

MASSIMILIANO SILLA

MULTI FAMILY OFFICE

Understanding **certificates.**

Bonus, cash collect, express and leverage properly explained: how barriers and premiums work, what these products really promise and how the Italian tax system treats them. An independent guide for investors.

PROTECTED CONDITIONAL LEVERAGE

EDITION · SEPTEMBER 2026

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WHY THIS GUIDE

Complex formulas, **truly explained.**

Certificates are the commercial phenomenon of recent Italian finance: over twenty billion euros placed every year, thousands of listed instruments, and a promise — yield with an airbag — tailor-made for savers' wishes. Behind the promise there are formulas: barriers, conditional premiums, memory effect, autocall, worst of. Those who understand them can use them; those who do not, suffer them.

This guide exists for the first half of that fork: to take the package apart piece by piece — the four families, the mechanisms that decide premiums and losses, the practice of buying — and to give the tax chapter the attention it deserves: because it is there, in the redditi diversi regime that offsets capital losses, that certificates keep their most concrete advantage.

It is an independent guide, written by someone who issues nothing, places nothing and collects no commission from any product: it names mechanisms, not brands, and when the simple alternative beats the package, it says so. It provides the foundations — the ones every investor should have before signing.

HOW TO USE THIS GUIDE

- **It is navigable.** From the contents you jump to a chapter with one click; the page number at the foot always takes you back to the contents.
- **"Key takeaways",** at the end of each chapter, sums up the essential points in a few lines.
- **The "In plain words" boxes** translate the most technical concepts into everyday analogies.
- **The closing glossary** gathers all the technical terms: when a word does not add up, the answer is there.

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An Italian phenomenon, **in six numbers.**

over €**20** bn

The certificates placed in Italy every year: one of Europe's most developed markets.

4 families

Capital-protected, conditionally protected, non-protected, leverage: the map of the whole market.

50–70%

The typical barrier levels: above them, premiums and protection; below, the underlying's losses.

2–5%

The typical implicit costs at placement — invisible in the price, written in the KID.

26%

The tax rate on all proceeds: redditi diversi, the only listed periodic income that offsets capital losses.

4 years

The life of the tax backpack: the time within which old losses can become lower taxes.

Sources: ACEPI and Borsa Italiana, 2024-2025; rounded, indicative figures. Past performance is not indicative of future results and any investment can lose value.

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PART ONE · CHAPTERS 1–4

The **foundations.**

What you really own when you own a certificate: the signature behind the package, the clauses that decide everything, the engine of options — and the three mechanisms that govern premiums and losses.

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01 A package, **with a signature.**

Bonus, cash collect, express, turbo: the Italian certificate market speaks a language all of its own, and it speaks it in an ever louder voice. This chapter explains what these instruments really are — a bank bond with derivative contracts inside — who issues them, why, and on what underlying bargain for the buyer.

1.1 What a certificate is

An investment certificate is a **security issued by a bank** whose value depends, according to rules written in advance, on the performance of an underlying asset: a share, an index, a basket of stocks, a commodity, an interest rate. Legally it is a close cousin of bonds: whoever buys one becomes a **creditor of the issuer**, not an owner of the underlying. But unlike a bond, what the certificate promises is not a fixed coupon and a certain repayment: it is a **formula** — if the underlying does this, you will receive that.

Technically, the formula is built by packaging **derivative contracts** — options, above all — inside a single security, tradable on an exchange like a share. It is the same family of instruments that this series' bond guide met under the name of "structured bonds", with a stern verdict: packages with an invisible price tag. That verdict remains the honest starting point here too; this guide exists to go further — to **take the package apart**, understand what is inside, what it really costs, and recognise the cases — because they exist — in which the instrument does a job that the simple alternatives cannot do.

> IN PLAIN WORDS
>
> A certificate is like a structured wager with the house: "if your team never loses by more than two goals, I pay you a premium every month; if it gets thrashed, the bill is yours". The rules are all written down beforehand, in black and white. The craft lies in reading them — and in asking why the house wrote them exactly that way.

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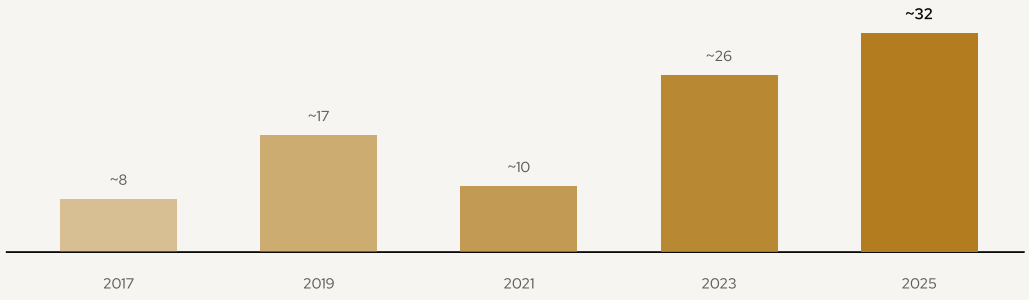
1.2 Who issues them, and why

Certificates are issued by **banks** and by vehicles of large Italian and foreign financial groups — often with the parent company's guarantee — through continuous issuance programmes. For the issuer they are an industrial product: the bank builds the formula by combining derivatives it trades on wholesale markets, wraps it into a security, and places it with the public while keeping a margin. There is nothing scandalous in this — it is how every financial product works — but one consequence must be fixed at once: **the issuer's interest and the investor's do not coincide by construction**. The formula that sells best is not necessarily the one that serves best.

The Italian market is among the most developed in Europe: placements have stably exceeded **twenty billion euros a year**, with thousands of instruments listed on the two dedicated markets of Borsa Italiana — the **SeDeX** and the **Cert-X** segment of EuroTLX. ACEPI, the issuers' trade association, classifies the market into four families that this guide will follow closely: **capital-protected**, **conditionally protected**, **non-protected** and **leverage** certificates.

Why such commercial success? Because certificates promise what savers have always asked for: **yield with an airbag** — rich coupons and at least partial protection from falls. The promise is real, but it has a price, distributed where it cannot be seen: in the barriers, the caps, the worst of clause, the embedded margins. The rest of this guide exists to make it visible.

CERTIFICATES PLACED IN ITALY — BILLIONS OF EUROS A YEAR, ACEPI PRIMARY MARKET, ROUNDED FIGURES



One of Europe's most developed markets — the 2019 peak, the dip of the two following years, the 2025 record: yield with an airbag meets an enormous demand.

FIGURE 1 Certificate placements in Italy

Source: ACEPI, primary market 2017–2025 — rounded figures

1.3 Creditors of the issuer: the underlying bargain

Before the formulas, the legal bargain. Whoever buys a certificate lends money to the issuing bank: if the bank **failed**, the certificate would become a claim to be filed against the estate, whatever the underlying had done. It is the same **issuer risk** that the ETP guide met in ETNs and the bond guide in bank paper — with the same European rules: in a collapse the **bail-in** applies when the issuer is a bank,

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and certificates absorb losses according to their rank, normally that of senior unsecured creditors; when the issuer is a group vehicle, what counts is the parent company's guarantee — and that is the signature to read.

The textbook case remains 2008: the failure of Lehman Brothers sent the group's "capital-protected" certificates into default as well: their holders, from protected investors, became creditors of a liquidation, and recovered part of the face value (just over 70 per cent) only through ten years of distributions — the protection was a promise of the issuer, and the issuer was gone. The market has grown more careful since: term sheets state the issuer's rating, and some products are collateralised. But the investor's rule does not change: **before reading the formula, read the signature** — and never concentrate too much wealth on the same bank, counting accounts, deposits and bonds as well.

One practical difference from bonds is worth noting: a certificate usually **pays no certain interest** — its cash flows depend on the formula — so its entire value is concentrated in the redemption and in any conditional premiums. Hence a particular sensitivity to the issuer's health in moments of stress: when the market doubts the signature, certificate prices notice.

1.4 The four families, on one page

The map that will guide the chapters of the second part:

- **Capital-protected** (chapter 5): at maturity they return at least a preset percentage of face value — 100, 95, 90 per cent — whatever the underlying does, plus a participation in its gains. The protection holds only at maturity and only if the issuer is solvent.
- **Conditionally protected** (chapter 6): the second family by placements (about a third of the total since 2022) and the one that fills the secondary market with premiums and barriers — bonus, cash collect, express. They protect the capital *on condition* that the underlying does not fall below a **barrier**; if the barrier gives way, the protection vanishes and the loss becomes that of the underlying, or worse.
- **Non-protected** (chapter 7): they replicate the underlying — sometimes with extra gears (outperformance) or entry discounts (discount) — with no declared protection at all.
- **Leverage** (chapter 8): trading instruments that multiply the daily moves of the underlying, up or down, often with automatic termination mechanisms (knock-out). Close relatives of the leveraged ETPs met in the first guide of this series — with the same contraindications, plus a few more.

A methodological warning closes the chapter: commercial names — Phoenix, Athena, Fast Bonus, Recovery — change from issuer to issuer and prove nothing. What matters is always and only the **structure**: what protection, on what condition, on what underlying, on what dates. It is the structure that this guide teaches you to read.

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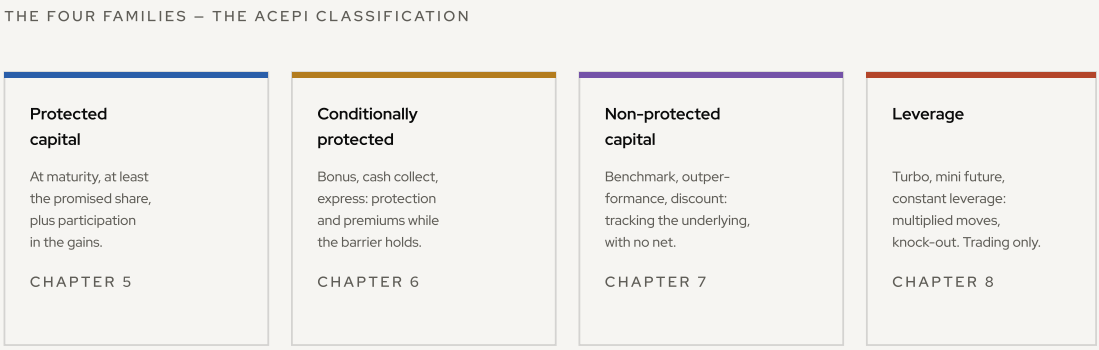

FIGURE 2 The four families of certificates — ACEPI classification – illustrative diagram

KEY TAKEAWAYS

- A certificate is a bank security whose repayment follows a formula: derivatives packaged into an exchange-traded instrument.
- The buyer is a creditor of the issuer: if the bank fails, the formula no longer counts – the bail-in rules apply.
- Four families: capital-protected, conditionally protected, non-protected, leverage. Commercial names prove nothing; the structure does.
- The Italian market places over twenty billion euros a year: the commercial promise is yield with an airbag, and its price is distributed where it cannot be seen.
- Before the formula, the signature: the issuer's rating and your total concentration on the same bank.

Invested capital is at risk: its value can fall as well as rise.

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02 Six clauses, **one fate.**

Underlying, strike, barrier, premiums, observation dates, maturity: six clauses are enough to describe almost any certificate. This chapter takes them apart one by one on a concrete example — because every nasty surprise in this market is written, in advance, in one of these six lines.

2.1 The underlying: what everything depends on

Every certificate is tied to an **underlying**: a share (Enel, Intesa, Tesla), an index (Euro Stoxx 50, S&P 500), more rarely commodities, currencies or rates. It is the first clause to read, for a reason salespeople rarely mention: **the risk of the certificate is the risk of its underlying**, filtered through the formula. A cash collect on a broad index and one on a single tech stock can carry similar coupons on paper — and completely different probabilities of receiving them.

The decisive variant is the **basket**: a great many certificates track not one underlying but three or four — typically shares — and almost always with the **worst of** clause: for barriers, premiums and redemption, only *the worst performer* of the basket counts. It is the most important and least understood clause in the entire market, and chapter 6 will devote a full section to it. For now, the rule suffices: **more stocks in the basket do not mean diversification — they mean more ways to lose**. Diversification averages outcomes; the worst of takes the minimum.

A silent detail also weighs on the underlying: **dividends**. The certificate holder normally does not receive them — the issuer uses them to finance the structure. On high-dividend stocks, this is an invisible but substantial contribution to the product's cost: the underlying the certificate observes starts every year with a few percentage points of ballast compared with direct investment.

2.2 Strike and barrier: the two levels that decide

At the certificate's birth, the price of the underlying is photographed: this is the **strike** (or initial value), the basis of every later calculation. From it descend the percentage levels that decide the instrument's fate — first among them the **barrier**.

