

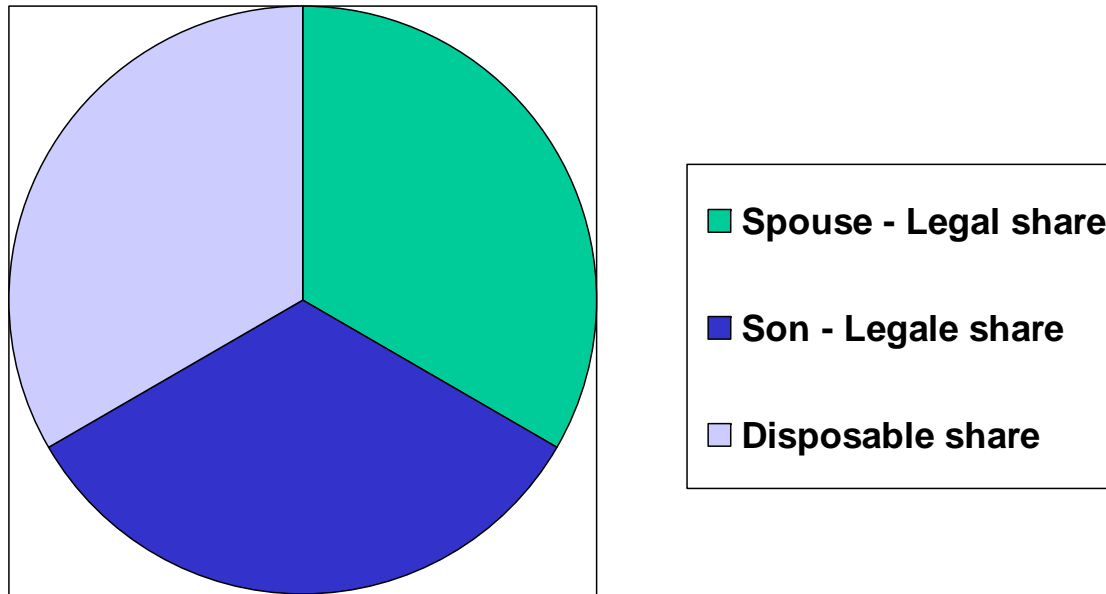


**The family protocols
How to guarantee the generational
continuity in the Concern**

an Italy perspective

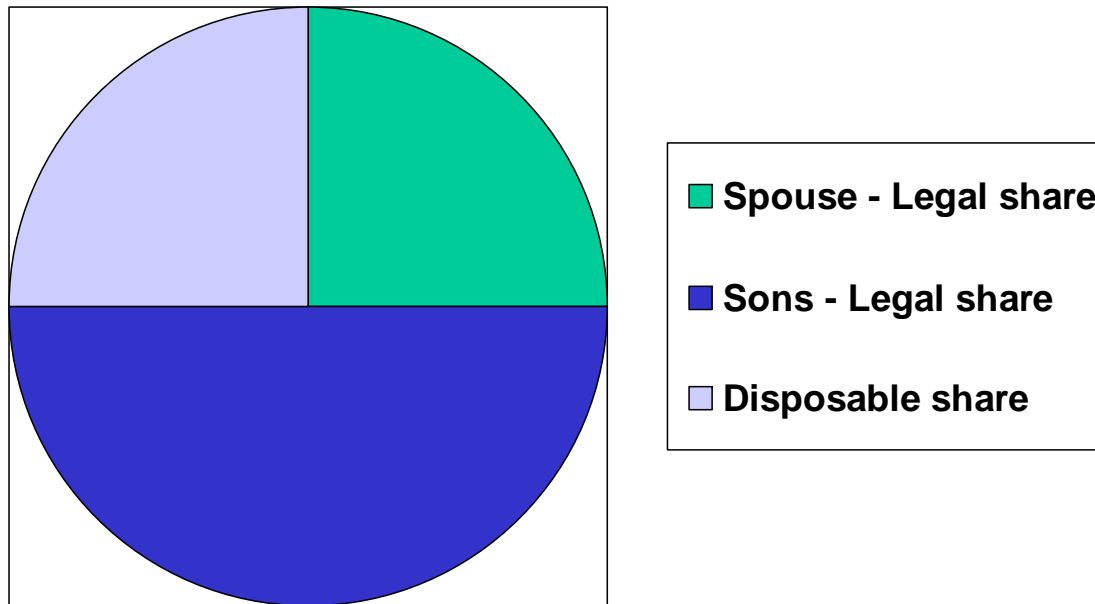
Italian inheritance law

Family With An Only Child



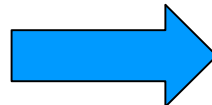
Italian inheritance law

Family with more sons



Italian inheritance law

