COMMITTEE OF EXPERTS ON THE EVALUATION OF ANTI-MONEY LAUNDERING MEASURES AND THE FINANCING OF TERRORISM (MONEYVAL)

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Report on Fourth Assessment Visit – **Annexes 1**

Anti-Money Laundering and Combating the Financing of Terrorism

SAN MARINO

29 September 2011

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Annex 2: Details of all bodies met on the on-site mission - Ministries, other government authorities or bodies, private sector representatives and others

Their Excellencies the Captains Regent

Ministers

- Minister of foreign affairs, political affairs and telecommunication and staff;
- Minister of justice research and relations with the State public utilities company and Staff responsible for aspects related to international agreements and conventions in AML/CFT matters and relations with relevant international organisations;
- Minister of finance and budget, posts and relations with the State stamp and coin corporation (AASFN) and staff;
- Minister for tourism and and Economic Planning;
- Minister of industry, trade and handcraft and staff;
- Representatives of the Committee for Credit and Saving.

Public Offices

- Central Liaison Office (CLO);
- Office for Control and Supervision on Economic Activities (OCSEA);
- Tax authority;
- Post directorate;
- Games authority.

Operational and law enforcement agencies

- Commander of gendarmerie;
- Commander of civil police;
- Commander of the fortress guards – “Guardia di Rocca” - State border patrol and Criminal police officers;
- Interpol Directorate;
- Agenzia d’Informazione Finanfiaria (AIF) - Financial Intelligence Unit - FIU.

Judiciary

- Executive magistrate and law commissioners (judge), Single Court;
- Administrative judge, Single Court;
- Uditore Commissariale, Single Court;
- Commercial chancellor, Single Court;
- Actuary, Single Court;

Supervisory agencies

- Central Bank of the Republic of San Marino - CBSM (Director General, Vice Director, members of the Supervision Committee, head regulatory service for Banks and Financial Companies, head regulatory Service for Insurance and CIS, Head of the On-site Supervision service).
- Agenzia d’Informazione Finanfiaria (AIF) - Financial Intelligence Unit - FIU.

Financial and non-financial institutions

- Representatives of banks, financial and fiduciary companies
- Representatives od audit companies, external auditors and consultancy firms
- Representative of insurance companies, insurance intermediaries and investment companies
- Director general and compliance officer - Post office.

- Representative of BINGO
- Representative of lawyers and notaries;
- Representative of dealer in precious metal and stones,
- Representative of auction houses or art galleries;
- Representative of real estates.

Professional associations

- President of the "Associazione Bancaria Sammarinese" – ABS (Banks association);
- President of *ASSOFIN* (financial companies association);
- President of the "Ordine dei dottori commercialisti (Accountants association);
- President of the "Ordine dei ragionieri commercialisti (Accountants association);
- President of bar association ;

Annex 3: Copies of key laws, regulations and other measures

1. LAW NO. 92 OF 17 JUNE 2008 - PROVISIONS ON PREVENTING AND COMBATING MONEY LAUNDERING AND TERRORIST FINANCING

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

We, the Captains Regent
of the Most Serene Republic of San Marino

Having regard to article 4 of Constitutional Law n. 185/2005 and article 6 of Qualified Law n. 186/2005; Promulgate and order the publication of this Law approved by the Great and General Council during its sitting of June 10, 2008.

LAW N° 92, June 17, 2008 Provisions on preventing and combating money laundering and terrorist financing

TITLE I
GENERAL PROVISIONS

Article 1 (Definitions and scope)

1. For the purposes of this Law, the following definitions apply:
   a) “Agency”: the Financial Intelligence Unit referred to in article 2;
   b) “Public administrations”: Secretaries of State, Departments, public institutions, state corporations, public administration offices;
   c) “Central Bank”: the Central Bank of the Republic of San Marino as defined in Law N° 96 of June 29, 2005 and subsequent amendments;
   d) “shell bank”: any entity that carries out activity equivalent to that defined in Annex 1 Law N° 165 of November 17, 2005 incorporated in a jurisdiction in which it has no physical presence and which is unaffiliated with a regulated financial group;
   e) “assets” or “funds”: any property, whether tangible or intangible, movable or immovable, including means of payment and credit, any document or instrument, including electronic or digital form, evidencing title to, or interest in such property; economic resources of any nature, tangible or intangible, movable or immovable assets, thus including all accessories, fixtures and returns that may be used to obtain funds, assets or services as well as any other utility specified in the technical Annex to this Law;
   f) “client” or “customers”: the natural person, legal person, or entity without legal personality with which the obliged parties, in the field of their activities, execute an occasional transaction or establish a business relationship, or the natural person, legal person, or entity without legal personality to which the obliged parties render a professional service, regardless whether or not payment is made;
   g) “freezing of funds”: the prohibition to move, transfer, modify, dispose, use or manage funds or economic resources, to have access to them in such a way as to modify the entity, amount, location, entitlement of rights, ownership, nature, destination or cause any other change that would permit the use of funds or economic resources, including, for mere illustration purposes, portfolio management, sales, leasing, renting or establishment of real rights of guarantee;
   h) “anonymous accounts or accounts in fictitious names”: the relationships for which the customer due diligence obligations, in order to guarantee that the financial entity knows the identity of the client in every phase of the relationship with the client itself, are not fulfilled;
   i) “payable-through accounts”: transnational bank accounts used directly by the customers to carry out transactions on their own behalf;
   j) “terrorism purposes”: the proposition to influence the institutions or intimidate the population or part of it, to destabilize or overthrow the political, constitutional, economic, or social institutions of the Republic of San Marino, of a foreign State or of an International Organization, in contrast with the constitutional order, the rules of international law and the statutes of International Organizations;

k) "terrorist financing": except as provided in article 337 *ter* of the criminal code, any activity intended, by any means, to collect, provide, intermediate, deposit, keep or endow funds or economic resources, regardless of how they were obtained, destined to be used, in full or in part, in order to carry out or promote one or more offences for terrorist purposes, regardless of the actual use of the funds or economic resources to carry out said offences;

l) "instructions": the provisions enacted by the Financial Intelligence Agency in the exercising of its functions of prevention and combating money laundering and terrorist financing;

m) "occasional transaction": any transaction, professional service or action carried out for the customers, outside a business relationship, that involves the transfer or moving also by electronic means of cash or other means of payment;

n) "politically exposed person": natural persons, foreign citizens, who are or have been entrusted with important public functions abroad during the year preceding the establishment of the business relationship, transaction or professional service, their immediate family members or persons known to be close associates of such persons, as foreseen in the technical Annex to this Law;

o) "business relationship": any relationship or professional service between an obliged party, regardless of whether payment is required or not, which involves carrying out more than one transaction;

p) "terrorism" or "terrorist act": any conduct, contrary to the constitutional order, the rules of international law and statutes of International Organizations, aimed at seriously injuring people or things, so as to compel the institutions of the Republic of San Marino, of a foreign State or International Organization to carry out or refrain from carrying out any act, or to intimidate the population or part of it, or to destabilize or destroy the political, constitutional, economic or social institutions of the Republic of San Marino, of a foreign State or International Organization;

q) "terrorist":
- (I) any individual perpetrating or attempting to perpetrate an act as defined under letter p) of this paragraph;
- (II) any group set up in the form of an association as defined under article 337 *bis* of the criminal code;
- (III) any entity acting on behalf of, or directed by, said individuals or groups that has been funded, even partly, with proceeds obtained from, or generated by, assets directly or indirectly held or controlled by said individuals or groups;

r) "beneficial owner":
- (I) the natural person who ultimately owns or controls the customer, when the latter is a legal person or entity without a legal personality;
- (II) the natural person on whose behalf the customer acts. In any case, the following are considered beneficial owners:
  1) the natural person(s) that, directly or indirectly, owns more than 25% of the voting rights in a company or, at any rate, because of agreements or other reasons, is able to control voting rights equal to said percentage or has control over the management of the company, provided that it is not a company listed on a regulated market, and subject to disclosure requirements consistent with or equivalent to the European Union legislation;
  2) the natural person(s) who is beneficiary of more than 25% of the property of a foundation, trust or other arrangements with or without legal personality that administers funds; whenever the beneficiaries have not been determined, the natural person(s) in whose principal interest the entity is established or acts;
  3) the natural person(s) who is able to control more than 25% of the property of an entity with or without a legal personality **;**

s) "financial intelligence unit": the central national authority in charge of receiving, requesting, analysing and disseminating to the competent authorities all information relative to preventing and combating money laundering and terrorist financing.

2. With the sole object of the laws regarding preventing and combating money laundering, except as provided in articles 199 and 199 *bis* of the criminal code, the following conducts may constitute money laundering if committed intentionally:

a) converting or transferring assets knowing that such assets come directly or indirectly from criminal activity or from participation in said activity, with the aim of concealing or disguising the criminal origin of the said assets, or assisting any person involved in said activity to evade the legal consequences deriving from his or her actions;

b) concealing or disguising the true nature, origin, location, disposition, movement of property, ownership of the assets or interest in such assets, carried out knowing that such assets come directly or indirectly from criminal activity or participation in said activity;

c) the purchase, possession or use of assets, knowing, at the time of receipt, that such assets are proceeds directly or indirectly of a criminal activity or participation in said activity.

3. Knowledge, intent or purpose as referred to in paragraph 2 may be inferred from objective factual circumstances.

TITLE II
COMPETENT AUTHORITIES

Chapter I
FINANCIAL INTELLIGENCE AGENCY

Article 2 (Establishment and purpose)

1. The Financial Intelligence Agency for preventing and combating money laundering and terrorist financing shall be established at the Central Bank.
2. The Agency shall perform the functions assigned to it by this law in complete autonomy and independence.
3. The costs for the staff, structure, organization and functioning of the Agency shall be paid for by the Central Bank. The Agency shall use the resources according to criteria of cost effectiveness and efficiency.
4. The Agency shall prepare annual accounts by the month of May regarding the management of the resources received from the Central Bank during the previous year and a budget document outlining expenses for the following year by the month of September. The annual accounts and budget document shall be sent to the Committee for Credit and Savings. The Committee for Credit and Savings shall evaluate if the resources have been programmed and managed according to the criteria of cost effectiveness and efficiency and then transmit the pertinent documentation to the Central Bank for the fulfilment of its obligations.

Article 3 (Director and Vice Director)

1. The Congress of State, upon proposal by the Committee for Credit and Savings and having heard the opinion of the Central Bank, shall appoint the Director and Vice Director of the Agency choosing among people who have the necessary requisites of professionalism, independence and respectability. The mandate of the Director and Vice Director shall last five years and is renewable only once.
2. The Director and Vice Director can be removed from their offices with the same procedure required for their appointment only if they no longer satisfy the conditions required for the fulfilment of their functions or are guilty of serious deficiencies.
3. The staff of the Agency, while performing the functions set forth in this law, are public officials and are bound by official secrecy.

Article 4 (Functions of the Financial Intelligence Agency)

1. The following functions are attributed to the Agency:
   a) receiving suspicious transaction reports from obliged parties;
   b) carrying out financial investigations on received reports or, on its own initiative, on the data and information available;
   c) reporting to the criminal judicial Authority any fact that might constitute money-laundering or terrorist financing;
   d) issuing instructions regarding the prevention and combating of money-laundering and terrorist financing;
   e) supervising compliance with the obligations under this law and the instructions issued by the Agency;
   f) taking part in national and international bodies involved in the prevention of money-laundering and terrorist financing;
   g) promoting and taking part in the professional training of police officers on matters regarding the prevention of money-laundering and terrorist financing.
2. The Agency shall analyze and study financial flows in order to identify and prevent money-laundering and terrorist financing. It shall examine the indicators of anomalies with reference to determined activities or sectors of the economy and evaluate the effects within the scope set forth in this law.

Article 5 (Powers of the Financial Intelligence Agency)

1. In order to perform the functions attributed by this law and for the purpose of preventing and combating money-laundering and terrorist financing, the Agency, through its reasoned request in writing, has the following powers:

a) to order the obliged parties to exhibit or hand over documents, also in original copy, or to communicate data and information, according to the ways and terms established by the Agency;

b) to ask the Central Bank or Public Administration to communicate data or information, or to exhibit or hand over any formal papers or documents according to the ways and terms established by the Agency;

c) to carry out on-site inspections of the obliged parties. If the obliged party, for the fulfilment of the obligations set forth in this law, makes use of external subjects, the inspections may also be conducted in the offices of said subjects;

d) to order the block of assets, funds or other economic resources whenever there are reasonable grounds to believe that these assets, funds or economic resources are derived from money-laundering or terrorist financing or may be used to commit such offences;

e) to suspend, also upon request by the criminal judicial Authority, suspected transactions of money-laundering or terrorist financing for a maximum of five working days, whenever this does not prejudice investigations;

f) to make inquiries about persons who refer to circumstances useful to investigations regarding offences of money-laundering and terrorist financing as well as crimes and administrative violations set forth in this law.

2. In the exercise of the powers set forth in the previous paragraph, the Agency may make use of police officers.

3. The Agency shall take note of all activities conducted, also in a concise manner, according to the way deemed most suitable. Except as specifically provided in this law, the Agency shall draw up a report on the information acquired in accordance with paragraph 1, letter f).

4. The judicial Authority can delegate the Agency to carry out investigations related to proceedings regarding money-laundering and terrorist financing as well as crimes and administrative violations set forth in this law. In this case, the Agency shall operate as judicial police. The acts carried out on behalf of the judicial Authority shall be recorded.

Article 6 (Ways and effects of blocking)

1. The measure with which the Agency orders the blocking in accordance with letter d) of article 5 shall be adopted in written form and shall be justified. Except for the terms set forth in subsequent paragraph 5, in case of urgency the written justification may be submitted subsequent to the blocking.

2. The Agency shall communicate the measure to the entity or person who holding the assets, funds or economic resources in the ways deemed most appropriate. The Agency shall also communicate the measure to the interested party except where the communication may prejudice the outcome of the investigation. If the assets are registered as movable or immovable ones, the Agency shall order the blocking to be registered at the State Office in charge of keeping public registries.

3. The assets freezing cannot constitute the object of any act evidencing transfer, title to or use of such assets.

4. Without prejudice to confirmation in accordance with the subsequent paragraph, the blocking measure shall be immediately effective.

5. Within 48 hours from the execution of the block, the measure shall be notified to the judicial Authority, who shall confirm – if requirements are met – the blocking measure within the following 96 hours. Failing such requirements, the judicial Authority shall also lift the block if the reasons for the precautionary measure foreseen in the provision issued by the Agency no longer exist.

6. The provision of the judicial Authority shall be notified to the Agency and to the entity to which the freezing was executed.

7. Such freezing may not exceed 15 days starting from the date of the provision issued by the Agency. This term is established by the judicial Authority in the confirmation provision and is extendable up to 45 days, upon reasoned request of the Agency, where investigations are particularly complex or where cooperation of foreign financial intelligence units is needed. The request for the extension shall be deposited in the offices of the judicial Authority prior to the expiration of the term. The judicial Authority shall grant or deny the extension within 96 hours from the receipt of the request and shall communicate its decision to the Agency and to the entity having the assets, funds or economic resources at its disposal.

8. Prior to the expiration of the terms established in the previous paragraph, the Agency, with a specific report based on the financial investigations conducted, shall indicate to the judicial Authority any data useful to proceed to the seizure or revocation of the freezing. The judicial Authority shall issue its judgment indicating its reasons within the following 96 hours.

9. In case of termination or revocation of the freezing, the judicial Authority shall take the necessary measures in order to return the frozen assets to the party entitled or, in case of registered movable or immovable assets, to cancel the registration of the freezing in the public registries.
10. The provisions of this article shall not prevent the judicial Authority from ordering seizures under judicial rules in force. In this case, the blocking ordered by the Agency shall become null and void.

Article 7 (Communication to the judicial Authority)

1. In case the Agency detects facts that might constitute an offence of money-laundering or terrorist financing, it shall transmit the documents and acts, including the report on the financial investigation conducted, to the judicial Authority without delay. If, upon completion of the financial investigation, no criminal conduct has been ascertained, the Agency shall close the case. The closure of the case does not prevent the carrying out of further investigations should new information be obtained.
2. The Agency may communicate the transmission of the documents or acts to the judicial Authority, or the closure ordered in compliance with the previous paragraph, directly to the obliged reporting party, except when the communication might prejudice the outcome of the investigation or the secrecy of the identity of the reporting person.

Article 8 (Access to information)

1. The Agency shall have access, also through electronic means, to the data and information available in public registries, archives, professional rolls kept by the Central Bank, Public administrations and Professional Associations.

2. Except as provided in the previous paragraph, the data and information held by the Central Bank, Public administrations and Professional Associations are immediately made available to the Agency, upon simple motivated request in relation to the purposes of preventing and combating money-laundering and terrorist financing.

3. For these same purposes foreseen in the previous paragraph, the Agency, upon simple request, shall have access to registries, archives, data or information kept by police Authorities or by the Single Court, including data regarding criminal record. The data and information regarding jurisdictional activity shall be provided to the Agency, upon authorization by the judge only for the purpose of preventing and combating money-laundering and terrorist financing.

4. The data and information acquired by the Agency may be used exclusively for the exercise of the functions set forth in this law.

Article 9 (Official secrecy)

1. All data and information acquired by the Agency are covered by official secrecy even in relations with the Public administrations, without prejudice to cases of communication or exchange of information set forth in this law. Official secrecy cannot be claimed for requests made by the criminal judicial Authority.
2. The Agency shall take steps, also including the use of computerized means, to ensure that the data and information acquired are not accessible by third parties.

Article 10 (Statistical data collection and presentation of annual reports)

1. The Agency shall collect annually the data regarding the activity carried out for the prevention and combating money-laundering and terrorist financing.

2. The Agency shall present an annual report through the Secretary of State for Finance and Budget to the Great and General Council [*Parliamen*t] every year on the activity carried out for the prevention and combating of money-laundering and terrorist financing.
3. The Agency shall propose to the Congress of State the adoption of measures intended to heighten the effectiveness of the prevention and combating of money-laundering and terrorist financing.

CHAPTER II
NATIONAL COOPERATION

Article 11 (Cooperation with other Authorities and Professional Associations)
1. The Public administrations, Police Authority, Central Bank and Professional Associations shall cooperate with the Agency in the prevention and combating of money-laundering and terrorist financing.

2. The Public Administration, Police Authority, Central Bank and Professional Associations shall provide**,** upon motivated request by the Agency, the data and information in their possession, useful for the prevention and combating of money-laundering and terrorist financing.
3. The Public Administration, Police Authority, Central Bank and Professional Associations shall provide the Agency with updated data on the obliged parties.

Article 12 (Cooperation with Police Authority)
1. The Agency shall cooperate with the Police Authority and the National Central Office of Interpol, also by exchanging information.
2. The Police Authority, in the fulfilment of its statutory role, may also conduct activities of preventing and combating money laundering and terrorist financing on its own initiative.
3. The information exchanged may be used exclusively for the purpose of preventing and combating money laundering and terrorist financing. The information cannot be communicated to third parties without prior written consent of the Agency and it is covered by official secrecy also regarding those who receive the information.

Article 13 (Competences of Professional Associations)
1. Professional Associations, in the fulfilment of their functions assigned by the respective statutes, shall promote and oversee the compliance with obligations under this law by their members.
2. Professional Associations shall promote the training of their members, employees and collaborators in order that the obligations set forth in this law are correctly observed.

Article 14 (Competences of the Central Bank)
1. The Central Bank, if during the course of its function of supervision over financial entities as referred to in article 18, letters a), d) and e) detects violations of this law or facts or circumstances that might be related to money-laundering and terrorist financing, shall inform the Agency in written form without delay.
2. The Central Bank shall provide the Agency with data regarding financial parties as well as information useful for carrying out financial investigations upon reports of suspicious transactions and for the study of financial movements.
3. The powers for verifying the adequacy of the organizational and procedural structures of the authorized parties remain within the competence of the Central Bank. The Central Bank may enact secondary legislation regarding these parties in accordance with Law N° 165 of November 17, 2005.

Article 15 (Cooperation with the judicial Authority)
1. Except as provided in article 5, paragraph 4, the judicial Authority, when it has reasonable grounds to believe that offences of money-laundering or terrorist financing have been committed through transactions executed by the obliged parties, shall inform the Agency.

CHAPTER III
INTERNATIONAL COOPERATION

Article 16 (Cooperation with foreign financial intelligence units)
1. The Agency shall cooperate with foreign financial intelligence units on the basis of reciprocity including the exchange of information. The foreign financial intelligence units shall guarantee the same conditions of confidentiality of the information, as assured by the Agency.

