N. CLIX – Decree of the President of the Governorate of the Vatican City State promulgating amendments and additions to Law n. CXXVII, *On the Prevention and Countering of the Laundering of the Proceeds of Criminal Activities and the Financing of Terrorism*, of 30 December 2010.

25 January 2012

The President of the Governorate of the Vatican City State

Bearing in mind article 7, paragraph 2 of the *Fundamental Law of Vatican City State*, of 26 November 2000;

Bearing in mind Law n. LXXI, on *the Sources of Law*, of 1 October 2008;

Considering the urgent need to amend and integrate Law n. CXXVII, *On the Prevention and Countering of the Laundering of the Proceeds of Criminal Activities and the Financing of Terrorism*, of 30 December 2010;

Has promulgated the following:

Decree

Article 1. – The amendments and additions to Law n. CXXVII, *On the Prevention and Countering of the Laundering of the Proceeds of Criminal Activities and the Financing of Terrorism*, of 30 December 2010, contained in the text annexed to this Decree, and which are integral part of it, are promulgated.

Article 2. – The adoption of this Decree is without prejudice to the provisions contained in the regulations and instructions adopted by the Financial Intelligence Authority before 25 January 2012, in so far as they are compatible with it.

Article 3. – The provisions contained in this decree and in text annexed to it shall enter into force on the same day of their publication.

The original text of this Decree and of its annex, bearing the Seal of the State, shall be deposited in the Archive of the Laws of Vatican City State and the corresponding text shall be published in the Supplement to the Acta Apostolicae Sedis, *ordering everyone to observe it and to ensure its compliance.*

Vatican City State, January twenty-fifth, Two-thousand-twelve.

Amendments and additions to Law n. CXXVII, *On the Prevention and Countering of the Laundering of the Proceeds of Criminal Activities and the Financing of Terrorism*, of 30 December 2010.

THE PONTIFICAL COMMISSION FOR THE VATICAN CITY STATE

Bearing in mind the Lateran Treaty, signed in Rome between the Holy See and Italy on 11 February 1929;

Bearing in mind the *Fundamental Law of Vatican City State*, of 26 November 2000;

Bearing in mind Law n. LXXI, *On the Sources of Law*, of 1 October 2008;

Bearing in mind Law n. V *On the economic, commercial and professional order* of 7 June 1929;

considering:

that money laundering and the financing of terrorism are phenomena in continuous evolution, even at the technological level, that threaten the stability, integrity and regular functioning of the financial and economic sectors as well as the reputation of the economic and financial actors;

that all jurisdictions are called to contribute to the efforts to prevent and counter money laundering and the financing of terrorism by enhancing their domestic legislation and through international cooperation;

that the *Monetary Convention between the Vatican City State and the European Union* of 17 December 2009, provides for the adoption of adequate measures to prevent and counter money laundering and the financing of terrorism;

having regard that :

in the State a regime of public monopoly in the financial, economic and professional sectors is in place;

for the purposes of:

adapting the domestic legal system to the international standards on the prevention and countering of money laundering and the financing of terrorism;

promoting the transparency and integrity of the financial, economic and professional sectors;

fostering the active cooperation among the various competent authorities and the subjects bound to observe the duties set forth in this law for the prevention and countering of money laundering and the financing of terrorism;

favoring the active cooperation among the domestic and international competent authorities for the prevention and countering of money laundering and the financing of terrorism;

has ordered and orders that the following be observed as Law of the State:

CHAPTER I

Definitions, general principles and scope

Article 1

(Definitions)

Solely for the purposes of this law:

1. *" activity conducted professionally"*: an organized economic activity, conducted regularly, for the production or exchange of goods and services, for and on behalf of a third party;

2. *"Public Authority"*: a body or entity that, on the basis of the domestic legal system, performs, directly or indirectly, an institutional activity inherent to the sovereign authority;

3. *"legal person"*: any legal person, regardless of its nature and activity, including foundation and trusts, that do not fall within the definition of Public Authority;

4. *"money laundering"*:

   a) the acts referred to in article 421 *bis* of the Criminal Code;

   b) participation in one of the acts referred to in article 421 *bis* of the Criminal Code, association to commit, attempt to commit, and aiding, inciting, or counseling someone to commit such act, or abetting its execution;

5. *"predicate offence"*: any of the predicate offences of money laundering set forth in the following articles of the Criminal Code:

   138 *bis* (*Association for terrorist or subversive purpose*); 138 *ter* (*Financing of Terrorism*); 138 *quarter* (*Recruitment for terrorist or subversive purpose*); 138 *quinquies* (*Training activities for terrorist or subversive purpose*); 138 *sexies* (*Attack*

with terrorist or subversive intent); 138 *septies* (*Acts of terrorism with explosives or other lethal weapons or devices*); 145 – 154 (*Crimes against individual liberty*); 171 – 174 (*Corruption*); 248 – 249 (*Criminal organization*); 256 – 258 (*Counterfeiting of banknotes and letters of credit*); 295 – 297 (*Fraud in trades, industries and auctions*); 299 *bis*, (*Insider trading*); 299 *ter* (*Market abuse*); 311 *bis* (*Piracy*); 326 *bis* (*Illicit Production, trafficking and possession of narcotic drugs or psychotropic substances*); 326 *ter* (*Association for the illicit trafficking in illicit narcotic drugs or psychotropic substances*); 326 *quinquies* (*Abusive medical prescriptions*); 331 – 339 (*Crimes against public morality and family order)*; 364 – 371 (*Murder*); 372 – 375 (*Personal injury*); 402 – 404 *(theft)*; 406 – 412 (*Robbery, extortion and blackmailing*); 413 (*Swindle and other frauds*); 416 *bis* (*Embezzlement damaging to the state*); 416 *ter* (*Aggravated fraud aimed at obtaining public funds*); 416 *quarter* (*Undue receipt of funds damaging to the State*); 417 – 420 (*Misappropriation*); 421 (*Receipt* [*of stolen goods*]); 422 (*Usurpation*), 459 bis (*Smuggling*); 460 – 470 (*Offences concerning explosive or other lethal weapons or devices)*; 472 *bis* (*Environmental crimes*); 472 ter (*Organized activities for the illicit trafficking of waste*);

as well as any other criminal acts punishable, pursuant to the Criminal Code, with a minimum penalty of six months or more of imprisonment or detention; or with a maximum penalty of one year or more of imprisonment or detention.

6. "*acts performed with a terrorist purpose* ": for the purposes of articles 138 *bis, ter, quarter, quinquies, sexies* and *septies* of the Criminal Code, acts intended to cause death or serious bodily injury to civilians or to persons not taking active part in hostilities in cases of armed conflict, when the act, by its nature or context, is carried out with the intent to:

   a) intimidate a population;

   b) compel the public authorities or an international organization to do or to abstain from doing any act;

7. "*acts performed with a subversive purpose* ": for the purposes of articles 138 *bis, ter, quarter, quinquies, sexies* and *septies* of the Criminal Code, acts intended to cause death or serious bodily injury to civilians or to persons not taking active part in the hostilities in a situation of armed conflict, when the purpose of such acts is to destabilize the fundamental political, constitutional, economic and social structure of a State or of an international organization;

8. *"financing of terrorism"*:

   a) the acts referred to in article 138 *ter* of the Criminal Code;

   b) participation in one of the acts referred to in article 138 *bis* of the Criminal Code, association to commit, attempt to commit, and aiding, inciting, or counseling the commission of such act, or abetting its execution.

9. "*explosives or other lethal weapons or devices"*: weapons or devices,

a) explosive or incendiary, that are designed, or have the capability, to cause death, serious bodily injury or substantial material damage; or capable to cause them;

b) that are designed, or have the capability, to cause death or serious bodily injury through the release, dissemination or impact of toxic chemicals, biological agents or toxins or similar substances or radiation or radioactive material;

10. *"currency"*:

a) currency (banknotes and coins that are in circulation as a medium of exchange);

b) instruments issued or negotiable to the bearer, including travelers *cheques*, *cheques*, money orders and promissory notes issued or made out without restrictions to a fictitious payee or otherwise issued or made out in such a form that the title passes upon delivery; as well as incomplete instruments, signed but with the payee's name omitted;

11. *"funds"*: assets of every kind, whether tangible or intangible, movable or immovable, as well as legal documents or instruments in any form, including electronic or digital, evidencing title to or interest in such assets;

12. "*other assets"*: the activity and assets of every kind, whether tangible or intangible, movable or immovable, including the accessories, interests and dividends which are not funds but may be used to obtain goods and services;

13. "*designated subjects":* the natural and legal persons, and the associations, groups or entities of any kind designated as subject to the freeze of funds and other assets foreseen in article 24 of this law;

14. *" freezing"*:

a) regarding funds, the prohibition to move, transfer, convert, dispose, use, manage, or access those funds so as to modify their volume, amount, location, ownership, possession, nature, destine, as well as of any other change that would allow their use, including the management of an investment portfolio;

b) regarding other assets, the prohibition to move, transfer, convert, use or manage those assets, including their sale, attachment to or constitution of any other rights or warranties over them in order to obtain goods or services;

15. "*beneficial owner"*: the natural person or persons on whose behalf a service or a transaction is conducted or, in the case of a corporation or legal person, the natural person or persons who are the ultimate owners or exercise ultimate control of such corporation or legal person, or who are its beneficiaries according to the criteria set forth in the Annex to this law;

16. "*identification data*": the name, surname, place and date of birth, address, and the number and date of the identification document or, in the case of legal persons, the legal name and registered office;

17. "*providers of services related to companies or legal persons*": any natural or legal person that conducts professionally one of the activities listed in article 2, paragraph 1, letter b), subsection ii), of this law;

18. "*politically exposed persons*": persons who are or who have been entrusted with prominent public functions, as well as their immediate family members and those with whom they publicly maintain a close association, as determined pursuant to the criteria set forth in the Annex to this law;

19. "*narcotic drugs or psychotropic substances*": any agent or substances, natural or synthetic, whose active principles may provoke hallucinations, states of grossly altered perception, or similar effects upon the central nervous system;

20. "*shell bank*": a bank, or a credit institution that conducts similar activities, that has been incorporated in a State where it has no physical presence and which enables it to be directed and managed effectively without being affiliated to regulated financial group;

21. "*correspondent current accounts*": the accounts held by banks, normally on a bilateral basis, for the provision of inter-bank services (remittance of drafts, cashier's and bank *cheques*, credit orders, transfer of funds, remittance of documents and other transactions);

22. "*payment services provider*": the natural or legal person whose activities include the provision of payment services or wire transfers;

23. "*payment services*": services to execute deposits, withdrawals, transactions and payment orders, including the transfer of funds to a payment account, or to issue and/or acquire payment instruments and currency remittances;

24. "*wire transfer*": a transaction carried out, by electronic means, by a provider of payment services on behalf of an originator person with a view to make an amount of funds available to a beneficiary person at another payment services provider; the originator and the beneficiary may be the same person.