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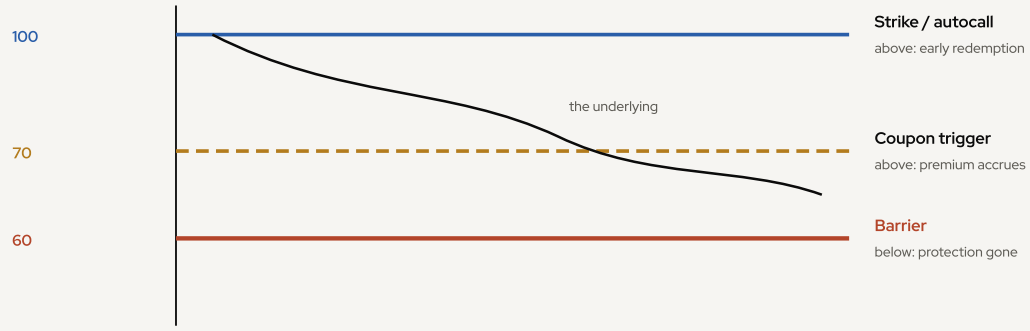
The barrier is the level below which the conditional protection vanishes: typically 50, 60 or 70 per cent of the strike. As long as the underlying stays above it, the capital is protected and the premiums accrue; if it falls below — in the ways chapter 4 will specify — the certificate stops protecting and starts behaving like the underlying itself, full loss included.

Two reading habits prevent frequent misunderstandings. First: the barrier is judged **together with the underlying** — 60 per cent on a broad index is a serious distance; the same 60 on a stock that moves 5 per cent a day is a short stroll. Second: the distance to the barrier must be measured **from the underlying's current price, not from the strike**: a certificate bought on the secondary market with the underlying already down 20 per cent has a barrier much closer than the issue sheet suggests. The prospectus photographs the birth; the risk is measured today.

> IN PLAIN WORDS
>
> Strike and barrier are like a lift's starting floor and the bottom of its shaft: everything that matters is measured from where you started, but what can happen to you depends on where you are now. If the lift has already gone down five floors, the bottom of the shaft is five floors closer — whatever the sign at the entrance says.

THE LEVELS THAT DECIDE — AS A PERCENTAGE OF THE STRIKE



Distances are measured from the current price, not from the strike at birth: the prospectus photographs yesterday, risk lives today.

FIGURE 3 The levels that decide — Illustrative example

2.3 Premiums and conditions: when the coupon arrives

Most investment certificates pay **periodic premiums** — monthly, quarterly, half-yearly — which sales language calls coupons. The word is the same as for bonds; the substance is not: here the premium is almost always **conditional** — it arrives only if, on the observation date, the underlying (or the worst of the basket) stands above a preset level, the coupon **trigger**.

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The trigger may coincide with the barrier or sit higher; it may apply date by date, or enjoy the **memory effect**, which chapter 4 will describe: missed premiums are not lost but accumulate, and are all paid together at the first favourable observation.

This conditional nature has two consequences the investor must weigh. The first is financial: **the rich premium compensates a probability** — if a certificate offers 1 per cent a month when BTPs (Italian government bonds) yield 3 a year, the difference is not generosity: it is the price of the risk that some premiums never arrive and that the barrier, one day, gives way. The second is fiscal, and — for once — in the investor's favour: precisely because they are conditional, certificate premiums are **redditi diversi** ("miscellaneous income", Italy's capital-gains tax category) and can offset prior capital losses. It is the true fiscal ace up these instruments' sleeve, and chapter 12 will give it the whole stage.

2.4 The dates: observations, autocall, maturity

A certificate lives on a **calendar** written at birth. The **observation dates** are the days — normally the only ones that truly matter — on which the underlying is photographed to decide premiums and events. Between one observation and the next, the underlying can do anything: for many structures only the photograph counts, not the film.

On almost all conditionally protected certificates there is also the **automatic early redemption** clause — the *autocall*: if on an observation date the underlying stands above a preset level (often the strike), the certificate terminates early, returning face value plus the premium. It sounds like a gift, and is instead a clause written in the issuer's interest, twin of the call on callable bonds: **the product dies precisely in the scenarios where it was going well**, returning the money when reinvesting on the same terms is difficult; and it survives in the worst scenarios, when nobody calls it back. Anyone planning cash flows on a certificate must know that its real life is an interval, not a date.

The **maturity** closes the calendar: it is the day the final formula is applied — protection, barrier, participation — and the certificate turns into money. Typical lives run from one to five or six years for investment products; leverage certificates, as we shall see, live on horizons of days.

2.5 Where it is all written: KID, term sheet and ISIN

The six clauses seen so far are not to be looked for in brochures: they live in two documents with legal force. The **KID** — the key information document, three pages standardised by European law — summarises structure, risks, costs and **performance scenarios**: what the instrument would return in a favourable, moderate, unfavourable and stress scenario. Its **costs** table is where the issuer's margin, invisible in the price, becomes a number: the "entry costs" line of a certificate at placement is typically worth between 2 and 5 per cent — it is what you pay, in value, for the ready-made package.

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The **Final Terms** of the prospectus contain instead every detail of the formula: exact levels, dates, calculation conventions, special cases. No retail investor will read them in full; but the minimum discipline is to check the clauses quoted by the seller against those written in the KID — and to walk away from any product whose KID cannot be found or understood.

Finally, like every security, the certificate has its **ISIN**: twelve characters that identify it without ambiguity. With thousands of listed instruments and photocopy commercial names, it is the only way to be certain you are discussing — with the bank, with the platform, with this guide in hand — exactly the same product.

KEY TAKEAWAYS

- The risk of the certificate is the risk of its underlying filtered through the formula: judge the former first, then the latter.
- In worst of baskets the worst performer counts: more stocks do not diversify — they multiply the ways to lose.
- The distance to the barrier is measured from today's price, not from the strike at birth.
- Premiums are conditional: their rich size is the price of the probability that they never arrive. In exchange, they are offsettable redditi diversi (chapter 12).
- The autocall works for the issuer: the certificate dies in good scenarios and survives in bad ones. Its real life is an interval.
- Everything is written in the KID and the Final Terms: the KID's costs table makes visible the margin the price conceals.

Invested capital is at risk: its value can fall as well as rise.

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03 The engine, **up close.**

How can a bank promise "your capital protected, plus half the index's gains"? Not with magic: with engineering. This chapter opens the bonnet — the bond plus the options that make up every certificate — and explains why the price moves the way it does, what role volatility plays, and who keeps the market alive.

3.1 The basic recipe: a bond plus options

Every investment certificate, beneath its commercial dress, is a combination of two ingredients. The first is a **zero-coupon bond** of the issuer: by spending, say, 90 today to have 100 at maturity, the bank secures the repayment of the promised capital. The second ingredient is the **package of options** — contracts that grant the right to collect the underlying's future moves — bought (and partly sold back) with the money that remains.

A textbook example, the capital-protected certificate: of 100 euros raised, the bank uses about 90 for the zero coupon that will guarantee redemption, and with the remaining 10 or so buys options on the index that will pay the participation in the gains — keeping its own margin inside the price. The conditional structures of the bonus and cash collect family are born the same way, with one crucial difference: to finance richer premiums, the investor **sells** — inside the package, often unknowingly — an option to the issuer: the one that, below the barrier, turns protected capital into exposed capital. The generous premiums of cash collects are, quite literally, the fee for an insurance policy the investor is selling against a crash of the underlying.

> IN PLAIN WORDS
>
> Picture 100 euros split into two envelopes. The first, the fatter one, goes into the safe to guarantee redemption. The second goes to the options casino: it is the one that generates premiums and participations. In protected products the casino envelope buys tickets; in conditional ones, to buy better tickets, it also sells earthquake insurance. If the earthquake comes, someone has to pay the insured party — and that someone is you.

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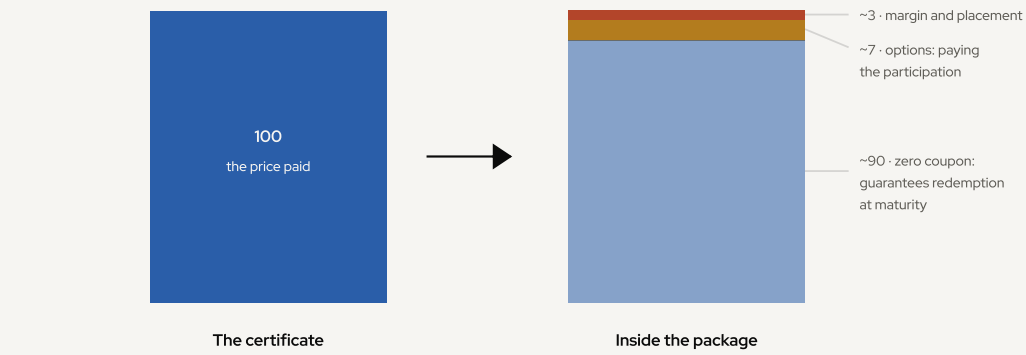
HOW A CAPITAL-PROTECTED CERTIFICATE IS BUILT — PER 100 EUROS RAISED



Slices are to scale. In conditional products the options slice also sells protection to the issuer: hence the rich premiums.

FIGURE 4 Inside a certificate: a bond plus options — Hypothetical example for illustration

3.2 Why the price moves (and not only with the underlying)

Once the certificate is bought, its exchange price starts to move — and anyone expecting it to track the underlying faithfully is often disoriented. The price of a certificate is the sum of the values of its ingredients, and each ingredient has its own engines:

- **The underlying**, naturally: but with variable sensitivity. Far from the barrier the certificate barely moves (the premiums are almost certain); near the barrier it moves almost like the underlying, and sometimes more.
- **Interest rates**: the bond component behaves like any zero coupon — rates up, value down. Over 4-5 year lives, the effect is not decorative.
- **Expected volatility**: the price of options depends on how much the market expects the underlying to swing. Whoever has sold options inside the structure — the holders of cash collects and bonus certificates — *benefits* from falling volatility and *suffers* when fear rises, even with the underlying standing still.
- **Time**: day after day the options decay and the probabilities update; all else equal, the approach of a favourable observation supports the price.
- **The issuer's creditworthiness**: if the market doubts the signature, it discounts the doubt into the price.

The practical consequence: **before maturity, the certificate promises nothing**. Protections and formulas hold on the dates written; in the meantime the price does what prices do, and whoever must sell early sells at the package's market value — which in moments of stress falls through three channels at once: underlying, volatility, credit.

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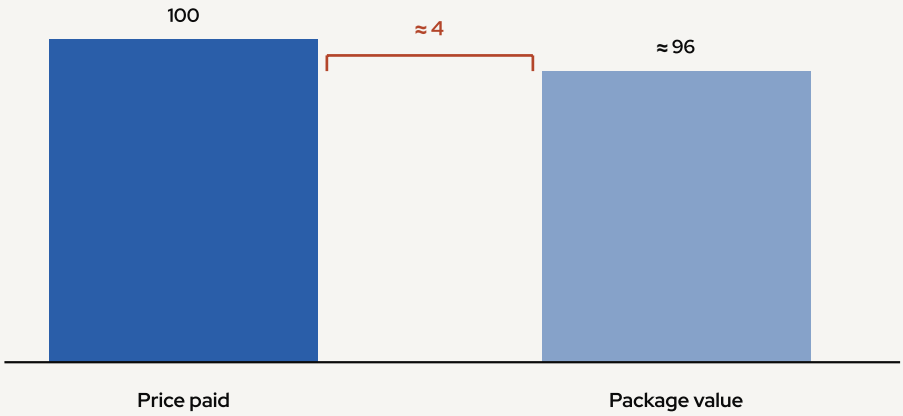
3.3 True value and price paid: the cost of the package

At placement, a certificate is typically bought at 100. But what is the package inside actually *worth*? The answer sits in the KID, under costs: the theoretical value of the ingredients — bond plus options, computed at market prices — is normally between 95 and 98. The difference, from 2 to 5 per cent, is the **implicit cost**: the issuer's margin and the placing network's commission. It is not an illegal hidden tax — it is written, precisely, in the KID — but it is invisible in the price, and must be accounted for: whoever pays 100 for a package worth 96 starts at minus four, and the instrument will have to earn it back.

Hence two practical rules. First: **placement is the most expensive moment** to buy a certificate; on the secondary market, once the promotional phase is over, prices tend to realign with value — and similar certificates often trade below par. Second: the implicit cost is judged **relative to the life** — 4 per cent on a five-year product is less than a point a year; the same 4 on a product the autocall may switch off in six months is daylight robbery. And it is also why, as we shall see in chapter 12, products built to "give away" immediate maxi-premiums deserve a second look: the gift, somewhere, has been paid for.