2. The Agency, with the aim of regulating the cooperation activity referred to in paragraph 1, may stipulate appropriate protocols of agreement [*Memorandum of Understanding*] and inform the Committee for Credit and Savings about them.
3. The information exchanged may be used by the foreign financial intelligence units for investigations aimed exclusively at combating money-laundering and terrorist financing. Furthermore, the information may not be

sent to third parties without prior written consent by the Agency and is covered by official or professional secrecy.
4. The information exchanged cannot be used to initiate or continue administrative, police or judicial investigations without prior written consent by the Agency.
5. The protocols of agreement or conditions of reciprocity shall provide that the foreign financial intelligence unit informs the Agency whether international judicial assistance procedures have been initiated in relation to a fact being the subject of a request for information. In this case, the Agency shall not exchange the information, unless otherwise ordered by the judicial Authority of San Marino.

TITLE III
PREVENTIVE MEASURES

CHAPTER I
PERSONS AND ENTITIES SUBJECT TO OBLIGATIONS

Article 17 (Obliged parties)

1. For the purposes of this law, the following are defined as obliged parties:
a) financial parties;
b) non-financial parties;
c) professionals.
2. Those belonging to the categories referred to in the previous paragraph are specified in the subsequent articles in this chapter.

Article 18 (Financial parties)

1. Financial parties are defined as follows:
   a) the authorized parties on the basis of Law N° 165 of November 17, 2005 and subsequent amendments;
   b) the Central Bank, whenever in the field of its institutional functions, establishes business relationships or carries out occasional transactions that require the fulfilment of obligations set forth in this law;
   c) the post offices whenever they establish business relationships or carry out occasional transactions that require the fulfilment of obligations set forth in this law;
   d) the financial promoters as defined in article 24 and 25 of Law N° 165 of November 17, 2005;
   e) the insurance and reinsurance agencies as defined in article 26 and 27 of the Law N° 165 of November 17, 2005;
   f) the parties that provide professional credit recovery on behalf of third parties.

Article 19 (Non-financial parties)

1. Non-financial parties are defined as parties that provide professional services regarding the following activities:
   a) office of the co-trustee as defined by Law N° 37 of March 17, 2005;
   b) assistance and consultancy on matters of investment services;
   c) assistance and consultancy on tax, financial and commercial matters;
   d) credit brokerage;
   e) real estate brokerage;
   f) running of gambling houses and games of chance as set forth in Law N° 67 of July 25, 2000 and subsequent amendments;
   g) custody and transport of cash, securities or values;
   h) management of auction houses or art galleries;
   i) trade in antiques;
   j) purchase of unrefined gold;
   k) manufacturing, mediation of and trade in, including export and import of precious metals and stones.

Article 20 (Professionals)

1. Professionals are defined as follows:
   a) members of the Registry of Accountants (*holding a university degree or holding an high school certificate*) of the Republic of San Marino;
   b) members of the Registry of External Auditors and Auditing companies and of the Registry of Actuaries of the Republic of San Marino;

c) members of the Bar Association of Lawyers and Notaries of the Republic of San Marino, when they carry out in name of or on behalf of their clients any financial or real estate transaction, or when they assist a customer in the planning or execution of related transactions, such as:
   1) the transfer of any title of real rights on properties or companies;
   2) the management of currency, financial instruments or other assets of customers;
   3) the opening or management of bank accounts, savings and securities accounts;
   4) the establishment, management or administration of companies, trusts or similar arrangements with or without legal personality;
   5) the organisation of all the steps required to establish, operate or manage companies.

CHAPTER II
OBLIGATION OF CUSTOMER DUE DILIGENCE

Article 21 (Field of application of customer due diligence)

1. The obliged parties shall fulfil the customer due diligence obligations in the following cases:
   a) when establishing a business relationship;
   b) when carrying out occasional transactions or professional services for an amount exceeding 15,000 euros, whether the transaction is carried out in a single operation or in several operations which appear to be linked;
   c) when there is a suspicion of money-laundering or terrorist financing;
   d) when there are doubts about the veracity or adequacy of the information and data previously obtained for the identification of the customer.

2. The financial parties referred to in article 18 shall also fulfil the customer due diligence obligations when they act as intermediaries or are at any rate part of the transfer of money or bearer negotiable instruments, in euros or foreign currency, carried out in any capacity among different entities for a total amount exceeding 15,000 euros.
3. The professionals referred to in article 20 and non-financial parties referred to in article 19 shall also fulfil the customer due diligence obligations when the transaction is of an undetermined or non-definable amount. The establishment, management or administration of a company, trust or other arrangements with or without legal personality constitutes in any case a transaction of a non-definable value.

4. Members enrolled in the Registry of Accountants (*holding a university degree or an high school certificate*) are not required to fulfil the customer due diligence obligations and registration in relation to the execution of the mere activity of drafting or filing income tax returns.

Article 22 (Customer due diligence measures)

1. The fulfilment of customer due diligence obligations shall comprise the carrying out, if needed through employees or collaborators, of the following measures:
   a) identifying the customer and verifying the customer's identity on the basis of a valid identification document or, where this is not possible, on the basis of documents, data or information obtained from a reliable and independent source;
   b) if necessary, identification of the beneficial owner and taking risk-based and adequate measures to verify the identity;
   c) obtaining information on the purpose and intended nature of the business relationship or occasional transaction;
   d) conducting ongoing monitoring of the relationship with the customer, including scrutiny of transactions undertaken throughout the course of that relationship to ensure that they are compatible with the data and information that the obliged parties have regarding the customer, its economic activities and risk profile, taking into consideration the source of the funds where necessary;
   e) updating documents, data and information acquired during the fulfilment of customer due diligence obligations.

2. Customers are obliged to provide, under their own responsibility, in written form, all data and information required and updated to permit the obliged parties to fulfil their obligations as set forth in this law.

Article 23 (Identifying and verifying the identity of the customer and beneficial owner)

1. The obliged parties shall identify and verify face-to-face, through their employees or collaborators, the identity of the customer and beneficial owner before establishing a business relationship or carrying out a transaction.

2. If the customer is not a natural person, the obliged parties shall verify the actual existence of the power of representation and acquire the data and information necessary to identify and verify the identity of the representatives who are authorized to sign for the transaction to be carried out.
3. The identification and verification of the identity of the beneficial owner is carried out at the same time as the identification of the customer and requires, for customers that are not natural persons, taking risk-based and adequate measures in order to understand the ownership and control structure of the customer. In order to identify and verify the identity of the beneficial owner, the obliged parties may make use of public registries, lists, acts or documents in the public domain, containing information on the beneficial owners, and request from its customers the pertinent data and information, or obtain information in other ways.
4. Verifying the identity of the customer and beneficial owner may be completed in the shortest time possible after the establishment of a business relationship if it is necessary not to interrupt the normal conduct of the business and when the risk of money-laundering or terrorist financing is low.

5. The non-financial entities that carry out activities set forth in article 19, paragraph 1, letter f) shall identify and verify the identity of the customer immediately on entry [*into gambling houses*], regardless of the amount of gambling chips purchased, sold or exchanged. They shall also register, according to the provisions of article 34, the transactions of purchase or exchange of gambling chips or other means of gambling with a value of 2,000 euros or more.

Article 24 (Obligations of abstention)

1. If the obliged parties are not able to fulfil the obligations of customer due diligence foreseen in article 22, paragraph 1, letters a), b) and c), they shall refrain from establishing business relationships or carrying out occasional transactions, and interrupt them, if already initiated, at the earliest opportunity and decide whether the situation should be reported to the Agency.

2. The members enrolled in the Registry of Lawyers and Notaries and Registry of Accountants (*holding a university degree or an high school certificate*) shall not be obliged to apply the provisions of the previous paragraph in the course of ascertaining the legal position for their client or performing their task of defending or representing that client in administrative or judicial proceedings, or concerning such proceedings, including advice on instituting or avoiding proceedings.
3. The obliged parties shall refrain from carrying out transactions when there are reasonable grounds to believe that these transactions could be related to money-laundering or terrorist financing. In these cases, a suspicious transaction report shall be promptly sent to the Agency. Where abstention is not possible because there is a legal obligation to receive the act, or the carrying out of the transaction by its nature cannot be postponed, or where the abstention might hinder ongoing investigations, the obliged parties shall inform the Agency immediately after the carrying out, taking every precaution to identify the destination of the funds transferred during the transaction.

Article 25 (Risk-based approach)

1. The obliged parties are required to fulfil the due diligence on all their customers.
2. The customer due diligence obligations are fulfilled by risk-based verifications which depend on the type of customer, business relationship, occasional transaction, professional service, product or transaction.
3. For the evaluation of the risk, the obliged parties shall evaluate at least the following aspects:
A) with reference to the customer:
1) the legal status,
2) the main business activity,
3) the behaviour at the moment of establishing the business relationship, or carrying out the transaction or professional services,
4) the residence or registered office of the customer or of the counterpart with particular attention to that do not require equivalent obligations to those set forth in this law;

B) with reference to any business relationship or occasional transaction:
1) the type and specific way of execution,
2) the amount,
3) the frequency,
4) the coherency of the transaction in relation to the whole of information available for the obliged party,
5) the geographic area of the execution of the transaction, with particular attention to that do not require equivalent obligations to those set forth in this law.

Article 26 (Simplified customer due diligence)

1. The obliged parties shall not be subject to the customer due diligence obligations, where the customer is one of the following:
   a) a financial party referred to in article 18, letters a), b) and c);
   b) a foreign institution that mainly carries out an activity which refers to the reserved activities mentioned in letters A), B), C), D) and E) of Annex 1 of Law N° 165 November 17, 2005, located in a State which requires obligations equivalent to those set forth in this law and imposes supervision and control over compliance with the requirements for the prevention and combating of money-laundering and terrorist financing;
   c) a foreign institution that carries out an activity equivalent to that referred to in article 18, paragraph 1, letter c) located in a State which imposes requirements equivalent to those laid down in this law and provides supervision and control over compliance with the requirements for the prevention and combating of money-laundering and terrorist financing;
   d) a company listed on a regulated market in a State, as long as this market is subject to regulations consistent with or equivalent to the European Union legislation;
   e) domestic public authorities.

2. The obliged parties shall not be subject to the requirements of customer due diligence in respect of:
   a) life insurance policies where the annual premium is no more than 1,000 euros or the single premium is no more than 2,500 euros;
   b) complementary pension schemes if there is no surrender clause and the policy cannot be used as collateral for a loan under the schemes set forth in current legislation;
   c) compulsory, complementary or similar pension schemes that provide retirement benefits, for which contributions are made by way of deduction from wages and the scheme rules do not permit the transfer of beneficiaries' rights unless after the death of the holder.

3. The Agency may indicate with instructions the categories of entities or products characterized by a low risk of money-laundering or terrorist financing for which customer due diligence does not apply.

4. In the cases described in the previous paragraphs, the obliged parties shall in any case collect data and information sufficient to establish if the customer falls into an exempted category.

Article 27 (Enhanced customer due diligence)

1. The obliged parties, on the basis of a risk assessment, shall take enhanced customer due diligence measures in situations which by their nature can present a higher risk of money-laundering or terrorist financing.

2. The obliged parties shall take enhanced customer due diligence measures when:
   a) the customer is not physically present;
   b) the customer is a politically exposed person. The obliged parties shall take adequate procedures in relation to the activity carried out in order to determine if the customer is a politically exposed person.

3. In the case foreseen in letter a) of paragraph 2, the obliged parties shall compensate for the higher risk by applying at least one of the following measures:
   a) ensuring that the first transfer of funds in relation to the establishment of the business relationship or to the execution of the occasional transaction is carried out through an account opened in the customer's name with a financial entity referred to in article 26, paragraph 1, letters a) and b);
   b) verifying the identity of the customer through supplementary documents or information in addition to those requested for a customer that is physically present;
   c) taking supplementary measures to verify the documents supplied;
   d) requiring certification in relation to the information or documents supplied;
   e) requiring a statement of confirmation by a financial party referred to in article 26, paragraph 1, letters a) and b) that has already fulfilled customer due diligence obligations on the customer in question.

4. In the case foreseen in letter b) in paragraph 2, the obliged parties shall do the following:
   a) when the obliged parties are organized in a company structure, they shall obtain the approval of the general director or an equivalent figure, or a person authorized by the general director, before establishing a business relationship or carrying out an occasional transaction;
   b) they shall take any appropriate measure to establish the source of the funds used in the business relationship or in carrying out the occasional transaction;
   c) they shall ensure an ongoing and enhanced control over the relationship with the customer.

5. The financial parties referred to in article 18, letters a), b) and c), that maintain business relationships or carry out occasional transactions with foreign financial institutions located in States which do not require obligations equivalent to those set forth in this law and do not impose supervision and control over compliance with such obligations, shall adopt the following enhanced customer due diligence measures:

a) collect sufficient information about a respondent foreign institution to fully understand the nature of the respondent's business and to determine, from publicly available information, the reputation of the institution and the quality of supervision;
b) assess the adequacy and effectiveness of controls applied by the respondent institution regarding matters of preventing and combating money laundering and terrorist financing;
c) obtain authorization by the general director or equivalent figure, or by a person authorized by the general director, before establishing a business relationship or carrying out an occasional transaction;
d) specify in written form the respective obligations and responsibilities regarding matters of preventing and combating money laundering and terrorist financing.

6. The financial parties referred to in article 18 letters a) and b) shall assure that the respondent institution located in a State which is not a member of the European Union (I) has verified the identity of customers having direct access to payable-through accounts, (II) has performed ongoing customer due diligence, and (III) is able to provide relevant customer due diligence data to financial party, upon request.
7. The obliged parties shall pay special attention to any money-laundering or terrorist financing threat that may arise from products or transactions that might favour anonymity, and take measures, if needed, to prevent their use for money-laundering or terrorist financing purposes.

Article 28 (Prohibition to operate with shell banks)

1. The financial parties are prohibited from establishing business relationships or carrying out occasional transactions with a shell bank or with a foreign institution that is known to permit its accounts to be used by a shell bank. Relationships that already exist on the date this law enters into force should be closed at the earliest opportunity.

Article 29 (Customer due diligence performed by third parties)

1. In order to fulfil the requirements laid down in article 22, paragraph 1, letters a), b) and c), the obliged parties may rely on third parties with which the customers have business relationships or which the customers have used to carry out an occasional transaction. For this purpose, the third-parties shall issue a suitable statement confirming that they have fulfilled customer due diligence obligations. However, the ultimate responsibility for the identification and verification of the identity of the customer shall remain with the obliged parties.
2. For the purposes of this article, the third-parties shall be financial parties referred to in article 18, paragraph 1, letters a), b) and c) and in article 26, paragraph 1, letters b) and c).
3. The third-parties shall immediately make available to the obliged parties all information required in fulfilling the customer due diligence obligations in accordance with the activities foreseen in article 22, paragraph 1, letters a), b) and c).
4. The information and documents regarding the identification of the customer or of the beneficial owner shall be forwarded, without delay, upon simple request by the obliged parties.
5. The Agency may identify, by means of instructions, other categories of third-parties upon which the obliged parties may rely on in order to avoid the repetition of obligations foreseen in article 22, paragraph 1, letters a), b) and c).

CHAPTER III
ADDITIONAL MEASURES

Article 30 (Prohibition to maintain anonymous accounts or accounts in fictitious names)

1. Except as provided in article 31, financial parties are prohibited to maintain anonymous accounts or accounts in fictitious names.

Article 31 (Limitations on the use of cash and bearer securities)

1. The transfer between different parties of cash and bearer securities referred to in the subsequent paragraphs, when the value of the transaction, also fractioned, is more than 15,000 euros, shall take place exclusively through a party authorized to conduct the reserved activity referred to in letters A), C) or I) of Annex 1 of Law N° 165 of November 17, 2005.
2. Cheques drawn on banks in San Marino or issued by these banks, for individual amounts exceeding that foreseen in the previous paragraph, shall bear the name and surname or the company name of the beneficiary and the clause "non-transferable".
3. The balance of bearer passbooks issued from the date on which this law enters into force shall not be more than 15,000 euros.
4. Bearer passbooks issued before the date on which this law enters into force, whose balance exceeds the 15,000 euro limit, shall be closed or converted into relationships consistent with the provisions of this law by December 31, 2010.

5. Starting on January 1, 2012, it will no longer be possible to issue bearer passbooks and those issued before that date shall be closed or converted.
6. Except as provided in the previous paragraphs, for each deposit or withdrawal, closure or conversion regarding bearer passbooks, banks shall carry out customer due diligence obligations as set forth in article 22, paragraph 1, letters a) and b).

Article 32 (Obligation of communication to the Agency)
1. The obliged parties that detect violations of the provisions referred to in article 31, in the course of their activities, shall inform the Agency without delay.

Article 33 (Special measures for the electronic transfer of funds)
1. The Agency regulates the following with its own instructions:
   a) the data and information that the financial parties, authorized to carry out reserved activity referred to in letter I) of Annex 1 of Law N° 165 November 17, 2005, are required to be obtained about those parties ordering the electronic transfer of funds;
   b) the ways for registering and maintaining these data and information.
2. The financial parties shall deny the transfer of funds when they are not provided with the information referred to in the previous paragraph. If the financial party having received the transfer order fails to provide the information, the financial party to which the transfer order is addressed shall request the information in written form. Where the request is not satisfied, the financial party shall implement the enhanced measures set forth in article 27 and evaluate whether to suspend relations with the financial party that has received the transfer order. The financial party shall forward to the Agency, without delay, a copy of the request for information sent to the counterpart.

CHAPTER IV
REGISTRATION AND REPORTING OBLIGATIONS

Article 34 (Obligations for registering and maintaining documents and information)
1. The obliged parties shall register the data and information required when fulfilling customer due diligence obligations and shall keep the records and copies of the documents obtained for at least five years from the closure of the business relationship or execution of the occasional transaction.
2. The obliged parties shall register and keep the records and registrations of the business relationships and occasional transactions or professional services provided. In particular, they shall register and maintain all original documents or copies admissible in court proceedings, for a period of at least five years from the closure of the business relationship or execution of the transaction or professional service.
3. The data and information referred to in the previous paragraphs shall be registered no later than five days after their acquisition.
4. All the data, information and documents registered and maintained by the obliged parties shall be made available to the Agency without delay for the carrying out of its functions of preventing and combating money laundering and terrorist financing.

Article 35 (Supplementary measures for financial parties)
1. The financial parties shall equip themselves with electronic systems that enable them to respond rapidly and completely to the Agency's requests that are intended to determine whether these financial parties have had business relationships with specific customers during the previous five years and the nature of these relationships.

Article 36 (Reporting obligations)
1**.** The obliged parties shall report the following to the Agency without delay:
   a) any transaction - even if not executed – which, because of its nature, characteristics, amount, or in relation to the economic capacity and activity carried out by the customer to which it is referred, or for any other known circumstance, rouses suspicion that the economic resources, money or funds involved in the transaction may derive from offences of money laundering or terrorist financing or may be used to commit such offences;
   b) anyone or any fact that, for any circumstance, known on the basis of the activity carried out, may be related to money laundering or terrorist financing.

2. If the report is made in a verbal form, the obliged party shall forward a written report to the Agency without delay, providing all the data and information required to conduct the financial investigation.

Article 37 (Possibility to report)

1. Anyone can report to the Agency facts or circumstances relevant to the preventing and combating of money laundering and terrorist financing.

Article 38 (Safeguarding of professional secrecy)

1. Members of the Registry of Lawyers and Notaries and members of the Registry of Accountants (*holding a university degree or holding an high school certificate*) may invoke professional secrecy, in front of the Judicial Authority, the Financial Intelligence Agency and the Police Authorities, on the information they acquire while defending and representing their client during a judicial or administrative proceeding or in relation to that proceeding, including advice on the eventuality of prosecuting or avoiding a proceeding, where the information is received or obtained before, during or after such proceeding.
2. In the cases provided in the previous paragraph, lawyers and accountants have no reporting obligations.
3. Professional secrecy may not be invoked in front of the Judicial Authority, the Agency, and Police Authorities in pursuance of their functions on preventing and combating money laundering and terrorist financing, except for the case provided in the first paragraph.
4. Official secrecy may not be invoked in front of the Judicial Authority, the Agency, and the Police Authorities in pursuance of their functions on preventing and combating money laundering and terrorist financing.
5. Professional secrecy and official secrecy may not be invoked even when the data and information are necessary for the investigation of offences and administrative violations set forth in this law.

Article 39 (Exemption from responsibility)

1. The suspicious transactions reports and disclosures forwarded under this law do not constitute violation of any restriction to the communication of data or information resulting from contracts or legislative, statutory, regulatory or administrative provisions, nor of obligations of confidentiality and of professional, official or bank secrecy referred to in article 36 of Law N° 165 November 17, 2005. The suspicious transactions reports and disclosures made in good faith shall not entail liability of any kind.

