, prohibit a particular financial service or activity. Such a prohibition shall not apply to all financial services or to a complete financial services sub-sector, such as banking.

ARTICLE 6
Public debt

The restructuring or rescheduling of debt of a Contracting Party that has been effected through

(i) a modification or amendment of debt instruments, as provided for under their terms, including their governing law, or

(ii) a debt exchange or other similar process,

may not be subject to a claim under Article 14 that the restructuring of the debt breaches Articles 3, 4, 8 or 9, if the restructuring is a negotiated restructuring at the time of submission, or becomes a negotiated restructuring after such submission.

ARTICLE 7
Compensation for Damages or Losses

Should investors of either Contracting Parties incur into losses or damages on covered investments in the territory of the other Contracting Party due to war or other forms of armed conflict, a state of emergency, revolution, insurrection, civil strife or any other similar events, they shall be offered by the latter Contracting Party adequate compensation in respect of such losses or damages, irrespective of whether they have been caused by governmental forces or other subjects. Compensation payments shall be made in freely convertible currency and freely transferred without undue delay.

The investor concerned shall receive in any case treatment no less favourable than that which each Contracting Party accords to its own nationals and investors or investors of any third State.

ARTICLE 8
Nationalization or Expropriation

1. Covered investments shall not be subjected to any measures which might limit the right of ownership, possession, control or enjoinment of the investments, either permanently or temporarily, unless specifically provided for by current, national or local laws and regulations, or orders issued by competent Courts or Tribunals.

2. Covered investments and the activities connected with a covered investment of investors of one of the Contracting Parties, shall not be, directly or indirectly through measures having an equivalent effect, nationalized, or expropriated, except for a public purpose or national interest and in exchange for prompt, adequate and effective compensation, and on condition that these measures are taken on a non-discriminatory basis and in conformity with all legal provisions and procedures.

3. For greater certainty, except when a measure is so severe in light of its purpose that it results manifestly excessive, general non-discriminatory measures of a Party that are designed and applied to protect legitimate public welfare objectives do not constitute indirect expropriation.

4. The compensation referred to in paragraph 2, shall be equivalent to the fair market value of the expropriated investment at the time immediately prior to the moment in which the decision to nationalize or expropriate was announced or made public. Whenever there are difficulties in ascertaining the fair market value, it shall be determined according to the internationally acknowledged evaluation standards. Compensation shall be calculated in convertible currency at the prevailing exchange rate applicable on the date on which the decision to nationalize or expropriate was announced or made public, and shall include interests calculated on the basis of EURIBOR index from the date of nationalization or expropriation to the date of payment and shall be freely collectable and transferable. Once the compensation has been determined, it shall be paid without undue delay.

5. In case the object of the expropriation is a joint-venture constituted in the territory of either Contracting Party, the compensation to be paid to the investor of a Contracting Party shall be calculated taking into account the share of involvement of such investor in the joint-venture in accordance with its relevant documents and adopting the same evaluations criteria referred to in paragraph 4 of this Article.

6. If, after the expropriation, the expropriated investment does not serve the anticipated purpose, wholly or partially, the former owner of his/its assignee/s shall be entitled to repurchase it. The price of such expropriated investment shall be calculated with reference to the date on which the repurchasing takes place, adopting the same evaluation criteria taken into account when calculating the compensation referred to in paragraph 4 of this Article.

ARTICLE 9
Repatriation of capital, profits and Income

1. Each Contracting Party shall ensure that all payments relating to covered investments in its territory of an investor of the other Contracting Party may be freely transferred into and out of its territory without undue delay after the fiscal obligations have been met. Such transfers shall include, in particular, but not exclusively:

a. capital and additional capital, including reinvested income, used to maintain and increase investment;

b. the net income, dividends, royalties, payments for assistance and technical services, interests and other profits;

c. income deriving from the total or partial sale or the total or partial liquidation of an investment;

d. funds to repay loans connected to an investment and the payment of relevant interests;

e. the salaries and other remunerations and allowances of personnel employed abroad and working in connection with investments according to the national legislation and regulations;

f. compensation payments under Article 8 of the present Agreement.