25. "*relationship*": a business relationship, that is, relationship of a professional or commercial nature linked to activities conducted professionally by the subjects referred to in article 2, paragraph 1, and that, at its outset, is expected to be protracted in time;

26. "*service*": a professional or commercial service linked to one of the activities carried out by the subjects referred to in article 2, paragraph 1;

27. "*transaction*":

    a) the transfer or movement of means of payment;

b) for the subjects referred to in article 2, paragraph 1, letter c), a determined or determinable activity with a financial or patrimonial scope, to be conducted through a professional service, that modifies the preexisting legal situation;

28. *"linked transaction"*: a transaction that, even if autonomous in itself, forms, from an economic point of view, a unitary transaction with one or more operations conducted at different moments within a seven working days period, for a total value of 15.000 euro or more;

29. "*means of payment"*: currency, bank and postal *cheques*, cashier's *cheques* and other similar or comparable instruments, credit or debit orders, credit cards and other payment cards, as well as any other existing instrument to transfer, move or acquire, even through electronic means, funds, titles, or other assets;

30. "*financial instruments*": securities; money-market instruments; shares in investment funds; options; derivative financial instruments;

Article 1 *bis*

(Transparency and integrity of the economic, financial and professional sectors)

In order to protect and promote the integrity and transparency of the economic, financial and professional sectors, it shall be prohibited:

a) to open or hold anonymous or ciphered accounts, deposits, savings accounts or similar relationships, or under fantasy or fictitious names;

b) to open or hold correspondent current accounts in a shell bank, or to open or hold correspondent current accounts in a bank or in a financial or credit institution that it is known to permit a shell bank to use its own accounts;

c) to open casinos.

Article 1 *ter*

(General legal system and the right of privacy)

1. The policies, measures and procedures required by this law to prevent and counter money laundering and the financing of terrorism shall be adopted and applied in conformity with:

a) the social context and the regime of public monopoly in the economic, financial and professional sectors in place in the State;

b) the institutional nature of the subjects bound pursuant to article 2, paragraph 1;

c) the level of risk relating to the type of counterpart and the kind of relationship, service or transaction.

2. The provisions of this law shall be applied in conformity with the general principles of canon law, which is the primary normative and interpretative source of the State's legal system.

3. The provisions of this law shall be applied without prejudice to the right of privacy, as guaranteed by the general principles and fundamental norms of the legal system in force, apart from the exceptions explicitly set forth in this law for the purposes of the cooperation and exchange of information among the competent Authorities for the prevention and countering of money laundering and the financing of terrorism.

Article 2

(Scope of application)

1. The following are bound to observe the measures regarding customer due diligence, registration, and record-keeping, as well as the reporting of suspicious transactions:

a) all persons, either natural or legal, that conduct professionally one of the following activities:

i. the acceptance of deposits and other repayable funds from the public;

ii. lending;

iii. financial leasing;

iv. transfer of funds;

v. issuing and managing means of payment;

vi. issuing financial guarantees and commitments;

vii. trading in any kind of financial instruments, exchange rate and interest contracts;

viii. participation in issuing securities and the provision of related financial services;

ix. management of individual or collective portfolios;

x. safekeeping and management of currency and other securities;

xi. any other form of investing, administering or managing currency, funds or other assets;

xii. underwriting and placing life insurance and other investments related to insurance;

xiii. currency exchange;

b) the following professionals:

i. lawyers, notaries, accountants, and external accounting or tax consultants when they engage or participate in any financial or real estate transaction, or when they assist someone to plan or execute transactions relating to: buying or selling real estate or business entities; managing currency, financial instruments or other funds or other assets; opening or managing banking, savings or securities accounts; and organizing the contributions necessary for the creation, operation or management of corporations or legal persons;

ii. Trust and company service providers when:

they create a corporation or legal person; act as director, manager or partner in a partnership, or in a similar position in another kind of legal person, or arrange for other person to occupy such a position; provide a registered office, a business, administrative or postal address and connected services to a corporation or legal person; act as a trustee in an express trust or in a similar entity, or arrange for other person to act in such a role; act as a nominee shareholder on behalf of third persons or arrange that other person do so, unless it is a corporation quoted in a regulated market and bound to disclosure.

in order to protect the professional secret, the duty to report suspicious transactions does not apply to the professionals mentioned in letter b), number i), regarding the information they receive while assessing the legal position of their client, or in his defense or representation in a mediation, an arbitration, or in a judicial or administrative proceeding, including when advising on the possibility of initiating or avoiding such a process, regardless of the stage when such information is received.

c) the following subjects:

i. real estate agents, when they engage in a transaction for buying or selling real state;

ii. dealers in precious metals or stones, when they engage in a transaction equal or above 15.000 euro;

2. Public Authorities shall report suspicious transactions to the Financial Intelligence Authority when they know, suspect, or have reasonable grounds to suspect that currency, funds, or other assets are the proceeds of a crime; or when money laundering or financing of terrorism has been committed, is in the course of being committed, or has been attempted.

Article 2 *bis*

(Branches, subsidiaries and controlled institutions)

1. The branches and subsidiaries in other States of the subjects referred to in article 2, paragraph 1, as well as the institutions controlled exclusively or jointly, directly or indirectly, by them, shall observe the requirements set forth in this law.

2. When the requirements in force in the foreign State are not equivalent with those set forth by this law, the branches, subsidiaries or controlled institutions shall observe the requirements set forth in this law, to the extent that the laws of the foreign State permit so.

3. When the requirements in force in the foreign State are not equivalent with those set forth by this law, the branches, subsidiaries or controlled institutions shall inform the Financial Intelligence Authority.

Article 2 *ter*

(Organization and Personnel training)

1. The subjects referred to in paragraph 2, subparagraph 1, shall adopt adequate policies, organization, measures and procedures to prevent and counter money laundering and the financing of terrorism, on the basis of the development of new technologies and of the phenomena of money laundering and the financing of terrorism.

2. The subjects referred to in article 2, paragraph 1, shall select those who exercise managerial functions, direction or control, among persons of suitable competence and professionalism.

3. The subjects referred to in article 2, paragraph 1, shall adopt policies, programs and measures to ensure that their employees, consultants, and collaborators on any grounds, possess an adequate professional level to permit the proper and effective observance of the requirements set forth in this law.

These measures shall include training programs and continuous formation on the prevention of money laundering and the financing of terrorism.

Article 2 *quater*
(Registration of legal persons)

1. Legal persons having their registered office in the State, regardless of their nature and activity, shall register, pursuant to the legal system in force, before the Governorate, where information regarding their nature, activities, organization, organs of administration, direction and control, shall be kept and updated.
2. The registry referred to in paragraph 1 shall be accessible to the competent authorities for the prevention and countering of money laundering and financing of terrorism.

CHAPTER I *bis*

Competent Authorities

Article 2 *quinquies*

(The Secretariat of State)

1. The Secretariat of State is responsible for the definition of the policies for the prevention and countering of money laundering and the financing of terrorism. In those sectors, it promotes the cooperation among the various authorities of the Holy See and the State competent on the prevention and countering of money laundering and the financing of terrorism.

2. The Secretariat of State is responsible for the adhesion of the Holy See to international treaties and agreements as well as for its relation with, and participation in, the various international institutions and organizations competent for the definition of norms and best practices regarding the prevention and countering of money laundering and the financing of terrorism.

Article 2 *sexies*

(The Pontifical Commission for the Vatican City State)

The Pontifical Commission for the Vatican City State is responsible for the adoption of general regulations for the implementation of this law.

Article 2 *septies*

(The Financial Intelligence Authority)

1. The Financial Intelligence Authority shall perform its functions set forth in this law with operational independence and autonomy and, in the application of those principles, it shall have adequate resources.

2. Regarding the supervision of the subjects listed in article 2, paragraph 1, the Financial Intelligence Authority shall:

   a) monitor their compliance of the requirements set forth in this law to prevent and counter of money laundering and the financing of terrorism;

   b) verify, including through on-site inspections, the suitability and effectiveness of the policies, organization, measures and procedures adopted by them pursuant to article 2 *ter*, to prevent and counter money laundering and the financing of terrorism;

   The on-site inspections shall be ruled by a regulation issued by the Pontifical Commission for the Vatican City State.

   The Financial Intelligence Authority may conclude Memoranda of Understanding with the subjects listed in article 2, paragraph 1, for the activities set forth in subparagraphs a) and b).

   c) issues guidelines and enforceable measures regarding:

      i. the requirements set forth by article 2 *ter* regarding the adoption of policies, organizational instruments, measures and procedures;

      ii. the requirements set forth in Chapters V, VI and VII regarding the adequate verification, registration and record-keeping, and the reporting of suspicious transactions;

      iii. wire transfers.

3. Regarding the reporting of suspicious transactions, the Financial Intelligence Authority shall:

   a) receive the reports of suspicious transactions;

   b) make a financial analysis of the reported suspicious transactions;

   c) refer to the Promoter of Justice those reports it deems sufficient grounded and which may constitute cases of money laundering or financing of terrorism;

   d) access, on a timely basis, the necessary financial, administrative and investigative information to properly undertake the tasks set forth in subparagraphs b) and c);

e) issue guidelines to facilitate the reporting of suspicious transactions and provide the subjects listed in article 2, paragraph 1, with guidance regarding the manner of reporting, including the specification of reporting forms and the procedures to be followed when reporting.

f) prepare and disseminate models and typologies of unusual behaviors in the economic and financial fields that may indicate cases of money laundering or financing of terrorism;

g) provide updated intelligence on the money laundering and financing of terrorism activities to the subjects listed in article 2, paragraph 1, in order to facilitate, *inter alia*, the training of the staff of the subjects bound to report suspicious transactions;

h) suspend for up to five working days those transactions suspected of money laundering or financing of terrorism, whenever doing so does not prejudice a judicial investigation, even upon request of the Judicial Authorities, and notify immediately to those same authorities of such a hold.