Article 40 (Confidentiality of the identity of the reporting person and secrecy of the reports)

1. The obliged parties shall adopt suitable measures to ensure the maximum confidentiality of the person that has detected the suspicious transaction in accordance with article 36, paragraph 1, letters a) and b).
2. The acts and documents related to the suspicious transactions reports shall be kept under the responsibility of the obliged party, its legal representative or one of its delegates.
3. The Agency shall adopt appropriate measures to guarantee the confidentiality of the identity of the person that detected the suspicious transaction. Requests for information to the obliged party, and requests for further investigation, as well as exchange of information related to suspicious transactions reported, shall be made with appropriate ways that guarantee the confidentiality of the person that has detected the suspicious transaction.
4. In case of communication, complaint or report to the Judicial Authority, the identity of the person that has detected this suspicious transaction, even if known, shall not be mentioned.
5. The identity of the person that has detected the suspicious transaction can be revealed only when the Judicial Authority, with a justified decree, declares it essential to the investigation of the offences for which it is proceeding.
6. The obliged parties shall not disclose to the customer reported and to third parties involved, beyond cases provided for under this law, the fact that a suspicious transaction report has been forwarded or that a money laundering or terrorist financing investigation is being or may be carried out.
7.The communication of the forwarded suspicious transaction reports is permitted among the financial entities located in the Republic of San Marino, belonging to the same group or having business relationships with the same customer, or having executed the transactions reported.
8. Furthermore, the communication is permitted between the obliged parties referred to in article 20 that carry out their professional services in an associated form.
9. Where obliged parties seek to dissuade a customer from engaging in illegal activity, this shall not constitute a violation of the obligation of confidentiality.
10. Where obliged parties disclose information to the party concerned by the freezing provisions ordered by the Agency, if the communication is necessary in connection with the prohibition of transfer, holding or use as referred to in article 6, paragraph 3**,** this shall not constitute a violation of the obligation of confidentiality.

CHAPTER V
PROCEDURES, CONTROLS AND STAFF TRAINING

Article 41 (Control obligations)

1. The obliged parties referred to in article 17 that carry out the activity subject to the obligations set forth in this law, as individuals or associates, as well as legal representatives and those persons that perform management, administration and control functions of the obliged parties organized in a company structure shall, according to their respective tasks and responsibilities, do the following:

a) fulfilling obligations set forth in this law;
b) making arrangements for and verifying the fulfilment of said obligations on the part of employees and collaborators.

Article 42 (Functions and powers of the compliance officer)

1. Financial parties, having company status, shall appoint an internal compliance officer in charge of receiving internal suspicious transaction reports, further analysing and forwarding them to the Agency, should he feels reports are grounded on the basis of all the elements in his possession, also inferred from other sources. The suspicious transaction reports shall be forwarded to the Agency without the name of the person who has detected the suspicious transaction in accordance with article 36, paragraph 1, letters a) and b).
2. The compliance officer shall have adequate professional skills and shall be given appropriate powers to carry out the functions referred to in the previous paragraph in full autonomy, including the power to access all information or documents also without authorization.
3. The act of appointment of the compliance officer shall include the specification and evaluation of the requirements of professionalism, as well as the powers conferred. The act of appointment shall be transmitted to the Agency.
4. Until the appointment of the compliance officer, or in case of his absence also temporarily, all his duties and responsibilities related to said function shall be assigned to the legal representative.
5. The compliance officer seeks and obtains information, also through employees and collaborators that at any title, come into contact with the customers or who at any rate know about the business relationships with the customers or the execution of transactions for their benefit.
6. Even in absence of internal suspicious transaction reports, the compliance officer shall analyse the transactions carried out, seek and obtain information and, in the cases set forth in article 36, forward the suspicious transaction report to the Agency.

Article 43 (Compliance officer at non-financial parties)

1. The auditing companies and other non-financial parties may appoint a compliance officer. In case of appointment, the provisions referred to in article 42 shall apply.

Article 44 (Procedures and internal controls)

1. The obliged parties shall adopt policies and procedures conforming to the obligations of this law and to the instructions issued by the Agency in order to prevent and combat money laundering and terrorist financing. In particular, they shall adopt policies and procedures to ensure that technological advancements, connected to the activity, are not used for the purpose of money laundering and terrorist financing.
2. The obliged parties shall inform all employees and collaborators of the obligations set forth in this law and of instructions issued by the Agency. The obliged parties shall inform all employees and collaborators of the measures and procedures adopted for the purpose of preventing and combating money laundering and terrorist financing.
3. The obliged parties shall foster the continuous staff training through participation in specific training programmes on matters of preventing and combating money laundering and terrorist financing.
4. The obliged parties shall develop and organize adequate internal controls for preventing and combating the involvement in business relationships or transactions relating to money laundering or terrorist financing.
5. The obliged parties shall be equipped with electronic systems suitable for ensuring the prompt, confidential reception of information sent by the Agency. The information sent by the Agency shall be accessible only to the obliged parties.
6. The financial parties shall extend the obligations referred to in this article to foreign branches.

Article 45 (Obligations of foreign branches and subsidiaries controlled by financial parties)

1. The financial parties shall ensure that their foreign branches or subsidiaries fulfil obligations equivalent to those set forth in this law.

2. In case the legislation of the foreign State does not provide for requirements equivalent to those set forth in the previous paragraph, the financial parties shall give notice to the Agency and Central Bank and adopt supplementary measures to effectively deal with the risk of money laundering or terrorist financing.

TITLE IV
MEASURES FOR PREVENTING, COMBATING AND REPRESSING TERRORIST FINANCING AND THE ACTIVITY OF STATES THAT THREATEN INTERNATIONAL PEACE AND SECURITY

Article 46 (Restrictive measures adopted by the Congress of State)

1. In compliance with the international obligations assumed by the Republic of San Marino to combat terrorism, terrorist financing and the activity of States that threaten international peace and security, the Congress of State, upon proposal by the Secretary of State for Foreign Affairs and the Secretary of State for Finance and Budget, shall adopt without delay a decision outlining restrictive measures, conforming to the resolutions of the United Nations Security Council or one of its Committees. The restrictive measures include the following:
   a) the freezing of funds and economic resources held or controlled, directly or indirectly, by persons, entities or groups included in the list drawn up by the appropriate United Nations Committee;
   b) commercial restrictions, including commercial restrictions on imports or exports and arms embargoes;
   c) restrictions of a financial nature, including financial restrictions or financial assistance and the prohibition of providing financial services;
   d) restrictions of any other nature, including restrictions on technical assistance, flight prohibitions, prohibition of entry or transit, diplomatic sanctions, the suspension of cooperation and the boycotting of sporting events.

2. The decision of the Congress of State can introduce additional restrictive measures or specific provisions related to the resolutions adopted by the United Nations Security Council or one of its Committees.
3. The decision of the Congress of State that orders the enforcement of restrictive measures can provide for derogations of or limitations to the United Nations Security Council resolutions for reasons of public order or interest.
4. Where a resolution of the United Nations Security Council or one of its Committees provides for the adoption, amendment or abrogation of restrictive measures, the Congress of State shall provide by means of a decision for their enforcement in the territory of the Republic of San Marino.

5. The decisions referred to in the previous paragraphs shall be immediately published *ad valvas Palatii* and at the Court, and from that moment they are expected to be known by every one.
6. The decisions are sent to the Agency that shall provide for their transmission to the Judicial Authority, the State Administrations referred to in article 48 and the obliged parties referred to in article 17.

Article 47 (Effects of the freezing of funds and economic resources)

1. Except as provided in article 49, the funds and economic resources subject to freezing cannot constitute the object of any transfer, holding or use.
2. It is prohibited to make funds or economic resources available, directly or indirectly, to subjects included in the lists drawn up by the appropriate Committees of the United Nations or to allocate them for their benefit.
3. The freezing is effective from the date of the adoption of the Congress of State decision.
4. Acts carried out in violation of the prohibitions referred to in the previous paragraphs are null and void.
5. The freezing does not prejudice the effects of any seizure or confiscation proceedings, adopted in the field of proceedings having the same funds or economic resources as their object.
6. The freezing of funds and economic resources, the omission or refusal of financial services deemed in good faith conforming to this law shall not imply any kind of responsibility for the natural person, legal person or entity without legal personality who applies it, neither for its directors nor employees.

Article 48 (Communication obligations)

1. The State Administrations that keep public registries, which have data or information relating to frozen funds or economic resources, shall immediately give notice to the Agency.
2. The Agency shall order to annotate in the public registries the freezing of registered movable and immovable assets.
3. The obliged parties referred to in article 17 shall do the following:
   a) notify the Agency of the measures applied in accordance with this law, indicating the subjects involved, the amount and nature of the funds and economic resources, within 15 days from the adoption of the Congress of State decision, or from the date of the possession of the funds and economic resources;

b) notify the Agency of the transactions, business relationships, as well as any other data or information available with reference to subjects included in the lists;
c) notify the Agency, on the basis of the information provided by it, of transactions and business relationships as well as any other data or information with reference to subjects that may be included in the lists in accordance with article 49, paragraph 5.

Article 49 (Functions of the Committee for Credit and Savings)

1. The Committee for Credit and Savings, under Law N° 96 of June 29, 2005 and subsequent amendments, has the competence to evaluate requests for unfreezing of funds and economic resources presented by the interested parties. The decision shall be adopted within four months from the presentation of the request.
2. In case of abrogation of a freezing measure under article 46, paragraph 4, the Committee for Credit and Savings shall take the necessary actions to return the assets to the rightful owner or, in cases involving registered movable or immovable assets, to annotate the unfreezing order in the public registries.
3. The Committee for Credit and Savings may authorize - upon completion of the procedure referred to in the following paragraph 4 - that the frozen assets or property be used to meet the fundamental needs be accessible of the subjects included in the list referred to in article 46, or of family member, including to pay for foodstuffs, medicines, housing, medical care and legal assistance. The Committee for Credit and Savings may similarly authorize that the frozen assets or property be used to pay taxes and other tax liabilities, mandatory insurance obligations and, bank fees for bank account maintenance.
4. The authorization requested, referred to in the previous paragraph, shall be notified to the competent United Nations Security Council Committee. The authorization cannot be granted if the United Nations Security Council Committee takes a contrary decision.
5. The Committee for Credit and Savings shall formulate proposals to the competent International Organisations for listing persons, entities or groups, on the basis of information provided by the Agency and other national authorities according to the criteria and ways established in the United Nations resolutions.
6. The Committee for Credit and Savings shall formulate proposals to the competent International Organisations, according to the criteria and ways established in the United Nations resolutions, for de-listing, also on the basis of requests presented by the interested parties.
7. The Agency, Police Authorities, Interpol National Central Office, and Public administrations shall communicate to the President of the Committee for Credit and Savings, by way of derogation from every provision in force on matters of official secrecy, information referring to the functions foreseen in paragraphs 5 and 6. The Judicial Authority shall send to the Committee all information deemed useful for the same purposes, when this communication does not prejudice the ongoing investigations.
8. Whenever, on the basis of information acquired in compliance with the previous paragraphs, there are sufficient elements to formulate proposals of designations to the competent International Organisations and in the meantime there is the risk that the assets to be frozen might be lost, concealed, or used for terrorist financing, the Committee for Credit and Savings shall inform the Agency of this fact, which, whenever there are the conditions foreseen in article 5, paragraph 1, letter d), shall order the freezing of said assets.

9. The Committee shall take action in the same manner also when foreign authorities communicate the adoption of measures of freezing in respect of subjects not included in the lists foreseen in article 46, paragraph 1, letter a). The information and documentation shall immediately be transmitted to the Agency.
10. The Agency shall take the actions set forth in article 5, paragraph 1, also on its own initiative, when it receives from national or foreign authorities evidence that assets derive from terrorist financing or may be used to finance terrorism or activities that threaten international peace or security.

Article 50 (Jurisdictional protection)

1. The interested subject can lodge personally or through a lawyer, an appeal against the restrictive measures ordered by the Congress of State decision and against the provisions adopted by the Committee for Credit and Savings. A jurisdictional appeal is also admitted against the same measures.
2. By way of derogation from article 3 of Law N° 5 of January 25, 1984, the interested subject, if he/she has not designated his/her own defence lawyer or has no defence lawyer, shall be assisted by the public defender also in proceedings before the administrative judge. No compensation shall be owed to the public defender for the professional services provided under this article.

TITLE V
STAFF OF POLICE FORCES
CHAPTER I
DETACHMENT AND TRAINING OF POLICE OFFICIALS

Article 51 (Assignment of police officials)

1. For the fulfilment of the duties established by the law and international obligations, upon request by the Director and approval by the Congress of State, police officials, who have a specific attitude and preparation in relation to the functions envisaged by this law, may be assigned to the Financial Intelligence Agency, also for limited periods of no less than one year.
2. The police officials shall be selected by the Director of the Agency, in agreement with the investigating judges and the Commanders of the Police Forces, taking into consideration rank, educational degree and experience in the prevention and combating of financial offences.
3. The Commanders of the Police Forces shall guarantee the Agency an adequate number of qualified officials for the fulfilment of the duties assigned by this law.
4. Police officials assigned to the Agency shall be exonerated from duties and obligations deriving from regulations of the Corps to which they belong that are not inherent to judicial police functions, except for exceptional circumstances that shall be notified to the Agency.

Article 52 (Police officials training)

1. The Agency shall contribute to the training of the police officials on matters of financial investigations. For this purpose, it shall promote training through courses and internships of a duration no longer than six months, according to the specific agreement protocols undersigned with the Commanders of the Corps to which they belong.

TITLE VI
SANCTIONS

CHAPTER I
PENAL SANCTIONS

Article 53 (Violation of confidentiality of reports)

1. Except where the conduct amounts to a more serious crime, anyone subject to reporting obligations reveals - except for cases set forth in the law - that a report has been forwarded or is ongoing or an investigation may be initiated for money laundering or terrorist financing, shall be punished by terms of first-degree imprisonment and second-degree daily fine.
2. The same penalty applies to anyone who, knowing that a suspicious transaction report has been filed under article 7, informs the party concerned or a third party of the filing.

Article 54 (Omitted or false statements regarding customers)

1. Except where the conduct amounts to a more serious crime, anyone who bears false testimony when requested to provide information for applying customer due diligence obligations, shall be punished by terms of second-degree imprisonment and second-degree daily fine.

Article 55 (Disregard of the reporting obligation)

1. Except where the conduct amounts to a more serious crime, anyone who disregards the reporting obligations set forth in article 36, shall be punished by terms of first-degree imprisonment and second-degree daily fine.

Article 56 (Actions intended to prevent reporting)

1. Except where the conduct amounts to a more serious crime, anyone using violence, threatening or giving, offering or promising an advantage for the purpose of delaying or preventing that report of a suspicious transaction, even if not carried out, is transmitted to the Agency or Judicial Authority, shall be punished by terms of second-degree imprisonment and second-degree daily fine.
2. Anyone who uses violence, threatens, offers or promises an advantage, after that the report has been transmitted to the Agency or Judicial Authority, shall be punished by terms of imprisonment of second-degree.

Article 57 (Disregard of the orders and provisions issued by the Agency and Congress of State)

1. Except where the conduct amounts to a more serious crime, anyone who, without justified reason, disregards, delays or hinders the execution of an order, request or provision issued by the Agency under article 5, shall be punished by terms of second-degree imprisonment and second-degree disqualification.
2. The same penalty shall be applied to anyone who disregards the restrictive measures adopted by decision of the Congress of State under article 46.

Article 58 (False or omitted declarations to the Agency)

1. Anyone who, if required by the Agency to provide data or information useful for the investigation, bears false declarations or withholds, entirely or in part, what he/she knows about facts for which he/she has been summoned, shall be punished by terms of second-degree imprisonment.
2. The provisions referred to in the previous paragraph do not apply if the false or reticent declarations are borne by the person who is being investigated.

Article 59 (False information in acts intended for the Agency)

1. Except where the conduct amounts to a more serious crime, anyone who declares or states false information in acts or documents intended for the Agency, shall be punished by terms of second-degree imprisonment.
2. The same penalty shall apply to anyone who provides the Agency with documents containing false information.
3. If the action involves acts or documents to be provided to the Judicial Authority, the penalty shall be a third-degree imprisonment.

Article 60 (Evading measures for freezing funds)

1. Anyone who carries out actions intended to evade measures for freezing funds referred to in article 46, paragraph 1, letter a), shall be punished by terms of imprisonment, daily fine and disqualification of third-degree. Moreover, pecuniary administrative sanctions up to double of the value of the funds or economic resources object of the freezing shall be applied.

CHAPTER II
ADMINISTRATIVE VIOLATIONS

Article 61 (Violation of customer due diligence and registration)

1. The violation of the customer due diligence obligations established by this law shall be punished with pecuniary administrative sanctions from 2,000 to 40,000 euros.
2. If the violation of customer due diligence obligations is carried out using fraudulent means, the pecuniary administrative sanction shall be doubled.
3. The violation of the obligations of abstention set forth in article 24, shall be punished with a pecuniary administrative sanction from 5,000 to 50,000 euros.
4. Except as provided in article 54, the violation of the obligations to provide information for applying customer due diligence obligations, shall be punished with a pecuniary administrative sanction from 3,000 to 50,000 euros.

Article 62 (Violation of the obligation of registration and maintenance)

1. The violation of the obligations of registration and maintenance [of documents and information] set forth in article 34 shall be punished with a pecuniary administrative sanction from 2,000 to 40,000 euros.
2. If the violation of obligation of registration is carried out using fraudulent means, the pecuniary administrative sanction shall be doubled.

Article 63 (Violation of the prohibition to keep anonymous accounts and violation of the limits on the use of currency and bearer securities)

1. The violation of the prohibition to keep anonymous accounts or accounts in fictitious names, shall be punished with a pecuniary administrative sanction of 2,000 to 50,000 euros.
2. The violation of article 31, paragraphs 1 and 2 shall be punished with a pecuniary administrative sanction up to half the amount of each transaction.
3. The violation of the provisions set forth in article 31, paragraphs 3, 4 and 5 shall be punished with a pecuniary administrative sanction up to one half of the balance of the bearer passbook.

Article 64 (Violation of the provisions on matters of freezing funds)

1. Except where the conduct amounts to a more serious crime, the violation of the provisions referred to in article 47, paragraph 1, shall be punished with a pecuniary administrative sanction up to double of the value of the funds or economic resources object of the transfer, holding or use.
2. Except where the conduct amounts to a more serious crime, the violation of the provisions referred to in article 47, paragraph 2, shall be punished with a pecuniary administrative sanction up to double of the value of the funds or economic resources made available directly or indirectly to persons, entities or groups included in the list drawn up by the appropriate Committee of the United Nations or allocated in favour of such persons, entities or groups.

Article 65 (Violation of the obligation of communication regarding frozen funds and resources)

1. Except where the conduct amounts to a more serious crime, the violation of the provisions referred to in article 48 shall be punished with a pecuniary administrative sanction from 500 to 25,000 euros.

Article 66 (Other violations)

1. Except for the criminal and administrative violations referred to in the previous articles, the violation of other provisions envisaged in this law shall be punished with a pecuniary administrative sanction from 200 to 20,000 euros.

Article 67 (Violation of instructions)

1. Except for the administrative and criminal violations envisaged in this law, the violation of the instructions issued by the Agency shall be punished with a pecuniary administrative sanction from 200 to 20,000 euros.

CHAPTER III
RESPONSIBILITY FOR ADMINISTRATIVE VIOLATIONS

Article 68 (Subjective element for administrative violations)

1. In the administrative violations envisaged in this law, each person is responsible for his own actions or omissions, consciously and voluntarily, both fraudulent and negligent.

Article 69 (Complicity of persons)

1. Where one or more persons act in complicity in an administrative violation, each one of them shall be subject to the sanction prescribed for this action.

Article 70 (Joint liability)

1. If the violation is committed by a person subject to another authority, management or control, the person vested with the authority or having the responsibility for the management or control shall be held jointly liable for the payment of the amount owed by the perpetrator of the violation, unless the person proves that he could not have prevented the violation.
2. If the violation is committed by the representative or employee of a legal person or entity without legal personality, by an entrepreneur, or professional in the exercise of his own functions or commissions, the legal person, entity, entrepreneur or professional shall be held jointly liable for the payment of the amount owed by the perpetrator of the violation.
3. In the cases envisaged in the previous paragraphs, anyone who is held jointly liable has the obligation to claim against the perpetrator of the violation.
4. The joint liability referred to in paragraphs 1 and 2 exists even if the perpetrator of the violation has not been identified.

Article 71 (More violations of provisions subject to administrative sanctions)
1. Unless otherwise established by the law, anyone who, through actions or omissions, violates several provisions that set forth administrative sanctions or commits more than one violation of the same provision, shall be subject to the sanction envisaged for the most serious violation, increased up to three times the amount.

Article 72 (Criteria for the application of pecuniary administrative sanctions)
1. In determining the pecuniary administrative sanction established by the law between a minimum and a maximum limit, the seriousness of the violation, the behaviour subsequent to the violation aimed at aggravating or attenuating the consequences of the violations, the behaviour and economic conditions of the perpetrator of the violation shall be taken into account.

Article 73 (Voluntary settlement)
1. For the administrative violations set forth in this law, by way of derogation from article 33, paragraph 1, letter a) of Law N° 68 of June 28, 1989, the offender may exercise the right to voluntary settlement, consisting in the immediate payment of half of the sanction applied in accordance with article 72.

