LAW N. XVIII

ON TRANSPARENCY, SUPERVISION AND FINANCIAL INTELLIGENCE

8 October 2013

THE PONTIFICAL COMMISSION
FOR THE VATICAN CITY STATE

Bearing in mind article 7, paragraph 2, of the *Fundamental Law of the 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 the *Motu Proprio* of Pope Francis *for the prevention and countering of money-laundering, financing of terrorism and proliferation of weapons of mass destruction*, of 8 August 2013;

bearing in mind Law N. V on *the economic, commercial and professional systems*, of 7 June 1929;

bearing in mind Law N. CLXVI, of 24 April 2013, *confirming the Decree of the President of the Governorate N. CLIX of 25 January 2012, by which modifications and integrations to Law N. CXXVII of 30 December 2010, on the prevention and countering of the laundering of proceeds of criminal activities and of the financing of terrorism, were promulgated*;

bearing in mind Law N. VIII on *Supplementary norms on criminal law matters*, of 11 July 2013;

bearing in mind Law N. X on *General norms on administrative sanctions*, of 11 July 2013;

bearing in mind the Decree N. XI of the President of the Governorate on *Norms concerning transparency, supervision and financial intelligence*, of 8 August 2013;

considering that

there is no free market in the Vatican City State;

illicit activities and, in particular, money-laundering and the financing of terrorism threaten the integrity and stability of the economic, commercial and professional sectors, as well as the reputation of operators;

the solidity of operators in the financial field is a fundamental element for the stability of the economic, commercial and professional sectors at the domestic and international levels;

all States are called to contribute to the prevention and countering of illicit activities and, in particular, of money-laundering and the financing of terrorism, by adopting adequate systems of supervision and financial intelligence and by cooperating at the international level, including through border controls;

all States are called to protect and promote the stability of the entities that carry out professionally a financial activity, including by means of adequate systems of prudential supervision and by cooperating at the international level;

all States are called to prevent and counter international terrorism and the activities of subjects that threaten international peace and security or who participate in the proliferation of weapons of mass destruction;

it is opportune to confirm Decree N. XI of the President of the Governorate on *Norms concerning transparency, supervision and financial intelligence*, of August 8, 2013, with some amendments;

has promulgated the following

LAW

TITLE I

DEFINITIONS

Article 1 – *Definitions*

For the purposes of this Law, the following definitions shall apply:

1. « *Financial activities* »: one or more of the following activities:

a) acceptance of deposits and other repayable funds from the public;

b) lending;

c) financial leasing;

d) transfer of funds;

e) issuing and managing of means of payment;

f) issuing financial guarantees and commitments;

g) brokerage of any typology of financial instrument;

h) participation in securities issues and the provision of related financial services;

i) individual or collective portfolio management;

j) safekeeping and administration of cash or liquid securities;

k) otherwise investing, administering or managing of funds or other assets;

l) underwriting and placement of life insurances and other connected investments;

m) money or currency changing;

n) advising relating to the activities listed in the previous subparagraphs.

2. « *Activity carried out professionally* »: an organized economic activity, carried out habitually, for the purpose of the production or exchange of goods or services, for and on behalf of third parties.

3. « *Shell bank* » : a financial or credit institution that has no physical presence in the State in which it is incorporated and authorized to carry out its activity and which is unaffiliated with a regulated financial services group that is subject to effective consolidated supervision.

4. « *Correspondent accounts* »: the accounts held by financial institutions, normally on a bilateral basis, for the provision of inter-bank services, like the remittance of drafts, cheques, money orders, transfer of funds, remittance of documents and other transactions.

5. « *Payable-through accounts* »: correspondent accounts that are used directly by third parties on their own behalf.

6. « *Identifying data* »:

a) in the case of *natural persons*:

the first name and surname, the place and date of birth, citizenship, the State and the place of residence, and the essential contents of an identity document belonging to the declarant;

b) in the case of *legal persons*:

i) the denomination, the registered office and, if different, the main office;

ii) the first name and surname, the place and date of birth, the citizenship, the State and the place of residence, and the details of an identity document belonging to the declarant and the indication of his/her role within the legal person.

7. « *Currency* »:

a) currency, including banknotes and coins that are in circulation as a means of exchange.

b) bearer negotiable instruments, including monetary instruments in bearer form such as traveller's cheques; negotiable instruments, including cheques, promissory notes and money orders, that are either in bearer form, endorsed without restrictions, made out to a fictitious payee, or otherwise in such form that title thereto passes upon delivery; incomplete instruments, including cheques, promissory notes and money orders, signed, but with payee's name omitted.

8. « *Family members* »:

a) the spouse;

c) the children and their spouses;

c) the parents.

9. « *Financing of terrorism* »:

a) the acts set forth in article 23 of Law N. VIII on *Supplementary norms on criminal law matters*, of 11 July 2013;

b) participation in acts established by article 23 of Law N. VIII on *Supplementary norms on criminal law matters s*, of 11 July 2013, association to commit such acts, the attempt to perpetrate them, the fact of

assisting, instigating or advising someone to commit them or the fact of facilitating their execution.

10. « *Funds* »: assets of every kind, whether tangible or intangible, movable or immovable, however acquired, and any legal documents or instruments, including electronic or digital, evidencing title to, or interest in, such assets.

11. « *Funds or other assets* »: any assets, including financial, economic and any other assets, whether tangible or intangible, movable or immovable, however acquired, and any legal documents or instruments, including electronic or digital, evidencing title to, or interest in, such funds or other assets, including bank credits, traveller's cheques, cheques, money orders, shares, securities, bonds, drafts, or letters of credit, and any interest, dividends or other income on or value accruing from or generated by such funds or other assets.

12. « *Personal data* »: the first name and surname, the place and date of birth of a natural person.

13. « *Non-profit organizations* »: associations or foundations that primarily engage in raising or distributing funds for charitable, religious, cultural, educational, social or humanitarian purposes.

14. « *Person who is entrusted with prominent public functions* »:

a) heads of State or of Government, Ministers and their deputies, Secretaries-General and persons with analogous functions;

b) members of Parliaments;

c) members of Supreme Courts, of Constitutional Courts and of other high-level judicial organs whose decisions are not normally subject to appeal, except in extraordinary circumstances;

d) members of Courts of account and the Boards of Central Banks;

e) ambassadors and *Chargés d'Affaires*;

f) Senior Officers of the Armed Forces;

g) Members of management, administration or boards of State-owned corporations;

h) analogous functions within the Holy See and the State.

15. « *Legal person* »: any legal person, whatever the nature and activity, including companies, foundations, non-profit organizations and trusts.

16. « *Politically exposed person* »: a person who is or has been entrusted with a prominent public function in the Holy See, in the State or in any other State or who is or has been entrusted with the office of Secretary-General, Deputy or Under Secretary General, Director, Deputy Director or member of the governance bodies of an international organization. The definition of politically exposed person does not cover middle ranking or more junior officers.

17. « *Payment services provider* »: natural or legal person whose activity includes the provision of payment services or transfer of funds;

18. « *Relationship* »: Continuing relationship of an economic, commercial or professional nature, which may be connected to the activity carried out professionally by obliged subjects and which from the moment of its establishment is presumed to have some duration.

19. « *Money laundering* »:

a) the acts set forth in article 421 *bis* of the Criminal Code;

b) participation in one of the acts set forth in article 421 *bis* of the Criminal Code, association to commit such an acts, the attempt to perpetrate them, the fact of assisting, instigating or advising someone to commit them or the fact of facilitating their execution.

20. « *Payment services* »: services which allow for the execution of deposits, withdrawals, transactions and payment orders, including the transfer of funds to a payment account, the issue and acquisition of payment instruments and currency remittances;

21. « *Close associates* »:

a) any natural person who has joint beneficial ownership of a legal person or other close economic relationship with a person belonging to one of the categories established by paragraphs 14 and 16;

b) any natural person who is the only beneficial owner of a legal person *de facto* created for the benefit of a person belonging to one of the categories established by paragraph 14 and 16.

22. « *Obliged subject* »: subjects obliged to fulfill the requirements established by Title II, according to articles 2 and 3.

23. « *Reporting subject* »: subjects obliged to fulfill the requirements established by Title II, according to articles 2 and 3, as well as public authorities filing a suspicious activity report according to article 40, paragraph 2.

24. « *Beneficial owner* »: the natural person, in whose name and on whose behalf an operation or transaction is carried out, or, in the case of a legal person, the natural person who, ultimately, owns or controls the legal person in whose name in the name and on whose behalf an operation or transaction is carried out or that is beneficiary of it. In particular:

a) In case of *companies*, the beneficial owner is:

   i) the natural person who ultimately owns or controls the legal entity, through ownership or control, direct or indirect, of a sufficient percentage of shares in the company's capital or voting rights, also through bearer negotiable shares;

   ii) the natural person who exercises in other ways control on management and directorate of the company.

b) in the case of *foundations*, of non-profit organizations and of trusts which manage and distribute funds, the beneficial owner is:

   i) the natural person who effectively exercises control of the patrimony of the legal person or entity;

   ii) if the future beneficiaries have already been established, the natural person who is the effective beneficiary of the patrimony of the legal person or entity;

   iii) if the future beneficiaries of the legal person or entity have not yet been determined, the category of persons in whose principal interest the legal person or entity has been created or acts.

25. « *Transaction* »:

a) the transmission or movement of means of payment;

b) a determined or determinable activity with an economic or financial objective, which modifies the existing juridical situation achieved by a professional performance.

26. « *Linked transaction* »: a transaction which, even if in itself autonomous, constitutes, from an economic perspective, a unique operation with one or more operations executed at different stages or moments.

27. « *Cross-border wire transfer* »: any wire transfer where the one ordering and the beneficiary payment services provider are located in different States, including any chain of transfer in which at least one of the payment services providers involved is located in a different State.

28. « *Domestic wire transfer* »: any transfer of funds where the payment services provider of the one ordering and of the beneficiary are located in the same State, including any chain of transfer that takes place entirely within the borders of a single country, even though the system used to transfer the payment message may be located in another country.

29. « *Batch transfers* »: individual wire transfers that are being sent by the same payment services provider batched in a single electronic file, even when intended for the same beneficiary.

30. « *Wire transfer* »: a transaction carried out through electronic means by a payment services provider in the name of and on behalf of the one ordering with the purpose of placing funds at the disposal of a beneficiary in another payment services provider, even if the one ordering and the beneficiary are the same person.

31. « *Cross-border transportation* »: any form of physical movement of currency, entering or leaving the State, including:

a) transport movement by a physical person, even by means of bags or separate luggage;

b) transport movement by vehicles or containers;

c) postal dispatch by a physical or juridical person.

32. « *Trust* »: a legal relationship established – *inter vivos* or *mortis causa* – by a person, the settlor, in which assets are placed under the control of a trustee in the interest of a beneficiary or for a specific purpose.