4. The Financial Intelligence Authority, using, *inter alia*, the information gathered while fulfilling its tasks as set forth in paragraph 3, shall:

a) prepare analysis and studies on particular sectors or instances of the economic and financial activity that deemed to be under risk, and even on single anomalies that can be traced back to incidents of money laundering or financing of terrorism;

b) release to the public periodic reports containing non-confidential statistics and information related to the exercise of its own activity.

5. All data, information and documents held by the Financial Intelligence Authority:

a) shall be preserved using mechanisms that ensure their security and integrity;

b) are confidential, except the communications and exchange of information among the competent authorities, in the cases foreseen by this law and within the limits set forth by the laws in force.

6. The Financial Intelligence Authority shall apply the administrative economic sanctions in the cases foreseen by article 42.

7. The Financial Intelligence Authority signs Memoranda of Understanding with similar authorities of other States for the exchange of information for the prevention and countering of money laundering or financing of terrorism. The Financial Intelligence Authority informs the Secretariat of State after the signature of Memoranda of Understanding.

8. By the 31th March of every year, the President of the Financial Intelligence Authority shall submit to the Secretary of State a report on the activities pursued by the Authority during the previous solar year.

A detailed account of the resources used by the Authority in the fulfillment of its own tasks and connected activities shall be attached to the report.

9. The guidelines and other enforceable measures issued by the Financial Intelligence Authority shall be published in the Supplements to the *Acta Apostolicae Sedis*.

Article 2 *octies*

(The Gendarmerie)

1. The Gendarmerie shall conduct investigations for the prevention and countering of criminal activities, including money laundering and the financing of terrorism, within the limits of the competences entrusted to it by the laws in force.

2. The Gendarmerie shall promote the ongoing professional formation of all its members, officers and agents, on money laundering and the financing of terrorism, and it shall adopt advanced investigative techniques to further its capacity to prevent and counter money laundering and the financing of terrorism.

3. With the *nihil obstat* of the Secretariat of State, the Gendarmerie may conclude Memoranda of Understanding with similar authorities from other States to prevent and counter criminal activities, money laundering, and the financing of terrorism.

CHAPTER II

Criminal provisions on money laundering

Article 3

(Money laundering and self-laundering)

In book II of the Criminal Code: "On the crimes in particular", Title X "Crimes against Property," Chapter V, after the section "Receiving stolen goods" is added the following: "On money laundering, self-laundering, and the use of proceeds from criminal activities". In the same Chapter, after article 421 is added the following article 421 bis*:*

421 *bis*

1. Whomever, outside the cases foreseen in article 421:

a) replaces, converts or transfers currency, funds or other assets, knowing that they proceed from a predicate offense or from the participation in a predicate offense, for the purpose of concealing or disguising their illicit origin or of assisting any person who is involved in the commission of such criminal activity to evade the legal consequences of his actions;

b) conceals or disguises the true nature, source, location, disposition, movement, ownership of, or the rights with respect to currency, funds or other assets, knowing that they proceed from a predicate offense or from the participation in a predicate offense;

c) acquires, possesses, holds, or uses to currency, funds or other assets, knowing, at the time of their receipt, that they proceed from a predicate offense or from the participation in a predicate offense;

shall be punished with four to twelve years of imprisonment and with a fine ranging from 1.000 to 15.000 euro.

2. The crime of money laundering exists regardless of the value of the currency, funds or other assets that proceed from the predicate offense, even when there has been no conviction for that offense.

3. The crime of money laundering exists even when its author is the same person who committed the predicate offense.

4. The crime of money laundering exists even when the currency, funds or other assets that proceed from the predicate offense committed in another State.

5. In the case of conviction, the judge shall order the confiscation of:

a) the proceeds of the money laundering, direct or indirect, including the instrumentalities used or destined for that purpose;

b) the profits or other benefits originating, directly or indirectly, from the proceeds of the predicate offense.

6. Whenever it is not possible to confiscate the goods referred to in paragraph 5, subparagraphs a) and b), the judge shall order the confiscation of currency, funds or other assets of an equivalent value among those owned or possessed, directly or indirectly, exclusively or jointly with others, by the convict, without prejudice to the *bona fide* rights of third parties.

7. The currency, funds and other assets confiscated pursuant to paragraphs 5 and 6 are acquired by the Holy See and are destined, bearing in mind any international agreements on the sharing of confiscated proceeds, to the charitable and religious works of the Roman Pontiff.

8. The judge shall adopt precautionary measures, including the seizure of the currency, funds or other assets likely to be confiscated, to prevent their sale, transfer or disposition, as well as other measures to enable the competent authorities to identify, trace, and freeze the currency, funds or other assets likely to be confiscated, without prejudice to the *bona fide* rights of third parties.

Article 3 *bis*

(Use of proceeds from criminal activities)

In book II of the Criminal Code: "On the crimes in particular", Title X "Crimes against Property," Chapter V, "Receiving stolen goods," the following is added to the title: "On money laundering, self-laundering, and the use of proceeds from criminal activities". In the same Chapter, after article 421 bis *is added the following article 421* ter*:*

421 *ter*

1. Whomever uses in economic or financial activities currency, funds, or other assets, that proceed from a crime; shall be punished with four to twelve years of imprisonment and with a fine ranging from 1.000 to 15.000 euro.

2. In case of a conviction, paragraphs 5, 6, 7, and 8 of the preceding article apply.

CHAPTER III

Other forms of criminal activity

Article 4

(Associations for terrorist purposes or subversion)

In book II of the Criminal Code: "On the crimes in particular", Title I "Crimes against Security of the State," after Chapter IV "Common provisions", is added Chapter V: "Other measures to prevent and counter terrorism" where the following article 138 bis *is inserted:*

138 *bis*

1. Whomever promotes, creates, organizes, or directs associations that intend to commit acts for a terrorist purpose or for the purpose of subversion, shall be punished with five to fifteen years of imprisonment.

2. The terrorist purpose is present even when the violent acts are directed against another State, or an international institution or organization, or when they are committed in another State.

3. Regarding the person convicted, the confiscation of the goods used or intended to be used to commit the offence, their value, proceeds, profits, and other benefits, is always mandatory, without prejudice to the *bona fide* rights of third parties.

4. Whenever it is not possible to confiscate the goods referred to in paragraph 3, the judge shall order the confiscation of currency, funds or other assets of an equivalent value among those owned or possessed, directly or indirectly, exclusively or jointly with others, by the convict, without prejudice to the *bona fide* rights of third parties.

5. The goods confiscated pursuant to paragraphs 3 and 4 are acquired by the Holy See and are destined, bearing in mind any international agreements on the sharing of confiscated proceeds, to the charitable and religious works of the Roman Pontiff to be dedicated, at least in part, to provide assistance to the victims of terrorism and their families.

6. The judge shall adopt precautionary measures, including the seizure of the currency, funds or other assets likely to be confiscated, to prevent their sale, transfer or disposition, as well as other measures that permit identifying, tracing, and freezing the currency, funds or other assets likely to be confiscated, without prejudice to the *bona fide* rights of third parties.

Article 4 *bis*

(Financing of terrorism)

In book II of the Criminal Code: "On the crimes in particular", Title I "Crimes against Security of the State," after Chapter IV "Common provisions", is added Chapter V: "Other measures to prevent and counter terrorism" where the following article 138 ter *is inserted:*

138 *ter*

1. Whomever by any means, unlawfully and willfully, directly or indirectly, collects, provides, deposits or holds currency, funds or other assets, however obtained, with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to commit one or more acts for a terrorist purpose or to abet the commission of one or more acts for a terrorist purpose, regardless of whether those funds or assets are used to commit or to attempt to commit those acts, shall be punished with five to fifteen years of imprisonment.

2. The crime exists whether the acts are directed to finance associations or whether they are directed to finance one or more natural persons.

3. The terrorist purpose is present even when the violent acts are directed against another State, or an international institution or organization, or when they are committed in another State.

4. Regarding the person convicted, the confiscation of the goods used or intended to be used to commit the offence, their value, proceeds, profits, and other benefits , is always mandatory, without prejudice to the *bona fide* rights of third parties.

5. Whenever it is not possible to confiscate the goods referred to in paragraph 4, the judge shall order the confiscation of currency, funds or other assets of an equivalent value among those owned or possessed, directly or indirectly, exclusively or jointly with others, by the convict, without prejudice to the *bona fide* rights of third parties.

6. The goods confiscated pursuant to paragraphs 4 and 5 are acquired by the Holy See and are destined, bearing in mind any international agreements on the sharing of confiscated proceeds, to the charitable and religious works of the Roman Pontiff and, at least in part, to provide assistance to the victims of terrorism and their families.

7. The judge shall adopt precautionary measures, including the seizure of the money, goods or assets likely to be confiscated, to prevent their sale, transfer or disposition, as well as other measures that permit identifying, tracing, and freezing the money, goods or assets likely to be confiscated, without prejudice to the *bona fide* rights of third parties.

Article 5

(Recruitment for terrorist purposes or subversion)

In book II of the Criminal Code: "On the crimes in particular", Title I "Crimes against Security of the State," after Chapter IV "Common provisions", is added Chapter V: "Other measures to prevent and counter terrorism" where the following article 138 quater *is inserted:*

138 *quater*

1. Whomever, outside the cases foreseen in article 138 *bis*, recruits one or more persons to commit acts for a terrorist purpose or for the purpose of subversion, or to sabotage essential public facilities or services, shall be punished with seven to fifteen years of imprisonment.

2. The crime exists even when the acts are directed against another State, or an international institution or organization, or when they are committed in another State.