2. The fiscal obligations under paragraph 1 above are deemed to be complied with when the investor has fulfilled the procedures provided for by the legislation of the Contracting Party in whose territory the investment has taken place.

3. Without restricting the scope of Article 4 of this Agreement, both Contracting Parties undertake to apply to the transfers mentioned in paragraph 1 of this Article the same favourable treatment that is accorded to investments effected by investors of third States, if these result to be more favourable.

4. In the event that, due to very serious balance of payments problems, one of Contracting Party were temporarily to restrict transfer of funds, these restrictions shall be applied to covered investments only if the Contracting Party implements the relevant recommendations adopted by the International Monetary Fund in the specific case. These restrictions shall be adopted on an equitable, proportionate and non-discriminatory basis and in good faith and avoid unnecessary damage to the commercial, economic and financial interest of the other Party.

ARTICLE 10
Subrogation

In the event that one Contracting Party or an institution or an agency thereof, has provided a guarantee in respect of non-commercial risks for the covered investment effected by one of its investors in the territory

of the other Contracting Party, and has effected payment to said investor on the basis of that guarantee, the other Contracting Party shall recognize the assignment of the rights of the investor to the former Contracting Party. In relation to the transfer of payment to the Contracting Party or its institution by virtue of this assignment, the provisions of Articles 7, 8 and 9 of this Agreement shall apply.

ARTICLE 11
Transfer Procedures

The transfers referred to in Articles 7,8,9 and 10 shall be effected without undue delay and, in any case, within one month. All transfers shall be made in a freely convertible currency at the prevailing exchange rate applicable on the date on which the investor applied for the relevant transfer, with the exception of the provisions under paragraph 4 of Article 8 concerning the exchange rate applicable in case of nationalization or expropriation.

ARTICLE 12
Management of the Agreement

1. The Parties shall cooperate on issues covered by this Agreement.

2. To this end, the Parties shall establish a Committee, which shall meet once a year or at the request of a Party.

3. The Committee shall:

(a) supervise and facilitate the implementation and application of this Agreement and further its general aims;

(b) consider any matter of interest relating to an area covered by this Agreement

(c) establish its own procedures.

ARTICLE 13
Settlement of Disputes between the Contracting Parties

1. In case a dispute arises between the Contracting Parties on any alleged breaches in this Agreement, relating to its interpretation and application, this shall, as far as possible, be settled amicably through consultation and negotiation.

2. In the event that the dispute cannot be settled within six months from the date on which one of the Contracting Party notifies the other Contracting Party in writing, the dispute shall at the request of one of the Contracting Parties, be laid before an ad hoc Arbitration Tribunal as provided for in this Article.

3. The Arbitration Tribunal shall be constituted in the following manner: within two months from the moment on which the request for arbitration is received, each of the two Contracting Parties shall appoint a member of the Tribunal. The President shall be appointed within three months from the date on which the other two members are appointed, by agreement of the Contracting Parties.

4. If, within the period specified in paragraph 3 of this Article, the appointment has not been made, each of the two Contracting Parties may invite, in default of other arrangements, the President of the

International Court of Justice to make an appointment. In the event that the President of the Court is a national of one of the Contracting Parties or if, for any reason, it is impossible for him/her to make the appointment, the application shall be made to the Vice President of the Court. If the Vice President of the Court is a national of one of the Contracting Parties or, for any reason, is unable to make the appointment, the most senior member of the International Court of Justice, who is not a national of one of the Contracting Parties, shall be invited to make the appointment.

5. The Arbitration Tribunal shall rule with a majority vote, and its decision shall be binding. Each Contracting Parties shall pay the cost of its own arbitrator and of its representative at the hearings. The President's cost and any other cost shall be divided equally between the Contracting Parties. The Arbitration Tribunal shall lay down its own procedure.

ARTICLE 14
Settlement of Disputes between Investors of a Contracting Party and the other Contracting Party

1. Any dispute which may arise between one of the Contracting Parties and an investor of the other Contracting Party, from a covered investment including disputes relating to the amount of compensation, shall as far as possible be settled through consultation and negotiation.

