

**SUPPLEMENT DATED 7 SEPTEMBER 2011  
TO THE BASE PROSPECTUS DATED 8 APRIL 2011**



**DEXIA MUNICIPAL AGENCY  
Euro 75,000,000,000 Euro Medium Term Note Programme  
for the issue of *Obligations Foncières*  
Due from one month from the date of original issue**

This supplement (the "**Second Supplement**") is supplemental to, and should be read in conjunction with the Base Prospectus dated 8 April 2011 (the "**Base Prospectus**") and the Supplement to the Base Prospectus dated 15 June 2011 (the "**First Supplement**") prepared in relation to the €75,000,000,000 Euro medium term note programme for the issue of *Obligations Foncières* due from one month from the date of original issue of Dexia Municipal Agency (the "**Issuer**"). On 8 April 2011, the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") approved the Base Prospectus as a base prospectus for the purposes of Article 5.4 of the Directive 2003/71/EC (the "**Prospectus Directive**") and Article 8.4 of the Luxembourg Law on prospectuses for securities dated 10 July 2005 (the "**Luxembourg Law**"). The CSSF approved the First Supplement on 15 June 2011, as a supplement to the Base Prospectus for the purposes of Article 16 of the Prospectus Directive and Article 13 of the Luxembourg Law.

This Second Supplement constitutes a supplement to the Base Prospectus for the purposes of Article 16 of the Prospectus Directive and Article 13 of the Luxembourg Law.

The Issuer accepts responsibility for the information contained in this Second Supplement. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Second Supplement is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless the context otherwise requires, terms defined in the Base Prospectus shall have the same meaning when used in this Second Supplement.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference into the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

The Second Supplement is available on the Luxembourg Stock Exchange's website: "[www.bourse.lu](http://www.bourse.lu)".

In accordance with Article 13 paragraph 2 of the Luxembourg Law, investors who have already agreed to purchase or subscribe, before this Second Supplement, securities not yet settled at the date of that Second Supplement have the right, exercisable within a time limit of minimum two working days after the date of this Second Supplement, to withdraw their acceptances.

This Second Supplement has been prepared for the following purpose: Update of the information relating to the Issuer.

1/ The Issuer published, on its website "[www.dexia-ma.com](http://www.dexia-ma.com)", its 30 June 2011 Financial Report (the "**30 June 2011 Financial Report**") including its financial statements with a review from the Statutory Auditors as at, and for the six months period ended, 30 June 2011 (together with the related notes and the Statutory Auditors' report, the "**30 June 2011 Financial Statements**") which has been filed with the CSSF and such 30 June 2011 Financial Statements are incorporated by reference in, and form part of, this Second Supplement.

Copies of the 30 June 2011 Financial Report are available in the French language (with a free translation in English) free of charge at the specified offices of the Paying Agents. In addition, the 30 June 2011 Financial Report is available in the French language (with a free translation in English) on the Issuer's website: "[www.dexia-ma.com](http://www.dexia-ma.com)" and the English version on the Luxembourg Stock Exchange's website: "[www.bourse.lu](http://www.bourse.lu)".

The information incorporated by reference above is available as follows:

Information Incorporated by Reference	Reference
<i>30 June 2011 Financial Report</i>	
- Management Report	Pages 4 to 28 of the 30 June 2011 Financial Report
- IFRS Statutory Auditors' Review Report - French GAAP Statutory Auditors' Review Report	Page 61 of the 30 June 2011 Financial Report Page 82 of the 30 June 2011 Financial Report
- IFRS Balance Sheet - French GAAP Balance Sheet	Page 30 of the 30 June 2011 Financial Report Pages 63 to 64 of the 30 June 2011 Financial Report
- IFRS Income Statement - French GAAP Income Statement	Page 31 of the 30 June 2011 Financial Report Page 64 of the 30 June 2011 Financial Report
- IFRS Net Income and Unrealised or Deferred Gains and Losses through Shareholders' Equity	Page 31 of the 30 June 2011 Financial Report
- IFRS Shareholder's Equity - French GAAP Shareholder's Equity	Page 32 of the 30 June 2011 Financial Report Page 66 of the 30 June 2011 Financial Report
- IFRS Cash Flow Statement - French GAAP Cash Flow Statement	Page 33 of the 30 June 2011 Financial Report Page 65 of the 30 June 2011 Financial Report
- Notes to the IFRS Financial Statements - Notes to the French GAAP Financial Statement	Pages 34 to 59 of the 30 June 2011 Financial Report Pages 67 to 80 of the 30 June 2011 Financial Report
- Certification by the person responsible	Page 84 of the 30 June 2011 Financial Report

Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purpose only.

2/ The section "Key information concerning selected financial data of Dexia Municipal Agency" (page 10 of the Base Prospectus) is amended by the deletion of the current wording and its replacement with the following:

Dexia MA has been publishing its annual financial statements in accordance with IFRS since 31 December 2008. All financial data presented in this subsection is extracted from Dexia MA's interim unaudited financial statements prepared in accordance with IAS 34.