Article 74 (Application of the sanctions)
1. The Agency shall provide for the ascertainment of the administrative violations and application of the sanctions set forth in this law.

CHAPTER IV
INVALIDITY OF ACTS EVIDENCING TITLE TO ASSETS SUSCEPTIBLE TO CONFISCATION

Article 75 (Nullity of the acts evidencing title to assets susceptible to confiscation)
1. Any act - fulfilled in any capacity - evidencing title to assets, funds or economic resources that constitute directly or indirectly the price, product or profits from an offence is null and void, if the person who has received such assets, funds or economic resources knew or should have known that they derived from an offence.

2. "*I Sindaci di Governo*" [*authorities dealing with acts and deeds involving the State*] shall convene the assignor, assignee and any subsequent assignees that are jointly sentenced to the transfer of assets, funds or economic resources to the *Ecc.ma Camera* [*State*], or, if this is not possible, to the payment of an equivalent sum.
3. The assignee and any subsequent assignees have the onus of proving their good faith in accordance with the first paragraph of this article.
4. Any other reciprocal action between the assignor, assignee and any subsequent assignees is guaranteed.
5. Any action is guaranteed to the person damaged by the offence from which the assets, funds, or economic resources are derived.
6. This article shall apply by way of derogation from the general provisions in force regarding matters of contractual invalidity, with the aim of more effectively preventing and combating money-laundering and terrorist financing.

TITLE VII
AMENDMENT TO LEGISLATION IN FORCE

CHAPTER I
SUPPLEMENTS AND AMENDMENTS CONSEQUENT ON INTERNATIONAL CONVENTIONS

Article 76 (Criminal jurisdiction, extradition and confiscation)

1. In article 6 paragraph 1 of the criminal code, after "337 *bis*", introduced in article 2 of Law N° 28 of February 26, 2004, the term "337 *ter*," is added and after "347," the term "374 *ter*" is added.

2. In article 8 paragraph 3 of the criminal code, after the terms "in no case shall be deemed political", introduced in article 3 of Law N° 28 of February 26, 2004, the terms "crimes set forth in articles 337 *bis*, 337 *ter* as well" are added.
3. In article 140 of the criminal code, the following number: "6. Payments of sum in money set forth in article 147 paragraph 3" is added.
4. Article 147, paragraph 3 of the criminal code is replaced by the following:
"In case of conviction, the confiscation of the instrumentalities that served or were destined to commit the offences referred to in articles 199 paragraph 1, 199 *bis*, 207, 305 *bis*, 337 *bis*, 337 *ter*, 371, 372, 373, 374 paragraph 1, 374 *ter* paragraph 1 and the for the purpose of terrorism or subversion of the constitutional order, and of the things being the price, product or profit is always obligatory. Where confiscation is not possible, the judge shall impose an obligation to pay a sum of money equal to the value of the instrumentalities and things referred above".

Article 77 (Property crimes)

1. Article 199 of the criminal code is replaced by the following:
"*Sale of stolen property* – Apart from cases of complicity to commit an offence, anyone who buys or receives properties knowing that these are proceeds of crime, shall be punished by terms of second-degree imprisonment and second-degree daily fine and third-degree disqualification from public offices and political rights.
Where a bankruptcy procedure is initiated, the same penalty shall apply to anyone who, for profit making purposes, intervenes to lead others to buy or receive properties which are proceeds of crime, or receives properties owned by individuals or companies knowing that such individuals or company suffer insolvency or buys such properties at a much lower price.

2. After the fourth paragraph in article 199 *bis* of the criminal code, the following paragraphs are inserted:
"Anyone who commits crimes set forth in this article shall be punished by terms of fourth-degree imprisonment, a second-degree daily fine and third-degree disqualification from public offices and political rights.
The penalties may be decreased by one degree based on the amount of money or assets equivalent to them and by the nature of the transactions carried out. The penalties may be increased by one degree when the facts have been committed during the exercise of a commercial-professional activity subject to authorization or certification by the competent Public Authorities.
The judge shall apply the corresponding penalty for the predicate crime, if this is less serious."
3. The first paragraph of article 207 of the criminal code is replaced by the following:
"Anyone who takes or promises, in return for a professional services, an exorbitant interest rate or other advantages or intervenes to lead [someone] to receive or promise to others the aforementioned interests or advantages, shall be punished with a third-degree imprisonment, a second-degree daily fine and third-degree disqualification from public office and political rights.
4. In article 207 paragraph 2 of the criminal code, the terms "by the Office of Banking Supervision" are replaced by the following: "by the Central Bank of the Republic of San Marino."
5. After the third paragraph in article 207 of the criminal code, the following paragraph is added:
"The penalties may be decreased by one degree considering the amount of money or the amount of the interests. The penalties may be increased by one degree when the facts have been committed during the exercise of a commercial-professional activity subject to authorization or certification by the competent Public Authorities or if the offender is a usurer."

Article 78 (Terrorism crimes)

1. The first paragraph in article 337 bis of the criminal code is replaced by the following:
"Anyone promoting, establishing, organizing or directing associations that aim at perpetrating violent acts for purposes of terrorism or subversion of the constitutional order, against public or private institutions or bodies either of the Republic of San Marino, of a foreign State or an International Organisation, shall be punished by terms of sixth-degree imprisonment and fourth-degree disqualification from public offices and political rights."

2. After article 337 *bis* of the criminal code, the following article is inserted:
"Article 337 *ter*. *Financing of terrorism* – Anyone who by any means, even through another person, receives, collects, detains, gives up, transfers or conceals funds intended to be used, in full or in part, in order to carry out one or more terrorist acts or to economically support terrorist individuals or groups, or

provides them with a financial service or other connected services, shall be punished by terms of sixth-degree imprisonment and fourth-degree disqualification from public offices and political rights."

Article 79 (Crimes against the public administration)

1. The first paragraph in article 373 of the criminal code is replaced by the following:

"A public official, who receives any undue advantage for himself or others, or accepts the promise of the advantages with the purpose of omitting or delaying or for having omitted or delayed an act of his office or of carrying out or having carried out an act contrary to his official duties, shall be punished by terms of fourth-degree imprisonment and fourth-degree disqualification from public offices and political rights as well as a third-degree daily fine."

2. After article 374 of the criminal code the following articles are inserted:

"374 *bis*. *Instigation of corruption* – Anyone who offers or promises any undue advantage to a public official or public employee, who does not have an official capacity, in order to lead him to omit or delay an act of his office, or to carry out an act contrary to his duties shall be punished, whether the offer or promise has been accepted or not, by terms of third-degree imprisonment and third-degree disqualification from public offices and political rights as well as a second-degree daily fine.

If the offer or promise has been made to lead a public official or public employee, who does not have an official capacity, to carry out an act of his office, whether the offer or promise has been accepted or not, the offender shall be subject to third-degree arrest and a second-degree daily fine.

The penalty referred to in the first paragraph shall be applied to the public official or public employee, who does not have an official capacity, that demands a promise or gift of any advantage from a private citizen for the purposes foreseen in article 373.

The penalty foreseen in the second paragraph shall be applied to the public official or public employee, who does not have an official capacity, that demands a promise or gift of any advantage from a private citizen for the purpose foreseen in article 374."

"374 *ter*. *Embezzlement, extortion, corruption and instigation to corruption of officials from foreign and international public organizations* – The provisions of articles 371, 372, 373 paragraphs 1, 2 and 3, 374 paragraph 1, and 374 *bis* paragraphs 3 and 4, shall be applied to those who exercise functions or activities equivalent to those of a public official or public employee, who does not have an official capacity in the field of foreign or international public organizations as well as officials and agents recruited by contract in foreign or international public organizations.

The provisions of articles 373 paragraph 4, 374 paragraph 2, 374 *bis* paragraphs 1 and 2, shall be applied even if the advantage has been given, offered or promised to persons foreseen in the first paragraph of this article."

Article 80 (Misuse of privileged information)

1. The fourth paragraph in article 305 *bis* of the criminal code is replaced by the following:

"Except as provided in article 147, in case of a conviction, the confiscation of the instrumentalities, including financial ones, that were used to commit the crime, shall always be mandatory, except where they belong to a person not involved in the crime."

CHAPTER II
PROVISIONS ON THE EXTRADITION AND TRANSFER OF PRISONERS OR PERSONS IN CUSTODY

Article 81 (Extradition for terrorist crimes)

1. For crimes of association for purpose of terrorism, terrorist financing as well as any crime committed for the purpose of terrorism, in the absence of specific international treaties, the extradition of a person who is in the territory of the Republic of San Marino is regulated by the International Convention for the repression of terrorism held in New York on December 9, 1999 and ratified with Decree N° 125 of December 10, 2001. The provisions set forth in article 8 paragraph 2, nos. 1, 2 and 3 of the criminal code shall apply.

Article 82 (Transfer of a person abroad)

1. Failing a specific International treaty, where a foreign judicial Authority request - for the purpose of fulfilling procedural requirements related to crimes of association for the purpose of terrorism, terrorist financing, or any other crime perpetrated for terrorist purposes - the presence of a person in custody or serving imprisonment as ordered by the San Marino judicial Authority, the judge may authorize the transfer of said person provided that:

a) the person to be transferred consent thereto freely and consciously;

b) the requesting State adopts the measures deemed as most appropriate for the transfer by the San Marino judicial Authority;

c) the State of destination commits itself to keeping the transferee in custody or prison, unless otherwise requested or allowed by the San Marino judicial;
d) the State of destination commits itself to restitution without delay, in accordance with what previously agreed or decided by the requesting authority and the San Marino authority;
e) the State of destination commits itself not to making restitution subject to extradition of the transferee;
f) the State of destination neither prosecutes, nor imprisons or deprives of liberty the transferee for convictions suffered prior to the date of transfer, unless otherwise allowed by the San Marino judicial authority;
g) the State of destination does not provide for the death penalty.
2. The San Marino judicial authority shall take into due account the imprisonment already served in the State of destination in order to determine the punishment to serve in the Republic of San Marino.

CHAPTER III
AMENDMENT TO THE LAW ON FOREIGNERS

Article 83 (Trafficking in migrants)

1. After article 3 of Law N° 22 of February 24, 2000, the following articles are added:

"3 *bis*. *Trafficking in migrants* – Anyone who, for the purpose of making a profit, direct or indirect, carries out acts intended to obtain the illegal entry of one or more persons into the territory of the Republic of San Marino in violation of the laws in force on foreigners or on residencies and permits of stay, shall be punished by terms of third-degree imprisonment and a second-degree daily fine.

The same penalty shall be applied to anyone who, for the purpose of making a profit, direct or indirect, carries out acts intended to obtain the illegal entry of one or more persons into a State of which the person is not a citizen or not a resident.

The penalties referred to in the previous paragraphs shall be increased by one degree upon the following conditions:

a) if, in order to obtain the illegal entry, the person has been exposed to a risk for his/her life or safety;

b) if, in order to obtain illegal entry or stay, a person has been subjected to inhuman or degrading treatment;

c) if the fact has been committed using counterfeit or altered documents, or at any rate illegally obtained.

If the facts referred to in paragraphs 1 and 2 are carried out for the purpose of recruitment for prostitution, or at any rate for sexual exploitation, or when the facts concern the entry of minors to be used in illegal activity, the imprisonment shall be increased by two degrees and a third degree fine shall be applied.

Apart from the cases envisaged in the previous paragraphs and except where the conduct amounts to a more serious crime, anyone who favours by illegal means the stay of a foreigner in the territory of the Republic of San Marino in order to obtain an undue profit, in violation of the laws in force on foreigners, on residences and permits of stay, shall be punished with imprisonment and a second-degree daily fine.

3 *ter*. *Falsification of travel and identity documents* – Except where the conduct amounts to a more serious crime, anyone who, for the purpose of committing the crime of trafficking in migrants or permitting the commission by third parties, counterfeits or alters a travel or identity document or purchases, receives, possesses, gives up or uses a travel or identity document counterfeited or altered shall be punished by terms of third-degree imprisonment.

3 *quater*. *Confiscation* - In the cases envisaged in articles 3 *bis* and 3 ter, the confiscation of the things that served or were destined to commit the offences shall be always mandatory as well as the things being the price, product or profits. Where confiscation is not possible, the judge shall order an obligation to pay a sum of money equal to the value of the things mentioned above.

Confiscated things or the equivalent sums, shall be allocated to the inland revenue or, where appropriate, destroyed.

3 *quinquies*. *Jurisdiction of San Marino* - Any citizen who commits offences envisaged in articles 3 *bis* and 3 *ter* outside the national territory, is subjected to the laws of San Marino.

The laws of San Marino shall also apply to any foreigner who commits the offences envisaged in articles 3 *bis* and 3 *ter* outside the territory of San Marino if he/she is present in the territory of the State and whenever extradition under the laws of San Marino, treaties and international conventions is not possible.

No proceedings shall be taken towards a citizen or foreigner when one of the following conditions is met:

1) the person has been tried abroad and found innocent;

2) the person who, sentenced abroad, has served the entire sentence handed down, even if less severe than that set forth in this law;

3) the person who, sentenced abroad, has served part of the sentence handed down whenever the sentence that has been served is no less than the minimum penalty set forth in this law."

CHAPTER IV
AMENDMENTS TO PROVISIONS REGARDING POWERS AND FUNCTIONS IN THE FIELD OF COMBATING MONEY LAUNDERING AND TERRORIST FINANCING

Article 84(Special investigative measures and combating of terrorist financing)

1. In article 15, paragraph 1 of Law N° 28 of February 26, 2004, after "337 *bis*", the term: "337 *ter*" is added.
2. Article 17 of Law N° 28 of February 26, 2004 is replaced by the following:

"The Central Bank of the Republic of San Marino shall conduct financial investigations also in cooperation with the Police Forces - subject to the prior authorization of the Commissioner of the Law - which shall report directly to the Central Bank. Where the reported facts might constitute an offence, the Central Bank shall report them to the Single Court."

Article 85 (Amendments to the statute of the Central Bank)

1. In article 12, paragraph 3 of Law N° 96 of June 29, 2005 and subsequent amendments, the terms “and combating money laundering” are repealed.
2. In article 15, paragraph 2 of Law N° 96 of June 29, 2005 and subsequent amendments, the terms “and as an anti-money laundering unit” are repealed.
3. In article 16, paragraph 3 of Law N° 96 of June 29, 2005 and subsequent amendments, the terms “and its anti-money laundering functions” are repealed.
4. In article 29, paragraph 3 of Law N° 96 of June 29, 2005 and subsequent amendments, after the term “penal sanctions” the following terms “and to the Financial Intelligence Agency in the exercise of its function of prevention and combating of money laundering and terrorist financing” are added.
5. In article 30, paragraph 3 of Law N° 96 of June 29, 2005 and subsequent amendments, the terms “and to the anti-money laundering unit” are repealed.
6. In article 33, paragraph 1 of Law N° 96 of June 29, 2005 and subsequent amendments, letter: “e. the anti-money laundering unit” is repealed.
7. Article 48, paragraph 2 of Law N° 96 of June 29, 2005 and subsequent amendments is replaced by the following:

“The Committee for Credit and Savings will be assigned the functions of directing and guiding the supervision over banking, financial and insurance activities and the promotion of national and international cooperation for effectively preventing and combating money laundering and terrorist financing.”

8. After paragraph 3 in article 48 of Law N° 96 of June 29, 2005 and subsequent amendments, the following paragraphs are added:

“4. For the purpose of promoting national and international cooperation for effectively combating money laundering and terrorist financing, the Committee for Credit and Savings shall convene periodically.

5. A Magistrate appointed by the Judicial Council in an ordinary session, the director of the Financial Intelligence Agency or one of his delegates and a representative appointed by the Commanders of the Police Forces shall attend the meetings referred to in the previous paragraph.

6. The President of the Committee, according to items on the agenda, can invite to the meeting representatives of Professional Associations, Public administrations, and the obliged parties envisaged by the law on preventing and combating money laundering and terrorist financing.”

Article 86 (Amendments to the law on companies and banking, financial and insurance services)

1. Article 36, paragraph 5, letter b) of Law N° 165 on November 17, 2005 is replaced by the following:

“to the supervisory authority in the exercise of its function of supervision, and to the Financial Intelligence Agency in the exercise of its functions of preventing and combating money laundering and terrorist financing.”

2. In article 37, letter c) of Law N°. 165 of November 17, 2005, after the terms “financial nature” the following terms “in cooperation with other competent authorities” are added.

CHAPTER V
AMENDMENTS ON COMPANY LAW

Article 87 (Assembly of anonymous joint stock companies)

1. Paragraph 2 in article 44 *bis* of Law N° 47 of February 23, 2006 and subsequent amendments is replaced by the following:

“2. The notary shall:
a) identify the bearer of the shares and verify his/her identity;
b) acquire a copy of the identity document for each bearer;
c) draw up a separate act which indicates the date of the assembly, the identity of the participants and the capital represented by each participant;
d) keep copies of the acts and identity documents required for at least five years from the closure of the professional relationship with the company .”

2. Paragraph 4 in article 44 *bis* of Law N°. 47 of February 23, 2006 and subsequent amendments is replaced by the following:

“4. The information and documents referred to in paragraph 2 may be acquired by the Judicial Authority at the notary’s offices in the context of criminal proceedings and by the Financial Intelligence Agency in the exercise of its functions of preventing and combating money laundering and terrorist financing.

5. The notary shall make use of the documents and information referred to in paragraph 2 to fulfil customer due diligence obligation set forth in the law on preventing and combating money laundering and terrorist financing.

6. The notary may release the information and documents referred to in paragraph 2 also to permit the fulfilment of the customer due diligence obligations by the obliged parties set forth in the law on preventing and combating money laundering and terrorist financing .
7. Apart from the cases set forth in paragraphs 4, 5 and 6, the notary who reveals the identity of the bearers of shares shall be punished according to article 377 of the criminal code."

Article 88 (Fulfilment of the customer due diligence obligations regarding anonymous joint stock companies)

1. Failing to release the documents and information by the notary, under article 44 *bis*, paragraph 6 of Law N°. 47 of February 23, 2006 as amended by article 87 of this law, shall not exonerate the obliged parties from fulfilling customer due diligence obligations.

TITLE VIII
TRANSITORY AND FINAL DISPOSITIONS

Article 89 (Abrogations)

1. The following are abrogated:
   a) article 9 of Law N° 41 of April 25, 1996 "Provisions on currency matters";
   b) articles 6, 8 and 16 Law N° 28 of February 26, 2004 "Provisions on anti-terrorism, anti-money laundering and anti-insider trading";
   c) article 39, paragraph 3 of Law N°. 165 of November 17, 2005 "Law on companies and banking, financial and insurance services";
   d) Decree N° 71 of May 29, 1996 "Provisions on the matter of anti-money laundering";
   e) Law N° 123 of December 15, 1998 "Law on the matter of anti-money laundering and usury";
   f) any provision in contrast with this law.

Article 90 (Delegated decree)

1. The following shall be regulated by delegated decree:
   a) the custody, administration and management of economic resources that are the object of freezing measures;
   b) the controls on the transport of money and similar instruments across transnational borders;
   c) the procedures of closing bearer passbooks that have not been converted within the terms set forth in article 31.

2. Upon proposal by the Agency, other entities and other activities may be identified, by a delegated decree, for being subjected to the obligations set forth in this law.

3. The amounts established in article 26, paragraph 2 may be modified by delegated decree.

Article 91 (Delegated decree for the regulation of the Agency)

1. Within one month from the publication of this law, the Congress of State shall regulate the following by delegated decree:
   a) the requirements of professionalism, independence, and respectability referred to in article 3, as well as the cases of non-compatibility;
b) the legal status and pay of the Agency staff;
c) the functions of the Director and Vice Director of the Agency;
d) the organizational, functional and financial structure of the Agency.

Article 92 (Beginning of effectiveness of the Agency)

1. The Director of the Agency, appointed under article 3, shall inform the Congress of State, through the Secretary of State for Finance and Budget, of the beginning of effectiveness of the Agency.

Article 93 (Transfer of functions regarding financial analysis activity)

1. On the entry into force of this law, the functions and powers on the matter of combating money laundering and terrorist financing assigned to the Central Bank of the Republic of San Marino by the provisions abrogated by this law, shall be transferred to the Agency.
2. Before the communication referred to in article 92, the functions and powers assigned to the Agency by this law shall be carried out by the Central Bank.
3. The information and documents, also in electronic format, regarding the suspicious transaction reports received, any financial analysis carried out and the exchange of information between financial information units, shall be sent in copy by the Central Bank to the Agency within 30 days from the communication referred to in article 92. The Director of the Agency shall confirm that the documents have been delivered.
4. The electronic systems used by the Central Bank for financial analysis and exchange of information, shall be transferred to the Agency within 30 days from the communication referred to in article 92.
5. The Central Bank shall continue to exercise its duties of financial analysis of reports on suspicious transactions received before the communication referred to in article 92, in accordance with the provisions set forth in this law and compatibly with the organizational structure of the Central Bank. For the ongoing analysis on that date, the Central Bank may make use of the electronic systems transferred to the Agency.
6. Within three months from the communication set forth in article 92, the Central Bank shall inform the Agency of the results of the financial analysis of the suspicious transaction reports received before that communication. To this end, the Central Bank shall transmit a copy of the relative documentation to the Agency.
7. The documents and information already acquired by the Central Bank in the exercise of its functions and powers for preventing and combating money laundering, may not be used for other purposes set forth in article 3 of Law N° 96 of June 29, 2005.