Article 6

(Training activities for terrorist purposes or subversion)

In book II of the Criminal Code: "On the crimes in particular", Title I "Crimes against Security of the State," after Chapter IV "Common provisions", is added Chapter V: "Other measures to prevent and counter terrorism" where the following article 138 quinquies *is inserted:*

138 *quinquies*

1. Whomever, outside the cases foreseen in article 138 *bis*, trains or otherwise provides information on the preparation or use of explosives or other lethal weapons or devices, or on any other technique or way to commit acts for a terrorist purpose or subversion, or to sabotage essential public facilities or services, shall be punished with five to ten years of imprisonment. The same penalty shall apply to he who receives the training.

2. The crime exists even when the acts are directed against another State, or an international institution or organization, or when they are committed in another State.

Article 7

(Attack for terrorist purposes or subversion)

In book II of the Criminal Code: "On the crimes in particular", Title I "Crimes against Security of the State," after Chapter IV "Common provisions", is added Chapter V: "Other measures to prevent and counter terrorism" where the following article 138 sexies *is inserted:*

138 *sexies*

1. Whomever, outside the cases foreseen in article 138 *bis*, commits, for a terrorist purpose or subversion, an act intended to cause death or serious bodily injury to civilians or to persons not taking active part in the hostilities in a situation of armed conflict, shall be punished, in the first case, with no less than twenty years of imprisonment and, in the second case, with no less than six years of imprisonment

2. The crime exists even when the acts are directed against another State, or an international institution or organization, or when they are committed in another State.

Article 8

(Acts of terrorism with explosives or other lethal weapons or devices)

In book II of the Criminal Code: "On the crimes in particular", Title I "Crimes against Security of the State," after Chapter IV "Common provisions", is added Chapter V: "Other measures to prevent and counter terrorism" where the following article 138 septies *is inserted:*

138 *septies*

1. Unless it constitutes a more serious crime, whomever commits one or more acts for a terrorist purpose or subversion, directed to damage public or private movable or immovable goods, using explosives or other lethal weapons or devices, shall be punished with two to five years of imprisonment.

2. The crime exists even when the acts are directed against another State, or an international institution or organization, or when they are committed in another State.

Article 9

(Embezzlement in prejudice of the State)

In book II of the Criminal Code: "On the crimes in particular", Title X "Crimes against Property," Chapter III "Swindle and other frauds," after article 416, the following article 416 bis *is added:*

416 *bis*. Whomever, not being a public official, receives from the State or from other public entities or institutions, contributions, subsidies or funds to aid the execution of public interest works or activities, and does not utilize them for such purposes, shall be punished with six months to four years of imprisonment.

Article 10

(Aggravated fraud aimed at obtaining public funds)

In book II of the Criminal Code: "On the crimes in particular", Title X "Crimes against Property," Chapter III "Swindle and other frauds," after article 416 bis*, the following article 416* ter *is added:*

416 *ter*. If the facts foreseen in article 413 involve contributions, funds, favored loans or other allowances of the same kind, regardless of their designation, granted or bestowed by the State or other public entities or institutions; the penalty shall be of one to six years of imprisonment and the relevant procedure is performed *ex officio.*

Article 11

(Undue reception of Funds in prejudice of the State)

In book II of the Criminal Code: "On the crimes in particular", Title X "Crimes against Property," Chapter III "Swindle and other frauds," after article 416 ter*, the following article 416* quater *is added:*

416 *quater*. Unless the facts constitute the crime set forth in article 413, whomever unduly obtains for himself or for others contributions, funds, favored loans or other allowances of the same kind, regardless of their designation, granted or bestowed by the State or other public entities or institutions, by employing or exhibiting false declarations or documents, or which attests falsehoods, or by omitting to provide due information, shall be punished with six months to three years of imprisonment.

If the facts referred to are of minor significance, the penalties shall be diminished accordingly.

Article 12

(Insider dealing)

In book II of the Criminal Code: "On the crimes in particular", Title VI "Crimes against public faith" after Chapter V "Frauds in trades, industries and auctions," is added Chapter V bis *"Insider dealing and market manipulation" where the following article 299* bis *is inserted:*

299 bis

1. Whomever possesses privileged information by virtue of his membership in the administrative, management or supervisory bodies of the issuer, or by virtue of his holding in the capital of the issuer, or by his exercise of his employment, profession, or duties, even if public or official, shall be punished with one to six years of imprisonment and with a fine ranging from 20.000 to 3.000.000 euro, if he:

    a) acquires, sells, or engages in other activities, either directly or indirectly, either for himself or on behalf of third parties, financial instruments to which that information relates.

    b) communicates said information to another, unless in the normal exercise of his employment, profession, functions, or office duties

    c) counsels or induces others, on the basis of such information, to perform one of the activities referred to in subparagraph a).

2. The same penalty shall apply to anyone who, possessing privileged information by virtue of his preparation or participation in criminal activities, commits one of the activities referred to in the same paragraph 1.

3. The judge may increase the fine up to three times, or up to ten times the amount of the proceeds of the crime, when even the maximum fine appears inadequate in view of the

seriousness of the offense, the personal conditions of the person convicted, or the amount of the profit or proceeds of the crime.

Article 13

(Market manipulation)

In book II of the Criminal Code: "On the crimes in particular", Title VI "Crimes against public faith" after Chapter V "Frauds in trades, industries and auctions," is added Chapter V bis *"Insider dealing and market manipulation," where the following article 299* ter *is inserted:*

299 *ter*

1. Whomever disseminates false information, or undertakes to simulate transactions, or utilizes other artifices concretely apt to cause a notable alteration in the prices of financial instruments, shall be punished with one to six years of imprisonment and with a fine ranging from 20.000 to 5.000.000 euro.

2. The judge may increase the fine up to three times, or increase it up to ten times the amount of the proceeds of the crime, when even the maximum fine appears inadequate in view of the seriousness of the offense, the personal conditions of the person convicted, or the amount of the profit or proceeds of the crime.

Article 14

(Trafficking in human beings)

In book II of the Criminal Code: "On the crimes in particular" Title II "Crimes against freedom," Chapter III "Crimes against individual freedom," is added article 145 bis in the following sense:

145 *bis*

1. Whomever traffics with a person in the manner referred to in article 145, and he who, in order to commit the offense set forth in that article, induces through deception or coerces, through violence, threat, abuse of power, or abuse of a situation of physical or psychical vulnerability or need, or through the offer or conferral of money or other benefits, a person over whom he has control, to enter, sojourn, or exit the territory of the state or to transfer within its territory, shall be punished with eight to twenty years of imprisonment.

2. The penalty is increased by from one-third to one-half if the acts referred to in paragraph 1 are committed against a minor under eighteen years of age, or if they are directed to the exploitation through prostitution or to inflict upon the victim removal of organs.

Article 15

(Sale of industrial products with false labels)

In article 295 of the Criminal Code, paragraphs 1 and 2, the respective penalties is amended as follows: "with up to one year of imprisonment or with a fine up to 10.000 euro" and "with up to two of imprisonment or with a fine up to 20.000 euro".

Article 16

(Manufacture, introduction, sale and possession of weapons in the State)

1. In article 460, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro".

2. In article 461, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro".

3. In article 462, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro".

4. In article 463, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro".

5. In article 464, paragraph 1, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro"; in paragraph 2 "with up to two years and a half of imprisonment and with a fine ranging from 100 to 3.000 euro", and in paragraph 3, "with up to three years of imprisonment and with a fine ranging from 100 to 3.000 euro".

6. In article 466, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro".

7. In article 467, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro" and "in the most serious cases, with up to two years and a half of imprisonment and with a fine ranging from 1000 to 3.000 euro.

8. In article 468, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro".

9. In article 469, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro".

Article 17

(Smuggling)

In book III of the Criminal Code: "Wrongdoings in particular", Title I "Wrongdoings against the public order," Chapter I "Wrongdoings against the public order" is added the following Chapter X "Smuggling", where the following article 459 bis *is inserted:*

459 *bis*

1. Whomever [commits one of the following acts] shall be punished with up to two years of imprisonment or, alternatively, with a fine of no less than ten times the duties due:

    a) introduces foreign goods through the land borders, in violation of the norms, prohibitions and limits established in paragraph 2;

    b) is found with goods concealed on his person, luggage, packages, furnishing, or among goods of other kind, or in any means of transportation, in order hide them for the customs controls;

    c) removes goods from customs offices not having paid the respective duties and not having guaranteed their payment;

    d) exports national or nationalized goods, subject to exit duties, outside the customs territory, under the conditions foreseen in the previous subparagraphs.

2. Goods may pass through customs only at the places established by the law in force.

3. The boundary with the Italian State shall be the customs' line.

4. Customs territory shall be defined by the customs' line.

5. The sites where a customs service operate, as well as the areas under the Customs' surveillance and control, are deemed customs' areas. The limits of the customs' areas are determined by the customs authority bearing in mind the conditions of each site.

6. Duties refers to all the duties that the Customs office is duty bound to collect pursuant to a law in force in the State.

7. In order to ensure the compliance of provisions of this article, the customs authorities shall:

    a) proceed to inspect means of transport of any sort that crosses the customs line, at the customs offices or that are moved within such areas;

b) proceed to inspect the luggage and other objects in the possession of those persons who cross the customs line at the customs offices or that move within such areas;

c) invite those who circulate, for any reason, within the customs areas to present any objects or valuable they carry on their person; in case of a refusal and if there are substantiated motives for suspicion, the customs authority may enjoin, through a written and reasoned order, that those persons be subject to a personal search. A written act of the personal search shall be prepared and transmitted, together with the abovementioned order and within forty-eight hours, to the Promoter of Justice, who shall validate the procedure within the following forty-eight hours if he deems it legitimate.

Article 18

(Environmental crimes)

In book III of the Criminal Code: "Wrongdoings in particular", Title II "Wrongdoings against public safety," after Chapter II "On the collapse and lack of repair of buildings" is added the following Chapter II bis *"On the protection of the environment", where the following article 472* bis *is inserted:*

472 *bis*

1. Whomever contaminates the soil, subsoil, surface waters or underground waters, shall be punished with six months to one year of imprisonment and with a fine ranging from 2.600 to 26.000 euro.