THE IMPLICIT COST AT PLACEMENT — AN EXAMPLE FROM THE KID



The difference — the KID's entry costs — is judged over the real life: on six effective months it is a fleecing.

FIGURE 5 Placement price and package value — Hypothetical example; the real figure is in the KID

3.4 Who makes the market: the market maker

One last chamber of the engine concerns the instrument's daily life on the exchange. Unlike a share — traded among thousands of investors — a certificate has in practice **a single counterparty**: the *market maker*, almost always the issuer itself or a group company, which by exchange rules continuously quotes bid and ask prices.

This arrangement has a good side and a delicate one. The good side: liquidity is almost always there — even the most niche certificate can be sold back, because someone obliged to buy it exists. The delicate side: **the price is made by whoever built the product**, inside a bid-ask spread that in calm

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times is contained (half a point, a point) but that on difficult days can widen exactly when one would need to exit; and the quoted quantities have limits. Selling is almost always possible; selling *well*, not always.

The defences are those learned with bonds, plus one: orders **always with a price limit**, never at market (Borsa Italiana removed market orders from SeDeX and Cert-X in 2026); observe the spread on normal days before buying; and — specific to certificates — distrust prices in the **early morning hours** and whenever the foreign underlying's market is closed: the market maker widens or withdraws when it cannot hedge, and an order without a limit in those windows pays the bill.

KEY TAKEAWAYS

- Every certificate is a zero-coupon bond plus a package of options: in conditional products, the investor sells crash insurance — the premiums are the fee.
- The price moves on five engines: underlying, rates, volatility, time and issuer credit. Before maturity, the formula promises nothing.
- The implicit cost at placement (2-5 per cent, written in the KID) makes placement the most expensive moment to buy.
- The cost is judged against the real life of the product — which the autocall can shorten drastically.
- A single market maker makes the market: liquidity almost guaranteed, prices its own. Orders always with a limit.

Invested capital is at risk: its value can fall as well as rise.

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04 Barrier, memory **and autocall.**

Three mechanisms recur in almost every certificate sold in Italy: the barrier that decides whether the protection holds, the memory that retrieves lost coupons, the autocall that switches the product off early. This chapter isolates them and sets them running before your eyes — because it is here, in the mechanisms, that real money is won or lost.

4.1 European barrier, American barrier

The barrier — the level below which the conditional protection vanishes — can be observed in two ways, and the difference is worth money. The **European** barrier (or "at maturity", today the most common) is checked **only on the final date**: the underlying can plunge as deep as it likes during the product's life — if at the last photograph it has climbed back above the level, the protection has held and the capital comes back whole. The **American** (or continuous) barrier is instead observed **every day**: a single breach, even intraday, is enough for the event to fire and the protection to be gone forever, whatever happens afterwards.

At the same level, the European barrier is therefore far more robust — and indeed the products that mount it pay slightly lower premiums: better protection is bought with yield. When comparing two certificates "with a 60 per cent barrier", the first question is always: **60 observed when?** A continuous 60 on a volatile stock can be more fragile than a 70 at maturity.

Finally, the reminder from chapter 2 becomes operational here: once the barrier is breached, the certificate does not "lose the coupon" — it **changes nature**: from protected instrument to mirror of the underlying (often from the strike level, that is, with the entire fall on board). It is the steepest step in the whole market: above the barrier zero losses, a millimetre below losses of 40 or 50 per cent. **Airbag** structures soften the step by starting the loss count from the barrier rather than the strike: a precious clause, worth hunting for in the term sheet.

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IN PLAIN WORDS

The European barrier is the end-of-year exam: only the answers handed in on the last day count, and whoever was failing at mid-course can still recover. The American barrier is the exam with instant expulsion: one mistake, at any moment, and you are out — even if you would have answered everything else correctly.

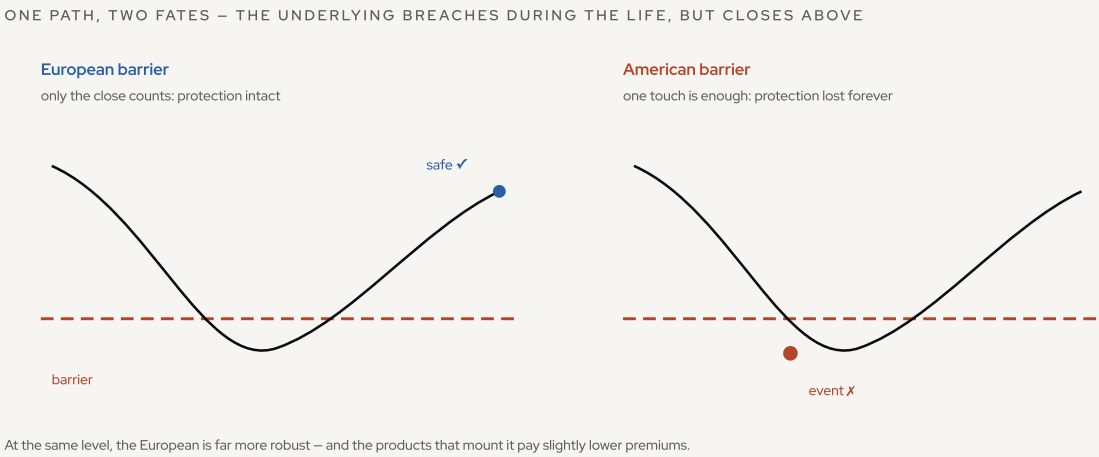

FIGURE 6 European barrier and American barrier — Illustrative diagram

4.2 The memory effect: the coupons that come back

In certificates with conditional premiums, the **memory effect** is the clause that sweetens the condition: if on an observation date the underlying sits below the trigger, the premium is not paid but **not lost** — it stays in memory. At the first observation on which the condition is met again, the current premium and **all the arrears** arrive together.

An example with round numbers. A cash collect with a quarterly premium of 1.5 per cent, trigger at 60: the underlying has a difficult year and for three quarters sits at 55 — no premiums. In the fourth quarter it climbs back to 65: the observation is favourable and the holder collects 6 per cent — four premiums in one go. Without memory, the three missed premiums would be lost forever.

Memory is a clause genuinely favourable to the investor, and the market prices it: all else equal, a "memory" product pays slightly lower premiums than a twin without it. Two clarifications keep it from being overrated. First: memory **recovers premiums, not capital** — it has no effect whatsoever on the barrier's fate. Second: if the product reaches maturity with the condition never met again, the memory dies with it: the arrears are collected only if a favourable observation, sooner or later, actually arrives.

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FIGURE 7 The memory effect Hypothetical example

4.3 The autocall, up close

Chapter 2 introduced the autocall as a clause written in the issuer's interest; here we watch it work. The typical structure: from a certain date (often after six months or a year of life), at every observation a check is made whether the underlying – or the worst of the basket – stands **above the early redemption level**, normally 100 per cent of the strike, sometimes declining over time (step-down). If yes: the certificate terminates, returns face value, pays the premium (and the memory, if any), end of story. If no: on to the next observation.

Three consequences must be internalised. **The life is an interval**: a "five years with autocall" is really a product that lives from six months to five years, and placement statistics say that very many are switched off within the first eighteen months. **Compound return must be computed on actual time**: a premium of 5 collected after six months is an excellent annual rate, but an implicit cost of 4 spread over six months devours it. **Reinvestment is not guaranteed**: whoever builds an "income stream" on autocallable cash collects signs up to redo the selection every time a product dies – on the usually worse terms the market will offer at that moment. The autocall fires, after all, when markets rise and volatility falls: exactly when the premiums on new products grow thin.

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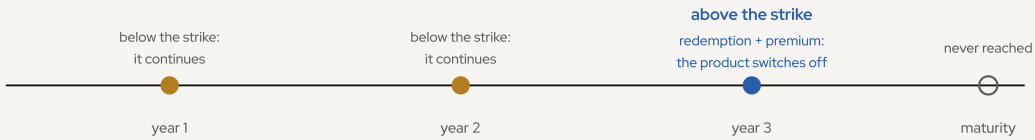
AUTOCALL — AT EACH OBSERVATION, IF THE UNDERLYING IS ABOVE THE LEVEL: EARLY END



The real life is an interval: "four years with autocall" can last twelve months.

The product dies in the good scenarios — when reinvesting is harder — and lives in the bad ones.

Returns must always be annualised on actual time, not on the nameplate life: the autocall changes the denominator.

FIGURE 8 Automatic early redemption — Illustrative diagram

4.4 Reading a complete structure, live

Let us assemble the pieces on a realistic identity card — the skeleton of one Italian placement in three:

- **Underlying:** worst of basket of three shares; **life:** 4 years.
- **Premium:** 1 per cent quarterly **with memory**, if the worst performer ≥ 60 per cent of strike.
- **Autocall:** from month 12, if the worst performer ≥ 100 per cent of strike.
- **At maturity:** full capital if the worst performer ≥ 60 (European barrier); otherwise redemption equal to the worst performer's value.

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The conscious reading sounds like this: "I am selling the issuer insurance against a crash of the worst of three stocks. If none of the three loses more than 40 per cent in four years, I collect up to 4 per cent a year — less, in effective terms, if the autocall switches the product off early. If even one of the three crashes and does not recover, I take part in its entire fall. My best scenario is a limited, probable gain; my worst scenario is a serious, improbable loss. I am trading frequency against magnitude." If this sentence, rewritten for the product in front of you, sounds like an acceptable, properly sized bargain — good. If it sounds different from the way it was told to you, you have just saved yourself some money.

KEY TAKEAWAYS

- European barrier: only the final photograph counts. American: one breach, even intraday, is enough. At the same level, the European is far more robust.
- Below the barrier the certificate changes nature: from protected to mirror of the underlying, with full loss (airbag aside).
- Memory recovers premium arrears at the first favourable observation — but it recovers premiums, not capital.
- The autocall makes the life an interval: it kills the product in good scenarios, lets it live in bad ones, and concentrates reinvestment at the worst moments.
- Every conditional structure is a trade of frequency against magnitude: limited, probable gains against serious, improbable losses. To be accepted knowingly, or avoided.

Invested capital is at risk: its value can fall as well as rise.

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PART TWO · CHAPTERS 5–8

The **families.**

The four families of the ACEPI classification, one by one: protected capital and its price, the conditional products with barriers and worst of, the non-protected — and leverage, which is another trade altogether.

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05 The parachute **has a price.**

"At maturity, at least your capital back": it is the promise of the most reassuring family — and the easiest to misunderstand. This chapter shows how the protection works, what it costs in yield, when interest rates make it possible, and the three fine-print conditions that fence it in.

5.1 The promise: sharing the gains, not the falls

The **capital-protected** certificate (the *equity protection* family) promises two things: at maturity, the return of at least a preset percentage of face value — 100, sometimes 95 or 90 — and, on top, a **participation** in the underlying's gains: for example 50 per cent of the appreciation of an equity index.

Chapter 3 has already opened the bonnet: inside are a zero coupon that guarantees redemption and options that pay the participation. From that mechanics follows the entire economics of the product: **how much margin is left to buy participation depends on interest rates**. With rates at zero, the zero coupon cost nearly 100 and full protection was impossible or decorative (minimal participations, biblical lifetimes); with the return of rates, the family was reborn — it is the same reason distribution networks began pushing it again in force from 2023.

The flip side is the **opportunity cost**, and it must always be computed: the same rates that make protection possible make the simple alternative attractive. If the BTP of equal maturity yields 3 per cent compounded, a protected certificate that "at worst returns 100" is actually offering, at worst, *zero* against an alternative that paid about 16 cumulative: protection is never free — it costs exactly the certain yield you give up.