TITLE II

MEASURES TO PREVENT AND COUNTER MONEY LAUNDERINGAND THE FINANCING OF TERRORISM

CHAPTER I

SCOPE OF APPLICATION, GENERAL PRINCIPLES AND COMPETENT AUTHORITIES

Article 2 – *Scope of application*

The following subjects are obliged to fulfill the requirements established by this Title:

a) natural or legal persons that carry out professionally one or more financial activities;

b) lawyers, notaries and other independent legal professionals, accountants and fiscal advisors, when they carry out their activity in the name and on behalf of third parties or participate in an operation or transaction, relating to the following activities:

   i) transfer of any kind of rights on real estate or economic activities;

   ii) managing funds or other assets;

   iii) opening or managing bank, savings or security accounts;

   iv) organization of contributions for the creation, management or administration of companies;

   v) creation, management, administration or trade of legal persons;

c) providers of services to companies and trusts, when they prepare or carry out a transaction on behalf of or for a third party, relating to the following activities:

   i) the creation of a legal person;

   ii) acting directly or in such in a way that a third party may act as a manager of a company, be associated with a company or in an analogous position in relation to other legal persons;

iii) providing a registered office, business address or accommodation, an administrative or postal address for a company, a partnership or any other legal person or entity;

iv) acting directly or in such a way that a third party may act as a trustee of an express trust;

v) acting directly or in such a way that a third party may act as a shareholder on behalf of a third party;

d) real estate agents when they participate in transactions in the name and on behalf of third parties in the purchase or sale of real estate;

e) dealers in precious metals or stones when they engage in cash transactions equivalent to EUR 10,000 or more, including when the transaction is made by several linked operations;

f) natural or legal persons who trade in goods or services in relation to cash transactions of EUR 10,000 or more, including when the transaction is made by several linked operations.

Article 3 – ***Exclusion from the scope of application***

1. The Financial Intelligence Authority may exclude from the scope of this Title those subjects who carry out a financial activity on an occasional basis or limited scale and where there is a low risk of money laundering or financing of terrorism, provided that all the following conditions are met:

a) it is documented that the main activity of the subject:

i) is not a financial activity carried out professionally;

ii) is not among the activities established by article 2, paragraph f);

iii) is not a currency remittance;

b) it is documented that the subject's activity of a financial nature:

i) is ancillary and directly related to the main activity;

ii) is carried out to the counterparts of the main activity and not to the general public;

iii) is limited in the total revenue of the activity;

iv) is limited as to the amount of each operation or transaction.

2. The Financial Intelligence Authority, for the purpose of excluding from the scope of application of this Title:

a) in assessing the risk of money laundering or financing of terrorism, pays particular attention to the financial activities considered as particularly likely, by their nature, to be used or abused for money laundering or the financing of terrorism.

b) in assessing the criteria for the exclusion:

i) for the purposes of paragraph 1, subparagraph a), i), verifies that the revenue of the financial activity does not exceed 5% of total revenues of the subject.

ii) for the purposes of paragraph 1, subparagraph b), iii), verifies that the revenue of the financial activity does not exceed a certain threshold, which must be sufficiently low. The threshold is set by the Financial Intelligence Authority depending on the kind of financial activity;

iii) for the purposes of paragraph 1, subparagraph b), iv), applies a maximum threshold for customer or single operation or transaction, whether the transaction is executed in a single operation or in several operations which appear to be linked.

The threshold is set according to the kind of financial activity and must be low enough to ensure that the kind of activity does not constitute a method of money laundering or the financing of terrorism and does not exceed the threshold of EUR 1,000.

3. The Financial Intelligence Authority adopts risk-based procedures and measures of control in order to prevent the abuse of the exclusion from the scope of application of this Title.

4. The decision of the Financial Intelligence Authority to exclude a subject from the scope of application of this Title must be motivated, given in writing and withdrawn if the circumstances which justified it have changed.

Article 4 – ***List of Obliged Subjects***

The Financial Intelligence Authority publishes and updates the list of subjects obliged to fulfill the requirements established by this Title, according to articles 2 and 3.

Article 5 - ***Integrity and stability of the economic, commercial and professional sectors***

1. In the State it is forbidden:

a) to open or hold, accounts, deposits, savings accounts or analogous relationships, anonymous, encrypted or under fictitious or fanciful names;

b) to rely on third parties for customer due diligence;

c) to open or hold correspondent accounts with a shell bank;

d) to open or hold correspondent current accounts in a financial institution that permits a shell bank to use its own accounts;

e) to open casinos, including on the internet or on a ship flying the flag of the State.

2. Legal persons having their legal seat in the State or inscribed in the registers of legal persons of the State, are to register, update and keep for a period of ten years all the documents, data and information relevant to their own nature and activity, and their beneficial owners, beneficiaries, members and administrators, disclosing them, upon request, to the competent authorities and the obliged subjects.

Article 6 – ***Official secrets and financial secrecy***

Official secret and financial secrecy do not inhibit or limit:

a) the fulfillment of the requirements established by this Law by the obliged subjects;

b) the access to information by competent Authorities.

c) the cooperation between the competent authorities and the exchange of information at the international level;

d) the exchange of information between obliged subjects, also at the international level.

Article 7 – *Criteria of application*

1. The provisions of this Title shall be interpreted and applied without prejudice to the right of privacy.

2. The policies, procedures, measures, and controls, required by this Title shall be adopted and applied consistently with:

a) the institutional, juridical, economic, commercial and professional framework of the State;

b) the risks present in the State.

c) the nature, dimension and activities of the obliged subjects.

d) the effective risks relating to the category of the other party, country or geographical area, type of relationship, product or service, operation or transaction, including distribution channels.

Article 8 – *Competent Authorities*

1. The Secretariat of State defines the policies and general strategies for the prevention and countering of money laundering and the financing of terrorism; it is responsible for the adhesion to and implementation of international treaties and agreements as well as the participation in international institutions and bodies, including those institutions and bodies competent to define norms and best practices for the prevention and countering of money laundering and the financing of terrorism.

2. The President of the Governorate applies administrative sanctions in the cases established by the Law.

3. The Financial Security Committee promotes the coordination and cooperation between the competent authorities in conformity with the provisions of its own Statute and this Law.

4. The Financial Intelligence Authority:

a) carries out the function of supervision and regulation and the function of financial intelligence according to the provisions of its own Statute and

the law, adopting the necessary procedures and measures to ensure the distinction between the function of supervision and regulation and the function of financial intelligence;

b) adopts regulations in the cases established by the law;

c) applies sanctions in the ways and within the limits established by the Law;

d) forms part of the delegations of the Holy See to the financial institutions and international technical bodies competent for the prevention and countering of money laundering and financing of terrorism.

5. The Corps of Gendarmerie:

a) uses up-to-date investigative techniques for the prevention and countering money laundering and the financing of terrorism;

b) ensures the professional training and updating of its personnel relating to the phenomena of money laundering and the financing of terrorism;

c) with the *nihil obstat* of the Secretariat of State, stipulates memoranda of understanding with analogous bodies of other States for the prevention and countering of criminal activities, including money laundering, the financing of terrorism and predicate offences of money laundering.

6. The competent authorities of the Holy See and of the State actively cooperate and exchange information for the prevention and countering of money laundering and the financing of terrorism, including with similar bodies in other States, in the way and within the limits established by the law.

7. The competent authorities adopt adequate programs for the training of personnel, the collection and exchange of information as well as the implementation of the law in force, including sanctioning and designating activities.

CHAPTER II

RISK ASSESSMENT

Article 9 – *General Risk Assessment*

1. The Financial Security Committee:

a) establishes the criteria and the methods for the elaboration of the general assessment of risks of money laundering, financing of terrorism and the proliferation of weapons of mass destruction;

b) approves the general risk assessment and its regular updating.

2. On the basis of the general risk assessment:

a) the Financial Security Committee:

i) evaluates the adequacy of the objectives and priorities and identifies the measures required by the competent authorities for the management and mitigation of risks, including the adequacy of the human and material resources available;

ii) coordinates the identification, evaluation, information, management and mitigation of the risks of money laundering and the financing of terrorism by the competent authorities;

iii) coordinates the adoption and regular updating of policies and procedures for the prevention and the countering of money laundering, financing of terrorism and the proliferation of weapons of mass destruction;

b) the Financial Intelligence Authority:

i) monitors the effectiveness of the system for the prevention and countering of money laundering and the financing of terrorism;

ii) communicates to the obliged subjects the results of the general risk assessment;

iii) provides the competent authorities and the obliged subjects with the data, information and analyses which allow them to carry out their own risk assessment;

iv) indicates to the obliged subjects the high risk factors to be taken into account in the elaboration of their own risk assessment;

v) indicates to the obliged subjects the sectors where they shall apply enhanced measures and, where necessary, the procedures and controls to be adopted;

vi) informs the competent authorities and obliged subjects about the risks and the vulnerabilities of the systems for prevention and countering of money laundering in other States and, to that end, publishes a list of high risk States;

vii) identifies and orders adequate and proportionate counter measures to the risks in the case where a State persistently does not observe or observes insufficiently the international standards in the field of prevention and countering of money laundering and the financing of terrorism;

viii) orders the application of enhanced customer due diligence, proportionate to the risks, for the relations, operations or transactions with natural or legal persons, including financial institutions, of States with a high risk of money laundering and the financing of terrorism;

ix) may identify and publish a list of States that impose obligations equivalent to those established in this Title.

Article 10 – *Particular risk evaluation*

1. The obliged subjects shall identify, evaluate, manage and mitigate the risks of money laundering and the financing of terrorism. To that end, each subject prepares and periodically updates its own risk evaluation taking into account, *inter alia*:

a) the category of counterparts;

b) the State or geographical area in question;

c) the typology of relationship, product, service, operation, transaction and channel of distribution.

2. The risk assessment shall be documented and sent to the Financial Intelligence Authority, which may require its review.

3. The obliged subjects shall pay particular attention to:

a) relationships, operations and transactions with natural or legal persons, including financial institutions, from or in States at high risk or that do not apply, or that apply insufficiently, the international standards in the field of prevention and countering of money laundering and the financing of terrorism. If those operations and transactions do not appear to have an

economic or lawful purpose, the motives and purpose for such operations and transactions shall be examined as far as possible, and the outcome of such exam shall be documented in writing and made available to assist the Financial Intelligence Authority and other competent authorities and accountants;

b) any risk of money laundering or of financing of terrorism connected to products or operations which could favour anonymity, adopting adequate procedures and measures to prevent their use for activities of money laundering or the financing of terrorism.

4. The senior management of the obliged subject shall adopt policies, procedures, measures and controls necessary to fulfill the requirements established in this article. Such provisions shall be communicated promptly to the Financial Intelligence Authority, which may require its modification or strengthening.

Article 11 – *Internal controls*

1. On the basis of the general risk assessment established in Articles 9 and 10, the obliged subjects shall:

a) adopt policies, procedures, measures and controls designed to manage and mitigate the identified risks of money laundering and the financing of terrorism;

b) monitor the implementation of controls, enhancing them, where necessary;

c) adopt enhanced measures to manage and mitigate risks, where higher risks are identified.

2. Policies, procedures, measures and controls under paragraph 1 are approved by the senior management and shall be proportionate to the nature, dimensions and activity of the obliged subject.

These include:

a) policies, procedures and measures of customer due diligence, registration, record-keeping and reporting;

b) internal controls;

c) means of compliance management;

d) the nomination of a person with responsibility, at the management level, having the power of prompt access to all information relating to customer due diligence, operations and transactions;

e) selection and employment procedures, including enquiries prior to employment, which guarantee a high professional and ethical level of personnel;

f) programs of training and updating for personnel;

g) independent audit function to test the system.