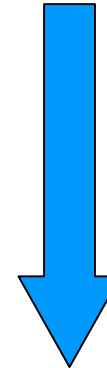
LEGAL SHARE



it's the estate's share legally reserved to the LEGAL HEIRS



- The owner can not dispose of all his property
- he can arrange only his disposable share, freely assignable to anyone



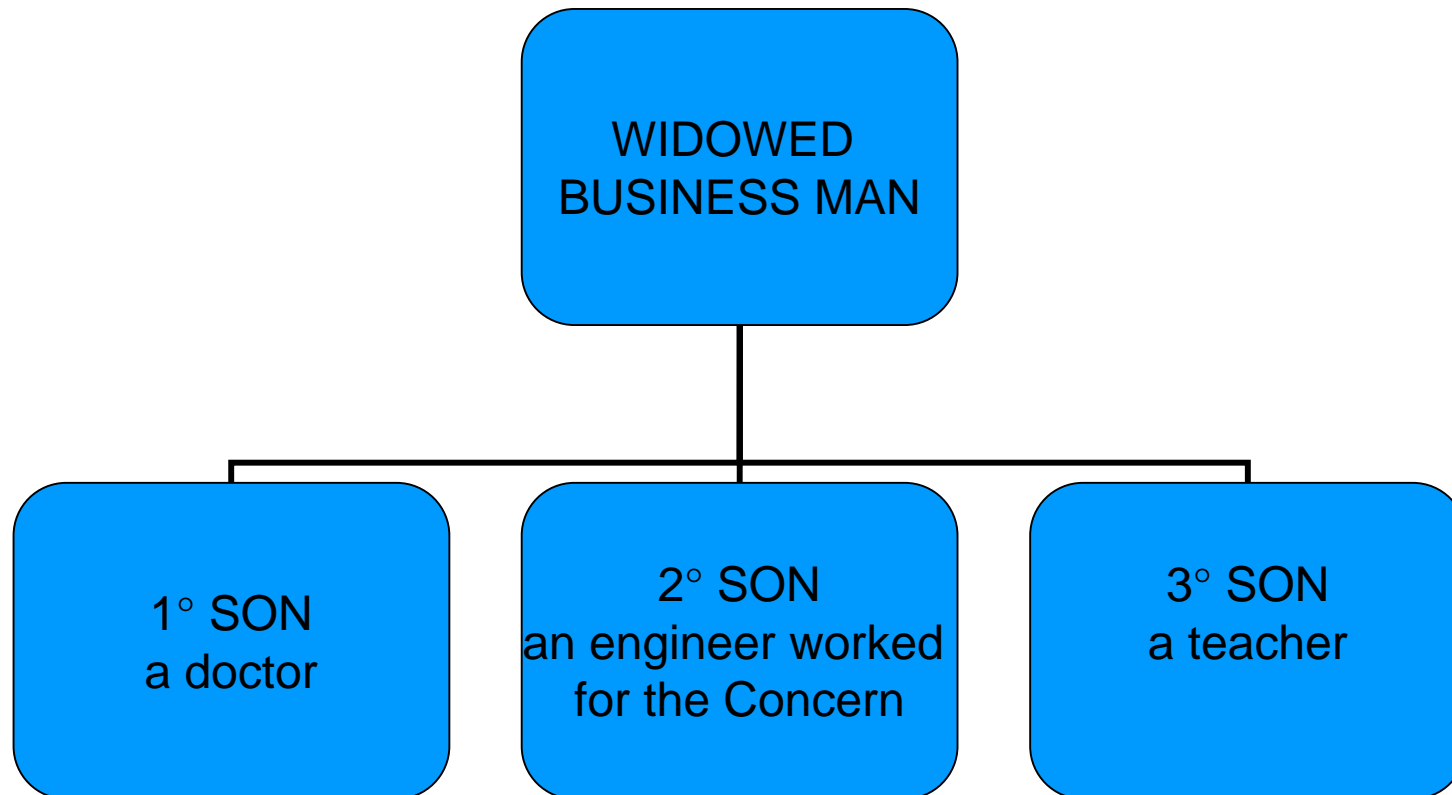
- Spouse
- Natural child
- Legitimate child
- Relative in ascending line