As of 30 June 2011, total assets of Dexia MA amounted to € 89.9 billion and shareholders' equity excluding unrealized gains and losses amounted to € 1.3 billion.

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As of the same date, debt securities in the form of *obligations foncières* and other resources benefiting from the privilège totaled € 63.6 billion (accrued interest excluded) on the balance sheet (corresponding to € 63.4 billion in swapped value (accrued interest excluded)). Cash collateral received in accordance with hedging derivatives contracts that benefit from the same privilège as the *obligations foncières*, amounted to € 1.4 billion. The financing provided by Dexia Credit Local totaled € 10.5 billion.

3/ The section "Debt securities issued since 1<sup>st</sup> January 2011" (page 79 of the Base Prospectus) is amended by the deletion of the current wording and its replacement with the following:

#### **Debt securities issued since 1<sup>st</sup> July 2011**

Between 1<sup>st</sup> July 2011 and 5<sup>th</sup> September 2011, Dexia MA has issued debt securities in the form of *obligations foncières* and other debt benefiting from the *privilège* for an amount of EUR 250,000,000 million.

4/ On page 82 of the Base Prospectus, the section "Taxation" is completed by the incorporation of the following Italian Taxation paragraph:

#### **Italian Taxation**

*The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Programme and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Obligations Foncières and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Obligations Foncières are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Obligations Foncières..*

#### **Tax treatment of the *Obligations Foncières***

Legislative Decree No. 239 of 1 April 1996, as subsequently amended (**Decree 239**), provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from *obligations foncières* falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by non-Italian resident issuers.

*Obligations Foncières with an original maturity higher than 18 months – Italian resident holders of Obligations Foncières*

Where the *Obligations Foncières* have an original maturity of at least 18 months and an Italian resident holder of *Obligations Foncières* is (a) an individual not engaged in an entrepreneurial activity to which the *Obligations Foncières* are connected (unless he has opted for the application of the "*risparmio gestito*" regime – see under "*Capital gains tax*", below); (b) a non-commercial partnership; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation, then interest, premium and other income relating to the *Obligations Foncières*, accrued during the relevant holding period, are subject to a withholding tax referred to as *imposta sostitutiva*, levied at the rate of 12.5 per cent. If the holders of *Obligations Foncières* described under (a) and (c) above are engaged in an entrepreneurial activity to which the *Obligations Foncières* are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident holder of *Obligations Foncières* is a company or similar commercial entity or a permanent establishment in Italy of a foreign company to which the *Obligations Foncières* are effectively connected and the *Obligations Foncières* are deposited with an authorised intermediary, interest, premium and other income from the *Obligations Foncières* will not be subject to *imposta sostitutiva*, but must be included in the relevant holder of *Obligations Foncières*' income tax return and are therefore subject to general Italian corporate taxation (and, in

certain circumstances, depending on the "status of the Noteholder, also to IRAP – the regional tax on productive activities).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, as clarified by the Italian Ministry of Economic Affairs and Finance through Circular No. 47/E of 8 August 2003, payments of interest premium or other proceeds in respect of the *Obligations Foncières* made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and article 14-bis of Law No. 86 of 25 January 1994 are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (the **Fund**) or a SICAV, and the *Obligations Foncières* are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the *Obligations Foncières* will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund accrued at the end of each tax period, subject to an ad-hoc substitute tax applicable at a rate of 12.5 per cent.

Where an Italian resident holder of *Obligations Foncières* is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the *Obligations Foncières* are deposited with an authorised intermediary, interest, premium and other income relating to the *Obligations Foncières* and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each an **Intermediary**).

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary; and (b) intervene, in any way, in the collection of interest or in the transfer of the *Obligations Foncières*. For the purpose of the application of the *imposta sostitutiva*, a transfer of *Obligations Foncières* includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant *Obligations Foncières* or in a change of the Intermediary with which the *Obligations Foncières* are deposited.

Where the *Obligations Foncières* are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a holder of *Obligations Foncières*.

#### *Notes with an original maturity of less than 18 months – Italian resident Noteholders*

Where the *Obligations Foncières* have an original maturity of less than 18 months and an Italian resident holder of *Obligations Foncières* is (a) an individual not engaged in an entrepreneurial activity to which the *Obligations Foncières* are connected (unless he has opted for the application of the "*risparmio gestito*" regime – see under "*Capital gains tax*", below), (b) a non-commercial partnership, (c) a non-commercial private or public institution or (d) an investor exempt from Italian corporate income taxation, then interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to *imposta sostitutiva*, withheld at source at the rate of 27 per cent.

*Imposta sostitutiva* will also be levied at rate of 27 per cent. to Italian resident Funds, SICAV and pension funds.