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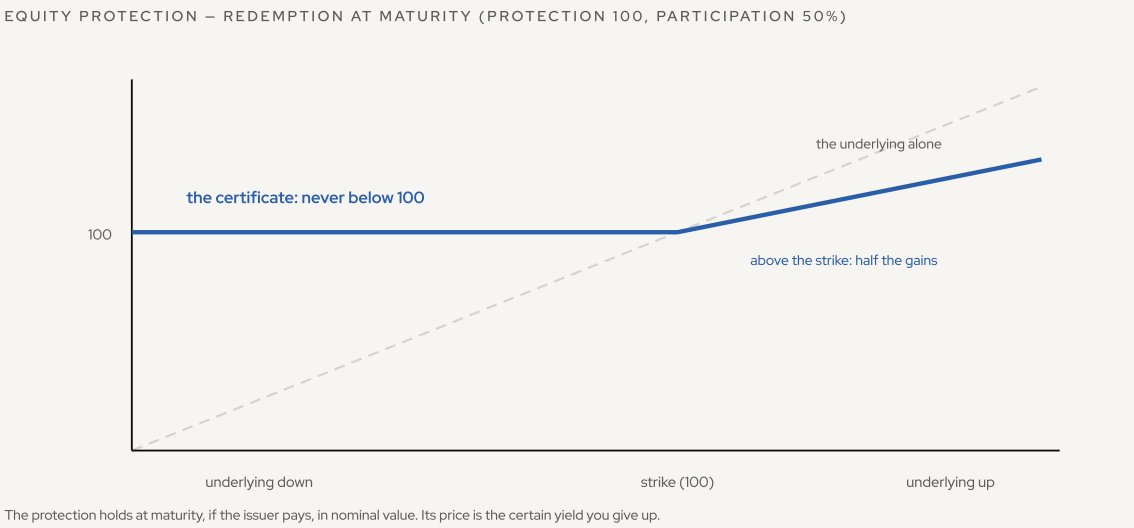

FIGURE 9 The equity protection profile

Hypothetical example for illustration

5.2 The three fine-print conditions

The word "protected" rests on three conditions, all met before but decisive here.

Only at maturity. The protection is a commitment for the final date: in the meantime the price does what prices do. A five-year equity protection bought at 100 can quote 85 after a year of rising rates and falling markets – and whoever sells at that moment sells at 85, protection or no protection. The instrument should be bought only by those who can reasonably reach the end.

Only if the issuer pays. The protection is a promise of the bank, not a segregated fund: it is worth what the signature is worth. Chapter 1 has already invoked Lehman; here the practical corollary suffices – 100 per cent protection from a fragile issuer is worth less than 90 per cent protection from a solid one.

Only in nominal value. Five years of inflation at 2-3 per cent erode the purchasing power of that "100" by 10-14 per cent: the protection freezes the numbers, not the prices. Over long lives it is a condition that weighs more than the other two – and one no sales sheet ever mentions.

> IN PLAIN WORDS
>
> Protection at maturity is like a ferry's insurance that refunds the ticket only on arrival: if you get off at an intermediate stop because the sea is rough, you pay the price of the rough sea. And the refund comes in five-year-old banknotes: same figure, a little less shopping.

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5.3 Caps, digitals and the family's variants

Around the basic structure revolve a few recurring variants. The **cap**: many protected products limit the participation to a ceiling — "100 per cent of the gains, up to a maximum of 130" — because the ceiling makes the structure cheaper to build; the bargain becomes: protection below, renunciation above. The **digitals**: instead of participating in the gains, they pay fixed premiums conditional on thresholds ("4 per cent a year if the index is at least at its initial level"), moving close in logic to the products of chapter 6, but with full protection at maturity. The **partial protections** (95, 90): lowering the bar frees margin for more generous participations — a transparent compromise, provided it is called by its name: 10 per cent of the capital is at stake.

Across all the variants one method of valuation applies, inherited from chapter 3: **rebuild the do-it-yourself alternative**. A 100-protected with 50 participation on the index is compared with "BTP of equal maturity plus a small direct purchase of an equity ETF": the homemade version often dominates — more liquid, more flexible, fiscally simpler. When instead rates are generous and the certificate mounts efficient terms (no cap, solid issuer, low implicit costs), the package can stand the comparison: it is the family where the case-by-case verdict is most often favourable.

5.4 Who actually needs it

Protected capital has a natural audience: those holding capital they **cannot afford to dent** at a known date, but who are not content with the certain yield — the house deposit five years away, the severance package to reinvest prudently, the first step of someone who spent twenty years in a current account and could not bear a statement in the red. For this profile, the trade "I give up part of the certain yield in exchange for an option on the markets with no nominal risk at maturity" is sensible and honest.

The admission conditions, however, must all be respected: horizon **coinciding** with the maturity (not "roughly"); first-class issuer; implicit costs checked in the KID; inflation priced in; and the awareness that the price will swing in the meantime. Whoever cannot stand seeing 88 on the second year's statement is not protected by the protection: they are protected only by not looking.

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A final word on the comparison within this series: for the same need — "I do not want to lose, but I want to take part" — simple finance offers the BTP ladder with a measured equity slice (bond guide, chapter 11). The protected certificate is the packaged version of that idea: you pay for the wrapping, you gain the automatic discipline. Knowing they are the same idea is already half the choice.

KEY TAKEAWAYS

- Protection is built with a zero coupon plus options: it exists because interest rates exist, and costs exactly the certain yield you give up.
- Three fine-print conditions: only at maturity, only if the issuer pays, only in nominal value (inflation is not covered).
- Caps, digitals and partial protections are legitimate compromises provided they are called by their name: the ceiling on gains and the capital at stake must be seen beforehand.
- The test is always the do-it-yourself alternative: BTP plus a direct equity slice. The certificate wins only if terms and costs are efficient.
- Right audience: untouchable capital at a known date and an appetite for an option on the markets. Coinciding horizon, solid issuer, KID read.

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06 Protected, up **to a point.**

Bonus, cash collect, express: this is the family that, after the protected products, weighs most in Italian placements — the one of rich premiums and barriers. This chapter reviews the three mother structures, puts the worst of under the lens — because that is where the real risk hides — and gives the criteria for telling a good product from a well-dressed trap.

6.1 Bonus: the premium for not falling too far

The **bonus certificate** is the oldest and most readable conditional structure. The promise: at maturity, if the underlying has never breached the barrier (or does not breach it at maturity, in the European version), the holder receives **the greater of the bonus and the underlying's performance** — for example, at least 115 per cent of face value, more if the underlying has done better. If the barrier gives way, the bonus vanishes and redemption follows the underlying.

It is a structure designed for **sideways or moderately positive markets**: if the underlying finishes at +2, the bonus turns that +2 into +15; if it soars to +30, the holder takes their +30 (in the uncapped versions); if it crashes, the barrier decides everything. The **bonus cap** variant — widespread because cheaper — puts a ceiling on the redemption: in exchange for deeper barriers or higher bonuses, it gives up the best scenarios.

The critical reading is that of chapter 4: the bonus is paid for by selling protection below the barrier. The product is honest when barrier and underlying are chosen with margin — broad indices, deep barriers, European version — and becomes treacherous when a showy bonus is financed by fragile barriers on jumpy stocks.

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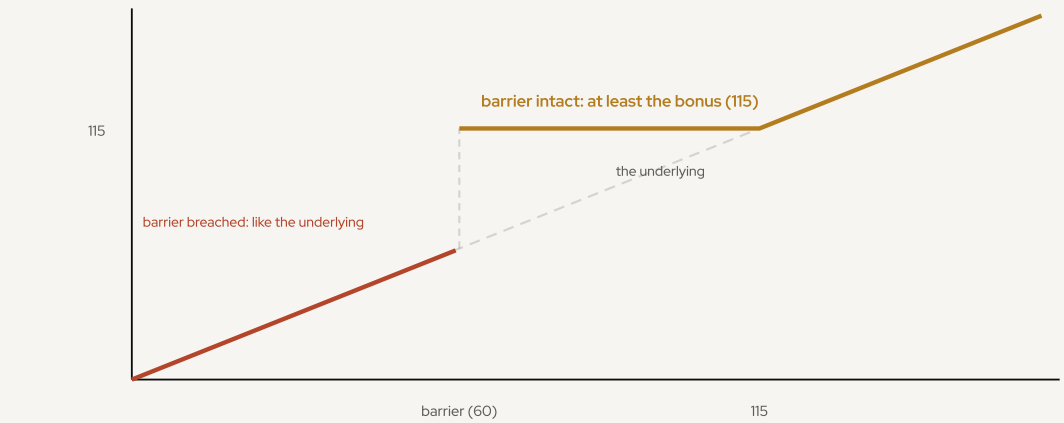

FIGURE 10 The bonus profile

Hypothetical example for illustration

6.2 Cash collect and express: the conditional income

The **cash collect** – and its twin the **express** or **autocallable**, often fused into a single product – is the most typical structure of the Italian market for conditional products, already dissected in chapter 4: periodic conditional premiums (normally with memory), autocall from year one, European barrier at maturity. Its charm is the **apparent income**: monthly or quarterly coupons arriving punctually as long as markets avoid disasters, over horizons the autocall often shortens.

Chapter 4 has already given the key – frequency against magnitude – and here only the commercial piece needs adding: the cash collect is the product that **most resembles a bond without being one**. The resemblance is its sales pitch ("it's like a BTP that pays more") and is exactly what must be dismantled: the BTP promises coupons and capital with the force of a contract; the cash collect pays as long as the worst of three stocks has not lost 40 per cent – and when that happens, the holder discovers they are holding a crashed share, not a bond.

The honest place of these instruments lies elsewhere, and chapter 12 will make it precise: **generators of redditi diversi** for those with capital losses to offset, with equity risk knowingly accepted and properly sized. Bought for what they are, they have a job; bought as bonds in disguise, sooner or later they present the bill.

> IN PLAIN WORDS
>
> The cash collect is the neighbour who pays you a generous rent for your garage, with a clause at the bottom of the contract: if his business fails, the garage becomes his. For years you collect and it feels like income; the day of the failure you understand you were not renting out a garage – you were insuring a business.

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6.3 The worst of, under the lens

The clause that decides the family's fate deserves its own section. Almost all recent conditional products rest on **worst of** baskets: three or four shares, and for premiums, barrier and redemption only **the worst performer** counts. Why do issuers love it? Because it multiplies the premiums: the probability that *at least one* of three stocks crashes is much higher than the probability that a single stock does — and riskier options to sell mean richer premiums to pass on to the client.

Numbers help one feel the effect. If each stock has, say, a 15 per cent probability of breaching the barrier in four years, and the three moved independently, the probability that at least one breaches it rises towards 39 per cent — more than doubled. In reality the stocks are correlated and the arithmetic is less brutal, but the direction is that; and issuers often choose baskets from different sectors precisely because **low correlation** — a virtue in ordinary investing — works against the holder here: the more independently the stocks dance, the easier it is for one to fall.

Practical rules, then. Count the underlyings: **every extra stock is extra risk**, not diversification. Judge the basket by the yardstick of its most fragile member: the certificate's solidity is that of its weakest link. And systematically distrust baskets that mix one "attractive", famous stock with volatile supporting actors: the famous one serves the brochure, the supporting actors serve the barrier.

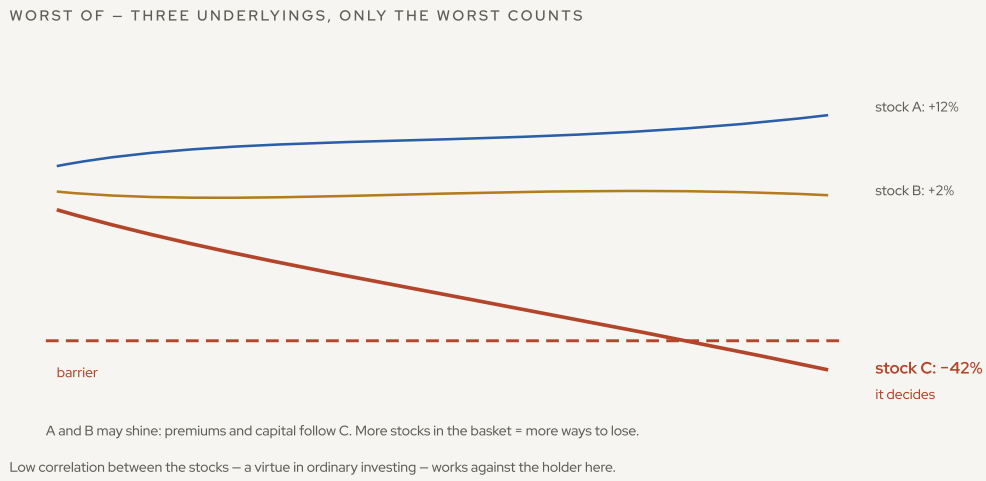

FIGURE 11 The worst of: only the worst performer counts Hypothetical example

6.4 Choosing within the family: the five-check grid

For those who, having understood everything, still want to evaluate a conditional product, the grid assembles the pieces already built:

- **Underlying and basket**: indices better than single stocks; few underlyings better than many; no weak links planted there to inflate the premium.