8. Until the recruitment of its staff is completed, the Agency shall rely on the employees and officials of the Central Bank, identified by the Director of the Agency, in agreement with the Director of the Central Bank, taking into consideration the operational and functional requirements of both the Agency and the Central Bank.

Article 94 (Technical Annex)

1. For the purpose of identifying the individuals referred to in article 1, paragraph 1, letter n) and the identification of "assets" or "funds" referred to in article 1, paragraph 1, letter e), reference shall be made to the provisions in the Annex to this law.
2. The Annex referred to in the previous paragraph may be modified or integrated by delegated decree.

Article 95 (Timeframe of fulfilments and instructions)

1. The obliged parties are required to fulfil the obligations of customer due diligence, registration and reporting starting from the entry into force of this law.
2. Within six months from the communication referred to in article 92, the Agency shall issue the following instructions:
   a) on the ways for the fulfilment of the obligations referred to in article 22, paragraph 1, letter b);
   b) on the risk-assessment and additional evaluations referred to in article 25;
   c) on the identification to be carried out through third parties and on the way of transmission of documents and information referred to in article 29;
   d) on the information that shall be acquired in case of transfer of funds referred to in article 33;
   e) on the typologies of suspicious transactions and procedures for the examination of operations referred to in article 36;
   f) on the data and information that shall be registered and maintained according to article 34, paragraph 1.
3. Except as provided in article 25, the obliged parties are required to fulfil the obligations referred to in the previous paragraph according to the way set forth in the instructions issued by the Agency.
4. The provisions referred to in the previous paragraphs shall apply also to occasional transactions and professional services which might be ongoing on the entry into force of this law, as well as relationships existing on that date.
5. The Agency shall suggest to the Congress of State, through the Committee for Credit and Savings, the identification of foreign jurisdictions whose system for preventing and combating money laundering and terrorist financing is equivalent to that set forth in international standards. The Congress of State, by decision, shall identify the equivalent jurisdictions.

6. The circulars and standard letters issued by the Central Bank on matters of preventing and combating money laundering and terrorist financing shall continue to be applied, in such that they are compatible, until the issue of the instructions referred to in paragraph 2.

Article 96 (Entry into force)

1. This law shall enter into force three months after its legal publication.

Issued from our Residence, on this day, June 17, 2008

THE CAPTAINS REGENT

Rosa Zafferani – Federico Pedini Amati

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

TECHNICAL ANNEX

Article 1 (Politically exposed persons referred to in article 1, paragraph 1, letter n)

1. It should be considered as "politically exposed persons":

A) any natural person, foreign citizen, who is or has been entrusted with prominent public function abroad during the year preceding the establishment of the business relationship, transaction or professional service, including the following even if differently named:
1) head of State, head of government, minister, vice minister, undersecretary of State, member of Parliament,
2) member of judiciary bodies whose decisions are not generally subjected to further appeal,
3) member of the board of directors of central banks or supervisory authorities,
4) ambassador, chargé d'affaires, a high-ranking officer in the armed forces,
5) member of the board of directors, management or supervisory bodies of companies owned by the State;

B) any immediate family members of the persons foreseen in the previous letter or persons known to be close associates of such persons, including the following persons:
1) spouse or partner considered equivalent to the spouse,
2) children and their spouses,
3) parents;

C) any natural person who is known to have the beneficial ownership of companies or legal entity with a person referred to in letter A);

D) any natural person who is the sole beneficial owner of companies or legal entities or legal arrangements which is known to have been set up for the benefit de facto of the person referred to in letter A).

2. Without prejudice to the application, on a risk-sensitive basis, of enhanced customer due diligence obligations, where a person has ceased to be entrusted with a prominent public function for a period of the least one year, the obliged parties shall not be required to consider such a person as politically exposed.

Article 2 ("Assets" or "funds" referred to in article 1, paragraph 1, e)

1. The following are considered "assets" or "funds": property of any kind, tangible or intangible, movable or immovable, including means of payment and credit, any document or instrumentalities, even electronic or digital, evidencing title to or interest in such property. The following can be included as an example:

a) cash, checks, bills of exchange, pecuniary credits and claims on money, payment orders and other means of payment;
b) deposits with banks or financial institutions or other entities, the balance on accounts, credits, bonds of any nature and negotiable securities at public and private levels as well as financial instruments as defined by Law N° 165 on November 17, 2005 and subsequent amendments;
c) interests, dividends and other incomes and increases of values generated by the assets;
d) credits, right of set-off (settlement and clearing), guarantee of any nature and other financial commitments, letters of credit, bills of lading and other certificates representative of assets or goods;
e) documents that demonstrate an interest in funds or economic resources;
f) all other instruments of exports-financing.

2. LAW NO. 73 OF 19 JUNE 2009 - ADJUSTMENT OF NATIONAL LEGISLATION TO INTERNATIONAL CONVENTIONS AND STANDARDS ON PREVENTING AND COMBATING MONEY LAUNDERING AND TERRORIST FINANCING

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

We, the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185/2005 and Article 6 of Qualified Law no. 186/2005; Promulgate and order the publication of the following Ordinary Law approved by the Great and General Council in its sitting of 17 June 2009.

LAW NO. 73 OF 19 JUNE 2009

ADJUSTMENT OF NATIONAL LEGISLATION TO INTERNATIONAL CONVENTIONS AND STANDARDS ON PREVENTING AND COMBATING MONEY LAUNDERING AND TERRORIST FINANCING

TITLE I
AMENDMENTS TO THE CRIMINAL CODE

Art. 1
(Value-based confiscation)

1. Paragraph 3 of Article 147 of the Criminal Code shall be superseded by the following:
"In case of conviction, the confiscation of the instrumentalities that served or were destined to commit the crimes referred to in Articles 167, 168, 177 bis, 177 ter, 194, 195, 195 bis, 195 ter, 196, 199 paragraph 1, 199 bis, 204 paragraph 3 number 1, 204 bis, 207, 212, 305 bis, 337 bis, 337 ter, 371, 372, 373, 374 paragraph 1, 374 ter paragraph 1, crimes for the purpose of terrorism or subversion of the constitutional order and the crime referred to in Article 1 of Law no. 139 of 26 November 1997, as well as of the things being the price, product or profit thereof, shall always be mandatory. Where confiscation is not possible, the judge shall impose an obligation to pay a sum of money equal to the value of the instrumentalities and things referred to above.".

Art. 2
(Illegal prescription of narcotic drugs)

1. Article 244 of the Criminal Code shall be superseded by the following:

"Article 244
Illegal prescription of narcotic drugs

The medical practitioner or veterinarian who, for the purpose of favouring the violation, issues prescriptions for narcotic drugs or psychotropic substances without there being the need for curative care or in proportions exceeding treatment requirements, shall be punished by terms of third-degree imprisonment and fourth-degree disqualification from exercising the profession.".

TITLE II

AMENDMENTS TO LAW NO. 139 OF 26 NOVEMBER 1997 (SUPPLEMENTS TO PROVISIONS OF THE CRIMINAL CODE AND CODE OF CRIMINAL PROCEDURE FOR OFFENCES RELATED TO NARCOTIC DRUGS, ALCOHOLIC BEVERAGES, HARMFUL OR DANGEROUS SUBSTANCES, PSYCHOTROPIC SUBSTANCES)

Art. 3
(Illicit production, traffic and possession of narcotic drugs)

1. Article 1 of Law no. 139 of 26 November 1997 shall be superseded by the following:

"Anyone who, unauthorised, cultivates, produces, manufactures, extracts, processes, sells, offers, offers for sale, gives up, distributes, trades in, transports, procures for other people, dispatches, passes or dispatches in transit, delivers narcotic drugs for any purpose shall be punished by terms of third-degree imprisonment.

Anyone who, unauthorised, imports, exports, purchases, receives on any terms whatsoever or, in any case, illegally possesses narcotic drugs shall be subject to the same punishment referred to in paragraph 1.

The punishment under paragraph 1 shall also be applied in the event of illicit production or trade in basic chemical substances and precursors to be used in the illicit production of narcotic drugs.

Anyone who, authorised, illegally gives up, places on the market or acts so that other persons place narcotic drugs on the market, or cultivates, produces or manufactures narcotic drugs other than those provided for in the authorisation, shall be punished by terms of fourth-degree imprisonment. If the guilty person practices a health care profession, he/she shall also be subject to fourth-degree disqualification.

Anyone who, unauthorised, holds narcotic drugs not for trading purposes or makes personal use of such drugs shall be punished by terms of second-degree imprisonment. Personal use shall not be punished if prescribed for health reasons or recognised effective by the Social Security Institute.

The punishments envisaged in the preceding paragraphs shall be reduced by one degree for anyone acting to prevent the criminal activity having further consequences, by concretely helping Law Enforcement Authorities or the Judicial Authority to take away significant resources for the perpetration of the offences.".

Art. 4
(Association for the purpose of illicit traffic in narcotic drugs)

1. After Article 2 of Law no. 139 of 26 November 1997 the following article shall be introduced:

"Art. 2 bis

When three or more persons associate for the purpose of committing several offences among those envisaged in Article 1, anyone promoting, establishing, directing, organising or financing the association shall be punished by terms of fourth-degree imprisonment.

Anyone participating in the association shall be punished by terms of third-degree imprisonment.

The punishments provided for in the preceding paragraphs shall be reduced by a maximum of two degrees for anyone having effectively acted to collect evidence of the offence or to take away important resources for the perpetration of the offences from the association.".

TITLE III
CRIMINALISATION OF PIRACY

Art. 5
(Acts of piracy)

1. After Article 195 of the Criminal Code the following articles shall be added:

"Article 195 bis
Acts of piracy on ships and aircrafts

The master or the member of the crew of a ship or an aircraft who, on the high seas or in a place outside the jurisdiction of any State, commits acts of violence, seizure or depredation against a ship or an aircraft, the crew thereof, or persons on board such ship or aircraft shall be punished with fourth-degree imprisonment, disqualification and daily fine. If the offence is committed by a person not belonging to the crew, punishments shall be reduced by one degree.

Article 195 ter
Taking possession of a ship or an aircraft

Anyone taking possession or control of a ship or an aircraft for the purpose of committing the offence referred to in Article 195 bis shall be punished by terms of third-degree imprisonment, disqualification and daily fine. If such acts are committed by the master or a member of the crew, punishments shall be increased by one degree.”.

TITLE IV
AMENDMENT TO LAW NO. 92 OF 17 JUNE 2008 (PROVISIONS ON PREVENTING AND COMBATING MONEY LAUNDERING AND TERRORIST FINANCING)

CHAPTER I

Art. 6
(Cooperation with foreign financial intelligence units)

1. Paragraph 5 of Article 16 of Law no. 92 of 17 June 2008 shall be repealed.

Art. 7
(Omitted or false statements regarding customers)

1. Article 54 of Law no. 92 of 17 June 2008 shall be superseded by the following:

“Art. 54
(Omitted or false statements regarding customers)

1. Except where the conduct amounts to a more serious crime, anyone who omits to specify the personal details of the person on whose behalf he carries out the transaction, or provides false information shall be punished by terms of imprisonment or second-degree daily fine.
2. The same punishment envisaged in the preceding paragraph shall also be applied to anyone who does not provide information on the purpose and nature of the business relationship or occasional transaction.”.

Art. 8

1. After Article 60 of Law no. 92 of 17 June 2008 the following words shall be deleted:

“CHAPTER II – ADMINISTRATIVE VIOLATIONS”.

Art. 9
(Violation of customer due diligence and abstention obligations)

1. Article 61 of Law no. 92 of 17 June 2008 shall be superseded by the following:

“Art. 61
(Violation of customer due diligence and abstention obligations)

1. The violation of customer due diligence obligations established by this law shall be punished by terms of first-degree arrest or second-degree daily fine. A pecuniary administrative sanction from 2,000 to 40,000 Euros shall also be applied.
2. If the violation of customer due diligence obligations is carried out using fraudulent means, the punishments envisaged in the preceding paragraph shall be increased by one degree and the pecuniary administrative sanction shall be doubled.
3. The violation of the obligations of abstention set forth in Article 24 shall be punished by terms of first-degree arrest or second-degree daily fine. A pecuniary administrative sanction from 5,000 to 50,000 Euros shall also be applied.
4. Except as provided in Article 54, the violation of the obligations to provide information for applying customer due diligence obligations shall be punished by terms of first-degree arrest or second-degree daily fine. A pecuniary administrative sanction from 3,000 to 50,000 Euros shall also be applied.”.

Art. 10
(Non-compliance with or delay in the fulfilment of registration and maintenance obligations)

1. Article 62 of Law no. 92 of 17 June 2008 shall be superseded by the following:

“Art. 62
(Non-compliance with or delay in the fulfilment of registration and maintenance obligations)

1. Anyone violating the obligations established in Article 34, paragraphs 1, 2 and 3 shall be punished by terms of first-degree arrest or second-degree daily fine. A pecuniary administrative sanction from 2,000 to 40,000 Euros shall also be applied.
2. If the violation of the obligations is carried out using fraudulent means, punishments shall be increased by one degree and the pecuniary sanction shall be doubled.”.

Art. 11

1. After Article 62 of Law no. 92 of 17 June 2008, the following words shall be introduced:

“CHAPTER II – ADMINISTRATIVE VIOLATIONS”.

Art. 12

1. This Law shall enter into force on the 15th day following that of its legal publication.

Done at Our Residence, on 19 June 2009

THE CAPTAINS REGENT
Massimo Cenci – Oscar Mina

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

3. LAW NO. 92 OF 17 JUNE 2008 (CONSOLIDATED TEXT - INCLUDING AMENDMENTS BY LAW NO. 73 OF 19 JUNE 2009, DECREE-LAW NO. 134 OF 26 JULY 2010 AND DECREE-LAW NO. 187 OF 26 NOVEMBER 2010 (RATIFYING DECREE LAW NO. 181 OF 11 NOVEMBER 2010)

Law no. 92 of 17 June 2008

as amended by Law no. 73 of 19 June 2009, Decree-Law no. 134 of 26 July 2010 and Decree-Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

PROVISIONS ON THE PREVENTION AND COMBATING OF MONEY LAUNDERING AND TERRORIST FINANCING

UNOFFICIAL TEXT

NOTICE

This document, drawn up by the Financial Intelligence Agency – FIA of the Republic of San Marino, is aimed at facilitating the consultation of Law no. 92 of 17 June 2008 and subsequent amendments, as specified below. This document is not an official text, and the Financial Intelligence Agency of the Republic of San Marino shall not be liable for any errors or omissions. The official texts of the Laws of the Republic of San Marino are published in the *Official Bulletin* or on the Internet website, www.consigliograndeegenerale.sm.

TITLE I

General provisions

Art. 1

(Definitions and scope of application)

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

a) "Agency": the Financial Intelligence Unit referred to in Article 2;

b)[1] "Public administrations": Secretariats of State (Ministries), the State [*l'Eccellentissima Camera*], Departments, public bodies, state corporations, public administration offices;

c) "Central Bank": the Central Bank of the Republic of San Marino as defined in Law no. 96 of 29 June 2005 and subsequent amendments;

d) "shell bank": an entity engaged in activities equivalent to those envisaged in Annex 1 to Law no. 165 of 17 November 2005, incorporated in a jurisdiction in which it has no physical presence, and which is unaffiliated with a regulated financial group;

e) "assets" or "funds": property of every kind, whether tangible or intangible, movable or immovable, including means of payment and credit instruments, documents or instruments in any form, including electronic or digital, evidencing title to, or interest in such property; economic resources of every kind, whether tangible or intangible, movable or immovable, including ancillary assets, appurtenances and interest that may be used to obtain funds, assets or services as well as any other benefit specified in the technical Annex to this Law;

[1] As amended by Art. 1 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

f) “client” or “customers”: the natural person, legal person, or entity without legal personality with which the obliged parties, in the context of their activities, execute an occasional transaction or establish a business relationship, or the natural person, legal person, or entity without legal personality the obliged parties provide with a professional service, regardless whether or not payment is made;
g) “freezing of funds”: preventing any movement, transfer, alteration, disposition, use or management of and access to funds or economic resources in any way that would result in any change in their volume, amount, location, ownership, possession, character, destination or other change that would enable the use of the funds or economic resources, including, but not limited to, portfolio management, the selling, leasing, hiring or mortgaging of such funds or economic resources;
h) “anonymous accounts or accounts in fictitious names”: accounts for which customer due diligence requirements have not been complied with to guarantee that the financial party knows the identity of the customer in every phase of the business relationship with the customer itself;
i) “payable-through accounts”: cross-border correspondent accounts used directly by the customers to carry out transactions on their own behalf;
j) “purpose of terrorism”: the intention to influence institutions or intimidate the population or part of it, to destabilize or destroy the political, constitutional, economic, or social structures of the Republic of San Marino, a foreign State or an International Organization, in opposition to the constitutional order, the rules of international law and the Statutes of International Organizations;
k) “terrorist financing”: without prejudice to Article 337 *ter* of the criminal code, any activity aimed at, by any means, collecting, providing, intermediating, depositing, keeping or disbursing funds or economic resources, regardless of how they were obtained, intended to be used, in full or in part, in order to commit or promote one or more offences for the purpose of terrorism, regardless of the actual use of the funds or economic resources for the perpetration of said offences;
l) “instructions”: the provisions issued by the Financial Intelligence Agency in exercising its functions of prevention and combating of money laundering and terrorist financing;
m) “occasional transaction”: any transaction, professional service or action carried out on behalf of customers, other than as part of a business relationship, that involves the transfer or movement of cash or other means of payment also by electronic means;
n)[2] “politically exposed persons”: individuals, residing in a foreign State, who are or have been entrusted, during the year preceding the establishment of the business relationship, the carrying out of the transaction or the provision of the professional service, with prominent public functions, as well as their immediate family members or persons known to be close associates of such persons, as provided for in the Technical Annex to this Law;
o) “business relationship”: any kind of relationship or professional service between an obliged party and a customer, regardless of whether payment is required or not, which involves the execution of more than one transaction;
p) “terrorism” or “terrorist act”: any conduct contrary to the constitutional order, the rules of international law and the Statutes of International Organizations, intended to seriously injure people or things, committed to compel the institutions of the Republic of San Marino, a foreign State or an International Organization to do or to abstain from doing any act, or to intimidate the population or part of it, or to destabilize or destroy the political, constitutional, economic or social structures of the Republic of San Marino, a foreign State or an International Organization;
q) “terrorist”:
   (I) any individual perpetrating or attempting to perpetrate an act as defined under letter p) of this paragraph;
   (II) any group set up in the form of an association as defined under article 337 *bis* of the criminal code;

[2] As modified by Art. 1 of Decree-Law n. 134 of 26 July 2010

(III) any entity acting on behalf of, or directed by, said individuals or groups that has been funded, even partly, with proceeds obtained from, or generated by, assets directly or indirectly held or controlled by said individuals or groups;

r) "beneficial owner":

(I) the natural person(s) who ultimately owns or controls the customer, when the latter is a legal person or an entity without legal personality;

(II) the natural person(s) on whose behalf the customer acts. In any case, the following are considered beneficial owners:

1) the natural person(s) that, directly or indirectly, owns more than 25% of the voting rights in a company or, in any case, by virtue of agreements or otherwise, is in a position to control voting rights equal to said percentage or exercises control over the management of the company, provided that it is not a company listed on a regulated market and subject to disclosure requirements consistent with or equivalent to Community legislation;

2) the natural person(s) who is beneficiary of more than 25% of the property of a foundation, trust or other arrangements with or without legal personality which administer funds; where the beneficiaries have yet to be determined, the natural person(s) in whose main interest the entity is set up or operates;

3) the natural person(s) who exercises control over more than 25% of the property of an entity with or without a legal personality **;**

s) "financial intelligence unit": the central national authority in charge of receiving, requesting, analysing and disseminating to the competent authorities all information relating to the prevention and combating of money laundering and terrorist financing.

2. For the purposes of the legislation on the prevention and combating of money laundering only, except as provided in articles 199 and 199 *bis* of the criminal code, the following conduct, when committed intentionally, may constitute money laundering:

a) the conversion or transfer of property, knowing that such property came directly or indirectly from criminal activity or from an act of participation in said activity, for the purpose of concealing or disguising the illicit origin of the said property, or of assisting any person involved in such activity to evade the legal consequences of his action;

b) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property came directly or indirectly from criminal activity or from an act of participation in such activity;

c) the acquisition, possession or use of property, knowing, at the time of receipt, that such property was derived, even indirectly, from criminal activity or from an act of participation in such activity.