2. The same penalty set forth in paragraph 1 shall apply also to whomever contaminates the atmosphere.

3. If the contamination is caused by dangerous substances, the penalty shall be of one to two years of imprisonment and a fine ranging from 5.200 to 52.000 euro.

Article 19

(*Organized activities for the illicit trafficking of waste)*

In book III of the Criminal Code: "Wrongdoings in particular", Title II "Wrongdoings against public safety," after Chapter II "On the collapse and lack of repair of buildings" is added the following Chapter II bis *"On environmental protection", where the following article 472* ter *is inserted:*

472 ter

1. Whomever cedes, collects, transports, imports, or otherwise illegitimately manages important quantities of waste, through organized means, various operations, and continuous activities, in order to obtain an unjust profit, shall be punished with one to six years of imprisonment.

2. If the waste is highly radioactive, the penalty shall be of three to eight years of imprisonment.

Article 20

(Illicit Production, trafficking and possession of narcotic drugs or psychotropic substances)

In book II of the Criminal Code: "On the crimes in particular", Title VII "Crimes against public safety," after Chapter III "Crimes against public health and nutrition," is added the following Chapter III bis *"Control of narcotic drugs and psychotropic substances," where the following article 326* bis *is inserted:*

326 *bis*.

1. Whomever, without having been authorized, cultivates, produces, manufactures, extracts, refines, sells, offers or offers in sale, cedes, distributes, brokerages, transports, supplies, sends, conveys or dispatches in transit, or delivers for any purpose, narcotic drugs and psychotropic substances, shall be punished with six to twenty years of imprisonment and with a fine ranging from 26.000 to 260.000 euro.

2. The penalties set forth in paragraph 1 shall apply also to whomever imports, exports, purchases, receives for any reason or otherwise illegally possesses, without proper authorization, narcotic drugs and psychotropic substances in such quantities that they do not seem to be destined solely for his personal use. In the latter case, the abovementioned penalties shall be reduced by one-third to one-half.

3. Whenever, due to the means, mode or circumstances of the act, or the quality or quantity of the substance the facts foreseen in this article are of minor import, the penalty shall be of one to six years of imprisonment and a fine ranging from 3.000 to 26.000 euro.

4. The penalty shall be increased if the act is committed through the participation of three or more persons.

5. The penalties set forth in this article shall be reduced by one-half to two-thirds for whomever endeavors to prevent the furtherance of the criminal activity, even by assisting the judicial authorities to seize the necessary resources for the commission of the crimes.

Article 21

(Association for the illicit trafficking in illicit narcotic drugs or psychotropic substances)

In book II of the Criminal Code: "On the crimes in particular", Title VII "Crimes against public safety," after Chapter III "Crimes against public health and nutrition," is added the following Chapter III bis *"Control of narcotic drugs and psychotropic substances," where the following article 326* ter *is inserted:*

326 *ter*

1. When three or more persons concur to commit more than one of the crimes set forth in article 326 *bis*; whomever promotes, creates, directs, organizes or finances such association, shall be punished, just by that fact, with no less than twenty years of imprisonment.

   Whomever participates in such association shall be punished with no less than ten years of imprisonment.

2. The penalty shall be increased if there are ten or more associates or if some of them are addicted to the use of narcotic drugs or psychotropic substances.

3. In case of armed association, the penalty set forth in paragraph 1 shall be of no less than twenty-four years of imprisonment. An association shall be deemed armed if the participants have access to explosives or other lethal weapons or devices, even if concealed or stored.

4. The penalties set forth in this article shall be reduced by one-half to two-thirds for whomever has operated effectively to obtain evidence of the crime or to deprive association of resources necessary to the commission of the crimes.

Article 22

(Aggravating circumstances and confiscation)

In book II of the Criminal Code: "On the crimes in particular", Title VII "Crimes against public safety," after Chapter III "Crimes against public health and nutrition," is added the following Chapter III bis *"Control of narcotic drugs and psychotropic substances," where the following article 326* quater *is inserted:*

326 *quater*

1. The penalties established for the crimes set forth in article 326 *bis* shall be increased from one-third to one-half:

a) in cases in which the narcotic drugs or psychotropic substances are delivered or destined to a minor under eighteen years of age;

b) for whomever has induced a person addicted to the narcotic drugs or psychotropic substances to commit the crime or to further its commission;

c) if the crime has been committed by an armed or disguised person;

d) if the narcotic drugs or psychotropic substances have been adulterated or mixed with other substances so that their potential to cause harm is increased.

2. If the crime involves large quantities of narcotic drugs or psychotropic substances, the penalties shall be increased from one-half to two-thirds.

3. The judicial authorities shall order the confiscation and destruction of the narcotic drugs or psychotropic substances.

Article 23

(Abusive medical prescriptions)

In book II of the Criminal Code: "On the crimes in particular", Title VII "Crimes against public safety," after Chapter III "Crimes against public health and nutrition," is added the following Chapter III bis *"Control of narcotic drugs and psychotropic substances," where the following article 326* quinquies *is inserted:*

326 *quinquies*

1. The penalties set forth in article 326 *bis* shall also apply to the surgeon who writes prescriptions for narcotic drugs and psychotropic substances when they are not be used for therapeutic purposes.

2. The penalties set forth in article 326 *bis* do not apply to pharmacies insofar as the purchase of narcotic drugs and psychotropic substances, and to their acquisition, sale and delivery, in the form and dosage of medicines, on the basis of medical prescriptions.

Article 23 bis

(Piracy)

In book II of the Criminal Code: "On the crimes in particular", Title VII "Crimes against public safety," Chapter I "Arson, flood, submersion, and other crimes that create a common threat," after article 311, the following article 311 bis *is added:*

311 *bis*.

1. The kidnapping, depredation, and any other act of violence committed for private ends by the crew or the passengers of a private ship or aircraft and directed against another ship or aircraft or against the persons or property on board of those, shall be punished with ten to twenty years of imprisonment.

2. Regarding the person convicted, the confiscation of the goods used or intended to be used to commit the offence, their value, proceeds, profits, and other benefits , is always mandatory, without prejudice to the *bona fide* rights of third parties.

CHAPTER IV

Measure to prevent and counter the financing of terrorism

Article 24

(Measure to counter the financing of terrorism and the activities that threaten international peace and security)

1. In order to prevent and counter the financing of terrorism and the activities that threaten peace and international security, the Secretariat of State shall draw up a list of designated persons subject to the freeze of funds and economic assets on the basis, *inter alia*, of the relevant United Nations Security Council resolutions.

   The Secretariat of State shall update the list of designated persons, and possibly remove persons from that list, on the basis, *inter alia*, of the relevant United Nations Security Council resolutions.

2. The Financial Intelligence Authority, by its own provision, without delay and without giving previous notice, orders the freeze of the funds and other assets owned or possessed, exclusively or jointly, directly or indirectly, by the persons designated by the Secretariat of State.

   The ordered freeze shall be communicated without delay to the subjects referred to in article 2, paragraph 1, and has immediate effect.

   The Financial Intelligence Authority's order shall define the terms, conditions and limit of the freeze of funds, also to protect the *bona fide* rights of third parties.

3. The Secretariat of State shall:

   a) acquire, both from domestic and international competent authorities, any information that might be useful to fulfill the tasks set forth in paragraph 1;

b) maintain contacts with foreign and international authorities with the view to enhance the indispensable international coordination;

c) propose to the competent international authorities the designation of additional persons.

Whenever there are, on the basis of the information gathered pursuant to subparagraphs a) and b), sufficient elements to propose to the international authorities the designation of additional persons, and there is a risk that the funds and other assets subject to the freeze might be concealed or used to finance terrorism, the Secretariat of State shall inform the Promoter of Justice and the Financial Intelligence Authority for the adoption of precautionary measures.

d) propose to the International Authorities the delisting of designated persons, even on the basis of the recourses filed by the entitled persons pursuant to paragraph 4.

4. The Tribunal shall receive and assess the applications for exemption from the freezing of funds and other assets filed by the entitled persons, also to protect the *bona fide* rights of third parties.

Article 25

(Effects of the freezing of funds and assets)

1. The frozen funds may not be transferred, disposed of, or used in any way.

2. The frozen assets may not be transferred, disposed of, or used in any way to obtain, through any means, goods and services.

3. Any legal act performed in violation of the prohibitions set forth in paragraphs 1 and 2 shall be null and void.

4. It shall be forbidden to provide, directly or indirectly, funds or other assets to the designated persons, or devote those funds and assets to their benefit.

5. The intentional cooperation in activities aimed at circumventing, or directly or indirectly, the freezing measures, shall be forbidden.

6. The freezing of funds shall be without prejudice to effects of any eventual seizure or confiscation orders adopted, regarding the same funds or other assets, in the course of a judicial or administrative procedure.

7. Unless there is gross negligence, the good faith freezing of funds and other assets as well as the failure or refusal to render financial services pursuant to this law shall not entail any responsibility for the acting natural or legal person who implements them nor for its

legal representatives, administrators, directors, employees, consultants, and collaborators on any grounds.

Article 26

(Reporting requirements)

Within thirty days of the adoption of the order foreseen in article 24, paragraph 2, the subjects referred to in article 2, paragraph 1, subparagraph a), shall communicate to the Financial Intelligence Authority:

a) the measures applied pursuant to this Chapter, indicating the subjects concerned as well as the amount and the nature of the frozen funds or other assets;

b) any available information regarding the relationship, services and transactions, as well as any other intelligence available, related to the designated persons or to those persons who, on the basis of the indications that may have been received, are in the process of being designated.

Article 27

(Custody, administration and management of the frozen assets)

1. The Administration of the Patrimony of the Apostolic See provides, either directly or through the appointment of a custodian or administrator, for the custody, administration and management of the frozen funds and other assets.

   APSA may perform, either directly or through a custodian or administrator, all acts of ordinary administration. For acts of extraordinary administration, the *nulla osta* of the Prefecture for the Economic Affairs of the Holy See shall be required.

2. Whenever, in the course of a judicial or administrative proceeding, the seizure or confiscation of the funds and other assets referred to in paragraph 1 of this article is ordered, the authority that has ordered their seizure or confiscation shall provide for its administration.