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- **Barrier**: European better than American; deep (50-60) better than lazy (75-80); measured from the current price, not from the strike.
- **Premiums**: with memory; and with an annual yield that stays sensible even in the early-autocall scenario, net of the KID's implicit costs.
- **Airbag and favourable clauses**: loss count starting from the barrier, autocall step-down — details worth percentage points.
- **Issuer and costs**: solid signature, entry costs in the KID under control, bid-ask spread observed on the secondary market.

And check zero, which precedes them all: **the size**. A well-chosen conditional product remains an instrument whose bad scenario costs 40-50 per cent: no grid makes it suitable for bond-sized weights. The share a prudent portfolio can devote to it is the one it could lose by half without changing its plans — for most savers, a few percentage points of the total. The rest is discipline, not analysis.

KEY TAKEAWAYS

- Bonus: a premium for not falling below the barrier, designed for sideways markets. A showy bonus on fragile barriers is a well-dressed trap.
- Cash collect and express: the income is conditional, the resemblance to bonds is the sales pitch — and the misunderstanding to dismantle.
- Worst of: the worst performer counts. Every extra stock multiplies the premiums because it multiplies the risk; low correlation works against you here.
- Check grid: underlying, barrier (European and deep), premiums with memory net of costs, airbag, issuer.
- Check zero: the size. The bad scenario costs half the capital: the right position is the one that can afford it.

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07 Replication, **by other roads.**

The least sold and most transparent family: certificates that replicate the underlying without a net, sometimes with an extra gear on the way up or a discount at the entrance. This chapter crosses it briskly — and explains why, for the job it does, a better tool almost always exists.

7.1 Benchmarks: replicating, simply

The **benchmark** certificate (or *tracker*) is the minimal structure: it replicates the underlying linearly — an index, a commodity, a thematic basket — with no barriers, no premiums, no protections. It rises 10 if the underlying rises 10, falls 10 if it falls 10. It is, in essence, the securitised brother of the ETCs and ETNs met in the ETP guide: same linear exposure, same nature of issuer debt.

That very comparison marks its perimeter. For underlyings covered by an ETF — broad equity and bond indices — the tracker is almost always **dominated**: the ETF is a fund with segregated assets (no issuer risk), costs a few basis points a year and is fiscally ordinary. The tracker keeps a job where the fund does not reach: niche underlyings, thematic baskets packaged to order, particular strategies — and, as for the whole certificate family, the redditi diversi tax regime that chapter 12 will put to work.

Reading the product is simple but not lazy: annual fees (trackers have them, written in the KID), treatment of dividends (normally withheld, as we know), and — always — the issuer's signature beneath the package.

7.2 Outperformance and discount: the two asymmetries

The two historical variants add an asymmetry to the tracker. The **outperformance** amplifies gains only: participation of 150 or 200 per cent above the strike, falls replicated one for one. The structure is financed — the reader of chapter 3 can guess — by surrendering the dividends and sometimes mounting a cap: it is a boosted bullish bet, sensible only for those with a strong conviction on a precise horizon who accept paying for it in flexibility.

The **discount** does the opposite: it buys the underlying **at a discount** — at 92 what quotes at 100 — in exchange for a ceiling on gains. If at maturity the underlying is above the cap, you collect the cap; if it is below, you still started from 92 rather than 100: the discount cushions small falls. It is the securitised

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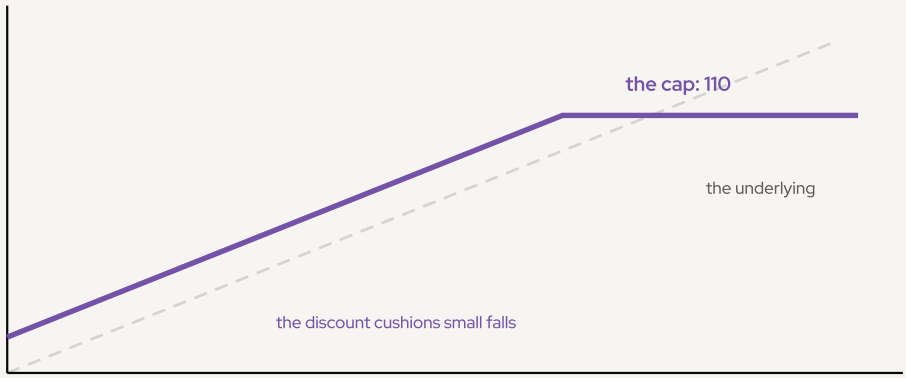
twin of a textbook options strategy (buying the stock while selling a call), useful in flat markets; its honesty is measured entirely in the ratio between the discount obtained and the cap endured.

For both, the alternative test applies: the sophisticated investor can build similar asymmetries with ETFs plus options, at visible costs; the unsophisticated one rarely needs asymmetries at all. The niche of legitimacy exists — tactical convictions, tax — but it is, precisely, a niche.

DISCOUNT — BUYING AT 92 WHAT QUOTES AT 100, WITH A CAP AT 110



The product's honesty lies entirely in the ratio of discount obtained to cap endured.

FIGURE 12 The discount profile — Hypothetical example for illustration

7.3 The place of the non-protected in this series

We close the family with the guiding criterion that has become this guide's refrain: **to each job its tool**. Linear exposure to broad markets: ETFs, for costs, segregation and simplicity. Exposure to uncovered niches: the tracker may be the only practicable vehicle, and then it is judged the way an ETN is judged — signature, costs, liquidity. Asymmetric bets: outperformance and discount are lawful packagings of derivatives ideas, to be handled only by those who would understand the idea outside the packaging too.

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There remains the fiscal thread, which for this family is often the real reason for existing in Italian portfolios: the proceeds of non-protected certificates are also **redditi diversi**, offsettable against prior capital losses — where the equivalent ETF generates instead non-offsettable investment income. An investor carrying a heavy tax-loss "backpack" may legitimately prefer the tracker to the ETF to absorb it, accepting issuer risk for the duration of the recovery in exchange. It is a calculation, not a dogma: chapter 12 will provide the numbers to make it.

KEY TAKEAWAYS

- Benchmarks replicate the underlying without a net: they are ETNs by another name, and for broad markets the ETF dominates them.
- Outperformance (amplified gains) and discount (discount against cap) are packagings of options strategies: legitimate for those who would understand the idea outside the packaging.
- Withheld dividends and the KID's fees are the family's silent cost.
- The frequent reason for being is fiscal: offsettable redditi diversi where the ETF generates investment income — a calculation to run with chapter 12's numbers.
- To each job its tool: the niche of the non-protected is real, but it is a niche.

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08 Leverage, **without a net.**

Turbo, mini future, constant leverage: the family that multiplies the underlying's moves — and the opportunities to get hurt. This chapter explains the two mechanisms (knock-out and daily reset), why these are instruments for hours and days, never for weeks, and who should not be offered them at all.

8.1 Turbo and mini future: leverage with a knock-out

Turbo and **mini future** certificates offer amplified exposure to an underlying — upwards (long) or downwards (short) — while committing only a fraction of its value. The mechanism: the instrument embeds a financing level and replicates the underlying above (or below) that level; the investor pays only the difference, and the underlying's moves land on that difference multiplied. With leverage 5, a +2 on the underlying is +10 for the certificate; a −2 is −10.

The clause that defines the family is the **knock-out**: if the underlying touches the barrier level — close to the financing level — the instrument **terminates immediately and forever**, with minimal or zero redemption value. This is not the European barrier of chapter 4: here one touch, at any moment, and the game is over. The knock-out protects the issuer (and, technically, the investor from debt: you never lose more than you paid in) but turns leverage into an elimination race: leverage 10 means that an adverse move of 10 per cent — routine business, for a single stock — wipes out the position without appeal, even if the underlying then rebounds.

> IN PLAIN WORDS
>
> Leverage with a knock-out is like driving down a corridor: the more you raise the speed (the leverage), the narrower the corridor gets. At leverage 10 the wall is a hand's width from your mirror: one pothole is enough — not a mistake, a pothole — and the race ends there, even if the road ahead was straight.

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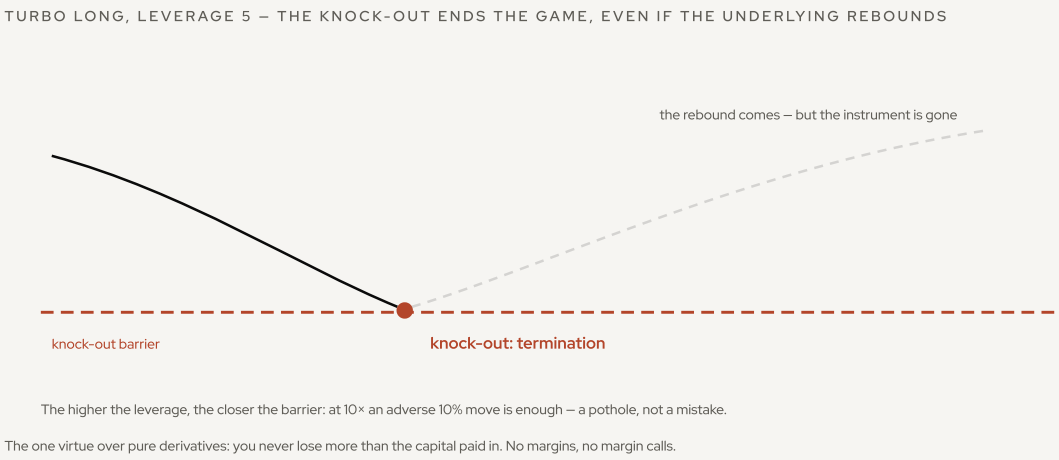

FIGURE 13 The knock-out — Hypothetical example for illustration

8.2 Constant leverage and the erosion of the reset

Constant leverage certificates promise every day an exact multiple of the underlying's *daily* change: ×3, ×5, ×7, long or short. The reader of the ETP guide recognises the mechanism of leveraged ETPs — and inherits the whole lesson: the **daily reset** means that over periods longer than a day the result diverges from the intuitive multiple, and in seesawing markets the divergence is systematically downwards. An underlying that does +10 and then −9.1 returns to its starting point; its ×5 version does +50 and then −45.5: and does not return at all — it is down 18 per cent.

At high leverage the erosion becomes ferocious: a few weeks of nervous markets are enough for a ×7 to lose half its value with the underlying essentially flat. These are instruments designed for **intraday trading** — this afternoon's clean bet — and every other use is a misunderstanding the market punishes with punctuality.

The difference from turbos and mini futures must be understood: constant leverage has no knock-out to switch it off, but the erosion consumes it; the turbo does not erode the same way, but the knock-out strikes it down. There is no "safe" leverage: there are two different ways of paying for the same impatience.

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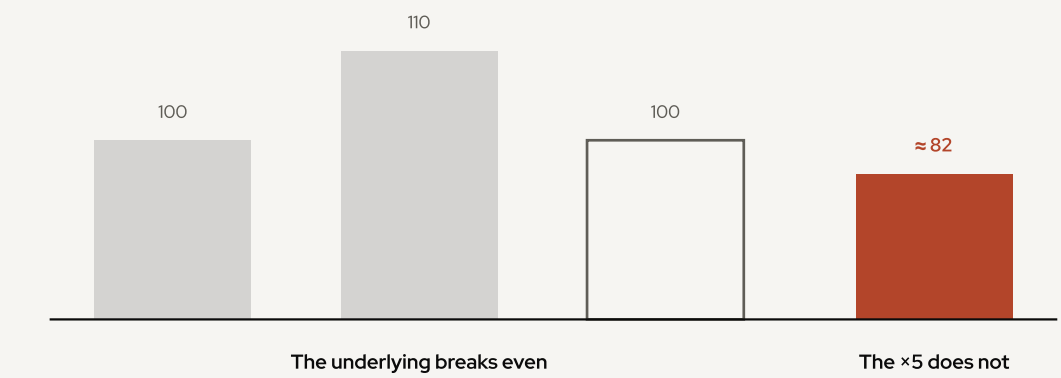

FIGURE 14 The erosion of constant leverage

Hypothetical example

8.3 The honest perimeter of use (and it is narrow)

This series does not moralise about instruments: it records their jobs. The job of leverage exists — experienced operators hedging positions for a few days, traders managing risk with strict stops and amounts they can afford to lose entirely — and leverage certificates serve it with one real virtue over pure derivatives: **the maximum loss is the capital paid in**, no margins, no margin calls.

Outside that perimeter, the numbers speak one language: supervisory authorities' studies of retail accounts trading leveraged instruments show robust majorities — between 74 and 89 per cent of accounts, according to the national authorities' analyses gathered by ESMA in 2018 on CFDs, leveraged instruments of the same family — of clients losing money. Not through bad luck: by construction. High leverage plus the wrong horizon plus frequent trading costs is arithmetic, not an adverse fate.