3. Knowledge, intent or purpose as referred to in paragraph 2 may be inferred from objective factual circumstances.

TITLE II
competent authorities

Chapter I

Financial Intelligence Agency

Article 2

(Establishment and purpose)

1. The Financial Intelligence Agency for preventing and combating money laundering and terrorist financing shall be established at the Central Bank.

2. The Agency shall perform the functions assigned to it by this law in complete autonomy and independence.

3. The costs for the staff, structure, organization and functioning of the Agency shall be borne by the Central Bank. The Agency shall use the resources according to criteria of cost effectiveness and efficiency.

4. By the month of May of each year, the Agency shall draw up a report on the management of the resources received from the Central Bank during the previous year and a budget document outlining the expenses for the following year by the month of September of each year. The report and the budget document shall be sent to the Committee for Credit and Savings. The Committee for Credit and Savings shall assess whether the resources have been planned and managed according to criteria of cost effectiveness and efficiency and then it shall transmit the relevant documentation to the Central Bank for the fulfilment of its obligations.

Article 3

(Director and Vice Director)

1. The Congress of State, upon proposal by the Committee for Credit and Savings and having heard the opinion of the Central Bank, shall appoint the Director and Vice Director of the Agency from among persons who satisfy the necessary professional requirements, as well as the requirements of independence and respectability. The mandate of the Director and Vice Director shall last five years and is renewable only once.

2. The Director and Vice Director can be removed from their offices with the same procedures required for their appointment, only if they no longer satisfy the conditions required for the fulfilment of their functions or they are guilty of serious misconduct.

3. The staff of the Agency, while performing the functions set forth in this law, are public officials and are bound by official secrecy.

Article 4

(Functions of the Financial Intelligence Agency)

1. The following functions are assigned to the Agency:
- a) receiving suspicious transaction reports from obliged parties;
- b) carrying out financial investigations on received reports or, on its own initiative, on the data and information available;
- c) reporting to the criminal judicial Authority any facts that might constitute money-laundering or terrorist financing;
- d) issuing instructions regarding the prevention and combating of money-laundering and terrorist financing;
- e) supervising compliance with the obligations under this law and the instructions issued by the Agency;
- f) taking part in national and international bodies involved in the prevention of money-laundering and terrorist financing;
- g) promoting and taking part in the professional training of police officers on matters regarding the prevention of money-laundering and terrorist financing;
- **h)**[3] monitoring financial activities carried out on a limited basis, which are not required to fulfil the obligations laid down in this Law, under a specific legal provision.

[3] As added by Art. 2 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

2. The Agency shall analyze and study financial flows for the purposes of identifying and preventing money laundering and terrorist financing. It shall examine the indicators of anomalies with respect to certain activities or sectors of the economy and evaluate the effects within the scope set forth in this law.

Article 5

(Powers of the Financial Intelligence Agency)

1. In order to fulfil the functions assigned by this law, the Agency, by means of a written reasoned decision for the purposes of preventing and combating money laundering and terrorist financing, has the following powers:

a) to order the obliged parties to exhibit or hand over documents, also in original copy, or to communicate data and information, according to the procedures and time limits laid down by the Agency;
b) to ask the Central Bank or Public Administrations to communicate data or information, or to exhibit or hand over any formal papers or documents according to the procedures and time limits laid down by the Agency;
c) to carry out on-site inspections at obliged parties' premises. If an obliged party relies on external parties for the fulfilment of the obligations set forth in this law, inspections may also be conducted in the premises of said parties;
d) to order the block of assets, funds or other economic resources when there are reasonable grounds for suspecting that these assets, funds or economic resources are derived from money laundering or terrorist financing or may be used to commit such offences;
e) to suspend, also upon request by the criminal judicial Authority, transactions suspected of money laundering or terrorist financing for a maximum of five working days, provided that this does not prejudice investigations;
f) to collect summary information from persons who may report circumstances useful to investigations regarding offences of money laundering and terrorist financing as well as crimes and administrative violations set forth in this law.

2. In the exercise of the powers set forth in the previous paragraph, the Agency may rely on police officers.

3. The Agency shall take note of all activities conducted, also in summary form, in the way considered most suitable. Except as specifically provided in this law, the Agency shall draw up a report on the information acquired in accordance with paragraph 1, letter f).

4. The Judicial Authority may delegate the Agency to carry out investigations in the context of proceedings relating to money laundering and terrorist financing as well as crimes and administrative violations set forth in this law. In this case, the Agency shall operate as judicial police. The acts carried out on behalf of the judicial Authority shall be recorded.

Article 6

(Procedures and effects of blocking)

1. The measure by which the Agency orders the blocking in accordance with letter d) of Article 5 shall be adopted in written form and shall be reasoned. Except for the time limits set forth in subsequent paragraph 5, in case of urgency the reasons for the measure may be submitted in writing subsequent to the blocking.

2. The Agency shall communicate the measure to the entity or person holding the assets, funds or economic resources in the way deemed most appropriate. The Agency shall also communicate the measure to the party concerned except where the communication may prejudice the results of the

investigation. If the assets are registered movable or immovable property, the Agency shall order the Public Administrations in charge of keeping public registers to register the blocking measure.

3. Blocked assets cannot be transferred, disposed of or used.

4. Without prejudice to the formal confirmation referred to in the subsequent paragraph, the blocking measure shall be immediately effective.

5. Within 48 hours from the execution of the block, the measure shall be notified to the Judicial Authority, which shall formally confirm – if the conditions are fulfilled – the blocking measure within the following 96 hours. Failing such conditions, the Judicial Authority shall lift the blocking. The Judicial Authority shall also lift the blocking measure when the prudential reasons specified in the order issued by the Agency no longer exist.

6. The measure of the Judicial Authority shall be notified to the Agency and to the party at which the blocking was executed.

7. Such blocking shall not exceed 15 days starting from the date of issue of the order by the Agency. Such time limit shall be established by the Judicial Authority in the provision confirming the blocking measure and it shall be extendable up to 45 days, upon reasoned request of the Agency, when financial investigations are particularly complex or they require the cooperation of foreign financial intelligence units. The request for extension shall be deposited in the offices of the Judicial Authority prior to the expiration of the time limit. The Judicial Authority shall grant or deny the extension within 96 hours from receipt of the request and shall communicate its decision to the Agency and to the party having the assets, funds or economic resources at its disposal.

8. Prior to the expiration of the time limits laid down in the previous paragraph, the Agency, with a specific report based on the financial investigations conducted, shall provide the Judicial Authority with any data useful to seize the property or revoke the blocking measure. The Judicial Authority shall issue a reasoned decision on the matter within the following 96 hours.

9. In case of termination or revocation of the blocking measure, the Judicial Authority shall take the necessary measures in order to return the blocked assets to the party entitled or, in case of registered movable or immovable property, to record the annulment of the blocking measure in the public registries.

10. The provisions of this article shall not prevent the Judicial Authority from ordering seizures under judicial rules in force. In this case, the blocking measure ordered by the Agency shall become null and void.

Article 7

(Communication to the Judicial Authority)

1. In case the Agency detects facts that might constitute an offence of money laundering or terrorist financing, it shall transmit without delay the documents and records, including the report on the financial investigation conducted, to the Judicial Authority. If, upon completion of the financial investigation, no facts of criminal relevance have been ascertained, the Agency shall close the case. The closure of the case does not prevent the carrying out of further investigations should new information be obtained.

2. The Agency shall communicate the transmission of the documents and records to the Judicial Authority, or the closure of the case ordered in compliance with the previous paragraph, directly to the reporting obliged party, except when the communication might prejudice the outcome of the investigation or confidentiality with respect to the identity of the reporting party.

Article 8

(Access to information)

1[4]. The Agency shall have access, also through electronic means, to the data and information available in registers, archives, professional registers kept by the Central Bank, Public administrations and Professional Associations.

2[5]. The data and information held by the Central Bank, Public administrations and Professional Associations shall be immediately made available to the Agency, upon simple reasoned request in relation to the purposes of preventing and combating money laundering and terrorist financing.

3. For these same purposes specified in the preceding paragraph, the Agency, upon simple request, shall have access to registers, archives, data or information kept by the Police Authority and the Single Court, including data regarding criminal records. The data and information regarding judicial activity shall be provided to the Agency, upon prior authorization by the judge only for the purposes of preventing and combating money laundering and terrorist financing.

4**.** The data and information acquired by the Agency may be used exclusively for the exercise of the functions set forth in this law.

Article 9

(Official secrecy)

1. All data and information acquired by the Agency shall be covered by official secrecy even vis-à-vis Public administrations, without prejudice to the cases of communication or exchange of information set forth in this law. Official secrecy cannot be invoked against the criminal judicial Authority.

2. The Agency shall implement, also through the use of computer tools, measures ensuring that the data and information acquired cannot be accessed by third parties.

Article 10

(Statistical data collection and presentation of annual reports)

1. The Agency shall collect annually the data regarding the activity carried out for the prevention and combating of money laundering and terrorist financing.

2. Every year the Agency shall submit a report outlining the activities carried out for the prevention and combating of money laundering and terrorist financing to the Great and General Council [*Parliament*], through the Secretariat of State for Finance and the Budget.

3. The Agency shall propose to the Congress of State the adoption of measures intended to increase the effectiveness of the prevention and combating of money-laundering and terrorist financing.

CHAPTER II
NATIONAL COOPERATION

[4] As modified by Art. 3 of Decree Law no. 134 of 26 July 2010
[5] As modified by Art. 3 of Decree-Law no. 134 of 26 July 2010

Article 11

(Cooperation with other Authorities and Professional Associations)

1. The Public administrations, the Police Authority, the Central Bank and Professional Associations shall cooperate with the Agency in the prevention and combating of money laundering and terrorist financing.

2. The Public Administration, the Police Authority, the Central Bank and Professional Associations shall provide**,** upon reasoned request by the Agency, the data and information held, useful for the prevention and combating of money laundering and terrorist financing.

3. The Public Administration, the Police Authority, the Central Bank and Professional Associations shall provide the Agency with updated data on obliged parties.

Article 12

(Cooperation with the Police Authority)

1[6]. The Agency shall also cooperate by exchanging information with the Police Authority and the National Central Bureau of INTERPOL, by signing ad-hoc memoranda of understanding.

2. The Police Authority, in exercising its powers and duties, shall also conduct, on its own initiative, activities aimed at preventing and combating money laundering and terrorist financing.

3. The information exchanged may be used exclusively for the purposes of preventing and combating money laundering and terrorist financing. The information cannot be disseminated to third parties without prior written consent of the Agency and it shall be covered by official secrecy also for those who received the information.

4[7]. Whenever, in the exercise of its functions, the Police Authority has reasonable grounds to believe that the funds are proceeds of crime, it may request the cooperation of the Financial Intelligence Agency with a view to carrying out financial investigations. This cooperation may be requested also with regard to investigations involving crimes that could be the predicate offences for money laundering or terrorist financing.

5. The investigations carried out by the Police Authority shall be focused on identifying the offender, detecting the crime and seeking the destination of the funds in order to establish whether they have been used to commit other crimes.

6. For the purposes of this Law, the Police Authority shall have unlimited access, also through electronic means, to data and information contained in registers, archives, professional registers, acts and documents kept by Public Administration offices.

7[8]. For the purposes of this Law, the Police Authority shall cooperate, also by exchanging information with foreign counterparts, on the basis of specific cooperation agreements. The Police Authority may also exchange information through the National Central Bureau of INTERPOL.

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[6] As amended by Art. 3 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

[7] Paragraphs 4-5-6-7 have been added by art. 2 of Decree-Law n. 134 of 26 July 2010

[8] As amended by Art. 4 of Decree law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

Article 13

(Competence of Professional Associations)

1[9]. Professional Associations, in the exercise of their functions assigned by their respective memoranda of association, shall promote compliance of their members with the requirements prescribed by this Law.

2. Professional Associations shall promote training of their members, employees and collaborators to ensure proper compliance with the obligations prescribed by this Law.

Article 14

(Competence of the Central Bank)

1[10]. Whenever the Central Bank, in performing its supervision tasks over the financial parties referred to in Article 18, paragraph 1, letters a), d) and e), or in performing its other statutory functions, detects violations of this Law, or facts or circumstances that might be related to money laundering or terrorist financing, it shall immediately inform the Agency thereof in written form.

2. The Central Bank shall provide the Agency with data regarding financial parties as well as information useful for carrying out financial investigations upon reports of suspicious transactions and for analyzing financial flows.

3[11]. The Agency shall cooperate with the Central Bank, also by exchanging information, on the basis of ad-hoc memoranda of understanding.

Article 15

(Cooperation with the Judicial Authority)

1. Except as provided in article 5, paragraph 4, the Judicial Authority, having reasonable grounds to believe that offences of money laundering or terrorist financing have been committed through transactions executed with obliged parties, shall inform the Agency.

Article 15 – bis[12]

(Technical Commission for National Coordination)

1. The Technical Commission for National Coordination shall be established. Such Commission shall be composed of:

a) the Magistrate appointed by the Judicial Council, who shall preside over the meetings of the Commission;
b) the Head Magistrate of the Single Court;
c) the Director and the Vice Director of the Financial Intelligence Agency;
d) a member of the Supervision Committee of the Central Bank;

[9] As amended by Art. 5 of Decree law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)
[10] As replaced by Art. 5 of Decree-Law no. 134 of 26 July 2010
[11] As replaced by Art. 6 of Decree-Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)
[12] As introduced by Article 4 of Decree-Law no.134 of 26 July 2010 and subsequently replaced by Art. 7 of Decree-Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

e) a representative of the On-Site Inspection Service of the Central Bank;
f) the Commanders of the Police Forces;
g) two members of the Police Forces responsible for combating money laundering and terrorist financing;
h) a representative of the Secretariats of State for Foreign Affairs, Finance and Justice when the Commission meets to perform the tasks referred to in letter b) of paragraph 3 hereunder.
2. The Commission shall meet periodically, upon request of the President or of another member. A verbatim record of the meetings shall be duly taken.
3. The Commission shall perform the following tasks:
a) coordinating the activity of combating money laundering and terrorist financing carried out by authorities;
b) reporting to the Credit and Savings Committee referred to in Article 48, paragraph 4 of Law no. 96 of 29 June 2005 on the tasks performed;
c) proposing to the Credit and Savings Committee any useful initiative aimed at effectively preventing and combating money laundering and terrorist financing;
4. According to the items on the agenda, the Commission may invite other representatives of Public Authorities or Offices to attend the meetings.

CHAPTER III

INTERNATIONAL COOPERATION
Article 16
(Cooperation with foreign financial intelligence units)[13]

1. The Agency shall cooperate with foreign financial intelligence units on the basis of reciprocity also by exchanging information. The foreign financial intelligence units shall guarantee the same conditions of confidentiality of information, as ensured by the Agency.

2. The Agency, with the aim of regulating the cooperation activity referred to in paragraph 1, may stipulate appropriate protocols of agreement [*Memorandum of Understanding*] which shall be notified to the Committee for Credit and Savings.

3. The information exchanged may be used by the foreign financial intelligence units for investigations aimed exclusively at combating money laundering and terrorist financing. Furthermore, information shall not be sent to third parties without the prior written consent of the Agency and it shall be covered by official or professional secrecy.

4. The information exchanged cannot be used to initiate or continue administrative, police or judicial investigations without the prior written consent of the Agency.

TITLE III
PREVENTIVE MEASURES

CHAPTER I

PARTIES subject to obligations

Article 17
(Obliged parties)

1. For the purposes of this Law, the following are defined as obliged parties:
a) financial parties;
b) non-financial parties;

[13] As amended by art. 6 of Law No. 73 of 19 June 2009

c) professionals.

2. Those belonging to the categories referred to in paragraph 1 above are specified in the subsequent articles of this chapter.

Article 18

(Financial parties)

1. Financial parties are defined as follows:
   a) authorized parties pursuant to Law no. 165 of 17 November 2005 and subsequent amendments;
   b) the Central Bank, whenever in the context of its institutional functions, establishes business relationships or carries out occasional transactions that require the fulfilment of the obligations prescribed by this Law;
   c) post offices whenever they establish business relationships or carry out occasional transactions that require the fulfilment of the obligations prescribed by this Law;
   d) financial promoters pursuant to Articles 24 and 25 of Law no. 165 of 17 November 2005;
   e) insurance and reinsurance intermediaries as defined in Articles 26 and 27 of Law no. 165 of 17 November 2005;
   f) parties providing professional credit recovery on behalf of third parties.

Article 19[14]

(Non-financial parties)

1. Non-financial parties shall mean parties professionally carrying out the following activities:
a) professional office of the trustee in conformity with the trust legislation;
b) assistance and advice concerning investment services;
c) assistance and advice on administrative, tax, financial and commercial matters;
d) credit mediation services;
e) real estate mediation services;
f) running of gambling houses and games of chance as set forth in Law no. 67 of 25 July 2000 and subsequent amendments;
g) offer of games, betting or contests with prizes in money through the Internet and other electronic or telecommunication networks;
h) custody and transport of cash, securities or values;
i) management of auction houses or art galleries;
j) trade in antiques;
k) purchase of unrefined gold;
l) manufacturing, mediation and trade in precious stones and metals, including export and import thereof;
m) selling or rental of registered movable goods.

Article 20

(Professionals)

1. Professionals are defined as follows:
   a) those enrolled in the Register of Accountants (*holding a university degree or holding a high school certificate*) of the Republic of San Marino;

[14] As modified by Article 6 of the Decree-Law no.134 of 26 July 2010 and subsequently modified by Art. 8 of Decree-Law n. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

b) those enrolled in the Register of External Auditors and Auditing companies and of the Register of Actuaries of the Republic of San Marino;

c)[15] those enrolled in the Register of Lawyers and Notaries of the Republic of San Marino, when they carry out, on behalf of or for their client, any financial or real estate transaction, or when they assist in the planning or carrying out of transactions for their client concerning the:

1) transfer at any title of rights in rem in relation to real estate or companies;
2) managing of client money, securities or other assets;
3) opening or management of bank, savings and securities accounts;
4) creation, operation or management of companies, trusts or similar arrangements, with or without legal personality;
5) organisation of contributions necessary for the creation, operation or management of companies;
6) transfer at any title of shares in a company.

CHAPTER II

Customer due diligence
Article 21
(Scope of application of customer due diligence)

1. Obliged parties shall apply customer due diligence measures in the following cases:
   a) when establishing a business relationship;
   b) when carrying out occasional transactions or providing professional services for an amount exceeding EUR 15,000, whether the transaction is carried out in a single operation or in several operations which appear to be linked;
   c) when there is a suspicion of money laundering or terrorist financing;
   d) when there are doubts about the veracity or adequacy of previously obtained customer identification data and information.

2. The financial parties referred to in Article 18 shall also apply customer due diligence measures when they act as intermediaries or, in any event, they are party to the transfer of cash or bearer securities, in Euro or foreign currency, carried out, on whatever basis, between different parties for a total amount exceeding EUR 15,000.

3. The professionals referred to in article 20 and non-financial parties referred to in article 19 shall also perform customer due diligence when the transaction is of an undetermined or non-determinable amount. The creation, operation or management of companies, trusts or other arrangements with or without legal personality constitutes in any case a transaction of a non-determinable value.

4[16]. Those enrolled in the Register of Accountants (*holding a university degree or a high school certificate*), as well as the parties referred to in Article 19, paragraph 1, letter c), shall not be required to fulfil customer due diligence and record-keeping requirements in relation to the execution of the mere activity of drafting and/or transmitting income tax returns or the tasks relating to personnel administration.

Article 22

(Customer due diligence measures)

1. Customer due diligence measures shall comprise the following activities that might also be performed by employees or collaborators:

[15] As replaced by Art. 7 of Decree-Law no. 134 of 26 July 2010.
[16] As amended by Art. 9 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

a) identifying the customer and verifying the customer's identity on the basis of a valid identification document or, where this is not possible, on the basis of documents, data or information obtained from a reliable and independent source;
b)[17] identifying the beneficial owner and adopting adequate and risk-based measures to verify his/her identity;
c) obtaining information on the purpose and intended nature of the business relationship or occasional transaction;
d) conducting ongoing monitoring of the relationship with the customer, including scrutiny of transactions undertaken throughout the course of that relationship to ensure that such transactions are consistent with the data and information that the obliged party has regarding the customer, his business activities and risk profile, taking into consideration the source of funds where necessary;
e) updating documents, data and information acquired during the fulfilment of customer due diligence requirements.

2. Customers shall be required to provide, under their own responsibility, in writing, all data and information required and updated to allow the obliged parties to comply with the requirements set forth in this law.

Article 23

(Identifying and verifying the identity of customers and beneficial owners)

1[18].The obliged parties shall identify and verify, also through their employees or collaborators, the identity of customers and beneficial owners before establishing a business relationship or carrying out a transaction.