Succession pacts prohibition

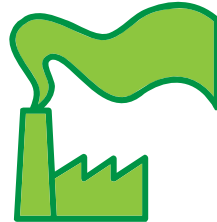
For the Italian inheritance law, every agreement regarding inheritance was forbidden

- the business man can't freely decide on his entire estate because he must respect the legal shares
- the future heir can't arrange or renounce a right of inheritance before the succession occurs

A typical example



A typical example



The entrepreneur may not decide to assign all his farm to his second son, with managerial skills and already included in company, while living

and

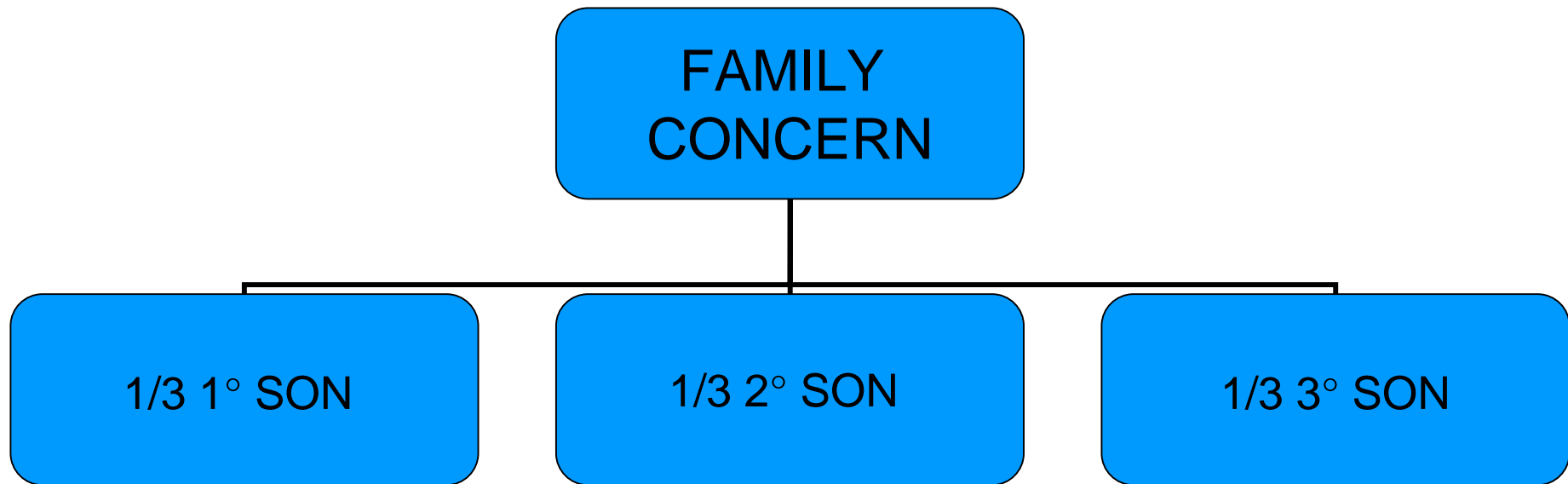


The other two son may not give up their share before the death of their father



Italy

- After the death of widowed man, his Concern would come in the inheritance and would be equally divided between his three sons.