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The position of this guide, from an independent adviser, is therefore simple: **leverage certificates are not investment instruments** — they are trading instruments, and trading is a craft most savers have no need whatsoever to practise. Whoever practises it anyway should do so with money whose total loss has already been accepted from the start, on horizons of hours or days, and with the discipline of closing positions — not of hoping for them.

KEY TAKEAWAYS

- Turbo and mini future: leverage with a knock-out — a single touch of the barrier, at any moment, terminates the instrument forever.
- Constant leverage: the multiple holds for a single day; the daily reset erodes value in seesawing markets, and at high leverage the erosion is ferocious.
- There is no safe leverage: knock-out and erosion are two different ways of paying for the same impatience.
- The real virtue over pure derivatives: you never lose more than you paid in — no margins, no margin calls.
- Trading instruments, not investments: horizons of hours or days, amounts you can write off, discipline in closing. For everyone else: walking away is the right strategy.

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III

PART THREE · CHAPTERS 9–13

Informed **use.**

The practice of buying, the map of risks and the place — small, but real — of these instruments in a portfolio. With the tax chapter that guards their true advantage, and the closing glossary.

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09 From placement **to portfolio.**

Placement or secondary market, SeDeX or Cert-X, KID and limit orders: the practice of buying, with the habits that protect the outcome. And one golden rule worth the whole chapter on its own: the moment a certificate is offered to you is rarely the best moment to buy it.

9.1 The two doors: placement and secondary market

Certificates are entered through two doors. The first is the **placement**: for a few weeks the bank offers the new product, at full price (100), through its networks and platforms. It is the door through which the great majority of the public enters — and it is, as chapter 3 documented, the most expensive: inside that 100 live the implicit costs, typically from 2 to 5 per cent, which the KID declares and the price conceals.

The second door is the **secondary market**: from listing day, the certificate is bought and sold on the exchange like a share, at the market maker's price. Once the placement phase is over, prices tend to realign towards the package's value: the very same product is often found, a few weeks later, at 97-98 — and thousands of "used" certificates, with shorter residual lives and terms now known, quote at a discount every day.

The practical rule that follows is counterintuitive only for those who skipped chapter 3: **the secondary market before the placement**. Whoever wants a structure almost never needs the freshly issued one: the market carries similar ones, already discounted of their implicit cost, with barriers measurable against current prices. The placement offer deserves the most useful question in retail finance: "why exactly this one, and why exactly now?" — and the honest answer, almost always, contains the word "commissions".

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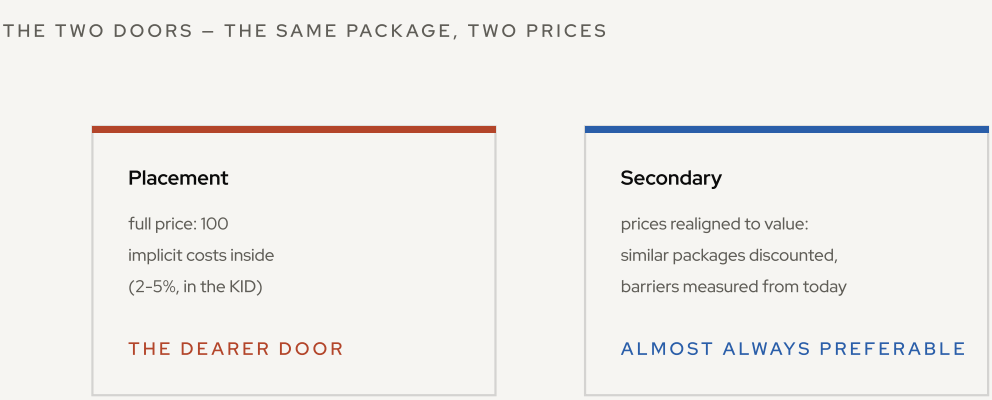

FIGURE 15 Placement and secondary market — Illustrative diagram

9.2 Where they trade: SeDeX and Cert-X

Certificates are listed on two markets of Borsa Italiana: the **SeDeX**, the historical list for securitised derivatives, and the **Cert-X** segment of EuroTLX, where most network-placed issues land. For the investor the difference is organisational rather than substantive: both work with the single market maker of chapter 3, both are reachable from any securities account, with continuous trading hours.

The operating habits mirror those learned with bonds, adapted to a single-counterparty market. **Orders always with a price limit**: a certificate's order book often carries only the market maker's quotes. Since March 2026 SeDeX and Cert-X no longer accept orders without a limit; the rule still holds – for the "at best" orders of trading platforms and for every other venue. **Spread observed before buying**: half a point is physiological, beyond a point it is a toll that needs justifying. **Timing**: avoid the open, the close and the hours when the underlying's market is shut – a certificate on American stocks, on an Italian morning, quotes blind and the spread says so. **Quantity**: the market maker quotes limited sizes; for large amounts, several orders are better than one.

9.3 The checklist before the order

Let us gather the guide's path into a sequence to run – in order – before every purchase:

- **ISIN at hand and KID open**: structure, scenarios, costs. If the KID cannot be found or understood, the evaluation is already over.
- **The signature**: who issues, with what rating, and how much wealth I already hold with that bank across accounts, deposits and securities.

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- **The underlying**: would I buy it on its own? If the worst of contains a stock I would never want in my portfolio, the certificate does not make it better — it hides it.
- **Barrier and distances**: type (European?), level, and distance *from the current price* of each underlying.
- **Return in the realistic scenario**: annualised on actual time (autocall!), net of implicit costs, compared with the BTP of equal horizon — the measure of all things.
- **The two-sentence test**, inherited from the bond guide: if I cannot explain to another person in which scenarios I lose and how much, it is not a security to own.
- **The size**: the one for which the worst scenario is a nuisance, not an injury.

Seven lines that filter, in experience, nine offers out of ten. The tenth may be a good purchase.

KEY TAKEAWAYS

- The placement is the expensive door: the implicit costs live in the full price. The secondary market offers the same packages already discounted.
- SeDeX and Cert-X run on a single counterparty: orders always with a limit, spread observed, right timing (never with the underlying's market closed).
- The question that disarms the offers: why exactly this one, and why exactly now?
- Checklist: KID, signature, an underlying I would buy on its own, barrier measured from today, effective net return against the BTP, two-sentence test, size.
- Nine offers out of ten do not pass the filter. That is fine: the tenth exists.

Invested capital is at risk: its value can fall as well as rise.

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10 Knowing the risks, **to weigh them.**

Certificates concentrate in a single instrument almost every risk met in the first two guides of this series — plus two all their own: complexity and conflict of interest. This chapter lines them up with the complete map, because here too the usual rule holds: the only risk never rewarded is the one you did not know about.

10.1 Issuer risk, with no mitigating circumstances

The first risk is that of chapter 1, and on certificates it weighs without the mitigations that soften it elsewhere. An ETF has segregated assets; a bond has (sometimes) collateral and (always) a declared rank; the certificate is normally a **senior unsecured** claim on the issuer (or its guarantor), inside the perimeter of the **bail-in**. If the signature wavers, the formula — protections included — wavers with it; if the signature falls, the certificate is a claim like any other.

The defences are familiar but must be applied *to certificates*, where habit forgets them: first-class issuers even at the cost of leaner premiums; **total concentration** per bank computed by adding accounts, deposits, bonds and certificates; and extra suspicion when an above-market premium is not explained by the structure — sometimes the market is pricing the signature, not the barrier.

10.2 Market risks: barrier, worst of, early exit

The heart of the conditional products' market risk is the **step** of chapter 4: above the barrier zero losses, below the barrier equity-crash losses — often from 40 per cent up, because when a deep barrier gives way, it gives way on a genuine collapse. The **worst of** multiplies the roads leading to the step; the underlying's **volatility** measures the speed at which they can be travelled.

To this is added the risk of **early exit**, the same as for bonds but amplified: the price of a certificate before maturity discounts underlying, volatility, rates and credit together (chapter 3), and in moments of stress all four row against you. Whoever is forced to sell a conditional product during a crisis typically sells at prices that discount *more* than the damage later realised at maturity: the market charges for the uncertainty, not just the loss. The defence is one alone and must be taken seriously: **money that can reach the end** — on these instruments the horizon is not a preference, it is a structural requirement.

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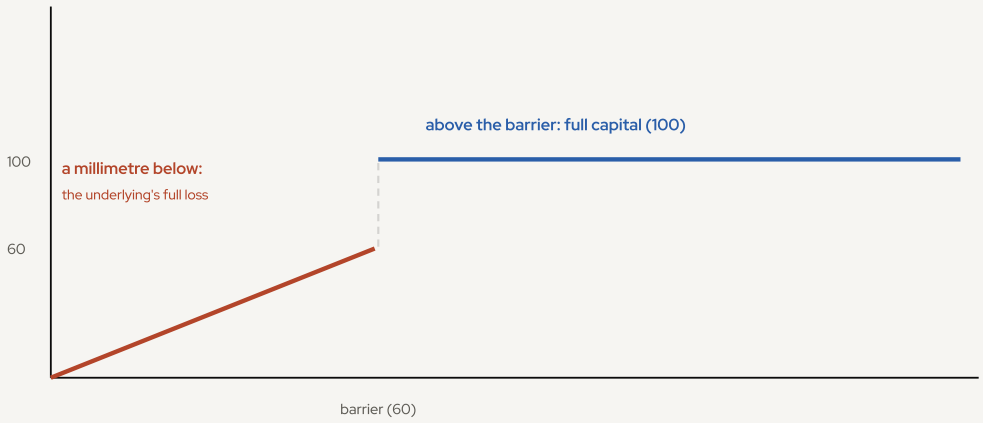
IN PLAIN WORDS

Selling a certificate during a storm is like selling a house while the flood is still rising: the price discounts not only the damage already visible, but all the damage the buyer can imagine. When the storm is over, half of that damage will never have happened — but the proceeds of whoever sold in the middle stay what they were.

THE STEP — REDEMPTION AT MATURITY OF A CONDITIONAL PRODUCT (BARRIER 60)



From zero to −40% in one step: the steepest stair in the market. Airbag clauses soften it — look for them in the term sheet.

FIGURE 16 The barrier step

Hypothetical example for illustration

10.3 Complexity and conflict: the two family risks

There remain the two risks certificates share with no one. The first is **complexity** itself: every clause is a point where one can misunderstand — barriers observed differently from what was believed, triggers different from the barrier, worst of mistaken for an average, autocall ignored in return calculations. The case history of disputes and complaints is made more of misunderstandings than of frauds: the product did exactly what was written — which was not what the client had understood.

The second is the **structural conflict of interest**, running through the whole chain: the issuer builds the formula and keeps its margin; the network that recommends collects the placement commission; the market maker that makes the prices is the issuer itself. No step is unlawful, all are disclosed in the documents — but the sum sketches a market in which **every counterparty of the investor earns at the moment the investor buys**, regardless of how things turn out. It is why the question "who is offering me this, and what do they earn from it?" is not rudeness: it is financial analysis.

The two defences resemble each other: **education and independence**. Education is this guide and the discipline of the KID; independence is being advised by someone who earns nothing from the product advised — the trade, for transparency, of the author of this series.

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10.4 The risk map, family by family

The table closes the chapter as in the sister guides:

FAMILY	ISSUER	MARKET	LIQUIDITY	SPECIFIC RISKS
Capital-protected	Full	Low at maturity, medium in between	Single market maker	Inflation; opportunity cost; cap
Conditionally protected	Full	The barrier step; worst of	Single market maker; spread in stress	Complexity; autocall; reinvestment
Non-protected	Full	Full, like the underlying	Single market maker	Withheld dividends; fees
Leverage	Full	Amplified	Normally good (trading instruments)	Knock-out; reset erosion; turnover costs

TABLE 1 The risk map by family

To be read with the usual warning: "full" does not mean "likely" — it means that channel exists and is not mitigated. And with the closing note of the whole series: risks are not avoided, **they are chosen**. In certificates many are chosen at once: that is legitimate, provided the yield on offer pays for them all — and provided the position's size respects the worst of them, not the most likely.

KEY TAKEAWAYS

- Issuer risk without mitigations: a senior unsecured claim, inside the bail-in. Concentration is computed per bank, adding everything up.
- The barrier step is the heart of market risk: above it zero, below it equity-crash losses. The worst of multiplies the roads.
- Whoever sells during stress pays underlying, volatility, rates and credit together: the horizon is not a preference, it is a requirement.
- The two family risks: complexity (more is lost to misunderstanding than to fraud) and the chain-wide conflict of interest.
- In certificates many risks are chosen at once: the yield must pay for them all, the size must respect the worst one.