3. The custodian or administrator shall operate under the direct control of the Administration of the Patrimony of the Apostolic See.

   The custodian or administrator shall conduct their activity in conformity with the directives of the Administration of the Patrimony of the Apostolic See, and shall present periodic reports and a final accounting at the conclusion of their activity.

4. The expenses of custody or administration, including compensation of the custodian or administrator, shall be deducted from the funds or other assets in custody or administration, or from any funds or other assets produced by them.

5. The Administration of the Patrimony of the Apostolic See shall present periodic reports to the Secretariat of State on the situation of those funds and other assets as well as on the acts of administration executed.

6. When a person is delisted, or when the freeze is annulled by the Tribunal, the Secretariat of State shall request the Gendarmerie to notify all those entitled pursuant to articles 170 and following of the Criminal Procedure Code.

   That notification shall invite all those entitled to take possession, within six months of its date, of the funds and other assets in question and it shall inform them of the acts of administration conducted pursuant to paragraph 8.

7. Regarding real property or registered mobile goods, a similar notification shall be made to the public authorities with the view to strike out the freeze from the public registries.

8. After the freeze has ceased, and before the funds or other assets have been transferred to the entitled person, the Administration of the Patrimony of the Apostolic See shall provide for their custody and administration as set forth in paragraphs 1, 2, 3, 4, and 5.

9. If the person entitled to, does not request the funds or other assets within six months after the notification foreseen in paragraph 6, those funds and assets shall be acquired by the Holy See and shall be destined, bearing in mind any international agreements on the sharing of confiscated proceeds, to the charitable and religious works of the Roman Pontiff to be dedicated, at least in part, to provide assistance to the victims of terrorism and their families.

10. The order enjoining the acquisition shall be communicated to the person entitled to those funds or assets and shall be communicated to the competent authorities as set forth in paragraph 7.

CHAPTER V

Customer due diligence requirements

Article 28

(Scope of application)

1. The subjects referred to in article 2, paragraph 1, subparagraphs a) and c), shall fulfill customer due diligence requirements:

a) when they establish a relationship;

b) when they carry out occasional transactions equal to or in excess of 15.000 euro, regardless of whether it is conducted in a single transaction or in various transactions connected one to the other;

c) when they transfer funds for an amount equivalent to or in excess of 1.000 euro;

d) when money laundering or the financing of terrorism are suspected, regardless of any derogations, exemptions, or applicable thresholds;

e) when there are doubts about the veracity or adequacy of the previously obtained counterpart's customer identification data;

2. The subjects referred to in article 2, paragraph 1, subparagraph b), shall undertake customer due diligence measures:

a) when the professional services have, as their object, means of payment, funds or other assets equal to or in excess of 15.000 euro;

b) when they provide occasional professional services involving the transfer or movement of means of payment equal to or in excess of 15.000 euro, regardless of whether it is conducted in a single transaction or in various transactions connected one to the other;

c) every time that the transaction is of an indeterminate or of an indeterminable value. For the purposes of customer due diligence requirements, the constitution, management or administration of a corporation or other legal persons shall always be deemed to involve a transaction of an indeterminate value;

d) when there exists a suspicion of money laundering or financing of terrorism, regardless of any derogations, exemptions, or applicable thresholds;

e) when there are doubts about the veracity or adequacy of the data previously obtained for identification of the counterpart;

The subjects referred to in article 2, paragraph 1, subparagraph b), shall undertake customer due diligence measures when conducting their activities individually, jointly, or in association with others.

3. Customer due diligence requirements subsist during all the relationship, and include the monitoring of the transactions conducted during the same relationship in order to verify, *inter alia*, that the transactions are coherent with the typology and risk level of the counterpart and its [the counterpart's] activities.

4. Customer due diligence requirements shall be fulfilled as well for those relationships already in existence when this law enters into force.

Article 28 *bis*

(Risk based approach)

1. Customer due diligence requirements shall be fulfilled in a manner proportional to the category of the counterpart and the typology of the relationship, the service provided and the transaction.

2. To assess the risk of money laundering or of the financing of terrorism, the subjects referred to in article 2, paragraph 1, observe the guidelines of the Financial Intelligence Authority.

3. The subjects referred to in article 2, paragraph 1, shall give particular attention to the risk of money laundering and financing of terrorism associated with those services, transactions or financial products that favor anonymity, and shall adopt those measures that might be necessary to prevent their use for money laundering or the financing of terrorism.

Article 28 *ter*

(Duties of the counterpart)

1. The counterpart shall provide the subjects referred to in article 2, paragraph 1, all documents, data and information necessary to fulfill the customer identification and verification requirements.

2. The counterpart shall also provide all documents, data and information necessary to identify the beneficial owner.

Article 29

(Content of customer due diligence requirements)

1. The subjects referred to in article 2, paragraph 1, subparagraphs a) and c), shall fulfill the customer due diligence requirements before entering into a relationship, provide a service or conduct a transaction.

2. The subjects referred to in article 2, paragraph 1, subparagraph b), shall observe the customer due diligence requirements at the initial stage of their valuation of the counterparts position.

3. The subjects referred to in article 2, paragraph 1, shall identify the counterpart, be it a natural or legal person, and they shall verify the identity based upon, *inter alia*, documents, data, and information obtained from an independent and trustworthy source.

   In the case of legal persons, the due diligence shall include the legal nature, legal denomination and registered office, as well as the identity of those persons who perform the functions of legal representatives, administrators and directors.

   The subjects referred to in article 2, paragraph 1, shall request from the counterpart, be it a natural or legal person, those documents, data and information necessary to fulfill the customer due diligence requirements. Such information shall include the purpose of the relationship.

4. Whenever it is not possible to fulfill the customer due diligence requirements, it shall be forbidden to enter into the relationship, provide the service, or conduct the transaction in question. Whenever the relationship is already ongoing, the subjects bound to observe customer due diligence must terminate said relationship. In all of these cases, the subjects bound to observe the requirements shall consider reporting the suspicious transaction to the Financial Intelligence Authority.

Article 29 *bis*

(Beneficial owner)

1. While fulfilling the customer due diligence requirements, the subjects referred to in article 2, paragraph 1, shall determine and identify the beneficial owner and verify its identity on the basis, *inter alia*, of documents, data, and information obtained from a trustworthy and independent source.

2. In the case of corporations or legal persons, to identify the beneficial owner, they shall also:

   a) ascertain the ownership and control of such corporation or legal person;

   b) identify and verify the natural or legal persons who are the ultimate owners or exercise ultimate control of such legal person, or who are its beneficiaries according to the criteria set forth in the Annex to this law.

Article 29 *ter*

(Delegates)

While fulfilling the customer due diligence requirements, the subjects referred to in article 2, paragraph 1, shall ascertain whether those who intend to represent or to act in the name and on behalf of the counterpart, be it a natural or legal person, are duly authorized, they shall identify them and verify their identity on the basis, *inter alia*, of documents, data, and information obtained from an independent and trustworthy source

Article 30

(Simplified requirements and exemptions)

1. The subjects referred to in article 2, paragraph 1, shall be exempted from observing the customer due diligence requirements if the counterpart is a credit or financial institution located in a State that observes requirements equivalent to those set forth in this law.

2. The Secretariat of State identifies, by its own order, those States that observe requirements equivalent to those set forth in this law.

3. The subjects referred to in article 2, paragraph 1, shall be exempted from observing the customer due diligence requirements if the counterpart is a Public Authority.

4. In the cases referred to in paragraphs 1 and 3, the subjects referred to in article 2, paragraph 1 shall gather enough information to determine that the counterpart falls within one of the categories referred to in the same paragraphs 1 and 3.

5. The simplified customer due diligence requirements shall not be applied when money laundering or the financing of terrorism are suspected, or when there are reasons to believe that the previous verification is unreliable or insufficient to provide the necessary information.

6. The subjects referred to in article 2, paragraph 1, shall be exempted from observing the customer identification and verification requirements in relation to:

    a) life insurance policies where the annual premium is not in excess of 1.000 euro or a single premium of no more than 2.500 euro;

    b) complementary pension schemes, provided that there is no surrender clause and that they cannot be used as collateral for a loan;

    c) obligatory and complementary pensions and similar schemes that provide retirement benefits, when the contributions are made through deductions from the wages and whose rules do not permit the beneficiaries to transfer their own rights until after the death of the title holder;

    d) beneficial owners of pooled accounts managed by foreign notaries or professionals that conduct similar activities in another State, provided that they

are subject to requirements regarding the prevention and countering of money laundering and the financing of terrorism equivalent to those set forth in this law;

e) electronic money, if no more than 150 euro can memorized in the device, if it is not rechargeable; or, if it is rechargeable, if no more than 2.500 euro can be deducted in a legal year, unless a 1.000 euro or more is reimbursed to the titular in the same legal year.

7. The Financial Intelligence Authority may authorize the subjects referred to in article 2, paragraph 1, not to apply the customer due diligence requirements regarding particular categories of counterparts and typologies of relationships, services and transactions of low risk of money laundering or financing of terrorism.

Such authorization shall be granted pursuant to the criteria set forth to in the Annex to this Law.

Article 31

(Enhanced requirements)

1. The subjects referred to in article 2, paragraph 1, shall reinforce the customer due diligence requirements in those situations which, by their own nature, involve a greater risk of money laundering or financing of terrorism, including the cases foreseen in paragraphs 2, 4, and 5 of this article.

2. In non-face to face relationship, the subjects referred to in article 2, paragraph 1, shall apply one or more of the following measures:

a) identity and verify of the counterpart in the relationship through additional information, including documents, data, and information obtained from a trustworthy and independent source;

b) adopt additional measures to verify and certify the documents provided, or require for those documents a confirming certification by a credit or financial institution subject to customer due diligence requirements equivalent to those set forth in this law.

c) require that the transaction’s first payment be carried out through an account in the counterpart’s name in a credit or financial institution subject to customer identification and verification requirements equivalent to those set forth in this law;

3. The Customer due diligence requirements shall be deemed to be fulfilled, even in the case of non-face to face transactions, in the following cases:

a) when the due identification has been previous made regarding an already existing relationship, insofar as the information is updated;

b) for the transactions made at electronic points of sale or ATM machines, through the post, or through subjects that transfer funds through banking cards. Such transactions shall be ascribed to the titular of the relevant relationship;

c) when the counterpart's identifying data and other necessary information are found in a public document, in an authenticated private deed, or in any other legal instruments that provide legal certainty;

d) when the counterpart's identifying data and other necessary information are found in a declaration of a Pontifical Representation of the Holy See.