2. In the event that such dispute cannot be settled as provided for in paragraph 1 of this Article within six (6) months from the date of a written application for settlement, the investor in question may submit at its choice the dispute for settlement to one of the following fora:

a. the competent Court of the Contracting Party,

b. an ad hoc Arbitration Tribunal, in compliance with the Arbitration Rules of the UN Commission on International Trade Law (UNCITRAL) as in force at that time, unless another set of rules is agreed by the parties to the dispute;

c. an arbitral tribunal which is established pursuant to the Dispute Resolution Rules of the International Chamber of Commerce (ICC), the London Court of International Arbitration (LCIA) or the Arbitration Institute of the Stockholm Chamber of Commerce (SCC);

d. the International Centre for Settlement of Investment Disputes (ICSID), for the implementation of an arbitration procedure, under the Washington Convention of 18 March, 1965, on the Settlement of Investment Disputes between State and National of other State, if this had entered into force for both of the Contracting Parties to the dispute, or, alternatively, in accordance with the ICSID Additional Facility Rules, if the Washington Convention has entered into force only for one the Contracting Parties.

3. In case of arbitration proceeding sub (b), (c) or (d) above, an investor may only submit a claim if the investor itself or any entity directly or indirectly controlled by it, or by which it is in turn directly or indirectly controlled, withdraws or discontinues any existing proceeding before a tribunal or court under domestic or international law with respect to a measure alleged to constitute a breach of this Agreement, as well as it waives its right to initiate any claim or proceeding of the same kind with respect to a measure alleged to constitute such a breach. The investor shall apply this provision in good faith and avoid double proceedings for the same kind of substantial claims.

4. In the event that the Investor, the investment or the State have already been satisfied under domestic law on a claim substantially reproducing that to be addressed under this article, the disputing Party is forbidden from proposing an arbitration.

5 . In case of arbitration proceeding sub (b), (c) or (d) above, all arbitrators appointed by the disputing parties shall be independent, serve in their individual capacities and not be affiliated with the government of either of the Contracting Parties. All arbitrators shall have specialized knowledge of or experience in public international law and international investment law, or in the settlement of disputes under international investment agreements. The arbitrators shall comply with arbitrators' codes of conduct adopted by the Parties in Annex I (Code of conduct).

6. Where a disputing party considers that an arbitrator does not comply with the requirements of the Code of Conduct of Annex I, that disputing party shall send a notice of challenge to the appointing authority as established by the relevant rules of procedure, and inform the other disputing party, within 15 days from the time it became aware of the circumstances underlying the arbitrator's non-compliance with the Code of Conduct. The notice of challenge shall state the grounds for the challenge.

After receiving such a notice, the appointing authority shall, after hearing the disputing parties and after providing the arbitrator subject to the notice of challenge an opportunity to submit any observations, issue a decision within 45 days of receipt of the notice of challenge and notify the disputing parties and the other arbitrators.

If the appointing authority decides that an arbitrator has not complied with the requirements of the Code of Conduct, such arbitrator shall resign from the tribunal and a new arbitrator shall be appointed by the Parties, following the same procedure followed for the selection of the replaced arbitrator. If the new arbitrator has not been appointed within 30 days of the date of the appointing authority's decision, the appointing authority, on the request of either disputing party, shall appoint, according to the relevant rules of procedures or, in their absence, in its discretion, the new arbitrator.

The arbitration proceedings shall be suspended for the period taken to carry out the procedure provided for in this paragraph.

7 The respondent shall have the right to file a request for summary dismissal containing an objection that a claim is manifestly without legal merit. If the selected procedures under paragraph 2 of this Article does not include a procedure for such request, the respondent shall submit one within 30 days from the opening of the proceedings and in any event within the time for submission of the fist memorial.

8 The UNCITRAL Rules on Transparency in treaty-based Investor-State Arbitration (the "UNCITRAL Transparency Rules") shall apply to disputes under this Agreement.

9 Both Contracting Parties shall refrain from negotiating through diplomatic channels on any matters relating to an arbitration procedure or judicial procedure at the stage of the arbitration proceedings until these procedures have been concluded. The Arbitration Tribunal's decision shall be final and binding upon disputants.