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11 A tool, **not a faith.**

After ten chapters of mechanisms and cautions, the real question: what are they for? This chapter separates the three legitimate uses from the three most common misunderstandings, and delivers the criterion that holds up the whole series: first the job, then the tool — and a complex tool must beat the simple alternative, not merely exist.

11.1 The three legitimate uses

Marketing aside, certificates do three jobs well.

The fiscal recovery of capital losses. It is the most solid and most specifically Italian use: whoever carries a "backpack" of expiring capital losses can deploy instruments whose proceeds — premiums included — are redditi diversi and absorb it, where bond coupons and ETF gains can do nothing. Chapter 12 runs the numbers in full; here the principle must be stated: it is a use to be sized on the backpack, with prudent structures and horizons consistent with the fiscal deadlines — not a licence to buy risk.

The reshaping of the equity profile. A prudent conditional product — deep European barrier on a broad index — turns "I gain if it rises" into "I gain if it does not crash": for those with a sideways or moderate view of the markets, it is a profile genuinely different from what shares and bonds offer, and do-it-yourself options are not for everyone. It is the noble use of the bonus and cash collect family, on the terms of chapter 6's grid.

Packaged protection at a fixed date. The equity protection of chapter 5, for untouchable capital with an appetite for the markets: an honest package when rates allow it and costs do not devour it.

11.2 The three misunderstandings to dismantle

Symmetrically, three widespread uses this guide advises against by name.

The bond substitute. "It yields more than the BTP" is sales argument number one, and misunderstanding number one: the extra premium pays for equity risk on the worst of a basket, not for creditworthiness. Whoever wants bond income has the sister guide; whoever buys cash collects for that reason will

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discover the difference at the worst possible moment.

The income to live on. Building a family's income on conditional premiums means building it on flows that stop precisely when markets — and often the rest of the wealth — are suffering, and on instruments the autocall switches off and forces you to replace on worse terms. Income is built on maturities and contractual coupons; conditional premiums are, at best, the supplement one can do without.

The recovery of a losing position. Buying leverage or aggressive structures "to win it back" is the most expensive psychological shortcut in retail finance: it raises the risk exactly when the capacity to bear it has already been consumed. Losses are recovered with time and method — or fiscally, with the backpack: never by doubling the stake.

11.3 How much, how, with whom: the rules of engagement

For those who, having read the uses, decide certificates deserve a place, the series' rules of engagement adapt as follows.

- **The overall size**: the sum of investment certificates rarely deserves more than a contained fraction of the portfolio — an order of magnitude: within ten per cent, and inside that limit each single structure at the weight its worst scenario allows.
- **True diversification**: by issuer (the signature!), by underlying, by maturity. Five cash collects on the same index with the same bank are one position, not five.
- **The position register**: barriers, triggers, observation dates and current levels of the underlyings, kept up to date — because these instruments must be watched, not forgotten. Whoever cannot be bothered to keep it has already answered the question of whether certificates are for them.
- **The right adviser**: on no other instrument does the difference between who advises and who places weigh as much as here. A certificate proposed by someone who collects its commissions should be listened to the way one listens to a salesman: with respect, and with a calculator.

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And the final criterion, which is the refrain of the entire series: **every certificate must win a comparison**, declared and written down, against the simple alternative — the BTP, the ETF, the combination of the two. If the comparison has never been made, it is not an investment: it is a purchase.

KEY TAKEAWAYS

- Three legitimate uses: fiscal recovery of the loss backpack, reshaping of the equity profile (gaining "if it does not crash"), packaged protection at a fixed date.
- Three misunderstandings: the bond substitute, the income to live on, the recovery of a loss by doubling the risk.
- Size: a contained fraction of the portfolio, diversified by issuer, underlying and maturity. Five identical structures are one position.
- Certificates must be watched: a register of barriers, dates and current levels. Whoever will not keep it has the answer already.
- Every certificate must win a written comparison with the simple alternative: otherwise it is not an investment, it is a purchase.

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12 Settling up **with the taxman.**

If certificates have a true competitive advantage, it is written here: in their tax treatment. All their proceeds — premiums included — are redditi diversi, the category that offsets capital losses. This chapter explains the rule, the distinction it rests on, the shrewd use of the loss backpack, the "maxi-coupon" products born for the purpose — and the boundaries beyond which the advantage becomes an alibi.

12.1 The rule that changes everything: all of it is redditi diversi

Readers of the first two guides know by now the two drawers of the Italian tax system: **redditi di capitale** (investment income: bond coupons, dividends, ETF gains), which never offset anything, and **redditi diversi** (miscellaneous income: trading gains and losses), the only drawer where capital losses find employment. The classification of certificates is their decisive fiscal feature: as securitised derivative instruments, **all their proceeds fall into the redditi diversi drawer** — the gains from trading and redemption, obviously, but also **the periodic premiums**, provided they are conditional.

The practical consequence is unique among listed instruments: the quarterly premium of a cash collect can **offset a prior capital loss** — something no BTP coupon, no dividend and no ETF gain will ever be able to do. For anyone carrying a loaded tax backpack (an old loss on shares, a fund sold badly), certificates are in effect the only listed channel that turns yesterday's losses into today's lower taxes, collecting an income stream in the meantime.

The rate is the ordinary **26 per cent** — on what, after offsetting, remains taxable. And one detail is worth knowing: the rate stays 26 **whatever the underlying** — even a certificate on BTPs or on foreign government bonds pays 26, because for tax purposes you own the certificate, not the underlying. The favourable 12.5 does not pass through the package.

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IN PLAIN WORDS

Picture the tax backpack as a bag of discount tokens that expire after four years. BTP coupons and ETF gains go through the till where tokens are not accepted. Certificates go through the only till that takes them: every premium and every gain pays first with tokens, and only the excess pays in cash.

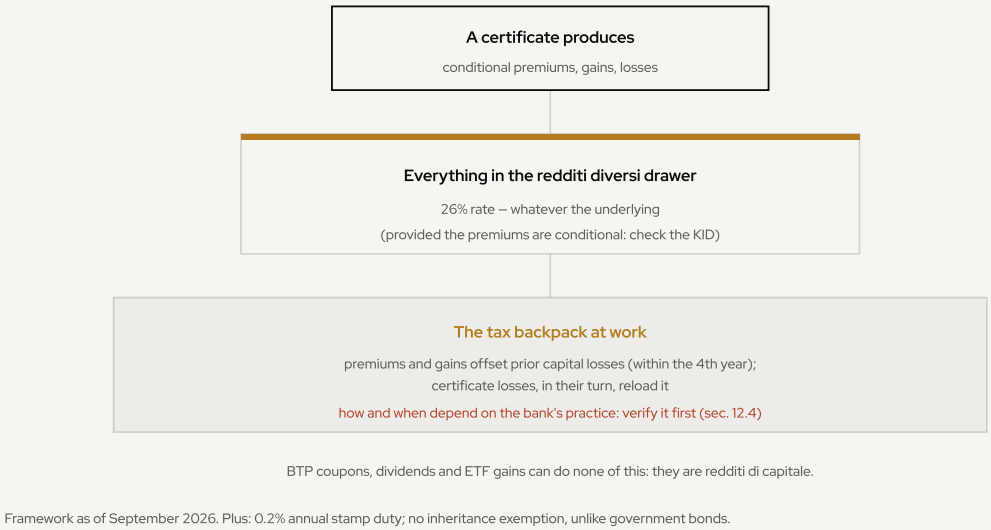

FIGURE 17 The fiscal path of certificate proceeds — Legal framework as of September 2026

12.2 The distinction the rule rests on: conditional or guaranteed

The rule has a precise foundation worth knowing, because it marks out the field. According to the tax administration's practice, a periodic payment is *reddito diverso* when it is **aleatory** — when its collection depends on a condition that may fail to occur, such as the underlying standing above the trigger on an observation date. If instead the premium is **certain and unconditional**, promised however the market goes, its nature reverts to that of interest: **reddito di capitale**, not offsettable.

This is why nearly all Italian investment certificates mount conditional premiums, sometimes with the easiest of conditions (very deep triggers): the condition, beyond its financial role, **safeguards the tax regime**. For the investor the discipline is one: verify in the documentation — KID and Final Terms — that the premiums are formally conditional, and distrust the seller who settles the question by word of mouth. On mixed products (an initial guaranteed premium plus conditional ones), the two flows each go their own way, and the custodian bank treats them separately.

Under the **regime amministrato** (the administered regime, in which the bank acts as tax agent) — nearly everyone's — the bank does the sums: it applies taxes at every event, draws on the backpack when there is room, pays what is due. But exactly here hides the most treacherous variable of the entire

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chapter, one no statute writes down: **not all banks do the same sums**. The next section is devoted to it in full.

12.3 The backpack at work: the arithmetic of offsetting

Let us put in the numbers. An investor carries in the backpack **€8,000 of capital losses** realised in 2024 by selling an equity fund at a loss: they are valid, as a credit, until 31 December 2028. Into their account come €50,000 of a prudent cash collect with conditional premiums of 4 per cent a year.

- **Year 1**: premiums of €2,000. Redditi diversi: they offset 2,000 of backpack. Tax: zero (instead of the 520 that bond coupons of equal amount would have paid).
- **Years 2-4**: same film, until the 8,000 are absorbed. Cumulative benefit: 8,000 × 26% = **€2,080 of taxes saved** — about one point of extra net return a year (4.16 per cent cumulative over four years) on the investment, all else equal.
- **If the barrier then gave way**, with redemption at 60: the loss of 20,000 would itself be a capital loss — reddito diverso — reloading the backpack for another four years, offsettable against future proceeds (from other certificates too, from shares, from bonds sold at a gain).

Two cautions keep the sums honest. First: offsetting recovers **26 per cent** of the loss, not the loss — whoever lost 8,000 recovers 2,080, not 8,000: the backpack sweetens losses, it does not cancel them. Second: **the taxman must not choose the investment** — a bad certificate bought for its tax regime remains a bad certificate; the tax regime chooses, if anything, *which* of two equally good instruments to prefer while the backpack weighs.

12.4 The asymmetry between banks: the variable no statute writes

On paper, the fiscal path of the premiums is one. In practice it is not: **the law does not expressly regulate the treatment of certificate coupons**, and in the absence of unambiguous instructions each custodian bank — which under the administered regime is the operational judge of every calculation — has developed its own practice. Two opposite methods coexist on the market.

The first is **immediate offsetting at payment**: the bank treats the premium as reddito diverso the moment it is collected — it offsets it at once against the losses in the backpack, and leaves the certificate's tax cost basis unchanged. This is the method described so far, the one the previous section's examples rest on.

The second is **deferred offsetting**: the bank neither taxes (nor offsets) the premium on collection, but **reduces the certificate's tax cost basis** by the same amount. The reckoning with the taxman thus slides to the sale or the maturity: only then does the entire difference — inclusive of the premiums progressively deducted — become a gain or a loss. The final result, over the instrument's whole life, tends to coincide; **the timing does not** — and it is on timing that offsetting strategies live.

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The most concrete consequence concerns precisely the maxi-coupon products of the next section: whoever buys them in December to absorb losses **expiring at year-end** at a bank applying the deferred method discovers — too late — that the maxi-premium has offset nothing: it has only lowered the cost basis, postponing the fiscal effect to a sale that will happen when the backpack has already evaporated. **The entire strategy works or fails depending on the bank where the account sits** — with the same instrument, the same rules and the same intentions.

The operational discipline, then: **before** building any fiscal strategy on certificates, ask your bank — in writing, or by checking the statement after a first trial payment — how it treats the premiums: offsetting at payment, or reduction of the cost basis? And after every significant payment, check the backpack statement: it is the only document that says, in black and white, whether the offsetting actually happened. On significant amounts, prior verification with your adviser and with the bank's tax office is not pedantry: it is the difference between a strategy and a hope.

> IN PLAIN WORDS
>
> Two tills in the same supermarket, same discount tokens, same shopping: one till takes the tokens now, the other notes them on a slip and will count them "at your next big shop". If the tokens expire tonight, at the first till you truly saved; at the second you merely handed over tokens that tomorrow will be worth nothing.