4. Regarding the correspondent current accounts of foreign banks or credit or financial institutions, the subjects referred to in article 2, the subjects referred to in article 2, paragraph 1, shall:

a) gather sufficient information regarding the correspondent institution to understand fully the nature of its activities and to determine – from publicly available registries, lists, records and documents – its reputation and the quality of the supervision it is subject to;

b) assess the soundness of the legal system, requirements and controls in force in the foreign State regarding the prevention and countering of money laundering and the financing of terrorism;

c) before opening an account, obtain the approval of the responsible superior or director or from his delegate;

d) define in written form the terms of the contract with the corresponding institution, including their respective rights and duties;

e) be certain that the correspondent institution has verified the identity of any counterpart having direct access to payable-through accounts, that it has regularly complied with the customer identification and verification requirements, and that it is able to provide, upon request, the relevant data obtained while fulfilling those same requirements.

5. Regarding the relationships established with politically exposed persons, as well as the services and transactions conducted in their name and on their behalf, the subjects referred to in article 2, paragraph 1, shall:

a) put in place appropriate procedures to determine whether the counterpart is a politically exposed person;

b) before establishing a relationship, providing a service, or conducting a transaction, obtain the approval of the responsible superior or director or from his

delegate. If the counterpart subsequently acquires the status of a politically exposed person, such an approval shall be required in order to maintain the relationship;

c) adopt every reasonable measure to establish the source of the currency, funds and other assets used;

d) conduct an enhanced and ongoing monitoring.

CHAPTER VI

Records and record-keeping requirements

Article 32

(Records and record-keeping requirements)

The subjects referred to in article 2, paragraph 1, shall preserve the documents, data and information obtained while fulfilling the customer due diligence requirements, so as to permit the Judicial Authorities to reconstruct the relationships, services and transaction even in case of a criminal proceeding.

Article 33

(Subject matter of the requirements)

1. Regarding the customer identification and verification requirements, the subjects referred to in article 2, paragraph 1, shall preserve for five years from the date of the termination of the relationship, of the provision of the service or of the transaction, any information and documents obtained, including the correspondence, deeds and annotations made.

2. Regarding the relationships, services and transactions, the subjects referred to in article 2, paragraph 1, shall record and preserve for five years from the date of the termination of the relationship, of the provision of the service or of the transaction: the identifying data of the counterpart, of the beneficial owner, and of their delegates, the date of the transaction; its amount, the kind of relationship, service or transaction, and the means of payment used. Regarding relationships, the subjects referred to in article 2, paragraph 1, shall record also the purpose.

3. The information referred to in paragraph 2 shall be recorded without delay and, in any case, within 48 hours of the provision of the service, the conduct to the transaction, or the establishment, change or termination of the relationship.

4. The five years period set forth in paragraphs 1 and 2 may be extended upon request of the Judicial Authorities.

5. The subjects referred to in article 2, paragraph 1, within the time limits set forth in paragraph 1, shall adopt record-keeping mechanisms that make possible to respond promptly and effectively to the inquiries of the competent authorities.

6. The subjects referred to in article 2, paragraph 1, shall adopt record-keeping mechanisms that make it possible to update the data and information gathered while observing the customer identification and verification requirements, regarding particularly those categories of counterparts and those typologies of relationships, services and transactions that involve high level risks.

CHAPTER VII

Reporting duties

Article 34

(Reporting of suspicious operations)

1. The subjects referred to in article 2 shall report to the Financial Intelligence Authority, any suspicious transactions when they know, suspect, or have reasonable grounds to suspect that the currency, funds or other assets involved are the proceeds of criminal activities, or when money laundering or the financing of terrorism has been committed, is in the course of being committed, or has been attempted.

   The suspicion shall be inferred from the characteristics, amount, or nature of the transaction, as well as from any other circumstances discovered in the course of services provided; bearing in mind also the economic capacity and activities of the subject involved in the transaction, be it a natural or legal person, according to the information gathered while providing the services, as well as following the nomination of that person to a public function.

2. The subjects referred to in article 2, paragraph 1, shall be particularly attentive to complex transactions, of notable import, or unusual for the counterpart, or otherwise difficult to connect to a legitimate scope, as determined, *inter alia*, on the bases of the guidelines issued by the Financial Intelligence Authority.

3. The suspicious transaction shall be reported as soon as the subject bound to report it becomes aware of the elements that substantiate the suspicion and, where possible, before providing the service or conducting the transaction in question.

   The report of a suspicious transaction shall be made regardless of the amount of the transaction and of whether it possibly involves fiscal matters.

4. The report in good faith of suspicious transactions, including any information related to it, shall not give rise to any form of liability for the subjects held to make the report, or their legal representatives, administrators, directors, employees, consultants, and collaborators on any grounds, nor it shall constitute a breach of banking or professional secret, nor of any possible restrictions on the disclosure of information imposed by legal, administrative or contractual provisions.

Article 35

(Duty to refrain)

1. The subjects referred to in article 2, paragraph 1, shall not provide services or conduct transactions when they know, suspect, or have reasonable grounds to suspect that the currency, funds or other assets are the proceeds of criminal activities, or when money laundering or the financing of terrorism is being or has been committed, or has been attempted.

2. When it is not possible to avoid conducting the transaction or when doing so would disrupt investigation by the Judicial Authority, the entities bound to report the suspicious transaction shall do so without delay after having provided the service or executed the transaction.

Article 36

(Prohibition of disclosure)

The reporting parties, their legal representatives, administrators, directors, employees, consultants, and collaborators of whatever nature, as well as anyone else who is aware of it, shall not disclose to the entitled person or to third parties the report of suspicious transactions, including correlative information, nor that there is in course, or could be in course an investigation regarding money laundering or the financing of terrorism.

Article 36 *bis*

(Analysis and referral of the suspicious transactions reports)

1. Regarding the suspicious transactions reports, the Financial Intelligence Authority:

   a) makes the financial analyses;

   b) requests additional information from the reporting parties;

c) archives the suspicious transactions reports that it deems to be unfounded, while maintaining the evidence for ten years using systems that guarantee the security of the information and that permit the Judicial Authorities to investigate in case criminal proceedings are initiated;

d) transmits to the Promoter of Justice that information that it deems sufficiently grounded and which may constitute incidents of money laundering or financing of terrorism. The evidence regarding those reports that have been referred to the Promoter of Justice shall be maintained for ten years using systems that guarantee the security of the information and that permit further inquiries as well as investigation and activity by Judicial Authorities in case of a criminal proceeding;

e) communicates to the reporting party the fact that the report has been archived.

2. The Promoter of Justice informs the Financial Intelligence Authority of the suspicious transactions reports that have been archived.

3. The [suspect] transactions reports and the subsequent communications shall be subject to the various prohibitions regarding disclosure set forth in article 36.

Article 37

(Safeguarding confidentiality)

1. The subjects bound to report suspicious transactions shall adopt adequate measures to ensure the highest level of confidentiality regarding the identity of the persons who effectuate the report. The records and documents that reveal their identity of said persons shall be safeguarded under the direct responsibility of the legal representative or of his delegate.

2. The transmission of suspicious transactions reports, as well as any possible requests for and exchanges of information between the Financial Intelligence Authority and the Judicial Authority, shall be conducted by manner and means proper to safeguard the security and integrity of the information and its use within the limits set forth by this law and the legal order in force.

3. The Promoter of Justice, the Financial Intelligence Authority, and the Gendarmerie shall conclude Memoranda of Understanding to ensure that their exchanges of information are secure and the utmost confidentiality is given to identity of the persons who make the reports.

4. In the case of transmission of a suspicious transaction report or the reporting of a crime, to the Promoter of Justice or of a complaint for a criminal act, the identity of the natural persons who have made the report shall not be indicated, even when it is known.

5. The identity of the natural persons may be revealed only when the Judicial Authority, through a grounded order, deem it indispensable a determination as to the commission of the crimes in question.

6. Except for those situations provided for in paragraph 5, in the case of sequester of records or documents, safety measures shall be adopted to ensure the confidentiality of the identity of the natural persons who have reported the suspicious transaction.

Article 37 *bis*

(Financial secrecy)

1. All notices, information and data held by the subjects referred to in article 2, paragraph 1, their legal representatives, administrators, directors, employees, consultants, and collaborators on any grounds, by virtue of the exercise of the activities referred to in the same article 2, paragraph 1, shall be protected by financial secrecy.

2. Financial secrecy shall not obstruct the activities and the requests for information from the authorities competent for the prevention and countering of money laundering and the financing of terrorism.

CHAPTER VIII

Wire Transfers

Article 38

(Wire Transfers)

1. With the exception of the limits and exemptions set forth in article 28, paragraph 1, subparagraph c), with respect to wire transfers the provision of payment services to the originator and the beneficiary, as well as the intermediary providers of payment services, shall observe obligations of customer due diligence, registration, and conservation, with reference to the following data with respect to the originator:

   a) name and surname;

   b) date and place of birth;

   c) address;

   d) account number;

2. The Financial Intelligence Authority shall issue guidelines and implementation norms regarding the transfer of funds, on the basis, *inter alia*, of the International and European norms in force.

CHAPTER IX

Currency

Article 39

(Declaration of physical cross-border transportation of currency)

1. Every person entering or exiting the State carrying an amount of currency equal or exceeding the pre-set maximum threshold established by the Pontifical Commission for the Vatican City State, on the basis, *inter alia*, of the European norms in force on this matter, shall make a written declaration to the Financial Intelligence Authority.

2. The declaration referred to in paragraph 1 shall contain:

   a) the identifying data of the declarant, of the proprietor and of the recipient of such currency;

   b) the amount of currency and its origin;

   c) the itinerary followed and its intended use;

3. The information contained in the declarations referred to in paragraph 2 shall be recorded and preserved for five years by the Financial Intelligence Authority.