2. If the customer is not a natural person, the obliged parties shall verify the actual existence of the power of representation and acquire the data and information necessary to identify and verify the identity of the representatives who are authorized to sign for the transaction to be carried out.

3. The identification and verification of the identity of the beneficial owner is carried out at the same time as the identification of the customer and requires, for customers that are not natural persons, the adoption of risk-based and adequate measures to understand the ownership and control structure of the customer. In order to identify and verify the identity of the beneficial owner, the obliged parties may make use of public registers, lists, acts or documents to be known by anyone, containing information on the beneficial owners, and request from their customers the pertinent data and information, or obtain information in other ways.

4. The verification of the identity of the customer and beneficial owner may be completed in the shortest time possible following the establishment of a business relationship if it is necessary not to interrupt the normal conduct of the business and when the risk of money laundering or terrorist financing is low.

5. Non-financial parties that carry out the activities set forth in article 19, paragraph 1, letter f) shall identify and verify the identity of their customers immediately on entry [*into gambling houses*], regardless of the amount of gambling chips purchased, sold or exchanged. They shall also register, according to the provisions of article 34, the transactions of purchase or exchange of gambling chips or other means of gambling with a value of EUR 2,000 or more.

[17] As amended by Article 8 of Decree-Law no. 134 of 26 July 2010.
[18] As amended by Art. 9 of Decree-Law no. 134 of 26 July 2010.

Article 24[19]

(Abstention requirements)

1. If the obliged parties are not able to meet the customer due diligence requirements provided for in Articles 22, 23 and 25, they shall abstain from establishing new business relationships or carrying out occasional transactions, and they shall interrupt already established relationships at the earliest convenience. In any case, the obliged parties shall decide whether to send a report to the Agency.
2. Those enrolled in the registers of Lawyers and Notaries and of Accountants shall not be required to comply with the provision contained in the previous paragraph in the course of ascertaining the legal position of their client or in performing their task of defending or representing that client in, or concerning judicial or administrative proceedings, including advice on instituting or avoiding proceedings.

3. The obliged parties shall abstain from carrying out transactions when there are reasonable grounds to believe that these transactions could be related to money laundering or terrorist financing. Abstention shall not give rise to any civil and contractual liability towards clients or third parties. In these cases, a report shall be promptly sent to the Agency. Where abstention is not possible because there is a legal requirement to receive the document, or the carrying out of the transaction by its nature cannot be postponed, the obliged parties shall inform the Agency immediately after carrying out the transaction, by taking every precaution to identify the destination of the funds involved in the transaction. The judicial authority shall authorise the carrying out of transactions when abstention might hinder ongoing investigations."

Article 25

(Risk-based approach)

1[20]. The obliged parties shall be required to apply customer due diligence procedures to all clients. With regard to existing customers, the above procedures shall be applied at the earliest convenience on a risk-sensitive basis.

2. Customer due diligence requirements shall be fulfilled by carrying out risk-based verifications, depending on the type of customer, business relationship, occasional transaction, professional service, product or transaction.

3. For the purposes of risk assessment, the obliged parties shall assess at least the following aspects:
A) with reference to customers:
    1) the legal status,
    2) the main business activity,
    3) the behaviour at the time the business relationship is established, or the transaction is carried out or the professional service is performed,
    4) the residence or registered office of the customers or the counterparts with particular attention to the States that do not impose requirements equivalent to those laid down in this law;

B) with reference to business relationships or occasional transactions:
    1) the type and manner of performing,
    2) the amount,
    3) the frequency,
    4) consistency of the transaction with the whole information available to the obliged party,
    5) the geographic area of the execution of the transaction, with particular attention to the States that do not impose requirements equivalent to those laid down in this law.

[19] As amended by Art. 10 of Decree-Law no. 134 of 26 July 2010.
[20] As amended by Art. 11 of Decree-Law no. 134 of 26 July 2010.

Article 26

(Simplified customer due diligence)

1. The obliged parties shall not be required to meet the customer due diligence requirements, where the customer is:

a) a financial party referred to in article 18, letters a), b) and c);

b) a foreign party that mainly carries out an activity which refers to the reserved activities mentioned in letters A), B), C), D) and E) of Annex 1 to Law No. 165 of 17 November 2005, located in a State which imposes requirements equivalent to those laid down in this law and provides for control on compliance with the requirements for the prevention and combating of money laundering and terrorist financing;

c) a foreign party that carries out an activity equivalent to that referred to in article 18, paragraph 1, letter c) located in a State which imposes requirements equivalent to those laid down in this law and provides for supervision and control over compliance with the requirements for the prevention and combating of money laundering and terrorist financing;

d) a company listed on a regulated market in a State, provided that this market is subject to regulations consistent with or equivalent to Community legislation;

e) a public Administration.

2. The obliged parties shall not be required to fulfil customer due diligence requirements in respect of:

a) life insurance policies where the annual premium does not exceed EUR 1,000 or the single premium is no more than EUR 2,500;

b) supplementary pension schemes provided that they do not envisage redemption clauses and cannot be used as collateral for a loan except in the circumstances provided for by the legislation in force;

c) compulsory and supplementary pension regimes or similar systems that provide retirement benefits, where contributions are made by way of deduction from income payments and the regime rules do not permit beneficiaries to transfer their own rights, unless after the holder's death.

3. The Agency may specify, by issuing relevant instructions, categories of parties or products characterized by a low risk of money laundering or terrorist financing to which customer due diligence shall not apply.

4. In the cases described in the previous paragraphs, the obliged parties shall in any case collect sufficient data and information to establish if the customer falls into an exempted category.

Art. **26 bis**[21]

(Foreign exchange negotiation carried out on an occasional and limited basis)

1. Legal persons carrying out foreign exchange negotiation on an occasional and limited basis shall not be required to fulfil the obligations envisaged in this Law whenever the following conditions are met:

a) the proceeds of this activity do not exceed 250 euro per month and the value of the transactions does not exceed a total of 5,000 euro per month;

b) this activity is limited in terms of transactions and in any case it does not exceed 3 transactions per month for each customer;

c) this activity is not the main activity and in any case it does not exceed 5% of the total proceeds;

[21] As added by Art. 10 of Decree-Law n. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

d) this activity is merely ancillary to the main activity;
e) the main activity is not connected with the reserved activities referred to in Annex 1 to Law no. 165 of 17 November 2005;
f) this activity is carried out exclusively for the customers of the main activity and not for the general public.
2. Whenever the activity carried out under the conditions envisaged in the preceding paragraph entails money laundering or terrorist financing risks, the Congress of State may change the above conditions, once the opinion of the Agency has been heard.
3. The Agency shall regulate the forms and ways of monitoring the activity referred to in this Article by issuing relevant Instructions.

Article 27[22]

(Enhanced customer due diligence)

1. The obliged parties shall take, on a risk-sensitive basis, enhanced customer due diligence measures in situations which, by their nature, may entail a higher risk of money laundering or terrorist financing. With its own instructions, the Financial Intelligence Agency shall establish what degrees of risk require the adoption of enhanced customer due diligence measures, as well as the contents of such enhanced customer due diligence.
2. The obliged parties shall take enhanced customer due diligence measures when:
a) the customer is not physically present;
b) the customer is a politically exposed person. The obliged parties shall adopt adequate procedures in relation to the activity carried out in order to determine whether the potential customer, the customer or the beneficial owner is a politically exposed person.
3. In the case referred to in letter a) of paragraph 2, the obliged parties shall compensate for the higher risk by adopting at least one of the following measures:
a) ensuring that the first transfer of funds in relation to the establishment of the business relationship or to the occasional transaction is carried out through an account opened in the customer's name with a financial party referred to in Article 26, paragraph 1, letters a) and b);
b) verifying the identity of the customer through additional documents or information to complement those required for face-to-face customers;
c) taking supplementary measures to verify the documents presented;
d) requiring the certification of information or documents presented;
e) requiring confirmatory certification by a financial party referred to in Article 26, paragraph 1, letters a) and b) that it has already met customer due diligence requirements.
4. In the case referred to in letter b) of paragraph 2, the obliged parties shall:
a) when the obliged parties are incorporated businesses, obtain the authorisation from the Director General, or equivalent, or from a person delegated by the Director General, before establishing a business relationship or carrying out an occasional transaction. This authorisation shall be obtained even where the customer or beneficial owner becomes or is found to be a politically exposed person after he/she has been accepted;
b) take any appropriate measure to establish the source of the funds and wealth of the customer or beneficial owner identified as politically exposed person, which have been used in the business relationship or in carrying out the occasional transaction;
c) ensure ongoing and enhanced control over the relationship with the customer.
5. The financial parties referred to in Article 18, letters a), b) and c) that maintain business relationships or carry out occasional transactions with foreign financial parties located in States not imposing obligations equivalent to those set forth in this Law and not providing for any supervision

[22] As superseded by Art. 12 of Decree-Law no. 134 of 26 July 2010.

and control of compliance with such obligations, shall adopt the following enhanced customer due diligence measures:
a) gather sufficient information about a respondent foreign party to understand fully the nature of the respondent's business and to determine from publicly available information the reputation of the respondent and the quality of supervision;
b) assess the adequacy and effectiveness of controls carried out by the respondent party in relation to the prevention and combating of money laundering and terrorist financing;
c) obtain the authorisation from the Director General, or equivalent, or from a person delegated by the Director General, before establishing a business relationship or carrying out an occasional transaction;
d) specify in written form the respective obligations and responsibilities concerning the prevention and combating of money laundering and terrorist financing.
6. The financial parties referred to in Article 18, letters a) and b) shall ensure that the respondent party located in a State, which is not a member of the European Union (I) has verified the identity of customers having direct access to payable-through accounts, (II) has constantly met customer due diligence requirements, and (III) is able to provide, upon request, the financial party with information obtained following the meeting of such requirements.
7. The obliged parties shall pay special attention to any money laundering or terrorist financing threat that may arise from products or transactions that might favour anonymity, and take measures, if needed, to prevent their use for money laundering or terrorist financing purposes.

Article 28

(Prohibition to operate with shell banks)

1. Financial parties shall not be permitted to enter into business relationships or carry out occasional transactions with shell banks or with foreign parties that are known to permit their accounts to be used by shell banks. Relationships already existing on the date of entry into force of this law shall be terminated at the earliest convenience.

Article 29

(Customer due diligence performed by third parties)

1[23]. In order to meet the requirements laid down in Article 22, paragraph 1, letters a), b) and c), the obliged parties may rely on third parties with whom the customers have business relationships or whom have been tasked by the customers with carrying out an occasional transaction. For this purpose, third parties shall issue, if requested by the customer, a document attesting that they have met customer due diligence requirements. Also in this case, the ultimate responsibility for meeting customer due diligence requirements shall remain with the obliged parties.

2. For the purposes of this article, third parties shall mean financial parties referred to in Article 18, paragraph 1, letters a), b) and c) and in Article 26, paragraph 1, letters b) and c).

3. Third parties shall immediately make available to the obliged parties the information acquired while performing customer due diligence in accordance with the activities envisaged by article 22, paragraph 1, letters a), b) and c).

4. The information and documents regarding the identification of the customer or the beneficial owner shall immediately be forwarded, upon simple request by the obliged parties.

5. The Agency may identify, by issuing relevant instructions, other categories of third parties on which the obliged parties may rely in order to avoid the repetition of the requirements envisaged by article 22, paragraph 1, letters a), b) and c).

[23] As superseded by Art. 13 of Decree-Law no. 134 of 26 July 2010.

CHAPTER III

additional measures
Article 30
(Prohibition against keeping anonymous accounts or accounts in fictitious names)

1. Subject to article 31, financial parties shall be prohibited from keeping anonymous accounts or accounts in fictitious names.

Article 31

(Limit on the use of cash and bearer securities)

1. The transfer between different parties of cash and bearer securities referred to in the subsequent paragraphs, when the value of the transaction, even fractioned, exceeds EUR 15,000, shall be exclusively effected through a party authorized to exercise the reserved activities mentioned in letters A), C) or I) of Annex 1 to Law no. 165 of 17November 2005.

2. Cheques drawn on San Marino banks or issued by such banks, for individual amounts exceeding that specified in the preceding paragraph, shall bear the name and surname or the business name of the beneficiary and the “non-transferable clause”.

3. The balance of bearer passbooks issued from the date of entry into force of this law shall not be more than EUR 15,000.

4. Bearer passbooks issued before the date of entry into force of this law, the balance of which exceeds the threshold of EUR 15,000, shall be closed or converted into relationships consistent with the provisions of this law by 31December 2010.

5. Starting from 1 January 2012, the issuance of new bearer passbooks shall be prohibited and those issued before that date shall be closed or converted.

6. Except as provided in the previous paragraphs, for each deposit or withdrawal, closure or conversion regarding bearer passbooks, banks shall apply the customer due diligence measures as set forth in article 22, paragraph 1, letters a) and b).

Article 32

(Reporting requirements to the Agency)

1. The obliged parties that discover violations of the provisions referred to in article 31, in the course of their activities, shall inform the Agency without delay.

Article 33

(Special measures for electronic transfers of funds)

1. The Agency shall regulate the following aspects with its own instructions:
   a) the data and information that the financial parties authorized to carry out the reserved activity referred to in letter I) of Annex 1 to Law no. 165 of 17 November 2005, are required to obtain on those parties ordering an electronic transfer of funds;
   b) the procedures for recording and keeping such data and information.

2. The financial parties shall refuse the transfer of funds when they are not provided with the information referred to in the previous paragraph. If the financial party having received the transfer order fails to provide the information, the financial party to which the transfer order is addressed shall request the information in written form. Where the request is not satisfied, the financial party shall implement the enhanced measures set forth in article 27 and evaluate whether to suspend the relations with the financial party that has received the transfer order. The financial party shall forward to the Agency, without delay, a copy of the request for information sent to the counterpart.

CHAPTER IV

REGISTRATION AND REPORTING REQUIREMENTS

Article 34[24]

(Information and record keeping and registration requirements)

1. The obliged parties shall register the data and information obtained to meet customer due diligence requirements and shall keep the records and copies of the documents obtained for a period of at least five years following the end of the business relationship or the carrying out of the occasional transaction.
2. The obliged parties shall register and keep the supporting evidence and records of business relationships and occasional transactions or of services provided. In particular, they shall register and keep original documents or copies admissible in court proceedings for a period of at least five years following the carrying out of the transaction or the provision of the service.
3. The data and information referred to in the preceding paragraphs shall be registered no later than the fifth day following their obtaining.
4. All data, information and documents registered and kept by the obliged parties shall be made available to the Agency without delay in order to enable it to perform its tasks of preventing and combating money laundering and terrorist financing.
5. In case of financial parties, keeping and registration requirements referred to in paragraphs 1 and 2 above shall apply to all transactions, both domestic and international, concerning existing and terminated business relationships, as well as to occasional transactions.
6. The Agency may order that data, documents and information referred to in the preceding paragraphs be kept for more than five years for the purposes of this Law.

Art. 34 bis[25]

(Management of registrations and documents concerning financial parties that have ceased to carry out reserved activities)

1. Following withdrawal, waiver or lapse of the authorisation to carry out a reserved activity, the financial party shall, even if in ordinary or compulsory winding-up, appoint a person responsible for keeping, for the purposes of this Law, documents and electronic archives for at least five years, or more if requested by the Agency.
2. The person referred to in the preceding paragraph shall satisfy the requests made by the Financial Intelligence Agency concerning existing relationships and/or movements and submit, if requested, the necessary documents.

[24] As superseded by Art. 14 of Decree-Law no. 134 of 26 July 2010.
[25] Introduced by Art. 15 of Decree-Law no. 134 of 26 July 2010 and amended by Art. 11 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010).

3. The remuneration due to the person referred to in paragraph 1 above for performing his/her tasks shall be paid by the obliged party. The obliged party shall provide the above-mentioned person with appropriate premises to keep documents and electronic and paper-based archives.
4. The functions performed by the above-mentioned person shall not be incompatible with those of liquidator or commissioner.

Art. **35**[26]
(Anti-money laundering Electronic Archive)

1. Financial parties shall have computer devices allowing them to respond timely and fully to the Agency's requests intended to determine whether these financial parties have had business relationships with certain customers during the previous five years and the nature of these relationships.
2. The financial parties referred to in Article 18, paragraph 1, letters a) and b) shall create an anti-money laundering electronic archive.
3. The anti-money laundering electronic archive shall be created and managed according to uniform criteria that are suitable to ensure clarity, completeness, as well as timely and easy access to information. In addition thereto, the archive shall be kept in such a way as to ensure the chronological storage of the information amended or supplemented and the possibility of inferring relevant facts.
4. The Agency shall regulate the characteristics and keeping of the Anti-money electronic archive by issuing relevant Instructions

Article 36[27]

(Reporting requirements)

1. The obliged parties shall report the following to the Agency without delay:
a) any transaction - even if not carried out – which, because of its nature, characteristics, size or in relation to the economic capacity and activity carried out by the customer to which it is referred, or for any other known circumstance, arouses suspicion that the economic resources, money or assets involved in said transaction may derive from offences of money laundering or terrorist financing or may be used to commit such offences;
b) anyone or any fact that, for any circumstance known on the basis of the activity carried out, may be related to money laundering or terrorist financing;
c) the funds that the obliged parties know, suspect or have grounds to suspect to be related to terrorism or may be used for purposes of terrorism, terrorist acts, terrorist organisations and by those financing terrorism or by an individual terrorist.

2. If the report is made orally, the obliged party shall forward a written report to the Agency without delay providing all data and information required to conduct the financial investigation.

Article 37

(Possibility to report)

1. Anyone can report to the Agency facts or circumstances that are relevant for the purposes of preventing and combating money laundering and terrorist financing.

[26] As amended by Art. 12 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

[27] As superseded by Art. 16 of Decree-Law no. 134 of 26 July 2010.

Article 38

(Protection of professional secrecy)

1. Those enrolled in the Register of Lawyers and Notaries and in the Register of Accountants (*holding a university degree or holding an high school certificate*) may invoke professional secrecy, against the Judicial Authority, the Financial Intelligence Agency and the Police Authority, with respect to the information they acquire while defending and representing their client during judicial or administrative proceedings or in relation to such proceedings, including advice on the possibility that proceedings are commenced or avoided, where the information is received or obtained before, during or after such proceeding.

2. In the cases provided for in the previous paragraph, lawyers and accountants have no reporting obligations.

3. Professional secrecy cannot not be invoked against the Judicial Authority, the Agency and the Police Authority in the exercise of their functions of preventing and combating money laundering and terrorist financing, except for the case provided for in the first paragraph.

4. Official secrecy cannot be invoked against the Judicial Authority, the Agency and the Police Authority in the exercise of their functions of preventing and combating money laundering and terrorist financing.

5[28]. Professional secrecy and official secrecy cannot be invoked even when the data and information are necessary for the purposes of investigating the offences and administrative violations envisaged by this Law, apart from the cases referred to in paragraph 1.

Article 39

(Exemption from liability)

1. Reports and disclosures made in accordance with this law shall not constitute a breach of any restriction on disclosure of data or information resulting from contracts or legislative, statutory, regulatory or administrative provisions, nor of requirements of confidentiality and of professional, official or bank secrecy referred to in article 36 of Law No. 165 of 17 November 2005. Reports and disclosures, if in good faith, shall not involve liability of any kind.

Article 40

(Confidentiality of the identity of the reporting person and secrecy of the reports)

1[29]. The obliged parties shall adopt adequate measures to ensure the utmost confidentiality of the natural person that has detected the suspicious transaction in accordance with Article 36, paragraph 1, letters a), b) and c).

2. The acts and documents related to the suspicious transaction reports shall be kept under the responsibility of the obliged party, its legal representative or one of its delegates.

3. The Agency shall adopt appropriate measures to guarantee the confidentiality of the identity of the natural person detecting the suspicious transaction. Requests for information to the obliged party, any requests for further investigation, as well as exchanges of information relating to the suspicious

[28] As amended by Art. 13 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)
[29] As amended by Art. 14 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

transactions reported shall be made by adopting any appropriate procedures that guarantee the confidentiality of the person having detected the suspicious transaction.

4. In case of disclosure, complaint or report to the Judicial Authority, the identity of the natural person that has detected the suspicious transaction, even if it is known, shall not be mentioned.

5. The identity of the natural person that has detected the suspicious transaction can only be revealed when the Judicial Authority, by means of a reasoned order, declares it to be fundamental to the investigation of the offences in respect of which legal action is taken.

6. The obliged parties shall not be permitted to inform the party concerned and third parties, except in the cases provided for in this law, that a suspicious transaction report has been made or that a money laundering or terrorist financing investigation is being or may be carried out.

7[30]. Communication about suspicious transaction reports shall be allowed between financial parties located in the Republic of San Marino which belong to the same group.

8. Such communication shall also be permitted between the obliged parties referred to in article 20 that perform their professional services in an associated form.