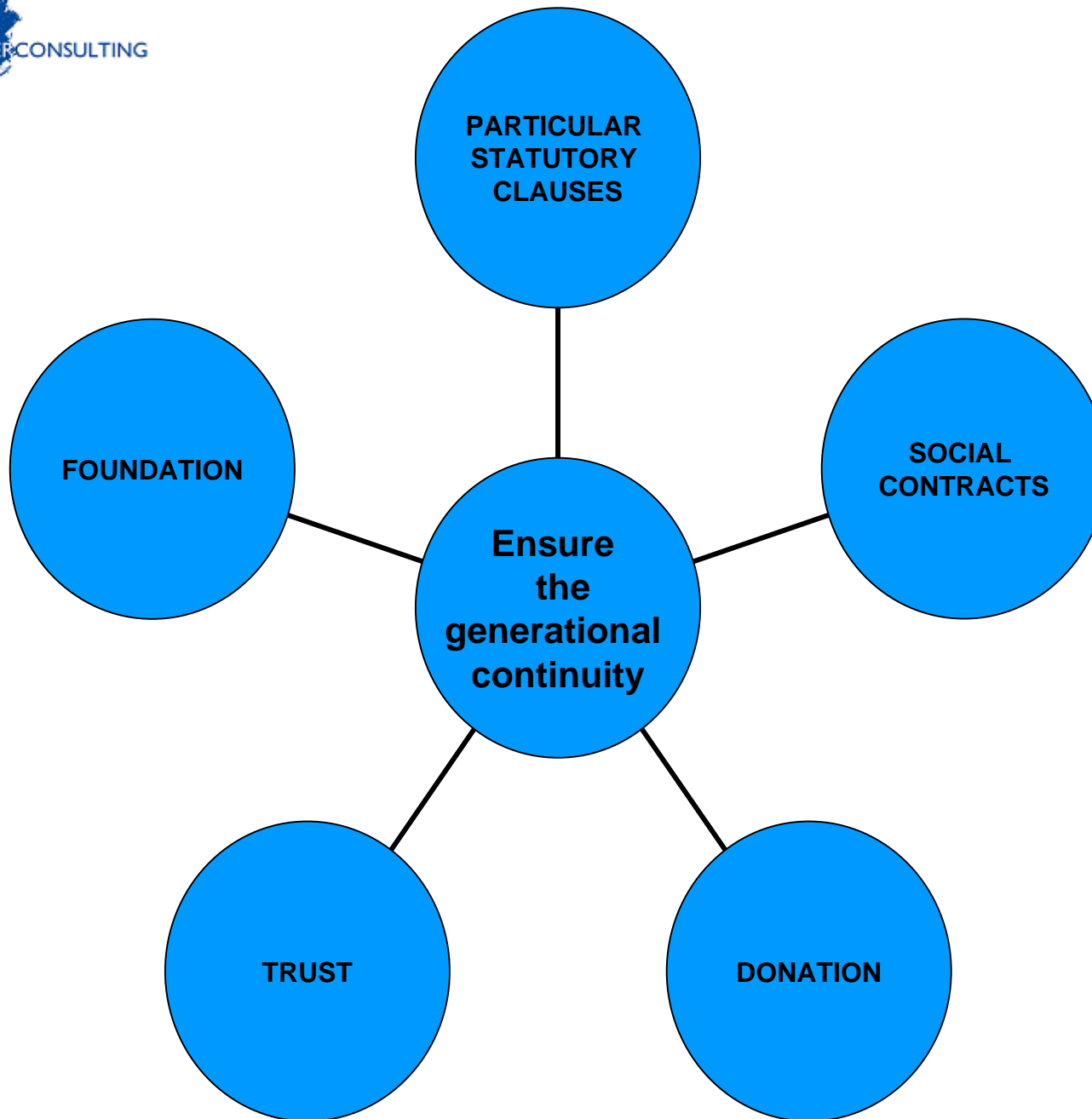


Succession pacts prohibition was likely to cause

- A corporate management distorted by difficult family relationships or by the failure of the management heirs.
- The emergence of tensions or conflicts of interests between the heirs.
- An extension of the business's social structure that involves the necessity to share the assets between more persons.

To avoid these unpleasant situations, alternative instruments were used:

-  Foundation
-  Donation
-  Social contract
-  Particular statutory clauses
-  Trust