Where an Italian resident holder of *Obligations Foncières* is a company or similar commercial entity and the *Obligations Foncières* are deposited with an authorised intermediary, interest, premium and other income from the *Obligations Foncières* will not be subject to *imposta sostitutiva*, but must be included in the relevant holders of *Obligations Foncières*' income tax return and are therefore subject to general Italian corporate taxation.

### *Non-Italian resident Noteholders*

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident holder of *Obligations Foncières* of interest or premium relating to the *Obligations Foncières* provided that, if the *Obligations Foncières* are held in Italy, the non-Italian resident holder of *Obligations Foncières* declares itself to be a non-Italian resident according to Italian tax regulations.

### **Early Redemption**

Without prejudice to the above provisions, in the event that *Obligations Foncières* having an original maturity of at least 18 months are redeemed prior to 18 months from their issue date or, under certain conditions, if repurchased by the issuer within this period (Resolution No. 11 of 31 January 2011 of the Italian Revenue Agency), Italian resident holders of *Obligations Foncières* will be required to pay, by way of a withholding to be applied by the Italian intermediary responsible for payment of interest or the redemption of the *Obligations Foncières*, an amount equal to 20 per cent. of the interest and other amounts accrued.

### **Atypical securities**

Interest payments relating to *Obligations Foncières* that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 27 per cent. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

The 27 per cent. withholding tax mentioned above does not apply to interest payments made to a non-Italian resident holder of *Obligations Foncières* and to an Italian resident holder of *Obligations Foncières* which is (a) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (b) a commercial partnership, or (c) a commercial private or public institution.

### **Capital gains tax**

Any gain obtained from the sale or redemption of the *Obligations Foncières* would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the holder of *Obligations Foncières*, also as part of the net value of production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the *Obligations Foncières* are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the *Obligations Foncières* are connected.

Where an Italian resident holder of *Obligations Foncières* is an individual not holding the *Obligations Foncières* in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such holder of *Obligations Foncières* from the sale or redemption of the *Obligations Foncières* would be subject to an *imposta sostitutiva*, levied at the current rate of 12.5 per cent. Holders of *Obligations Foncières* may set off losses with gains.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in entrepreneurial activity to which the *Obligations Foncières* are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual holder of *Obligations Foncières* holding *Obligations Foncières* not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the *Obligations Foncières* carried out during any given tax year. Italian resident individuals holding *Obligations Foncières* not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

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As an alternative to the tax declaration regime, Italian resident individual holders of *Obligations Foncières* holding the *Obligations Foncières* not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the *Obligations Foncières* (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (a) the *Obligations Foncières* being deposited with Italian banks, SIMs or certain authorised financial intermediaries, and (b) an express election for the *risparmio amministrato regime* being punctually made in writing by the relevant holder of *Obligations Foncières*. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the *Obligations Foncières* (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the holder of *Obligations Foncières* or using funds provided by the holder of *Obligations Foncières* for this purpose. Under the *risparmio amministrato regime*, where a sale or redemption of the *Obligations Foncières* results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato regime*, the holder of *Obligations Foncières* is not required to declare the capital gains in its annual tax return.

Any capital gains realised by Italian resident individuals holding the *Obligations Foncières* not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the *Obligations Foncières*, to an authorised intermediary and have opted for the so-called "*risparmio gestito*" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 12.5 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito regime*, the holder of *Obligations Foncières* is not required to declare the capital gains realised in its annual tax return.

Any capital gains realised by a holder of *Obligations Foncières* which is an Italian open ended or a closed-ended investment fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 12.5 per cent. substitute tax.

Any capital gains realised by a holder of *Obligations Foncières* which is an Italian pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

Capital gains realised by Italian resident real estate funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 or pursuant to Article 14-bis of Italian Law No. 86 of 25 January 1994, on the *Obligations Foncières* are not taxable at the level of the real estate funds.

Capital gains realised by non-Italian resident holders of *Obligations Foncières* from the sale or redemption of the Notes are not subject to *imposta sostitutiva*, provided that the *Obligations Foncières* (i) are transferred on regulated markets, or (ii) if not transferred on regulated markets, are held outside Italy.

### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding EUR1,000,000;

transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding EUR100,000; and

any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

### **Transfer tax**

Article 37 of Law Decree No 248 of 31 December 2007, converted into Law No. 31 of 28 February 2008, published on the Italian Official Gazette No. 51 of 29 February 2008, has abolished the Italian transfer tax, provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented by the Legislative Decree No. 435 of 21 November 1997.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds are subject to fixed registration tax at rate of €168; and (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

### **EU Savings Directive**

Under EC Directive 2003/48/EC on the taxation of savings income (the **EU Savings Directive**), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

### ***Implementation in Italy of the EU Savings Directive***

Italy has implemented the Savings Directive through Legislative Decree No. 84 of 18 April 2005 (**Decree No. 84**). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.