10 When rendering its decision, the Tribunal shall apply this Agreement as interpreted in accordance with the Vienna Convention on the Law of Treaties, and other rules and principles of international law applicable between the Parties. Where the Tribunal is required to ascertain the meaning and effects of the

provisions of domestic law as a matter of fact, it shall follow the prevailing interpretation made by the courts or authorities of that Party.

11. Upon the entry into force between the Contracting Parties of an international agreement providing for a multilateral investment tribunal and/or a multilateral appellate mechanism applicable to disputes under this Agreement, and irrespective of Article 18, the relevant parts of this Agreement shall cease to apply.

ARTICLE 15
Relations between Governments

The provisions of this Agreement shall be applied irrespective of whether or not the Contracting Parties have diplomatic or consular relations.

ARTICLE 16
Application of other Provisions

1. The provisions of this Agreement will be implemented in conformity with international obligations and, as regards the Italian Republic, the obligations arising from its membership to the European Union.

2. No provision of this Agreement shall be construed as to prevent a Contracting Party from fulfilling its obligations as a member of an economic integration agreement such as a free trade area, customs union, common market, economic community, monetary union. In conformity with paragraph 1 of this Article, as far as the Italian Republic is concerned, the provisions of this Agreement shall be applied without prejudice to measures adopted by the European Union.

3. With no prejudice to paragraph 2 of this Agreement as for the participation of the Italian Republic into the European Union, if a matter is governed both by this Agreement and another international Agreement to which both Contracting Parties are signatories, and by general international law provisions, the most favourable provision shall be applied to the Contracting Parties and to their investors. Whenever the treatment accorded by one Contracting Party to the investors of the other Contracting Party, according to its laws and regulations or other provisions or specific contract or investment authorization or agreements, is more favourable than that provided under this Agreement, the most favourable treatment shall apply.

ARTICLE 17
Amendments to the Agreement

1. By mutual consent, the Contracting Parties may amend this Agreement, or may jointly issue an interpretative note of any provision thereof. Any such amendments and additions will be executed by a separate protocol, which is an integral part of this Agreement, and will enter into force as provided by Article 19 of this Agreement.

ARTICLE 18
Denial of benefits

Each contracting Party reserves the right to deny to an enterprise of the other Contracting party the benefits of this Agreement if nationals of a third Country own or control the enterprise and:

1. The denying Contracting Party does not maintain normal economic relations and adopts or maintains measures with respect to the third country that are related to the maintenance of international peace and security; or

2. The denying Contracting Party reacts proportionately in light of the serious deterioration of the political situation in the other country with respect to the rule of law, democracy and human rights.

ARTICLE 19
Entry into Force, Duration and Expiry

1. This Agreement, its amendments and additions shall enter into force on the date of receiving the last written notification confirming the implementation by the Contracting Parties of all internal procedures necessary for its entry into force.

2.

"ARTICLE 19

Entry into Force, Duration and Expiry

2. This Agreement will remain in force for the period of ten years. Thereafter, it will be automatically extended for further periods of five years, unless one of the Contracting Parties notifies in writing to the other Contracting Party within a minimum of six months prior to the expiration of the current period of validity, its intention to terminate it.

3. In case of investments made prior to the expiry date of this Agreement, the provisions of this Agreement shall remain active for a further period of five (5) years from the date of the termination of this Agreement.

In witness thereof the undersigned Representatives, duly authorized by their respective Governments, have signed the present Agreement.

DONE at_____ in "____" _____ in two originals each in Italian, _____ and English languages, all texts being equally authentic. In case of any divergence on interpretation, the English text shall prevail.

For the Government of the Italian Republic

For the Government of _____

ANNEX I

CODE OF CONDUCT FOR ARBITRATORS

Definitions

1. In this Code of Conduct:

"arbitrator" means a member of a tribunal established pursuant to Article 14, 2 lett. B), C) and D) (Settlement of Disputes between Investors and Contracting Parties) of this agreement;

"candidate" means an individual who is under consideration for selection as an arbitrator;

"assistant" means a person who, under the terms of appointment of an arbitrator, conducts research or provides assistance to the arbitrator;

"staff", in respect of an arbitrator, means persons under the direction and control of the arbitrator, other than assistants.