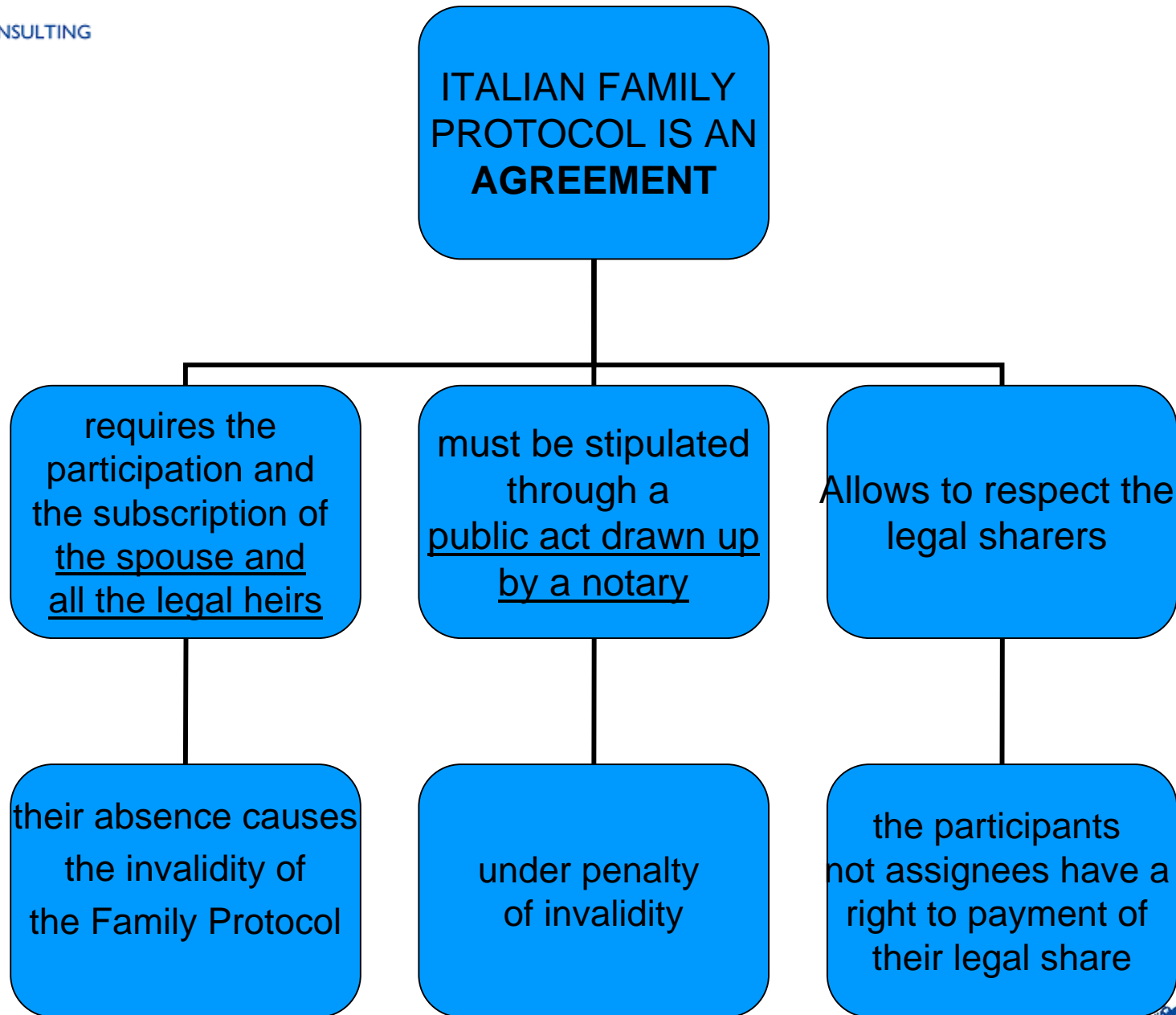
But these instruments are not able to ensure the legal share integrity