3. In addition to the requirements established by paragraphs 1 and 2, the groups of which those obliged subjects are part shall adopt programs for the prevention and countering of money-laundering and the financing of terrorism applicable to all branches and subsidiaries of the group.

These programs include:

a) policies, procedures and measures for the sharing of documents, data and information necessary for customer due diligence and the management of risks of money-laundering and the financing of terrorism;

b) the exchange of documents, data and information on customers, accounts, operations and transactions, and the transmission to the organs responsible for compliance, accounting, the prevention and countering of money-laundering and the financing of terrorism at group level;

c) adequate procedures and measures to ensure the integrity, confidentiality, security and appropriate use of information exchanged.

Article 12 – *Foreign branches and subsidiaries*

1. The obliged subjects shall ensure that their foreign branches and subsidiaries adopt and apply procedures and measures conforming to this Title if the legislation in force in the host State is less strict or is not in conformity with international standards in force, insofar as the legal system of the host State allows it.

2. In the case where the legal system of the host State does not allow the proper fulfillment of all the procedures and measures required by this Title, the groups which obliged subjects are part of shall adopt and apply adequate additional procedures and measures for the effective management of risks, duly informing

the Financial Intelligence Authority. If the Financial Intelligence Authority considers those additional procedures and measures insufficient, it orders their modification or the cessation of the activities in the host State.

Article 13 – ***Simplified risk management and assessment***

1. The Financial Intelligence Authority, on the basis of risks assessments, identifies by regulation the sectors and typologies of relationship, product, service, operation, transaction and channels of distribution of low risk.

2. On the basis of the determination established in paragraph 1, if all the requirements established by the legal system have been fulfilled, the Financial Intelligence Authority can authorize the adoption of simplified procedures and measures for the management and containment of risks by the obliged subjects, indicating the procedures and measures to be adopted and the requirements to be fulfilled.

3. The procedures and measures for the simplified risk management and mitigation of low risks cannot be applied when there is a suspicion or a high risk of money-laundering or of financing of terrorism.

Article 14 – ***Analyses and studies***

The Financial Intelligence Authority:

a) elaborates analyses and studies relating to:

   i) the economic, commercial and professional sectors;

   ii) specific matters or activities at risk;

   iii) anomalies which can indicate cases of money-laundering or financing of terrorism;

b) elaborates statistics on matters and activities relevant to the effectiveness of the system of prevention and countering of money laundering and the financing of terrorism, including:

   i) statistics on the dimension and importance of various sectors falling within the scope of application of this Title, including the number of obliged subjects and the economic relevance of each sector;

ii) statistics on the number of suspicious activity reports, on the judicial enquiries and on the stages of judiciary action, on the number of persons accused or convicted for crimes connected to money-laundering or to the financing of terrorism and on the value of funds or other assets frozen, seized or confiscated;

c) elaborates and coordinates preliminary studies and analyses for the general risk assessment of the Holy See and the State.

CHAPTER III

CUSTOMER DUE DILIGENCE

Article 15 – *Cases of application*

1. The following subjects shall carry out customer due diligence:

a) the subjects indicated by article 2, letter a):

i) when they establish a relationship;

ii) when they carry out operations or transactions equal to or above EUR 10,000, regardless of the fact that the operation or transaction is executed in a single operation or in several operations which appear to be linked;

iii) when they make a transfer of funds equal to or above EUR 1,000;

b) the subjects indicated by article 2, letter b), shall fulfill the requirements of customer due diligence in carrying out their professional activity, as individuals or in a group:

i) when a professional service has as its object funds or other assets of a value equal to or above EUR 10,000;

ii) when the transaction is of a value equal to or above EUR 10,000, regardless of the fact that the operation or transaction is executed in a single operation or in several operations which appear to be linked;

iii) in all cases in which either the funds or other assets that constitute the object of the professional service, or the transaction, are of an indeterminate or indeterminable amount. For the purposes of customer

due diligence, the constitution, management or administration of legal persons are cases of professional service of an indeterminable value;

c) the subjects indicated by article 2, letters c), d), e) and f).

2. All the subjects indicated in article 2 shall in any case fulfill the requirements of customer due diligence:

a) where there is a suspicion of money-laundering or of financing of terrorism, regardless of an exemption or applicable threshold;

b) where there are doubts as to the reliability or adequacy of the data previously obtained for the identification of the customer, of persons acting in the name of and on behalf of the counterpart or of the beneficial owner.

Article 16 – *Requirements*

1. For the purposes of customer due diligence, the obliged subjects shall fulfil, *inter alia*, the following requirements:

a) to identify the counterpart and verify his identity on the basis of documents, data or information obtained from a reliable and independent source;

b) to identify the persons who intend to act in the name of and on behalf of the counterpart verifying that they have been authorised to do so as well as their identity on the basis of documents, data and information obtained from a reliable and independent source;

c) to identify the beneficial owner and adopt adequate measures to verify his identity, on the basis of documents, data or information obtained from a reliable and independent source that satisfy the obliged subject;

d) to verify if the counterpart is acting in the name and on behalf of other subjects;

e) to verify and obtain documents, data and information relating to the purpose and nature of the relationship and the origin of funds.

2. Customer due diligence and, in particular, the identification and verification of the identity of the counterpart, of the persons authorised to act in the name of and on behalf of the counterpart, and of the beneficial owner, shall be carried out:

a) in cases involving subjects indicated by article 2, letters a), d), e) and f), before establishing a relationship or carrying out an operation or transaction;

b) in cases involving subjects indicated by article 2, letters b) and c), at the initial phase of the evaluation of the position of the counterpart and in any case before establishing a relationship or carrying out an operation or transaction.

3. If it is not possible to carry out customer due diligence in accordance with paragraphs 1 and 2, it is forbidden to establish a relationship or to perform an operation or transaction. In such cases, the obliged subjects shall report to the Financial Intelligence Authority.

Article 17 – *Further requirements in the cases of legal persons*

1. In the case where the counterpart is a legal person, the obliged subject shall acquire knowledge and understanding of the structure of ownership and control and of the nature of the activity carried out by the legal person.

2. For the purposes of identification and verification of the identity of the counterpart, the obliged subjects shall gather, *inter alia*, the following information:

a) the denomination, legal nature and proof of the existence of the legal person;

b) the organs and powers that regulate the functioning and legally bind the legal person, including, *inter alia*, the names of the persons who exercise management and senior management functions;

c) the address of the registered office and, if different, of the principal place of business.

3. For the purposes of identification and verification of the identity of the beneficial owner, the obliged subjects shall gather, *inter alia*, the following information:

a) the identity of the natural persons who ultimately have a controlling ownership interest in the legal person or are its beneficiaries;

b) the identity of the natural persons who exercise control of the legal person through other means, if, after the fulfilment of the requirements set forth in subparagraph a):

   i) there is a doubt as to whether the persons with controlling ownership interest are the beneficial owner; or

   ii) there are no natural persons with controlling ownership interests in the legal person;

the identity of the natural person who holds the highest senior management position in the legal person, if, after the fulfilment of the requirements established by subparagraphs a) and b), no other natural persons have been identified.

4. In the case of entities such as foundations or other legal arrangements, such as trusts, for the purposes of identification and verification of the identity of the beneficial owner, the obliged subjects shall gather, *inter alia*, the following information:

a) for trusts, the identity of the settlor, of the trustee, of the protector, of the beneficiaries or the category of beneficiaries and any other natural person who ultimately exercises the control over the trust, directly or indirectly;

b) for other types of entities or legal institutes, the identity of persons who hold equivalent or similar positions.

Article 18 – ***Further requirements in the case of life or investment-related insurances***

1. In cases of life or investment-related insurances, as soon as the beneficiary has been identified or designated, the obliged subjects shall gather, *inter alia*, the following information:

a) the name of the natural or legal person, when the beneficiary is identified or designated as a specific natural or legal person;

b) sufficient information to identify the beneficiary at the time of the payout, where the beneficiary is designated according to a set of characteristics or by category or by other criteria;

c) the verification of the identity of the beneficiary at the time of the payout, in both cases established under subparagraphs a) and b).

2. In determining whether the enhanced customer due diligence measures should be applied, the obliged subjects shall consider the beneficiary of life or investment-related insurances among the elements relevant to the risk assessment.

3. In the case where the beneficiary, be it a natural or legal person, presents a high risk, the obliged subject shall apply enhanced measures, including, *inter alia*, measures to identify and verify the identity of the beneficial owner at the time of payout.

Article 19 – *Ongoing customer due diligence*

1. The customer due diligence shall be carried out constantly, including, *inter alia*, the following activities:

a) to constantly monitor the relationship, including scrutinising operations or transactions undertaken throughout the course of that relationship, so as to ensure that they are consistent with the knowledge of the customer, his activity and risk profile, including the source of funds;

b) to keep updated documents, data and information acquired for the purposes of customer due diligence, and undertaking reviews of existing records, with particular attention to categories of high-risk customers.

2. If it is not possible to carry out customer due diligence in accordance with paragraph 1, it is mandatory to terminate the relationship and it is forbidden to carry out operations or transactions. In such cases, the obliged subjects shall report to the Financial Intelligence Authority.

Article 20 – *Customer due diligence of the existing customers*

1. For existing customers at the time of entry into force of the obligations established in the present Title, customer due diligence shall be carried out promptly and with a risk-based approach, taking into account the requirements already fulfilled and the adequacy of the documents, data and information already acquired.

2. If it is not possible to carry out customer due diligence in accordance with paragraph 1, it is mandatory to terminate the relationship. In such a case, the obliged subjects shall file a suspicious activity report to the Financial Intelligence Authority.

Article 21 – *Duty to refrain*

When there is a suspicion of money laundering or of financing of terrorism and carrying out customer due diligence could alert the customer or affect the activity of the competent authorities, the obliged subjects shall carry out the service, operation or transaction and report immediately to the Financial Intelligence Authority.

Article 22 – *Risk-based approach*

1. Customer due diligence shall be carried out in a manner proportionate to the risks connected to the category and to the country or geographical area of the counterpart and to the typology of relationship, product or service, operation or transaction, or channel of distribution.

2. For the purposes of paragraph 1, the obliged subjects shall take into account, *inter alia*, the risk assessments established by articles 9 and 10.

3. The Financial Intelligence Authority, taking into account the risk assessments referred to in articles 9 and 10, identifies the cases of application of enhanced customer due diligence, and indicates the procedures and measures to be adopted, including the requirements to be fulfilled.

Article 23 – *New technologies*

1. The obliged subjects shall identify and assess the risks of money laundering and of the financing of terrorism connected to the development of new activities and products, including channels of distribution and the use of new technologies or those being developed, for products or services, operations or transactions, including channels of distribution either existing or new.

2. For the purposes of paragraph 1, the obliged subjects shall, *inter alia*:

a) assess the risks prior to launching, supplying or using products or services, operations and transactions, including channels of distribution and technologies;

b) adopt adequate measures for the management and mitigation of risks.