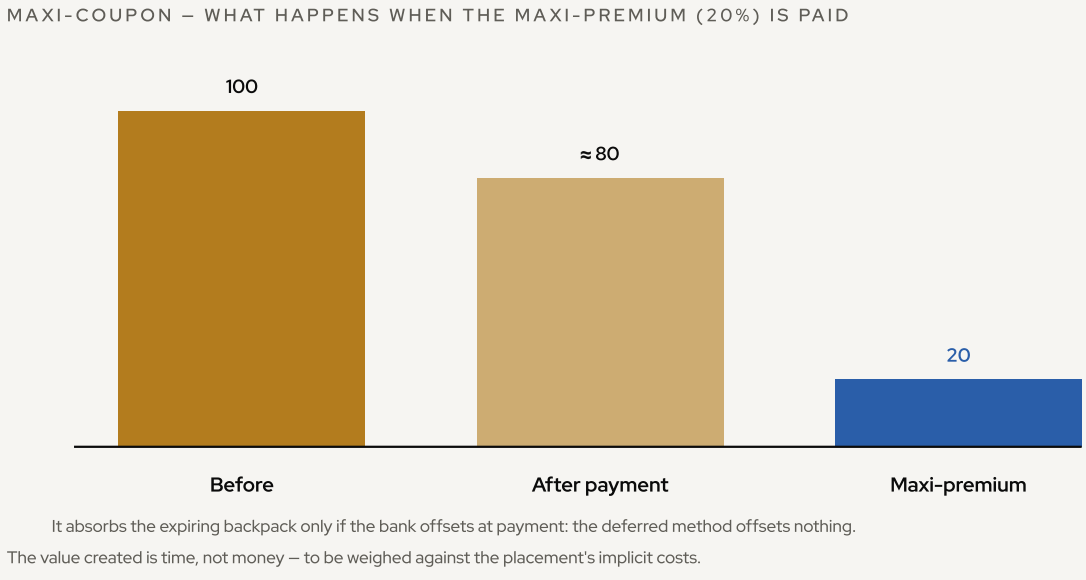

FIGURE 18 The maxi-premium mechanism — Hypothetical example

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12.5 The maxi-coupons: the declared tax machine

The market has produced a category born expressly for the backpack: **maxi-coupon** certificates. The structure: a very large first premium — 15, 20, even 25 per cent — paid a few weeks after issue, followed by small ordinary premiums. The declared purpose: to deliver in one stroke a large reddito diverso to those with losses **expiring at year-end**, which would otherwise evaporate. Beware of one decisive clause: many maxi-premiums are declared **unconditional** — paid whatever the underlying does. Under the aleatoriness rule set out at the start of this chapter, a certain premium is a reddito di capitale, and on this point custodian banks do not all do the same sums: some offset it, others do not. The maxi-coupon that serves the backpack is the one whose maxi-premium is formally conditional (often on a very low threshold) — and even then your own bank's practice must be verified beforehand, as the previous section says.

The mechanism must be understood to the bottom, because it is not a free lunch: the maxi-premium is not return — it is an **early restitution of value**. On payment day, the certificate drops in price by roughly what it paid out (like a share going ex-dividend): whoever collected 20 is left holding a security quoting around 80, with a *latent* loss of equal size that will materialise at sale or maturity — reloading the backpack for another four years. The game, then, is a **deferral**: you burn the backpack expiring today and generate a new one with a distant expiry, gaining four years of time to absorb it calmly. Extremely useful, when needed; but the value created is time, not money — and it must be weighed against the placement's implicit costs, which on these products tend to be generous, because the issuer knows it is selling a tax service, not just a structure.

Rule of engagement: maxi-coupons are evaluated **in December, with the backpack in hand and a calculator** — how much expires, how much the maxi-premium absorbs, how much the package costs — and with the same quality grid as any other conditional product: the tax clause does not turn a fragile barrier into a robust one. And over everything weighs the verification of the previous section: **with a bank that offsets on a deferred basis, the maxi-coupon does not absorb the expiring backpack** — the whole purchase loses its reason for being before it is even executed.

12.6 Stamp duty, regimes and inheritance: the rest of the picture

The administrative frame mirrors that of the sister guides, with one final difference that weighs. The **stamp duty** is the usual one: 0.2 per cent a year on market value, charged by the bank. The **regime amministrato** remains the default choice — with certificates, more than ever: computing offsets and withholdings on conditional premiums under the self-declaration regime is a job for professionals, and whoever operates on foreign platforms without a withholding agent must factor that in, together with the quadro RW (the Italian tax return's foreign-assets disclosure form).

The final difference concerns **inheritance**: certificates **enjoy no exemption** — they enter the estate at market value and count towards inheritance tax, allowances permitting. The comparison with government bonds, excluded from the tax, thus adds one last element to the scales: for wealth above the

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allowances and with generational transfer in view, the BTP brings a succession advantage the certificate does not have — a point commercial proposals never mention and serious planning puts in the ledger.

The rules described are in force as of September 2026. The reform that would have merged redditi di capitale and redditi diversi into a single offsettable category, provided for by the 2023 enabling law, was never enacted: the delegation expired on 29 August 2026 without that decree. Should it one day return in a new law, it would cut down precisely the competitive advantage this chapter describes — losses would become offsettable against everything, and certificates would lose their exclusivity. One more reason to use the backpack while the rules are these, and never to found on a tax regime — changeable by definition — a strategy that would not stand on its own.

KEY TAKEAWAYS

- All certificate proceeds — conditional premiums included — are redditi diversi: the only listed periodic income that offsets prior capital losses.
- The foundation is aleatoriness: conditional premium = reddito diverso; guaranteed premium = reddito di capitale. Verified in the KID, not by word of mouth.
- The rate is always 26 per cent, whatever the underlying: the 12.5 of government bonds does not pass through the package.
- Offsetting recovers 26 per cent of the loss, not the loss: the backpack sweetens, it does not cancel. And the taxman must not choose the investment.
- The variable no statute writes: each bank applies its own practice — offsetting at payment, or reduction of the cost basis. Verify it BEFORE, in writing or on the statement.
- Maxi-coupons buy time: they burn an expiring backpack and generate a new four-year one. But with an unconditional maxi-premium, or a bank offsetting on a deferred basis, they absorb nothing: the strategy depends on the account, not just the instrument.
- No inheritance exemption: on generational transfer, government bonds keep an advantage certificates do not have.

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13 The words **of certificates.**

The words of certificates, in alphabetical order and in plain English. Many come from the issuers' commercial jargon: here they are translated into what they really mean for the money of whoever meets them.

13.1 A–B

ACEPI. The Italian association of certificate issuers: its classification into four families (protected, conditionally protected, non-protected, leverage) is the one used in this guide.

Airbag. Clause under which, once the barrier is breached, the loss count starts from the barrier itself rather than from the strike: it softens the step.

Autocall (automatic early redemption). Early termination of the certificate if, on an observation date, the underlying stands above the set level. It makes the life an interval and works in the scenarios favourable to the issuer.

Barrier. The level of the underlying below which the conditional protection vanishes. *European*: observed only at maturity. *American* (or continuous): observed at all times — one touch is enough.

Benchmark (tracker). Certificate replicating the underlying linearly, with no protections and no premiums.

Bonus. Certificate paying at maturity at least a preset premium if the barrier has held; in the *cap* version, with a ceiling on gains.

13.2 C–D

Cap. The ceiling: the maximum level of redemption or participation. It makes the structure cheaper by giving up the best scenarios.

Cash collect. Certificate with periodic conditional premiums (normally with memory) and a barrier at maturity; almost always with autocall. The most typical structure of the Italian market for conditional products.

Certificate (investment certificate). Security issued by a bank whose redemption follows a formula tied to an underlying: derivatives packaged into a tradable instrument. The buyer is a creditor of the issuer.

Constant leverage. Certificate replicating each day a multiple of the underlying's daily change; the daily reset erodes its value in seesawing markets.

Digital. Certificate paying fixed premiums when a condition is met (underlying above a threshold), all-or-nothing.

Discount. Certificate buying the underlying at a discount in exchange for a ceiling on gains: useful in flat markets.

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13.3 E–K

Equity protection. Capital-protected certificate: at maturity it returns at least the preset percentage of face value, plus a participation in the gains.

Express. Certificate built around the autocall: if the underlying stands above the level on the observation date, it redeems early with a premium.

Final Terms. The prospectus document with every detail of the single issue: levels, dates, conventions. With the KID, the source that counts.

Implicit cost. The difference between the placement price and the package's theoretical value (typically 2-5 per cent), declared in the KID under entry costs.

Issuer. The bank that issues the certificate and signs its promises. Its failure overwhelms the formula: the risk that precedes every other.

KID. The key information document: three standardised pages with structure, performance scenarios, risks and costs. The first compulsory read — and often the last one needed.

Knock-out. In leverage certificates, the immediate and definitive termination of the instrument when the barrier is touched.

13.4 M–Q

Market maker. The operator — normally the issuer itself — obliged to quote bid and ask prices on the certificate: it guarantees liquidity and, in practice, makes the price.

Maxi-coupon. Large initial premium (15-25 per cent) designed to absorb expiring capital losses: an early restitution of value, not return. It absorbs the backpack only if it is conditional and if the bank offsets at payment: the practice must be verified beforehand.

Memory effect. Missed conditional premiums are not lost: they accumulate and are all paid at the first favourable observation. It recovers premiums, not capital.

Mini future. Leverage certificate with a financing level and a knock-out, without a preset maturity; the leverage varies with the underlying.

Observation (date). The day the underlying is photographed to decide premiums, autocall or barrier. Between observations, for many structures, the photograph counts and not the film.

Outperformance. Certificate amplifying only the underlying's gains (participation above 100 per cent), falls one for one.

Participation. The percentage of the underlying's moves credited to the holder.

Premium (conditional coupon). The periodic payment subject to a condition: fiscally a reddito diverso, offsettable — the instrument's distinguishing feature.

Quanto. Clause neutralising currency risk in certificates on foreign-currency underlyings: paid for in yield, collected in currency peace of mind.

13.5 S–Z

SeDeX and Cert-X. The two Borsa Italiana markets where certificates are listed: continuous trading with an obliged market maker.

Step-down. Autocall level declining over time: it makes early redemption progressively more likely. A clause in the holder's favour.

Strike (initial value). The underlying's price photographed at issue: the base from which barriers, triggers and performance are computed.

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Tax backpack (zainetto). The credit from prior capital losses, valid until the fourth following year: certificate proceeds are the only listed periodic income that can absorb it (gains on sales absorb it too, but they are not a flow) — with timing and methods that depend on the custodian bank's practice.

Trigger. The threshold conditioning the premium's payment: it may coincide with the barrier or sit higher.

Worst of. In baskets, the clause under which only the worst underlying counts: it multiplies premiums and risk together. The most important and least understood clause in the market.

Turbo. Leverage certificate with a knock-out: amplified replication of the underlying above (long) or below (short) the financing level.

Underlying. The asset the formula depends on: share, index, basket, commodity. The certificate's risk is its risk, filtered through the clauses.

KEY TAKEAWAYS

- Commercial names change, clauses do not: barrier, trigger, memory, autocall, worst of describe any product better than any brochure.
- When a word gives you pause, the answer is here; when the answer is not enough, the KID and the Final Terms have the last word.
- No glossary replaces the two-sentence test: knowing how to say in which scenarios you lose, and how much.

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PARTING WORDS

The formulas are **only the beginning.**

This guide ends here; the decisions do not. A certificate is a formula written by others — and now you can read it. But a formula well read is not yet a choice: it becomes something only in the service of a plan, with a precise job, the right size and a comparison won against the simple alternative.

If, while reading, questions emerged about your own situation — whether that product in your portfolio should be kept or sold, how much your tax backpack is really worth, what place these instruments can have alongside bonds and ETFs — it is the sign that the most useful part of the work begins now.

A confidential conversation, with no obligation, is the simplest way to find out together. The contacts are on the last page.

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To be read, **before deciding.**

This guide has an exclusively educational and informational purpose. It does not constitute investment advice, a personalised recommendation, a solicitation of public savings or an offer of financial instruments. Investment decisions should be taken only after an assessment of one's personal situation — objectives, time horizon, capacity to bear losses — if necessary with the assistance of a professional.

Invested capital is at risk. The value of any investment can fall as well as rise; past performance is not indicative of future results. Conditionally protected certificates can entail losses equal to those of the underlying; leveraged instruments can go to zero and the entire invested capital can be lost rapidly: they are not suitable for the generality of savers.

The data and rules cited are updated to September 2026, unless otherwise indicated. Legislation — tax legislation in particular — changes over time: before any decision it is worth verifying that the framework described is still current. Market data come from public sources believed to be reliable (ACEPI, Borsa Italiana, supervisory authorities), which are not, however, guaranteed.

No specific issuer or product is recommended in this guide; structures and clauses are described in generic form. The numerical examples are hypothetical and serve only to illustrate the mechanisms described. The photographs on the part pages come from Wikimedia Commons (CC0 and public-domain licences).

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A first confidential conversation, with no obligation, to understand where to start.

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