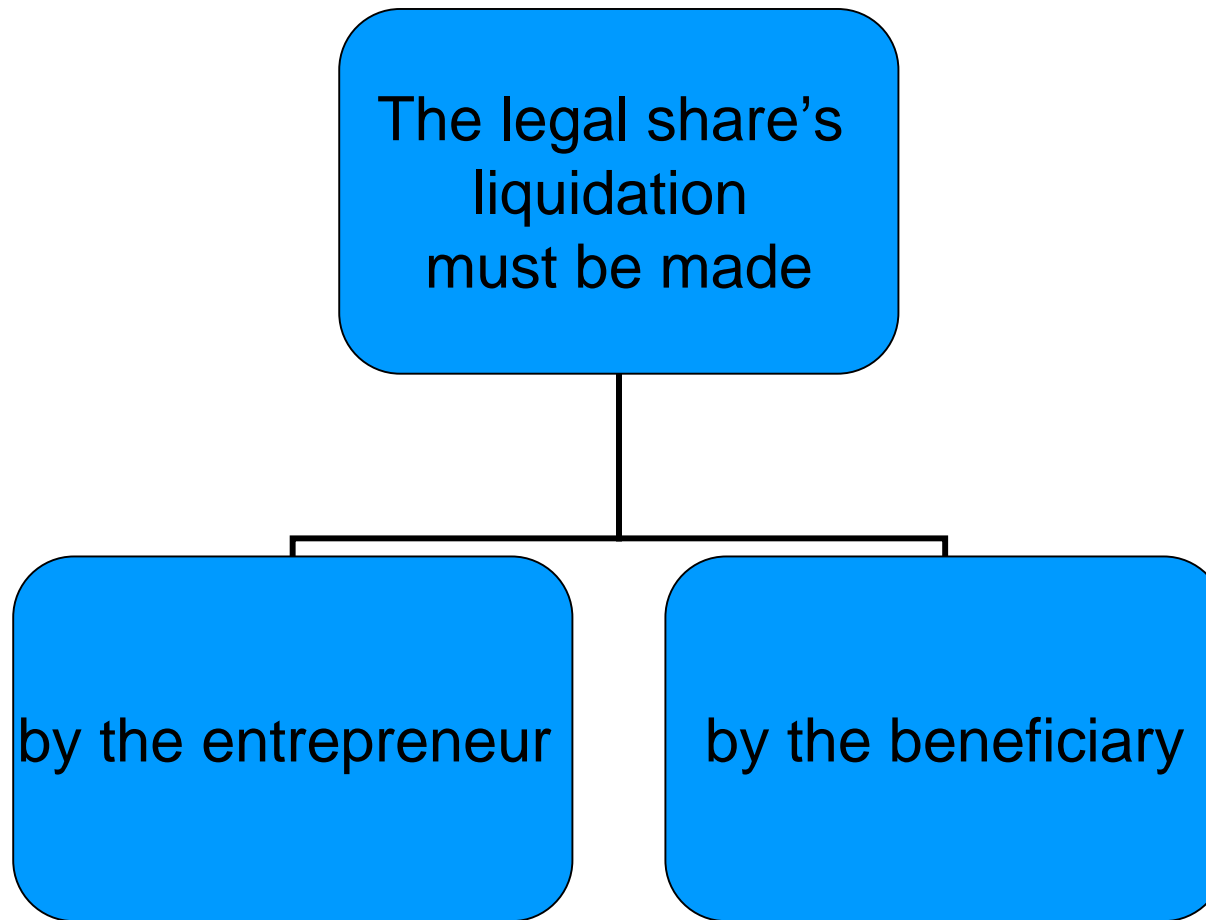
**For all those reasons the Italian
Legislator introduces**