3. The obliged subjects shall adopt secure technologies in carrying out their activities, that are less vulnerable to abuse for the purposes of money-laundering and the financing of terrorism activities.

Article 24 – *Simplified customer due diligence*

1. In the case of a low risk of money-laundering or of financing of terrorism, associated with the category or country or geographical area of the counterpart, or the type of relationship, product or service, operation or transaction, including channels of distribution, the Financial Intelligence Authority may authorise the obliged subjects to carry out simplified due diligence.

2. The Financial Intelligence Authority, having taken into account the risk assessments referred to in articles 9 and 10, identifies cases of application of simplified customer due diligence and indicates the procedures and measures to be adopted, including the requirements to be fulfilled.

3. In any case, simplified customer due diligence:

a) cannot be applied when there is suspicion of money-laundering or of financing of terrorism and in a high-risk case;

b) does not exempt it from the fulfilment of registration and record-keeping, and suspicious activities report requirements.

Article 25 – *Enhanced customer due diligence*

1. In the case of a high risk of money-laundering or of financing of terrorism, associated with the category and country or geographical area of the customer, or the type of relationship, product or service, operation or transaction, including channels of distribution, the obliged subjects shall carry out enhanced customer due diligence.

2. The Financial Intelligence Authority, also taking into account the risk assessment referred to in articles 9 and 10, identifies the cases of application of simplified customer due diligence and indicates the procedures and measures to be taken, including the requirements to be fulfilled.

3. The Financial Intelligence Authority disposes the application of enhanced due diligence proportionate to the risks connected to the relationships, operations are transactions, with natural or legal persons, including financial institutions of countries at high risk of money-laundering and the financing of terrorism. In such cases, the Financial Intelligence Authority indicates the countermeasures adequate and proportionate to the risks.

4. The obliged subjects shall in any case carry out enhanced customer due diligence in the cases established by articles 26, 27, 28, 29, 30 and 41.

Article 26 – *Counterpart not physically present*

Where the counterpart is not physically present, for the purposes of identification, the obliged subjects, in addition to ordinary measures of customer due diligence, shall adopt, *inter alia*, the following measures:

a) to ensure the identification of the customer through additional documents, data or information;

b) to adopt additional measures to verify the identity of the counterpart, including the certification of documents of identification on the part of the competent authorities of the country of origin of the counterpart or the Apostolic Nunciature in the counterpart's country;

c) to ensure that the first payments relating to the operation will be made through an account bearing the name of the counterpart in a financial institution which ensures transparency and traceability and is under equivalent obligations to those established in the present Title. The Financial Intelligence Authority identifies, with its own provisions, the countries which impose equivalent obligations to those established in this Title.

Article 27 – *Corresponding accounts in the financial institutions of other States*

1. In the case of corresponding accounts in financial institutions in other countries, the obliged subjects, in addition to ordinary measures for customer due diligence, shall adopt, *inter alia*, the following measures:

a) to gather sufficient information on the corresponding financial institution in order to understand fully the nature of its activities and to determine, on the basis of the information available to the public, its reputation and the quality of its supervision;

b) to ascertain that the corresponding financial institution is neither a shell bank nor allows shell banks the use of its accounts;

c) to evaluate controls relating to the prevention and countering of money-laundering and financing of terrorism applied by the corresponding financial institution;

d) to obtain the authorisation of the senior management prior to opening new corresponding accounts;

e) to establish in writing the respective responsibilities of the obliged subject and the corresponding financial institution.

2. In the case of payable through accounts, the obliged subjects shall furthermore ensure that the corresponding financial institution:

a) has carried out customer due diligence on the customers who have direct access to those accounts;

b) has fulfilled the requirements of customer due diligence, including adequate ongoing customer due diligence and, upon request, is able to supply promptly data and information obtained following the fulfilment of those requirements.

Article 28 – *Politically exposed persons*

1. The obliged subjects shall:

a) determine promptly if the counterpart or the beneficial owner is a politically exposed person;

b) obtain the authorisation of the senior management before starting a relationship with a politically exposed person and, in the case of an existing relationship, in order to continue such a relationship;

c) establish the origin of the patrimony and funds of the customers and the effective titular identified as politically exposed persons;

d) carry out enhanced ongoing monitoring of that relationship;

e) adopt adequate procedures and measures based upon the risk to fulfil the requirements established by this article.

2. When a politically exposed person ceases to be entrusted with a prominent public function, the obliged subjects continue to apply these measures for at least 18 months after the politically exposed person has left the office and until the moment in which they believe, after accurate analysis, that the risk has ceased.

Article 29 – *Life or investment-related insurance policies*

1. In the case of life or investment-related policies, the obliged subjects, in addition to ordinary measures of customer due diligence, shall adopt adequate measures to determine whether the beneficiary and, where necessary, the beneficial owner of the beneficiary, is a politically exposed person.

2. Such measures are to be adopted no later than the moment of payout, in whole or in part.

3. In high-risk cases, the obliged subjects shall adopt, *inter alia*, the following measures:

a) to inform the senior management before payout;

b) to execute enhanced controls on the entire relationship with the policy holder;

c) to evaluate the conditions for filing a suspicious activity report to the Financial Intelligence Authority.

Article 30 – ***Family members and close associates of politically exposed persons***

Articles 28 and 29 shall be applied also to family members and close associates of a politically exposed person.

CHAPTER IV

TRANSFER OF FUNDS

Article 31 – ***Cross-border wire transfers***

1. In the case of cross-border wire transfers the originator and beneficiary payment service providers shall ensure that the transfers of sums equal to or above EUR 1,000 shall always be accompanied by the following data and information:

a) with reference to the originator:

i) the name and surname or, in the case of a legal person, the denomination in full;

ii) the account number or, in the absence of an account, a unique identification number that allows the traceability of the transaction;

iii) the address of residence or domicile, or the date and place of birth or, in the case of a legal person, the address of the registered office.

b) with reference to the beneficiary:

i) the name and surname or, in the case of a legal person, the denomination in full;

ii) the account number or, in the absence of an account, a unique identification number that allows the traceability of the transaction.

2. The data and information mentioned in paragraph 1, subparagraphs a) and b), shall be accurate and verified with enhanced measures in the case of suspicion of money-laundering or of financing of terrorism.

Article 32 – *Batch transfers*

1. In the case of cross-border batch transfers sent from the State to a third State, the batch file shall include complete and accurate data and information relating to the originator and beneficiary, indicated in article 31, paragraph 1, subparagraphs a) and b), and that allows the traceability in the country of the beneficiary.

2. In the case of batch transfers originating in a third State, the data and information relating to the originator shall be included in the batch transfer and not in the single transfers.

3. The non-routine transfers of funds shall be not batched where this increases risks of money-laundering and financing of terrorism.

Article 33 – *Domestic wire transfers*

1. In the case of domestic wire transfers, the originator payment service provider shall accompany the domestic wire transfer with data and information established in article 31, paragraph 1, subparagraph a).

2. Where the data and information accompanying the domestic wire transfer can be made available to the beneficiary payment service provider and to the competent authorities by other means, the originator payment service provider shall include the account number, in case this is used for the transaction or, in the absence of an account, a unique identification code that allows the traceability of the transaction and which leads back to the originator or the beneficiary.

3. The originator payment service provider shall make the data and information available within three business days of receiving the request of the beneficiary payment service provider or the competent authorities. In any case, supervisory, law enforcement and judicial authorities can order the immediate production of such data and information.

Article 34 – *Registration record-keeping and duty to refrain*

1. The originator payment service provider, with reference to the data and information which accompany the wire transfers, shall comply with the obligations of registration and record-keeping found in this Title and shall keep for ten years the data and information received from the originator payment services provider or from another intermediary payment services provider.

2. The originator payment service providers shall not execute a wire transfer when it is not possible to fulfill all of the requirements established by the previous paragraphs, as well as those established by articles 31, 32, and 33.

Article 35 – *Intermediary payment service providers*

1. In the case of international wire transfers, the intermediary payment service providers shall ensure that the transfer is accompanied by all the data and information on the originator and beneficiary.

2. Where technical limitations prevent maintenance of data and information on the originator and on the beneficiary which accompany an international wire transfer linked to a domestic wire transfer, the intermediary payment service provider shall comply with the requirements of registration and record-keeping established in this Title, keeping for ten years the data and information received by the payment service provider of the originator or by another intermediary payment service provider.

3. Intermediary payment service providers shall adopt adequate procedures and measures that allow an immediate and direct analysis in order to identify international transfers of funds which lack required data and information on the originator or on the beneficiary.

4. The intermediary payment service providers shall adopt adequate risk-based policies procedures and measures to determine:

a) when to execute, reject or suspend a wire transfer lacking required originator or beneficiary data or information;

b) the appropriate follow-up action.

Article 36 – *Beneficiary payment service providers*

1. Beneficiary payment service providers shall take adequate procedures and measures, including post-event monitoring or, where possible, real-time

monitoring, to identify wire transfers which lack required data and information on the originator or on the beneficiary.

2. For cross-border wire transfers equal to or above EUR 1,000, the beneficiary payment service provider shall verify the identity of the beneficiary, if his identity has not been previously verified, and register this data and information in accordance with the registration and record-keeping requirements established by the present Title, keeping the data and information for ten years.

3. The beneficiary payment service providers shall adopt adequate risk-based policies, procedures and measures, to determine:

a) when to execute, reject or suspend a wire transfer lacking required originator or beneficiary data or information;

b) the appropriate follow-up action.

Article 37 – ***Implementation of targeted financial sanctions***

The obliged subjects and payment service providers shall implement the financial measures and other preventive measures relating to subjects who threaten international peace and security.

CHAPTER V

REGISTRATION AND RECORD-KEEPING OF DOCUMENTS, DATA AND INFORMATION

Article 38 – ***Registration and record-keeping requirements***

1. The obliged subjects shall register and keep the following documents, data and information, for a period of 10 years from the end of the relationship, from the closure of an account, from the performance of a service or from the execution of an operation or transaction:

a) with reference to customer due diligence:

i) all the documents collected, including originals or copies of identity documents;

ii) all data, including identification data and collected information;

iii) records, account books and the statements, with a detailed description of the movement;

iv) correspondence;

v) results of reviews and analyses;

b) with reference to transactions, whether domestic or international, in addition to what is established in subparagraph a):

i) the name, address, identification data and information of the counterpart, the beneficiary and the beneficial owner;

ii) the nature, reason and date of the transaction;

iii) the currency and amount of the transaction;

iv) the identification number or code of the accounts in question;

v) all documents, data and information sufficient for the reconstruction of the single transaction and, where necessary, for the collection of evidence in view of the investigative or judicial activities;

c) with reference to suspicious activity reporting:

i) copy of the report to the Financial Intelligence Authority;

ii) all the documents, data and information connected to the report, sufficient for the analysis and understanding of the suspect activity and, where necessary, to the collection of evidence for the purpose of investigative or judicial activities;

iii) correspondence with the Financial Intelligence Authority or other competent authorities.