4. The Gendarmerie Corps shall make inquiries and inspections to ensure the compliance of the requirements set forth in paragraph 1, within its own competences and the limits established by the laws in force.

Article 39 *bis*

(Use of Currency)

The Pontifical Commission for the Vatican City State shall pre-set, through a regulation, a maximum threshold for the amount of currency that may be used, on the basis, *inter alia*, of the European legislation in force in this regard.

CHAPTER X

Official Secrecy and exchange of information

Article 40

(Exchange of Information)

1. All information held by the competent authorities shall be subject to official secrecy, without prejudice to the activities of the Judicial Authorities in case of criminal proceedings.

2. The competent authorities shall cooperate actively and exchange relevant information for the prevention and countering of money laundering and the financing of terrorism.

3. All data, information and documents held by the competent authorities shall be preserved using systems that ensure their security and integrity.

4. The preceding provisions shall be applied without prejudice to the norms in force regarding Pontifical Secret and State Secret.

Article 41

(International exchange of information)

1. The Financial Intelligence Authority exchanges information for the prevention and countering of money laundering and the financing of terrorism with similar authorities of other States, on the condition of reciprocity and on the basis of Memoranda of Understanding.

2. Official secrecy and any eventual restrictions on the communications shall not inhibit the international exchange of information.

3. Any information received or provided shall be used exclusively for the prevention and countering of money laundering and the financing of terrorism.

CHAPTER XI

Administrative sanctions

Article 42

(Pecuniary administrative sanctions)

1. In case of violation of the obligations set forth in articles 1 *bis*; 2 *ter*; 25paragraphs 1, 2, 4, and 5; 26; 27; 28; 28 *bis*; 28 *ter*; 29; 29 *bis*; 29 *ter*; 30; 31; 32; 33; 34; 35; 36; 37, paragraph 1; 37 *bis*; 38; and 39; or of the related duties established by the regulations and other enforceable measures adopted pursuant to this law, the Financial Intelligence Authority shall impose a pecuniary administrative sanction ranging from 10.000 to 250.000 euro, for the natural persons, and from 10.000 to 1.000.000 euro for the legal persons.

2. The sanctions shall be determined pursuant to the criteria set forth in Law n. CCXVII of 14 December 1994.

3. The import of the sanction shall be acquired by the Holy See and it is destined to the charitable and religious works of the Roman Pontiff.

4. The person sanctioned may object to the decision of the Financial Intelligence Authority resorting to a Single Judge. If it is a legal person, the entity sanctioned may resort against the natural person responsible for the violation.

5. The preceding provisions shall be applied without prejudice to the disciplinary procedures related to an employment relationship.

Article 42 *bis*

(Administrative liability of legal persons)

1. In case of a conviction for one of the crimes set forth in articles 412 *bis* and 138 *ter* of the Criminal Code, the judicial authority shall impose a pecuniary administrative sanction ranging from 20.000 to 2.000.000 euro to the legal person involved if:

   a) the person convicted exercised its legal representation, administration, direction, or a similar role;

   b) the person convicted was under the direct responsibility, supervision or control of one on the persons referred to in paragraph a).

   c) the crime was committed in favor of the legal person.

2. The legal person shall not be deemed responsible if:

   a) he who exercises its legal representation, administration, direction, or a similar role, not having been convicted, has adopted and implemented adequate policies, organization, measures and procedures to prevent the crimes set forth in articles 421 *bis* and 138 *ter* of the Criminal Code.

b) the task of internal monitoring and control has been entrusted to an outside organism or entity, different from legal person in question.

c) the crime has been committed evading wrongfully the legal person's internal monitoring and control mechanism.

3. In addition to the pecuniary administrative sanction, a temporary interdict to exercise its activities shall be imposed if at least one of the following conditions occurs:

a) the legal person has obtained a notable gain from the commission of the crime;

b) the commission of the crime has been determined or abetted by serious deficiencies in the legal person's organization;

c) in the five preceding years, the legal person had already received a pecuniary administrative sanction related to the commission of one of the crimes set forth in article 421 *bis* and 138 *ter* of the Criminal Code.

4. The import of the sanction shall be acquired by the Holy See and it is destined to the charitable and religious works of the Roman Pontiff.

5. This norm does not apply to domestic, foreign or international Public Authorities.

ANNEX

Article 1

(Beneficial owner)

"Beneficial owner" means:

1. Regarding natural persons, the person or persons in whose name and on whose behalf a service is provided or a transaction is conducted.

2. Regarding corporations:

a) the natural person or persons who ultimately owns or controls a corporation through direct or indirect possession or control of shares in the joint stock, or of voting rights in such corporation, through bearer shares;

b) the natural person or persons who otherwise exercise control over the management of a corporation.

3. Regarding other legal persons that manage or distribute funds:

a) if the beneficiaries have already been determined, the natural person or persons who are the beneficiaries of the patrimony of the legal person;

b) if the beneficiaries have not yet been determined, the natural person or persons on whose primary interest the legal person was created;

c) the natural person or persons who exercise control over the patrimony of the legal person.

Article 2

(Politically exposed persons)

1. Natural persons who are or have been entrusted with prominent public functions means:

a) the Heads of State, Heads of Government, Ministers, Vice-ministers, Under-Secretaries, and persons who exercise similar functions;

b) the Members of Parliament;

c) the Members of the Supreme Courts, the Constitutional Courts and other high ranking judicial organs, whose decisions are generally not subject to further appeal, and the persons who exercise similar functions;

d) the Members of State Auditors' Courts and of the Board of Directors of the Central Banks, and the persons who exercise similar functions;

e) the Ambassadors, *Chargés d'affaires,* and the High-ranking Officers of the Armed Forces, and the persons who exercise similar functions;

f) the Members of the Boards of Directors, management or supervisory organs of State-owned enterprises, and the persons who exercise similar functions;

Middle ranking or more junior individuals do not fall within any of the foregoing categories. The categories referred to in subparagraphs a) and f) include, if applicable, the functions exercised at the International and European levels.

2. "Immediate family members" means:

a) the spouse;

b) the children and their spouses;

c) those who have cohabitated during the last five years with the persons mentioned in the previous paragraph, without legal effects in the canonical or civil legal orders;

d) the parents.

3. With the view to identify the individuals with whom the persons referred to in paragraph 1 publicly maintain a close association, shall be considered:

a) any natural person who publicly shares with a political exposed person the role of beneficial owner of legal persons or who has with her any other close business relationship;

b) any natural person who is the sole beneficial owner of a legal person publicly created for the benefit of a politically exposed person.

4. Without prejudice to the application of enhanced customer identification and verification requirements on the basis of risk, the subjects governed by this law are not bound to consider a person politically exposed after one year she has ceased to exercise prominent public functions.

Article 3

(Technical criteria regarding the simplified customer identification and verification requirements)

1. For the purposes of article 30, paragraph 7, particular categories of counterparts and typologies of relationships, services and transactions of low risk of money laundering or financing of terrorism include:

a) public institutions and corporations as well as concessionaries of public activities that fulfill all the following conditions:

i. the counterpart is a public institution or corporation, or a concessionary of a public activity conducted pursuant to the license granted by the competent Authorities and the domestic laws in force;

ii. the counterpart's identity is publicly verifiable and certain;

iii. the counterpart's activity and accounting procedures are transparent;

iv. the counterpart is subject to the monitoring and control of a Public Authority established by the domestic law.

The criteria set forth in subparagraphs i) to iv) shall be applied to the counterpart and not to any institutions it may control, which shall fulfill the same criteria independently.

For the purposes of the criteria set forth in subparagraphs iii) and iv), the counterpart's activity shall be subject to the monitoring and control of competent

authorities being entitled to: conduct inspections, request changes in policies, and access documents, data and other information.

b) corporations or legal persons not included under paragraph a) that fulfill all the following conditions:

   i. the counterpart is a corporation or a legal person that conducts financial activities outside the scope of article 2, paragraph 1, of this law, but to which has been subjected to this law;

   ii. the counterpart's identity is publicly verifiable and certain;

   iii. the counterpart's activity and accounting procedures are transparent;

   iv. the counterpart is subject to the monitoring and control of a Public Authority established by the domestic law

   The criteria set forth in subparagraphs i) to iv) shall be applied to the counterpart and not to any institutions it may control, which shall fulfill the same criteria independently.

   For the purposes of the criteria set forth in subparagraphs iii) and iv), the counterpart's activity shall be subject to the monitoring and control of competent authorities being entitled to: conduct inspections, request changes in policies, and access documents, data and other information.

c) Companies listed on a regulated stock exchange.

d) transactions and related products that fulfill all the following requirements:

   i. the transaction or product has a written contractual basis;

   ii. the transaction is conducted through an account of the counterpart at a credit or financial institutions based in a State that imposes customer identification and verification requirements equivalent to those set forth in this law;

   iii. the transaction or product are not anonymous and their nature permits fulfilling the customer identification and verification requirements as set forth in article 28, paragraph 1, subparagraph d) of this law;

   iv. the product has a pre-set maximum value;

   v. the profit of the transaction or product may not benefit third parties except in the case of death, disability, survival to pre-set advanced age, or similar circumstances;

vi. in case the transaction or product foresees the investment of funds in credit or financial activities, including in insurance and other potential credit instruments; the profits of that transaction or product are realizable only on the long term; the transaction or product cannot be used as a collateral; there are no anticipated payments and no surrender clauses, and the transaction or product cannot be canceled before its final date.

For the purposes of the criterion set forth in subparagraph iv), the threshold set for in article 30, paragraph 6, subparagraph a) shall apply also to insurance policies and saving products of a similar nature.

2. While assessing whether the counterpart, transaction or product referred to in paragraph 1, subparagraphs a), b), c) and d), presents a low risk of money laundering or of financing of terrorism, the Financial Intelligence Authority shall consider carefully whether the counterpart, transaction or product is particularly susceptible, due to its nature, to be used for money laundering or the financing of terrorism. The counterpart, transaction or product referred to in paragraph 1, subparagraphs a), b), c) and d), shall not be presumed to present a low risk of money laundering or of financing of terrorism if there are no data or information that furnish sufficient certainty of the low risk.