FAMILY PROTOCOLS



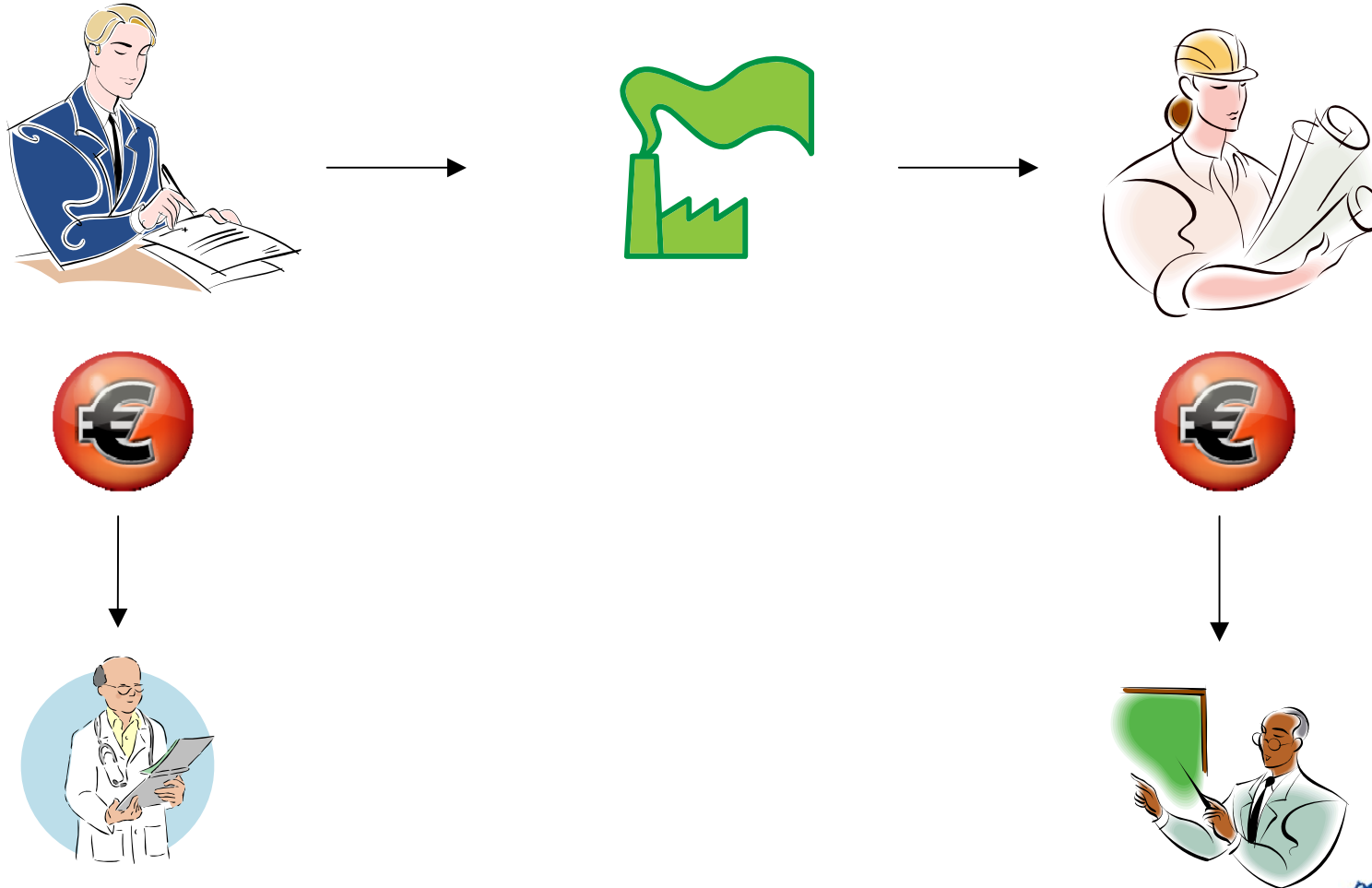
**An agreement by which the businessman transfers
in all or in part the going concern, and the
shareholder transfers in all or in part his shares to
one or more descendants**





in any case, the other forced heirs can renounce it

With family protocols



With family protocols

- While living, a businessman can transfer his concern to the more suitable son;
- The assignee son or the businessman must settle to the other participants at the contracts their legal share of the assets allotted

Application limits

- It's not applicable without the agreement and the consent of the legal heirs.
- Only a descendant can be an assignee of the Concern, all the other relatives can not receive it.
- The intervention and the consent of the spouse is necessary, but he/she may not be the beneficiary of the Protocols.


Application limits

It's not applicable towards the legitimate heirs becoming known after the stipulation of Family protocols.



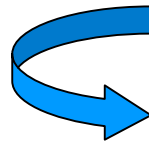
the beneficiaries must liquidate the legal share of the new heirs arising after the stipulation of Family Protocols

Application limits

 New heirs arising can not challenge the contract except when the beneficiary does not match the sum of which they are entitled

FAMILY PROTOCOL'S WINDING-UP

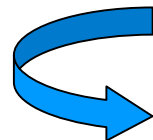
- By means of a different contract having the same requirements of form and validity



new heirs necessary presence and signing

contract drawn up by a public notary

- Withdrawal, if it's provided by the Family Protocols



by means of a statement certified by the notary

Why use Family Protocols?

- To preserve the unity of the going concern and protect it from the risk of fragmentation among the heirs.
- To transfer the concern to the descendent with the most managerial abilities.
- To bring forward the time of transfer while the owner is still living.
- To test the managerial activities of the chosen descendant.
- To prevent disputes between heirs.