2. For the purposes of fulfilling requisites for the registration and record-keeping established by paragraph 1 the obliged subjects shall:

a) register the documents, data and information established by subparagraphs a), b) and c), immediately at the moment of their acquisition or reception;

b) adopt procedures and measures for registration and record-keeping that allow:

i) to provide in a timely manner documents, data and information required by the Financial Intelligence Authority or other competent authorities;

ii) to register accurately and update documents, data and information, in particular with reference to high risk categories of counterpart, typology of relationship, product or service, operation transaction, including channels of distribution;

iii) to ensure the integrity, security and confidentiality of the documents, data and information.

Article 39 – ***Access of competent authorities***

1. The Financial Intelligence Authority and the judicial authority may request, in specific cases and with motivated decision, the registration and record-keeping established in article 38, paragraphs a), b) and c), for a period longer than 10 years.

2. The data, documents and information registered according to the previous paragraph shall remain at the disposal of the competent authorities for the activities of analysis and detailed study, as well as for investigative or judicial activities.

CHAPTER VI

SUSPICIOUS ACTIVITY REPORT

Article 40 – ***Reporting suspicious activity***

1. The obliged subjects shall send a report to the Financial Intelligence Authority:

a) when they suspect or have reasonable grounds to suspect, that funds or other assets are the proceeds of criminal activities, or are linked or related to the financing of terrorism or to be used for terrorism, terrorist acts or by terrorist organizations or those who finance terrorism;

b) in the case of activities, operations or transactions which they consider particularly likely, by their own nature, to have a link with money-laundering or the financing of terrorism or with terrorist organizations or those who finance terrorism.

2. The public authorities shall send a report to the Financial Intelligence Authority in the cases mentioned in paragraph 1.

3. Suspicious activities, operations or transactions, including attempted operations or transactions, shall be reported irrespective of their value, or any other element, including, *inter alia*, elements of a fiscal nature.

4. The reporting shall be carried out immediately, as soon as the obliged subject becomes aware of, suspects or has reasonable grounds to suspect, the elements established by paragraph 1.

5. The Financial Intelligence Authority adopts guidelines relating the reporting of suspicious activity.

6. Lawyers, notaries and other legal and accounting professionals, mentioned in article 2, paragraph b), when acting as independent legal professionals, are not required to report suspicious activities if the relevant information obtained:

a) in the course of evaluating the legal position of their clients;

b) when performing their role of defending or representing their clients or if their function relates to judicial, administrative, arbitration or mediation procedures.

Article 41 – *Complex or unusual activities*

1. Reporting subjects shall pay particular attention, *inter alia*, to complex activities, operations or transactions, or the ones of a notable or unusual value, or to unusual types of activities, operations or transactions, which have no clear or recognisable economic or legal purpose.

2. Reporting subjects shall examine the background and purpose of such operations or transactions and shall put their conclusions in writing, registering and recording those conclusions in accordance with the registration and record keeping requirements established by this Title and making them available for ten years to the competent authorities and accountants.

Article 42 – *Duty to refrain*

1. Reporting subjects shall refrain from establishing a relationship, or carrying out an operation or transaction, or from performing a service if they know of, suspect or have reasonable grounds to suspect the presence of elements established in article 40, paragraph 1.

2. Where it is not possible to refrain, or where doing so would obstruct the activity of the judicial authority, the reporting subjects shall send a suspicious activity report to the Financial Intelligence Authority, without delay, after having established a relationship, carried out an operation or transaction, or performed a service.

Article 43 – ***Reporting in good faith and exemption from liability***

1. Reporting in good faith, including the communication of related data and information, shall not imply any kind of civil, criminal or administrative responsibility for breach of official secret, confidentiality in financial matters, or any other restriction upon communication imposed by any legislative, administrative or contractual provision for the reporting subjects, members of the management, officers, employees, advisors and assistants of any kind.

2. The exemption from responsibility under paragraph 1 covers all cases, including those in which the reporting subject does not know exactly what the underlying criminal activity is and if it has taken place or not.

3. The prohibition of disclosure established by paragraphs 1 and 2 shall apply also in case of ongoing criminal investigation or procedures.

Article 44 – ***Prohibition of disclosure***

1. The reporting subjects, members of the management and senior management, officers, employees, advisors and assistants of any kind, shall not disclose to the interested subject or to third parties knowledge of the suspicious activity, or the sending or preparation to send of a suspicious activity report, including related data and information.

2. The cases in which lawyers, notaries, other independent legal professionals and accountants, in their capacity as independent legal professionals, attempt to dissuade a client from committing an illicit activity, does not constitute a breach of the prohibition of disclosure.

3. The prohibition of disclosure established by paragraphs 1 and 2 shall apply also in case of ongoing criminal investigation or procedures.

Article 45 – ***Integrity, security and confidentiality of reports***

The reporting subjects shall adopt adequate policies, procedures and measures to ensure the integrity, security and confidentiality of the reports to the Financial Intelligence Authority and of the related documents, data and information.

CHAPTER VII

SUPERVISION AND REGULATION FOR THE PREVENTION AND COUNTERING OF MONEY LAUNDERING AND THE FINANCING OF TERRORISM

Article 46 – *Supervision and regulation for the prevention and countering of money laundering and the financing of terrorism*

The Financial Intelligence Authority is the central authority for the supervision and regulation for the prevention and countering of money laundering and the financing of terrorism, and to this end:

a) it supervises and verifies the fulfilment, by the obliged subjects, of the requirements established in this Title and in the regulations adopted by the Financial Intelligence Authority;

b) it has access to, or request the production of, documents, data, information, registers and books, relevant for the purposes of supervision, including, *inter alia*, those related to accounts, operations and transactions, including the analyses that the supervised subject has carried out in order to identify unusual or suspicious activities, operations and transactions;

c) it has access to, or requests the production of, documents, data and information, from the legal persons with a registered office in the State's territory or registered in the registers of legal persons held by the State, related to the nature and activity, to the beneficial owners, beneficiaries, members and administrators, including members of the management and senior management;

d) it adopts the measures necessary to avoid criminals and their associates, directly or indirectly, holding or being the beneficial owners of a significant holding or control or having a management function in the executive or supervisory organs within the supervised subjects;

e) it carries out off-site and on-site inspections, including, *inter alia*, a check and review of policies, procedures, measures, books and registers, as well as sample tests;

f) it collects and analyzes information of a financial nature and other relevant information relating to the supervised subject.

g) It publishes an annual report with non-confidential data, information and statistics relating to the activities carried out in the exercise of its institutional functions.

Article 47 – ***Administrative sanctions***

1. The Financial Intelligence Authority, after having verified the commission of the wrongful acts, applies administrative sanctions in the following cases:

a) violation or systemic non-fulfilment of the requirements relating to integrity, stability and transparency of the economic, commercial and professional sectors established in article 5 and related obligations established by regulations of the same Financial Intelligence Authority;

b) violation or systematic non-fulfilment of the requirements relating to risk assessment, internal controls, foreign branches and subsidiaries, established in articles 9, 10 and 11, and by the regulations of the same Financial Intelligence Authority;

c) violation or systematic non-fulfilment of the requirements relating to customer due diligence, transfer of funds, registration and keeping of documents, data and information, and suspicious activity report, established in articles 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44 and 45, and related requirements established by the regulations of the same Financial Intelligence Authority;

d) violation of the obligations ensuing from the financial measures and to the preventive measures related to subjects which threaten international peace and security, established by articles 75, 76, 77 and 78;

e) obstruction of the supervisory activity established in article 46.

2. In the cases established by paragraph 1, the Financial Intelligence Authority applies the following administrative sanctions, in accordance with Law n. X, *introducing general norms in the question of administrative sanctions*, of 11 July 2013:

a) a written warning, with a separate letter or within an audit report;

b) an order to comply with specific instructions, with fines in case of full or partial non compliance;

c) an order to make regular reports on the measures adopted by the sanctioned subject, with fines in the case of total or partial non-compliance;

d) corrective measures;

e) a fine of up to EUR 5 million for natural persons, and up to 10% of the gross annual income in the preceding financial year for legal persons.

3. In the most serious cases, the Financial Intelligence Authority recommends to the President of the Governorate the application of the following administrative sanctions:

a) the permanent or temporary interdiction of natural persons, from carrying out activities in the economic, commercial or professional sectors;

b) the removal or limitation of the powers of members of the management or the senior management, or persons with analogous functions;

c) the suspension or withdrawal of the authorisation to carry out professionally a financial activity;

d) the conservatorship.

4. The administrative sanctions established in paragraphs 2 and 3 shall be applied to all natural and legal persons, including members of the management and senior management of the legal persons.

5. In determining the sanction, the Financial Intelligence Authority applies the principle of proportionality and considers, *inter alia*, the following elements:

a) the seriousness and duration of the violation;

b) the level of responsibility of the natural or legal person that is liable;

c) the financial capacity of the liable natural or legal person that is liable;

d) the consistency of the profits gained or the losses avoided with the illicit activity of the natural or legal person that is liable, to the extent they can be determined;

e) the losses suffered by third parties because of the violation;

f) the level of cooperation of the liable natural of legal person responsible with the competent authority;

g) The previous violations of the natural or legal person that is liable.

6. The sanctions applied are published according to law.

CHAPTER VIII

FINANCIAL INTELLIGENCE

Article 48 – ***Reception, analysis and dissemination of suspicious activity reports***

The Financial Intelligence Authority is the central authority for the financial intelligence, and to this end:

a) receives suspicious activity reports;

b) receives and, where necessary, requests all documents, data and information relevant to the purposes of preventing and countering money laundering and the financing of terrorism;

c) receives declarations of cross-border transportation of currency;

d) carries out the analysis of the suspicious activity reports, documents, data and information received:

   i) at the operational level: using the documents, data and information available and obtainable in order to identify specific objectives, trace operations and transactions, establish links between the above-mentioned objectives and the potential proceedings of crimes;

   ii) at the strategic level: using the documents, data and information available or obtainable;

e) disseminates reports, documents, data and information to the Promotor of Justice if there is a reasonable ground to suspect an activity of money-laundering or financing of terrorism;

f) files the suspicious activity reports which are not disseminated to the Promotor of Justice;

g) keeps the reports disseminated to the Promotor of Justice and the suspicious activity reports filed for ten years in order to ensure their integrity, security and confidentiality and in such a way as to allow subsequent investigative or judicial activity;

h) communicates to the reporting subject the receipt of a suspicious activity report;

i) communicates to the reporting subject the filing of a suspicious activity report;

j) suspends the execution, for up to five working days, of transactions and operations suspected of money laundering or the financing of terrorism, as well as any other linked operation or transaction, where this does not obstruct investigative or judicial activity;

k) adopts the preventive freezing of accounts, funds and other assets, up to five working days, in the case of suspect of money laundering or financing of terrorism, where this does not obstruct investigative or judicial activity;

l) replies to requests for information from other competent authorities, unless that communication may prejudice ongoing investigations or analyses or may not be linked to the purposes for which it was requested.

h) publishes an annual report with non-confidential data, information and statistics relating to the activities carried out in the exercise of its functions.

Article 49 – ***Guidelines and communications to reporting subjects***

The Financial Intelligence Authority:

a) gives to the obliged subjects guidelines on the methods of reporting, supplying templates and indications on the procedures to be followed in reporting;

b) gives to the obliged subjects updated information, including models and typologies of activity and behaviours in the financial sector which may indicate cases of money laundering or financing of terrorism, also with a view to promoting the training of personnel.