Responsibilities to the process

2. Throughout the proceedings, every candidate and arbitrator shall avoid impropriety and the appearance of impropriety, shall be independent and impartial, shall avoid direct and indirect conflicts of interests and shall observe high standards of conduct so that the integrity and impartiality of the dispute settlement mechanism is preserved. Arbitrators shall not take instructions from any organisation or government with regard to matters before a tribunal. Former arbitrators must comply with the obligations established in paragraphs 15, 16, 17 and 18 of this Code of Conduct.

Disclosure obligations

3. Prior to confirmation of his or her selection as an arbitrator under Article 14, 2 lett. B), C and D) (Settlement of Disputes between Investors and Contracting Parties) of this agreement, a candidate shall disclose any past or present interest, relationship or matter that is likely to affect his or her independence or impartiality or that might reasonably create an appearance of impropriety or bias in the proceeding. To this end, a candidate shall make all reasonable efforts to become aware of any such interests, relationships and matters.

4. A candidate or arbitrator shall communicate matters concerning actual or potential violations of this Code of Conduct to the disputing parties and the non-disputing Party only.

5. Once selected, an arbitrator shall continue to make all reasonable efforts to become aware of any interests, relationships or matters referred to in paragraph 3 of this Code of Conduct and shall disclose them. The disclosure obligation is a continuing duty, which requires an arbitrator to disclose any such interests, relationships or matters that may arise during any stage of the proceeding at the earliest time the arbitrator becomes aware of it. The arbitrator shall disclose such interests, relationships or matters by informing the disputing parties and the non-disputing Party, in writing, for their consideration.

Duties of arbitrators

6. Upon selection, an arbitrator shall perform his or her duties thoroughly and expeditiously throughout the course of the proceeding and with fairness and diligence.

7. An arbitrator shall consider only those issues raised in the proceeding and necessary for a ruling and shall not delegate this duty to any other person.

8. An arbitrator shall take all appropriate steps to ensure that his or her assistants and staff are aware of, and comply with paragraphs 2, 3, 4, 5, 16, 17 and 18 of this Code of Conduct.

9. An arbitrator shall not engage in *ex parte* contacts concerning the proceeding.

Independence and impartiality of arbitrators

10. An arbitrator must be independent and impartial and avoid creating an appearance of bias or impropriety and shall not be influenced by self-interest, outside pressure, political considerations, public clamour, loyalty to a disputing party or a non-disputing Party or fear of criticism.

11. An arbitrator shall not, directly or indirectly, incur any obligation or accept any benefit that would in any way interfere or appear to interfere, with the proper performance of his or her duties.
12. An arbitrator may not use his or her position on the tribunal to advance any personal or private interests and shall avoid actions that may create the impression that others are in a special position to influence him or her.
13. An arbitrator may not allow financial, business, professional, family or social relationships or responsibilities to influence his or her conduct or judgment.
14. An arbitrator must avoid entering into any relationship or acquiring any financial interest that is likely to affect him or her impartiality or that might reasonably create an appearance of impropriety or bias.

Obligations of former arbitrators

15. All former arbitrators must avoid actions that may create the appearance that they were biased in carrying out their duties or derived any advantage from the decision or ruling of the tribunal.

Confidentiality

16. No arbitrator or former arbitrator shall at any time disclose or use any non-public information concerning a proceeding or acquired during a proceeding, except for the purposes of that proceeding, and shall not, in particular, disclose or use any such information to a personal advantage or an advantage for others or to affect the interest of others.
17. An arbitrator shall not disclose an arbitration ruling or parts thereof prior to its publication.
18. An arbitrator or former arbitrator shall not at any time disclose the deliberations of a tribunal, or any arbitrator's view regarding the deliberations.

Expenses

19. Each arbitrator shall keep a record and render a final account of the time devoted to the procedure and of the expenses incurred.