Article 50 – ***Access to Information***

1. The Financial Intelligence Authority:

a) has access, in a timely manner, to all information of a financial, administrative and investigative nature relevant to the purpose of preventing and countering money laundering and the financing of terrorism;

b) has access, in a timely manner, to other relevant additional information possessed by all reporting subjects;

c) has access to information of a financial and administrative nature possessed by the reporting subjects and by legal persons with their legal seat in the State or registered in the registers held by the State;

d) collects and files relevant documents, data and information.

e) publishes an annual report with non-confidential data, information and statistics relating to the activities carried out in the exercise of its functions.

Article 51 – ***Protection of the suspicious activity reports and connected documents, data and information***

1. The Financial Intelligence Authority ensures the integrity, security and confidentiality of the suspicious activity reports and of the connected documents, data and information.

2. The dissemination of the suspicious activity reports to the Promoter of Justice and the exchange of information at the domestic or international levels take place using adequate procedures and measures suitable for ensuring integrity, security and confidentiality of documents, data and information.

3. The Financial Intelligence Authority, the public prosecutor and the Corps of Gendarmes may stipulate appropriate agreement protocols regarding adequate procedures and measures for guaranteeing the integrity, security and confidentiality of the exchange of information.

4. The Financial Intelligence Authority ensures the confidentiality of the name and personal data of persons who have submitted the suspicious activity report.

In the case of dissemination to the Promoter of Justice, the name and personal data of the persons who have submitted the suspicious activity report, even if known, shall not be mentioned.

5. The identity of the persons mentioned in paragraph 4 may only be revealed when the judicial authority, with a motivated decision, considers it indispensable for the purposes of the investigative or judicial activity.

6. Apart from the cases mentioned in paragraph 5, in the case of the seizure of documents, the competent authorities adopt adequate procedures and measures to ensure the confidentiality of the identity of the natural persons who submitted the reports.

TITLE III

PRUDENTIAL SUPERVISION AND REGULATION OF THE ENTITIES CARRYING OUT PROFESSIONALLY A FINANCIAL ACTIVITY

Article 52 – ***Scope of application***

1. The contents of the present title shall be applied to entities which carry out a professional activity of a financial nature.

2. Public authorities carrying out institutionally a financial activity in the name and on behalf of organs of the Holy See and the State are excluded from the scope of application of this Title.

3. The Financial Intelligence Authority publishes and updates a list of the entities under prudential supervision.

Article 53 – ***Criteria of application***

Policies, procedures, measures and controls requested by this Title shall be adopted consistently with the institutional, legal, economic, commercial and professional framework of the State.

Article 54 – ***Authorization***

1. The Financial Intelligence Authority authorises the carrying out professionally of a financial activity.

2. The Financial Intelligence Authority establishes, by regulation, the criteria and the procedures for authorization, including its suspension and withdrawal.

3. This article and subsequent regulations of the Financial Intelligence Authority relating to the authorization shall be without prejudice of the norms in force relating to the creation and cessation of organisms and entities.

Article 55 – ***Activities carried out in a third State***

1. The entities carrying out professionally a financial activity can carry out those activities in a foreign State with the prior authorization of the Financial Intelligence Authority.

2. The Financial Intelligence Authority establishes, by means of a regulation, criteria and procedures for the authorization to carry out financial activities in a foreign State.

Article 56 – ***Participation in other entities which carry out professionally a financial activity***

1. The Financial Intelligence Authority authorizes the purchase and transfer, of any kind, of shares involving the control or the possibility of having a significant influence on an entity carrying out professionally a financial activity.

2. The Financial Intelligence Authority establishes, by means of a regulation, the criteria and procedures for authorisation to participate in parties which exercise a professional financial activity.

Article 57 – ***Participation in groups of entities carrying out professionally a financial activity***

1. The Financial Intelligence Authority authorizes the entry into and participation of entities in groups of entities who carry out professionally a financial activity. It establishes limits and rules relating to shares that may be held by entities falling within the scope of application of this Law.

2. The Financial Intelligence Authority establishes, by means of a regulation, the criteria and procedures for entering into, and participating in, groups which carry out professionally a financial activity.

Article 58 – ***Structure and governance of an authorized entity***

1. The Financial Intelligence Authority establishes, by means of a regulation, the criteria for the organisation and governance of entities which carry out professionally an authorised financial activity.

2. The criteria established in paragraph 1 include:

a) the strategic direction of the entity and the group of which it is a part;

b) the structure of the entity and the group of which it is a part;

c) the responsibilities of the management and senior management;

d) the role of management and senior management in the approval of the strategic direction, the risk appetite, and the promotion of the culture and values of the entities;

e) the criteria of appointment and the requirements of the members of management and senior management;

f) policies, procedures and measures of internal control;

g) governance policies and procedures;

h) systems of remedy and compensation;

i) systems of remuneration and incentives;

j) the appointment of subjects entrusted with accounting;

k) the administrative and accounting organisation.

Article 59 – ***Capital and liquidity requirements***

The Financial Intelligence Authority establishes, by regulation, the capital and liquidity requirements, consistently with the risks assumed and presented by the entities carrying out professionally a financial activity, within the economic and financial framework and the macroeconomic conditions in which they operate.

Article 60 – ***Risk management***

1. The Financial Intelligence Authority establishes, by regulation, the criteria for risk management by the entities carrying out professionally a financial activity and the group of which the entities are part.

2. The criteria established in paragraph 1 include:

a) The adoption of adequate risk management strategies, approved by the management, the senior management or analogous bodies, consistently with the risk appetite which the entities and the group of which the entities are part can assume or tolerate. In particular, the management strategies include the following risk categories:

    i) market risks;

ii) credit risks;

iii) payment and liquidity risks;

iv) interest and exchange risks;

v) intermediary risks;

vi) risks by a lack of conformity to the law, regulations and internal procedures;

vii) legal risks;

viii) operational risks;

ix) risks to reputation.

b) monitoring by the senior management or by analogous bodies, so that:

i) adequate procedures and measures are adopted for managing all relevant risks consistently with the established strategies and the risk appetite of the entities;

ii) within the entities, a culture of sound risk management is established;

iii) the policies adopted for the assumption of risks is coherent with the established strategies and the risk appetite of the entities;

iv) the uncertainties which characterize risk management are acknowledged;

v) consistent limits are established to the risk appetite, to the risk profile and to the capital and liquidity requirements ensuring that these are understood by, and regularly communicated to, competent personnel.

3. On the basis of the criteria established in paragraph 1, the entities adopt programs to identify, evaluate, understand, manage and contain all the relevant risks.

4. The programs established in paragraph 3 must include procedures, measures and controls:

a) which allow the establishment of a clear overview of the entity relating to risks in the different risk categories;

b) which allow the evaluation of risks deriving from the macroeconomic context which affects sectors and markets within which the entities operate and the inclusion of such evaluations in the risk management;

c) which are consistent with the risk profile and the systemic relevance of the entities.

Article 61 – ***Expertise and integrity requirements***

1. The Financial Intelligence Authority establishes, by regulation, the expertise and integrity requirements of the members of management, organs of control and senior management or of those who hold or shall hold analogous functions within the entity carrying out professionally a financial activity, and examine potential conflicts of interest.

2. Expertise and integrity requirements include, *inter alia*, the evaluation of the following elements:

a) adequate expertise and experience with regard to the activity in question;

b) absence of criminal convictions or serious administrative sanctions which would make a person unfit.

3. In carrying out professionally a financial activity, the entities falling within the scope of application of this Title shall:

a) behave diligently, correctly and transparently, in the interest of the counterpart and for the integrity and stability of the markets;

b) acquire the necessary information from counterparts and act in such a way as to ensure that they are always adequately informed.

Article 62 – ***Communication of documents, data and information***

1. The Financial Intelligence Authority establishes, by regulation, the procedures for entities who carry out professionally a financial activity to send the documents, data or information requested for the purpose of prudential supervision.

2. The documents, data and information mentioned in paragraph 1, include, *inter alia*:

a) the balance sheet of the entity;

b) the structure and management of the entity;

c) the economic and financial condition of the entity;

d) the activities of the entity;

e) the strategies and policies of risk management by the entity;

f) the appointment and removal of subjects in charge for auditing;

g) any other document, data or information relevant for the purposes of prudential supervision.

3. The Financial Intelligence Authority establishes, by regulation, the communication and information duties of the entities carrying out professionally a financial activity towards counterparts and the general public.

Article 63 – ***Promotion of high moral and professional standards and the prevention of abuses in the financial sector***

1. The Financial Intelligence Authority establishes, by regulation, criteria which the subjects who carry out professionally a financial activity shall observe for the promotion of a high moral and professional standard within the authorised entities.

2. The criteria established in paragraph 1 include:

a) selection criteria for members of management, senior management, personnel and collaborators, in any capacity, of the entity;

b) policies, procedures and measures for the promotion of high professional and moral standards within the entity;

c) policies, procedures and measures for the prevention of any kind of abuse, intentional or not, in the financial sector for unlawful purposes;

d) policies, procedures and measures for customer due diligence, registration and record keeping, and reporting of suspicious activities that are consistent with the risk appetite;

e) policies, procedures and measures for auditing and control;

f) any other sector relevant for the purposes of preventing abuses in the financial sector.

Article 64 – ***Procedure for the adoption of regulations***

The regulations implementing the provisions of this Title are submitted for consideration of the Supreme Pontiff, according to article 4, paragraph 3, of the *Fundamental Law of the Vatican City State* of 26 November 2000.

Article 65 – ***Prudential supervision and regulation***

1. The Financial Intelligence Authority is the central authority for the prudential supervision and regulation of the entities carrying put professionally a financial activity, and to this end:

a) it supervises and verifies the fulfilment, by the obliged subjects, of the requirements established in this Title and in the regulations adopted by the Financial Intelligence Authority;

b) it supervises the organisation of the supervised entities and their activities, including non-financial activities, at the domestic and international levels;

c) it evaluates the governance policies and practices of the supervised entities and their implementation and determines if the supervised entities have sound governance policies and procedures adequate to their risk profile and their systemic importance, requesting, when necessary, the rectification of deficiencies in a timely manner;

d) it evaluates the adequacy of capital and liquidity requirements;

e) it evaluates the procedures, measures and controls for risk management and intervenes from the start to deal with flawed activities or practices which may cause risks, including risks of contamination and reputation, for the supervised entities or the financial sector;

f) it verifies the competence and integrity of members of the management and senior management, or those who have an analogous function within the supervised entity, examining potential conflicts of interest;

g) it carries out off-site and on-site inspections. On-site inspections include, *inter alia*, a check and review of policies, procedures, measures, books and registers, as well as sample test;

h) it accesses or requests the production of, documents, data and information, registers and books, relevant for the purposes of the supervision;

i) it accesses or requests the production of, documents, data and information, from the legal persons with a registered office in the State's territory or registered in the registers of legal persons held by the State, related to their nature and activity, to the beneficial owners, beneficiaries, members and administrators, including members of the management and senior management;

j) it collects and analyzes information of a financial nature and other relevant information relating to the supervised subject.

k) it publishes an annual report with non-confidential data, information and statistics relating to the activities carried out in the exercise of its institutional functions.

Article 66 – *Administrative sanctions*

1. The Financial Intelligence Authority, after having verified the commission of the wrongful acts, applies administrative sanctions in the following cases:

a) violation of regulations and requirements relating to prudential supervision established in articles 54, 55, 56, 57, 58, 59, 60, 61, 62 and 63;

b) obstruction of the supervisory activity established in article 46.

2. In the cases established in paragraph 1, the Financial Intelligence Authority applies the following administrative sanctions, in accordance with Law no. X, *introducing general norms in the question of administrative sanctions*, of 11 July 2013:

a) a written warning, by a separate letter or within an audit report;

b) an order to comply with specific instructions, with fines in case of full or partial non-compliance;

c) an order to comply with specific instructions, with fines in case of full or partial non-compliance;

d) an order to make regular reports on the measures adopted by the sanctioned subject, with fines in the case of total or partial non-compliance;

e) corrective measures;

f) a fine of up to EUR 5 million for natural persons, and up to 10% of the gross annual income in the preceding financial year for legal persons.

3. In the most serious cases, the Financial Intelligence Authority recommends to the President of the Governorate the application of the following administrative sanctions:

a) the permanent or temporary interdiction of natural persons, from carrying out activities in the economic, commercial or professional sectors;

b) the removal or limitation of the powers of members of the management or the senior management, or persons with analogous functions;

c) the conservatorship;

d) suspension or withdrawal of the authorisation to carry out professionally a financial activity.

4. The administrative sanctions established in paragraphs 2 and 3 shall be applied to all natural and legal persons, including members of the management and senior management of the legal persons.

5. In determining the sanction, the Financial Intelligence Authority applies the principle of proportionality and considers, *inter alia*, the following elements:

a) the seriousness and duration of the violation;

b) the level of responsibility of the natural or legal persons that is liable;

c) the financial capacity of the natural or legal person that is liable;

d) the consistency of the profits gained or the losses avoided with the illicit activity of the liable natural or legal person, to the extent they can be determined;

e) the losses suffered by third parties because of the violation;

f) the level of cooperation of the natural of legal person that is liable with the competent authority;

g) the previous violations of the natural or legal person that is liable.

TITLE IV

PROTECTION OF DOCUMENTS, DATA AND INFORMATION POSSESSED BY THE FINANCIAL INTELLIGENCE AUTHORITY

Article 67 – ***Office Secret***

1. All documents, data and information possessed by the Financial Intelligence Authority in the exercise of the function of supervision and regulation and the function of financial intelligence are:

a) used exclusively for the purposes established by law;

b) protected for the purposes of ensuring their security, integrity and confidentiality;

c) covered by office secret.

3. The duty of staff to observe the office secret applies also after the end of their service with the Financial Intelligence Authority.

3. The provisions of this Law are implemented without prejudice to the right to privacy.

Article 68 – ***Procedures and measures of protection***

In order to ensure the security, integrity and confidentiality of the documents, data and information, the Financial Intelligence Authority adopts adequate procedures and measures:

a) for their treatment, filing and dissemination;

b) to ensure a controlled and limited access to its premises and to documents, data and information in its possession, including information and technology systems;

c) to ensure that members of staff have necessary levels of authorization, security, knowledge and understanding of their responsibilities in treating, analyzing, filing and disseminating documents, data and information.

TITLE V

COOPERATION AND EXCHANGE OF INFORMATION BY THE FINANCIAL INTELLIGENCE AUTHORITY AT THE DOMESTIC AND INTERNATIONAL LEVELS

Article 69 – ***Cooperation and exchange of information at the domestic and international levels***

The Financial Intelligence Authority, in order to adequately exercise its functions of supervision and regulation and financial intelligence:

a) cooperates and exchanges information with other authorities of the Holy See and the State, which provide to the Financial Intelligence Authority with the relevant documents, data and information;

b) cooperates and exchanges information with equivalent authorities of other States, on the condition of reciprocity and on the basis of memoranda of understanding. The Secretariat of State is informed of the stipulation of such memoranda.

Article 70 – ***Secrecy and exchange of information***

1. Secret of office and financial secrecy do not inhibit or limit the activities indicated in article 69.

2. Nothing is established that may prejudice the norms into force relating to the pontifical secret and secret of state.

TITLE VI

MEASURES AGAINST SUBJECTS WHO THREATEN INTERNATIONAL PEACE AND SECURITY

Article 71 – ***List of subjects who threaten international peace and security***

1. The President of the Governorate, having heard the Secretariat of State, adopts and updates a list containing the names of subjects, physical persons and entities, regarding whom there are reasonable grounds to believe that they pose a threat to international peace and security.

2. The list referred to in paragraph 1 must contain the name and all the information necessary to allow the positive and unequivocal identification of the designated subject.

3. The list referred to in paragraph 1 and its updates are transmitted promptly to the Financial Intelligence Authority and are published in the supplement of the *Acta Apostolicae Sedis*, as well as by displaying it at the door of the offices of the Governorate, in the Cortile San Damaso, in the State's post offices, and on the Internet sites of the State and of the Financial Intelligence Authority.

Article 72 – ***Identification of the subjects who threaten international peace and security***

1. The President of the Governorate designates those subjects in relation to whom he has determined that there are reasonable grounds to believe that they:

a) commit, participate, organise, prepare, facilitate or finance terrorist acts;

b) promote, constitute, organise, lead, finance, recruit or participate in an association which intends committing terrorist acts;

c) furnish, sell or transfer arms, explosive devices or other lethal devices to whoever commits or participates in the commission of terrorist acts, or participating in an association whose intention is to commit terrorist acts;

d) participate, organise, prepare, facilitate, contribute, or finance an unlawful program for the proliferation of weapons of mass destruction.

2. The subjects referred to in the previous paragraph are to be included in the list even if there is no criminal conviction or pending criminal process in their regard.

3. The Promoter of Justice, the Corps of Gendarmes and the Financial Intelligence Authority propose to the President of the Governorate the designation in the list of those subjects regarding whom there are reasonable grounds to believe that they carry out one of the activities referred to in paragraph 1, and transmit to the President of the Governorate all pertinent information and documentation.

4. In drawing up and updating the list, the President of the Governorate may request of the Promoter of Justice, the Corps of Gendarmerie and the Financial Intelligence Authority any additional information or documentation that may be useful for his assessment.

5. In drawing up and updating the list, the President of the Governorate examines the designations made by the competent organs of the Security Council of the

United Nations, of the European Union and of other States. Such designations may constitute, even on their own, sufficient grounds for designation.

Article 73 – ***Removal of subjects from the list***

1. The President of the Governorate, having heard the Secretariat of State, shall delists those subjects regarding whom there are no longer reasonable grounds to believe that they pose a threat to international peace and security.

2. The delisting may also take place pursuant to a proposal from the Promoter of Justice, the Corps of Gendarmerie or the Financial Intelligence Authority.

3. To that end, the President of the Governorate examines also the decisions regarding the delisting of subjects taken by the competent organs of the Security Council of the United Nations, of the European Union and of other States.

4. Those who believe that they have been inscribed in the list without sufficient grounds or by error may apply for delisting directly to the President of the Governorate. The President of the Governorate shall reply within 15 days.

5. In the case of a negative reply or of no reply within the allocated period, the designation may be challenged before the tribunal.

6. The trial proceeds in accordance with articles 776 ff. of the Code of Civil Procedure, insofar as applicable, with the necessary intervention of the Promoter of Justice and with the contradictory between the plaintiff and the Governorate.

7. If the tribunal finds that the grounds for the designation of the subject were insufficient, it orders its delisting.

Article 74 – ***International cooperation***

The Secretariat of State:

a) receives from the competent organs of the Security Council of the United Nations, of the European Union and of other States, communications regarding the subjects to be inscribed in the list and shall transmit them to the President of the Governorate;

b) having heard the President of the Governorate, conveys to the competent organs of the Security Council of the United Nations and of the European Union as well as other States proposals to identify subjects regarding whom there are reasonable grounds to believe that they pose a threat to

international peace and security, communicating the information necessary to that end;

c) having heard the President of the Governorate, presents to the competent organs of the Security Council of the United Nations and the European Union as well as other States proposals for the delisting of subjects from their respective lists, also on the basis of the outcome of recourses presented in accordance with article 73;

d) acquires from the competent organs of the Security Council of the United Nations and of the European Union as well as from other States any other information which may be useful for conducting the tasks mentioned in articles 71, 72 and 73 and it shall forward it to the President of the Governorate;

e) concludes accords or memoranda of understanding with the authorities of other States and competent international organisations in order to contribute to the necessary international cooperation.

Article 75 – ***Financial Measures***

1. It is forbidden to place, directly or indirectly, at the disposal of subjects inscribed in the list funds or other assets or to grant them financial services or services connected to them.

2. The Financial Intelligence Authority, with its own provision, orders immediately, without delay or previous notice, the freezing of:

a) the funds and other assets owned, held, controlled or detained, exclusively or jointly, directly or indirectly, by the subjects inscribed in the list;

b) the benefits and profits generated by the funds and other assets referred to in letter a);

c) the funds and other assets held or controlled by other subjects, natural persons or entities, in the name or in behalf or in favour of subjects inscribed in the list.

3. The provision of the Financial Intelligence Authority referred to in the previous paragraph define the terms, conditions and limits of freezing, with a view also to safeguarding the rights of third parties in good faith.

4. The provision ordering the freezing of assets referred to in paragraph 2 is communicated without delay to the subjects who perform professionally financial activities.

5. The entities carrying out professionally a financial activity must verify without delay the presence within their own institution of funds or other assets owned or held, exclusively or jointly, directly or indirectly, by the subjects inscribed in the list.

6. The entities carrying out professionally a financial activity, communicate to the Financial Intelligence Authority, within 30 days from the date of the emanation of provision referred to in paragraph 1:

a) the measures adopted for the implementation of the provision on the freezing, indicating the subjects involved and the amount and nature of the funds and other assets;

b) any information relative to the reports, services or other transactions, as well as every other datum available that may be related to the subjects inscribed in the list;

c) information relative to any attempted financial transaction which may have for its object frozen funds or other assets pursuant to paragraph 2.

7. In the case of the delisting of a subject, the Financial Intelligence Authority, with its own provision, immediately revokes the provision ordering the freezing of assets referred to in paragraph 2, communicating it, without delay, to the entities carrying out professionally a financial activity.

Article 76 – ***Preventive measures***

1. When there are reasonable grounds to believe that a subject poses a threat to international peace and security and that there is also the risk that the funds or other assets which should be frozen may be hidden or used for criminal purposes, the President of the Governorate informs the Promoter of Justice and the Financial Intelligence Authority with a view to the adoption of preventive measures.

2. In the case referred to in the previous paragraph, the Financial Intelligence Authority orders immediately the freezing of the funds or other assets, informing the entities carrying out professionally a financial activity of the same.

3. The provision ordering the freezing referred to in paragraph 2 become ineffective if, after fifteen days from its adoption, the subject has not been inscribed in the list.

Article 77 – ***Effects of the freezing of assets***

1. The frozen funds or other assets cannot be the subject to transfer, modification, use, management or access in such a way as to modify their volume, import, place, property, possess, nature, destination or any other change which would permit their use, including the management of stock portfolios.

2. The frozen assets cannot be subject to transfer, modification, use or management, including sale, rent or constitution of any other real right or guarantee, with a view to obtaining in any way goods and services.

3. The contracts and the acts of disposition having as their object the funds or other assets frozen pursuant to articles 75 and 76 are null and void when the third parties knew or should have known that the funds or other assets that are the object of the contract or act of disposal were placed under the measures referred to in articles 75 or 76.

4. The provision ordering the freezing of assets referred to in articles 75 and 76 do not prejudice the effects of any eventual order for the sequestration or confiscation adopted in the context of a judicial or administrative procedure, having the same funds or other assets as their object.

5. The freezing of funds or other assets, as well as the omission or refusal to provide financial services, believed in good faith to be in conformity with the present Title, do not give raise any kind of liability for the natural or legal person, who puts them into effect, including its legal representatives, administrators, directors, employees, advisers or collaborators of any kind, except in cases of grave fault.

6. The Tribunal is competent over any legal recourse to the freezing of assets referred to in article 75 and 76.

7. The judicial process shall be conducted in accordance with articles 776 ff. of the Code of Civil Procedure, insofar as they are applicable, with the necessary intervention of the Promoter of Justice and with the contradictory between the plaintiff and the Financial Intelligence Authority.

Article 78 – ***Safeguarding, administration and management of frozen assets***

1. The President of the Governorate provides directly, or through the appointment of a guardian or an administrator, for the custody or administration of frozen funds and other assets.

2. If in the course of a judicial or administrative process, the sequestration or confiscation of the funds or other assets referred to in the previous paragraph is ordered, the authority which ordered the sequestration shall provide for their administration. In the case of confiscation, the President of the Governorate shall provide for their administration.

3. The guardian or administrator operates under the direct control of the President of the Governorate, following his directives, sending periodic reports and presenting an account at the end of their activity.

4. The expenses of the guardianship or administration, including the remuneration of the guardian or administrator, are paid from the administered funds or other assets or from the funds or other assets that are their profit.

5. The President of the Governorate transmits to the Prefecture for Economic Affairs of the Holy See periodic reports on the state of the funds or other assets and on the activities carried out.

6. In the case of delisting of a subject, the Governorate provide for communication to the interested party, in accordance with article 170 ff.of the Civil Code. In the same communication, the interested party is invited to take possession of the funds or other assets within six months from the date of the communication and is informed about the activities undertaken pursuant to paragraph 8.

7. In the case of real estate or registered movable goods, an analogous communication is transmitted to the competent authorities with a view to the cancellation of the freezing from the public registers.

8. After the freezing has ceased and before the consignment to the interested parties, the President of the Governorate continues to provide for the guardianship or the administration of the funds or other assets.

9. If the interested party does not request the consignment of the funds or other assets within the twelve months following the communication referred to in paragraph 6, the same funds or other assets are acquired by the Apostolic See and destined, at least in part and taking into account any international agreements of repartition, to supporting the victims of terrorism and their families. The

provision that decides the acquisition is communicated to the interested party and transmitted to the competent authorities by the means referred to in paragraph 6.

Article 79 – ***Exceptions***

1. The Financial Intelligence Authority may authorize the release of funds or other assets frozen pursuant to articles 75 and 76 to the extent necessary for the payment of expenses essential to their proprietors, including food, rent, taxes, insurances, medical services, public services and legal expenses.

2. The Financial Intelligence Authority may authorize the release of funds or other assets that have been frozen pursuant to articles 75 and 76 for the payment of extraordinary expenses, having previously obtained the *nihil obstat* of the President of the Governorate.

3. The frozen accounts may continue to generate interests and may receive payments and profits coming from contracts concluded prior to the adoption of the measures referred to in articles 75 and 76.

4. The Financial Intelligence Authority, having previously obtained the *nihil obstat* of the President of the Governorate, may authorize the payment of debts incurred by designated subjects when:

a) the debt was acquired before the imposition of the measures referred to in articles 75 and 76;

b) it does not have as its object weapons, lethal devices or material, technologies or services which may promote a programme for the proliferation of weapons of mass destruction;

c) it does not have as its counterpart another designated subject.

Article 80 – ***The protection of the rights of bona fide third parties***

Bona fide third parties that have a right on the frozen funds or other assets may initiate a civil legal action to ascertain their right and the consequent restitution of the goods or, if that is not possible, for compensation.

TITLE VII

CROSS-BORDER TRANSPORTATION OF CURRENCY

Article 81 – ***Duty to declare***

1. Every person carrying out a cross-border transportation of currency equal to or above EUR 10,000, whether entering or leaving the State, shall make a written declaration to the offices of the Corps of Gendarmerie or to the offices authorized by the Financial Intelligence Authority.

2. The President of the Governorate establishes, by ordinance, the means and contents of the declaration, supplying a template for the declaration.

3. The declaration includes:

a) the identifying data of the declaring party;

b) general information on the owner and the receiver of the currency;

c) the amount and the nature of the currency;

d) the origin and destination of the currency;

e) the itinerary followed;

f) the means of transport used.

4. The duty to declare is not satisfied if the information provided is inexact or incomplete.

5. A copy of the declaration is forwarded within twenty-four hours to the Financial Intelligence Authority.

6. If there is any suspicion of money laundering or of financing of terrorism, a copy of the declaration is forwarded immediately to the Financial Intelligence Authority.

Article 82 – ***Registration and record-keeping***

All the information contained in the declaration are:

a) treated, registered and kept in accordance with measures and procedures that ensure their security, integrity and confidentiality;

b) kept for a period of ten years by the Corps of the Gendarmerie, by the Financial Intelligence Authority and by the other offices authorized to receive the declaration;

c) under office secret, without inhibiting or limiting the cooperation or exchange of information at the domestic or international level.

Article 83 – ***Training, exchange of information and enforcement programs***

1. The Corps of Gendarmerie, the Financial Intelligence Authority and the other competent authorities adopt adequate programs for the training of personnel and for the exchange of data and information, as well as for the implementation of the legislation in force, including measures for sanctioning and designating.

2. The Corps of Gendarmerie, the Financial Intelligence Authority and the other competent authorities cooperate actively in the monitoring of cross-border transportation of currency, the exchange of information, the adoption and coordination of adequate procedures, measures and controls.

Article 84 – ***Controls on means, luggage and persons***

1. The Corps of Gendarmerie, for the purposes of ensuring the implementation of the provisions of this Title, in case of suspicion or in the course of a spot check:

a) controls the means of transport crossing the State's border;

b) requests persons crossing the State's border to show the contents of the luggage, objects and values carried about their person.

3. In case of refusal, and where there are reasonable grounds for suspicion, an Officer of the Corps of Gendarmerie may proceed, with a motivated written provision, to search the means of transport, the luggage and the above-mentioned persons. An official record of the search is made and transmitted within forty-eight hours, together with the motivated provision, to the Promoter of Justice at the Tribunal. The Promoter of Justice, if he considers the provision legitimate, shall confirm it within the successive forty-eight hours.

4. If there is any suspicion of money laundering or of financing of terrorism, the Corps of Gendarmerie seizes the currency for seven days in order to verify the suspicions and to search for evidence.

Article 85 – ***False, omitted or incomplete declarations***

1. In the case of a false, omitted or incomplete declaration, the holder of the currency is bound to rectify, submit or complete the declaration referred to in article 81.

2. In the case of a false, omitted or incomplete declaration, the holder of the currency incurs a fine ranging from a minimum of 10% to a maximum of 40% of the sum in his possession exceeding EUR 10,000.

3. As a guarantee of payment of the fine, the Corps of Gendarmerie, at the same time of verification of the violation, seizes up to 40% of the sum exceeding the EUR 10,000 limit.

4. The seizure pursuant to paragraph 3 continues until the sanctioning procedure is concluded.

Article 86 – ***Cross-border transportation of gold, and precious metals and stones***

1. In the case of the discovery of an unusual cross-border transportation of gold or precious metals or stones, the Corps of Gendarmerie requests the holder to make the declaration referred to in article 81.

2. A copy of the declaration is forwarded to the Financial Intelligence Authority within twenty-four hours.

3. If there is suspicion of money laundering or of financing of terrorism, the Corps of Gendarmerie seizes the gold or precious metals or stones for seven days in order to verify if there is any evidence of money laundering or financing of terrorism, and immediately forwards a copy of the declaration to the Financial Intelligence Authority.

4. The Financial Intelligence Authority may inform equivalent authorities in the sending or receiving States of the gold or precious metals or stones, cooperating with a view to establishing the origin, destination and purpose of the transportation, as well as the adoption of adequate measures.

Article 87 – ***Cooperation and exchange of information at the national and international level***

1. The Corps of Gendarmerie, the Financial Intelligence Authority and the other competent authorities shall collaborate actively to ensure the monitoring of cross-border transportation of currency, the exchange of information, the adoption and coordination of adequate procedures, measures and controls.

2. The competent domestic authorities adopt adequate procedures, measures and controls for the purposes of active cooperation and exchange of information at

the international level, in particular in the case of a false or missing declaration of cross-border transportation of currency.

Article 88 – ***Use of currency***

The President of the Governorate may establish by ordinance limits to the use of currency within the State.

TITLE VIII

FINAL PROVISIONS

Article 89 – ***Publication by display***

When the provision of laws or regulations require, for any purpose, the publication by display , this shall be done for a period of thirty days, unless otherwise provided.

Article 90 – ***Repeals***

1. This Law repeals articles 1, 1 *bis*, 1 *ter*, 2, 2 *bis*, 2 *ter*, 2 *quinquies*, 2 *sexies*, 2 *septies*, 2 *octies*, 24, 25, 26, 27, 28, 28 *bis*, 28 *ter*, 29 *bis*, 29 *ter*, 30, 31, 32, 33, 34, 35, 36, 36 *bis*, 37, 37 *bis*, 38, 39, 39 *bis*, 40, 41, 42 and 42 *bis* and the Annex of Law N. CXXVII *concerning the prevention and countering of the laundering of money from criminal activities and financing of terrorism*, of 30 December 2010, as modified by Decree of the President of the Governorate of the Vatican City State, N. CLIX of 25 January 2012, confirmed by Law N. CLXVI of 25 April 2012; and by Law n. CLXXXV of 14 December 2012.

2. Anything established in this Law is without prejudice to the norms contained in the regulations and in the instructions of the Financial Intelligence Authority, where they are not incompatible with the provisions of this Law.

Article 91 – ***Entry into force***

The provisions of this Law shall enter immediately into force.

The text of this Law has been submitted to the consideration of the Supreme Pontiff on 5 October 2013.

The original of this Law, bearing the seal of the State, will be deposited in the Archive of the law of the State of the Vatican City and an identical copy will be published in the Supplement to the Acta Apostolicae Sedis*, by displaying it in the Cortile di San Damaso, at the door of the offices of the Governorate and in the*

State's post offices, ordering that whomsoever ought to observe it do so and to make it observed.

Vatican City, 8 October 2013

Giuseppe Card. Bertello
President

Approved
F. Fernando Vérgez Alzaga
Secretary General