9. Any attempt by the obliged parties to dissuade a customer from engaging in illegal activity shall not constitute a violation of the requirement of secrecy.

10. Where the obliged parties notify the blocking order issued by the Agency to the party concerned, this shall not constitute a violation of the requirement of secrecy if the notification is necessary in connection with the prohibition of transfer, disposition or use as referred to in article 6, paragraph 3.

CHAPTER V
PROCEDURES, CONTROLS AND STAFF TRAINING

Article 41

(Control obligations)

1. The obliged parties referred to in article 17 that carry out the activities subject to the obligations set forth in this law, individually or as associates, as well as legal representatives and those persons that perform management, administration and control functions of the obliged parties organized as incorporated businesses shall, according to their respective tasks and responsibilities:

a) comply with the obligations set forth in this law;
b) make arrangements for and verify the fulfilment of said obligations on the part of employees and collaborators.

Article 42

(Functions and powers of compliance officers)

1[31]. When the financial parties are incorporated businesses, they shall internally appoint a compliance officer in charge of receiving internal suspicious transaction reports, further analysing such reports and forwarding them to the Agency, in case he/she considers that they are well-grounded on the basis of all elements in his/her possession, also inferred from other sources. The suspicious transaction reports shall be forwarded to the Agency without the name of the individual who has detected the suspicious transaction in accordance with Article 36.

[30] As amended by Art. 15 of of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)
[31] As replaced by Art. 17 of Decree-Law no. 134 of 26 July 2010.

2. The compliance officer shall have adequate professional skills and shall be given appropriate powers to carry out the functions referred to in the previous paragraph in full autonomy, including the power to access all information or documents also without authorization.

3. The instrument of appointment of the compliance officer shall include the specification and evaluation of the requirements of professionalism, as well as the powers conferred. The instrument of appointment shall be transmitted to the Agency.

4[32]. Until the appointment of the compliance officer, all duties and responsibilities related to said function shall be assigned to the legal representative. In case the compliance officer is absent, even temporarily, all duties and responsibilities related to said function may be assigned to a substitute. The substitute shall be appointed according to what envisaged in paragraphs 2 and 3 of this Article for the compliance officer. In case both the compliance officer and the appointed substitute are absent, all duties and responsibilities related to said function shall be assigned to the legal representative.

5. The compliance officer seeks and obtains information, also through employees and collaborators who, at any title, come into contact with the customers or, in any case, know about the business relationships with the customers or the execution of transactions on behalf of said customers.

6. Even in absence of internal suspicious transaction reports, the compliance officer shall analyse the transactions carried out, seek and obtain information and, in the cases set forth in article 36, forward the suspicious transaction report to the Agency.

Article 43[33]

(Compliance officer at non-financial parties)

1. Audit firms and other non-financial parties organised as incorporated businesses shall appoint a compliance officer. This obligation may be derogated from in case of companies whose number of employees does not exceed three. In case of appointment, the provisions referred to in Article 42 shall apply.

Art. 43 bis[34]
(Replacement of the compliance officer)

1. The Agency may order an obliged party to replace its compliance officer if the latter is considered not to sufficiently satisfy the requirements of good repute or not to have sufficient professional skills.

Article 44[35]

(Internal procedures and controls)

1. The obliged parties shall adopt policies and procedures in compliance with the requirements of this Law and with the instructions issued by the Agency with a view to preventing and combating money laundering and terrorist financing. In particular, they shall adopt policies and procedures to prevent the misuse of technological developments, related to the activities carried out, in money laundering or terrorist financing schemes. Moreover, they shall adopt policies and procedures to address any risks associated with non-face to face business relationships or transactions.

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[32] As replaced by Art. 18 of Decree-Law no. 134 of 26 July 2010.
[33] As amended by Art. 16 of Decree-Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)
[34] As added by Art. 17 of Decree-Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)
[35] As replaced by Art. 19 of Decree-Law no. 134 of 26 July 2010.

2. The obliged parties shall communicate to all employees and collaborators the requirements set forth in this Law and in the instructions issued by the Agency. The obliged parties shall communicate to all employees and collaborators the measures and procedures adopted for the purpose of preventing and combating money laundering and terrorist financing.
3. The obliged parties shall promote ongoing employee training also through participation in specific training programmes concerning the prevention and combating of money laundering and terrorist financing.
4. The obliged parties shall develop and organise adequate internal controls to prevent and combat the involvement in business relationships or transactions relating to money laundering or terrorist financing.
5. The obliged parties shall be equipped with information technology or electronic means necessary to guarantee that reports are sent to the Agency in a prompt and confidential manner. The reports sent to the Agency shall be accessible only to the obliged parties.
6. The financial parties shall extend the requirements referred to in this Article to foreign branches. **7**[36]. The financial parties shall put in place screening procedures to ensure high professional standards when hiring employees and collaborators, taking into account their role and functions.

Article 45

(Requirements for foreign subsidiaries and companies controlled by financial parties)

1[37]. The financial parties shall ensure that their foreign subsidiaries or controlled foreign companies that mainly carry out an activity corresponding to the reserved activities mentioned in letters A), B), C), D) and E) of Attachment 1 to Law no. 165 of 17 November 2005 comply with requirements equivalent to those set forth in this Law.

2. In case the legislation of the foreign State does not provide for requirements equivalent to those set forth in the previous paragraph, the financial parties shall inform the Agency and the Central Bank and adopt supplementary measures to effectively deal with the risk of money laundering or terrorist financing.

TITLE IV
MEASURES FOR PREVENTING, COMBATING AND SUPPRESSING TERRORIST FINANCING AND THE ACTIVITY OF STATES THAT THREATEN INTERNATIONAL PEACE AND SECURITY

Article 46

(Restrictive measures adopted by the Congress of State)

1. In compliance with the international obligations undertaken by the Republic of San Marino to combat terrorism, terrorist financing and the activity of States that threaten international peace and security, the Congress of State, upon proposal by the Secretariat of State for Foreign Affairs and the Secretariat of State for Finance and the Budget, shall adopt without delay a decision outlining restrictive measures, in accordance with the resolutions of the United Nations Security Council or one of its Committees. The restrictive measures shall include the following:

[36] As amended by Art. Art. 18 of Decree-Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)
[37] As amended by Art. 19 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

a) freezing of funds and economic resources owned or controlled, directly or indirectly, by persons, entities or groups included in the lists drawn up by the competent United Nations Committee;
b) commercial restrictions, including commercial restrictions on imports or exports and arms embargoes;
c) restrictions of a financial nature, including financial restrictions or financial assistance and the prohibition against providing financial services;
d) restrictions of any other nature, including restrictions on technical assistance, flight ban, prohibition of entry or transit, diplomatic sanctions, suspension of cooperation and the boycotting of sporting events.

2. The decision of the Congress of State can introduce additional restrictive measures or specific provisions related to the resolutions adopted by the United Nations Security Council or one of its Committees.

3. The decision of the Congress of State that orders the enforcement of restrictive measures can provide for derogations, in compliance with of the United Nations Security Council resolutions, or limitations for reasons of public order or interest.

4. Where a resolution of the United Nations Security Council or one of its Committees provides for the adoption, amendment or repeal of restrictive measures, the Congress of State shall provide by means of a decision for their enforcement in the territory of the Republic of San Marino.

5. The decisions referred to in the previous paragraphs shall be immediately published *ad valvas Palatii* and at the Court. From that moment they are expected to be known by every-one.

6. The decisions shall be sent to the Agency which shall forward them to the Judicial Authority, the Administrations referred to in article 48 and the obliged parties as mentioned in article 17.

Article 47

(Effects of freezing of funds and economic resources)

1. Except as provided in article 49, funds and economic resources subject to freezing cannot constitute the object of any transfer, disposition or use.

2. It is prohibited to make funds or economic resources available, directly or indirectly, to persons and parties included in the lists drawn up by the competent Committees of the United Nations or to allocate them for their benefit.

3. Freezing shall be effective from the date of the adoption of the Congress of State decision.

4. Acts carried out in violation of the prohibitions referred to in the previous paragraphs shall be null and void.

5. Freezing shall not prejudice the effects of any seizure or confiscation measures, adopted in the framework of proceedings involving the same funds or economic resources.

6. The freezing of funds and economic resources, the omission or refusal of financial services deemed in good faith, in compliance with this law, shall not involve liability of any kind for the natural person, legal person or entity without legal personality applying it, neither for its directors nor employees.

Article 48

(Reporting requirements)

1. The State Administrations keeping public registers, which hold data or information relating to frozen funds or economic resources, shall immediately inform the Agency.

2. The Agency shall order the freezing of registered movable and immovable assets to be recorded in the public registers.

3. The obliged parties referred to in article 17 shall:
   a) inform the Agency of the measures applied in accordance with this law, specifying the parties involved, the amount and nature of the funds or economic resources, within 15 days from the adoption of the Congress of State decision, or from the date of possession of the funds or economic resources;
   b) inform the Agency of the transactions, business relationships, as well as provide it with any other data or information available with regard to the persons and parties included in the lists;
   c) inform the Agency, on the basis of the information provided by the latter, of the transactions and business relationships, as well as provide it with any other data or information relating to persons or parties that may be included in the lists in accordance with article 49, paragraph 5.

Article 49

(Functions of the Committee for Credit and Savings)

1[38]. The Committee for Credit and Savings, referred to in Law no. 96 of 29 June 2005 and subsequent amendments, has the duty to evaluate requests for unfreezing of funds and economic resources submitted by the parties concerned. The decision shall be adopted without delay.

2. In case of repeal of a freezing order under article 46, paragraph 4, the Committee for Credit and Savings shall take the necessary actions to return the assets to the rightful owner or, in cases involving registered movable or immovable assets, to register the unfreezing order in the public registers.

3. The Committee for Credit and Savings may authorize - upon completion of the procedure referred to in paragraph 4 hereunder - that the frozen assets or property be used to meet the fundamental needs of the persons included in the lists referred to in article 46 or a family member, including payments for foodstuffs, medicines, housing, medical care and legal assistance. The Committee for Credit and Savings may similarly authorize that the frozen assets or property be used to pay taxes, duties, compulsory insurance premiums and bank charges for the maintenance of accounts.

4. The authorization requested referred to in the previous paragraph shall be notified to the competent United Nations Security Council Committee. The authorization cannot be granted if the competent United Nations Security Council Committee takes a contrary decision.

5. The Committee for Credit and Savings shall formulate proposals to the competent International Organisations for including persons, entities or groups in the lists, on the basis of the information provided by the Agency and other national authorities, according to the criteria and procedures set forth in the United Nations resolutions.

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[38] As amended by Art. 20 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

6. The Committee for Credit and Savings shall formulate proposals to the competent International Organisations, according to the criteria and procedures set forth in the United Nations resolutions, for de-listing, also on the basis of requests submitted by the parties concerned.

7. The Agency, the Police Authority, the Interpol National Central Bureau, and the Public administrations shall provide the President of the Committee for Credit and Savings, by way of derogation from any provision in force on matters of official secrecy, with information referring to the functions envisaged in paragraphs 5 and 6. The Judicial Authority shall provide the Committee with any information deemed useful for the same purposes, unless this communication prejudices the ongoing investigations.

8. Whenever, on the basis of the information acquired in compliance with the previous paragraphs, there are sufficient elements to formulate designation proposals to the competent International Organisations and there is the risk that the funds or economic resources to be frozen might, in the meantime, be lost, concealed, or used for terrorist financing, the Committee for Credit and Savings shall inform the Agency, which, whenever there are the conditions specified in article 5, paragraph 1, letter d), shall order the freezing of said assets.

9. The Committee shall take action in the same manner also when foreign authorities notify they have adopted freezing measures in respect of persons not included in the lists foreseen in article 46, paragraph 1, letter a). The information and documents shall immediately be forwarded to the Agency.

10. The Agency shall take the measures set forth in article 5, paragraph 1, also on its own initiative, when it receives from national or foreign authorities information about the presence that assets, funds or other economic resources deriving from terrorist financing or may be used to finance terrorism or activities that threaten international peace and security.

Article 50

(Judicial protection)

1. The party concerned can lodge personally or through a lawyer, an appeal against the restrictive measures ordered by the Congress of State decision and against the provisions adopted by the Committee for Credit and Savings. A judicial review shall be also allowed against the same measures.

2. By way of derogation from article 3 of Law No. 5 of 25January 1984, the party concerned, if he/she has not designated his/her own defence lawyer or has no defence lawyer, shall be assisted by a public defender also in proceedings before the administrative judge. No compensation shall be owed to the public defender for the professional services provided under this article.

TITLE V
STAFF OF POLICE FORCES

CHAPTER I

DETACHMENT AND TRAINING OF POLICE OFFICIALS

Article 51

(Assignment of police officials)

1. For the effective fulfilment of the duties established by the law and international obligations, upon request by the Director and approval by the Congress of State, police officials who have a specific attitude and preparation in relation to the functions envisaged by this law may be assigned to the Financial Intelligence Agency, also for limited periods of no less than one year.

2. The police officials shall be selected by the Director of the Agency, in agreement with the investigating judges and the Commanders of the Law Enforcement Agencies, taking into consideration their rank, educational degree and experience in the prevention and combating of financial crimes.

3. The Commanders of the Law Enforcement Agencies shall guarantee the Agency an adequate number of qualified officials for the fulfilment of the duties assigned by this law.

4. Police officials assigned to the Agency shall be exempted from the duties and obligations deriving from the regulations of the Corps to which they belong that do not pertain to judicial police functions, except for exceptional circumstances that shall be notified to the Agency.

Article 52

(Training of Police officials)

1. The Agency shall contribute to training Police officials in the area of financial investigations. For this purpose, it shall promote training through courses and internships of duration no longer than six months, according to specific Memorandums of Understanding undersigned with the Commanders of the Corps to which said officials belong.

TITLE VI
SANCTIONS
CHAPTER I

CRIMINAL SANCTIONS

Article 53

(Violation of secrecy requirements regarding suspicious transaction reports)

1[39]. Unless the fact constitutes a more serious crime, anyone revealing – outside the cases provided for by law - that a report has been forwarded or that a money laundering or terrorist financing investigation is ongoing or may be initiated, shall be punished with first degree imprisonment, third degree disqualification and second degree daily fine.

2. The same punishment shall apply to anyone who, knowing that a suspicious transaction report has been filed under article 7, informs the party concerned or third parties thereof.

Art. 53 bis[40]
(Violation of investigation secrecy)

1. Unless the fact constitutes a more serious crime, anyone, apart from the cases laid down by law, who discloses the existence and/or the results of investigations, inspections or requests for information by the Judiciary, the Police Authority, the Financial Intelligence Agency or the Central Bank of the Republic of San Marino, concerning this Law or, in any case, covered by official secrecy, shall be punished by terms of second-degree imprisonment and disqualification.

2[41]. If a blocking or seizure order has already been executed, financial parties may inform the customer of the execution of the order, unless the Judicial Authority has placed limitations on such communication.

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[39] As amended by Art. 20 of Decree-Law no. 134 of 26 July 2010
[40] As introduced by Art. 36 of Decree-Law no. 134 of 26 July 2010

Article 54

(Omitted or false statements regarding customers)[42]

1. [43] Unless the fact constitutes a more serious crime, anyone failing to provide the particulars of the person on behalf of whom the transaction is carried out or providing false particulars, or anyone failing to indicate the beneficial owner or providing false indications about the beneficial owner, shall be punished with second degree imprisonment or second degree daily fine.

2.The same punishment envisaged in the preceding paragraph shall also be applied to anyone who does not provide information on the purpose and nature of the business relationship or occasional transaction.

Article 55[44]

(Non-compliance with reporting requirements)

1. Unless the fact constitutes a more serious crime, anyone not complying with the reporting requirements set forth in Article 36 shall be punished with first degree imprisonment, third degree disqualification and second degree daily fine.

Article 56

(Actions intended to prevent reporting)

1. Unless the fact constitutes a more serious crime, anyone using violence, threatening or giving, offering or promising any advantage for the purpose of delaying or preventing that a report of a suspicious transaction, even if not carried out, is transmitted to the Agency or the Judicial Authority, shall be punished by terms of second-degree imprisonment and second-degree daily fine.

2. Anyone using violence, threatening, giving, offering or promising an advantage after a report was transmitted to the Agency or the Judicial Authority, shall be punished by terms of second-degree imprisonment.

Article 57

(Non-compliance with the orders and provisions issued by the Agency and the Congress of State)

1. Unless the fact constitutes a more serious crime, anyone who, without justified reason, does not comply with, delays or hinders the execution of an order, request or provision issued by the Agency under article 5, shall be punished by terms of second-degree imprisonment and second-degree disqualification.

2. The same punishment shall be applied to anyone who does not comply with the restrictive measures adopted by decision of the Congress of State under article 46.

[41] As amended by Art. 21 of Decree-Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)
[42] As amended by art. 7 of Law No. 73 of 19 June 2009 and subsequently by Decree-Law no.134 of 26 July 2010
[43] As replaced by Art. 21 of Decree-Law no. 134 of 26 July 2010
[44] As replaced by Art. 22 of Decree-Law no. 134 of 26 July 2010

Article 58

(False or omitted declarations to the Agency)

1. Anyone being requested by the Agency to provide data or information for investigative purposes, who makes false declarations or hides, entirely or in part, what he/she knows about facts for which he/she has been summoned, shall be punished by terms of second-degree imprisonment.

2. The provision referred to in the previous paragraph shall not apply if false or reticent declarations are made by the person who is being investigated.

Article 59

(False information in acts intended for the Agency)

1. Unless the fact constitutes a more serious crime, anyone who declares or states false information in acts or documents intended for the Agency, shall be punished by terms of second-degree imprisonment.

2. The same penalty shall apply to anyone who provides the Agency with documents containing false information.

3. In case of acts or documents to be provided to the Judicial Authority, third-degree imprisonment shall be applied.

Article 60

(Circumvention of freezing measures)

1. Anyone who carries out actions aimed at circumventing the freezing measures referred to in article 46, paragraph 1, letter a), shall be punished by terms of third-degree imprisonment, daily fine and disqualification. Moreover, pecuniary administrative sanctions up to double of the value of the funds or economic resources subject to freezing shall be applied.

Art. 60-bis[45]
(Non-compliance with or delay in implementing the blocking provision)

1. Anyone failing to comply with or delaying the provision with which the Agency orders the blocking referred to in Article 5, paragraph 1, letter d) of this Law shall be punished with first degree imprisonment or second degree daily fine. A pecuniary administrative sanction from 2,000.00 euro to 40,000.00 euro and third degree disqualification shall also apply.
2. If violations are perpetrated by using fraudulent means, the punishments shall be increased by one degree and the pecuniary sanction shall be doubled.

[45] As added by Art. 22 of Decree-Law no.187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

CHAPTER II

ADMINISTRATIVE VIOLATIONS[46]

Article 61[47]

(Violation of customer due diligence and abstention requirements)

1. The violation of the customer due diligence requirements established by this Law shall be punished with a pecuniary administrative sanction from 5,000.00 euro to 70,000.00 euro.
2. If the violation of the customer due diligence requirements is perpetrated by using fraudulent means, the pecuniary administrative sanction shall be doubled.
3. The violation of the abstention requirements set forth in Article 24 shall be punished with a pecuniary administrative sanction from 5,000.00 euro to 80,000.00 euro.
4. Except as provided in Article 54, the violation of the obligations to provide information necessary to comply with customer due diligence requirements shall be punished with a pecuniary administrative sanction from 5,000.00 euro to 80,000.00 euro.
5. If the violation referred to in the paragraphs above hampers, delays or prevents the control on the part of the Supervisory Authority, besides the sanctions envisaged in this Article, the fine referred to in Article 84 of the Criminal Code shall be applied.

Article 62[48]

(Violation of registration and record-keeping requirements)

1. The violation of the registration and record-keeping requirements laid down in Article 34 shall be punished with a pecuniary administrative sanction from 5,000.00 euro to 70,000.00 euro. Non-compliance with the obligations referred to in Article 35 shall also be punished with the same administrative sanction.
2. If the violation of registration requirements is perpetrated by using fraudulent means, the pecuniary sanction shall be doubled.

Art. **62-bis**[49]
(Non-compliance with or delay in implementing the blocking provision)

Art. **62-ter**[50]
(Violation of the prohibition to operate with shell banks)

1. Violations of the provision set forth in Article 28 shall be punished with a pecuniary administrative sanction from EUR 2,000 to 50,000.

[46] As added by Article 23 of Decree-Law no.187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)
[47] As amended by Article 23 of Decree Law no.134 of 26 July 2010 and subsequently replaced by Art. 24 of Decree-Law no.187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)
[48] As modified by Article 24 of Decree-law no.134 of 26 July 2010 and subsequently replaced by Art. 25 of Decree-Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)
[49] Added by Decree Law no. 134 of 26 July 2010 and then repealed by Art. 26 of of Decree-Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)
[50] As introduced by Art. 26 of Decree-Law no. 134 of 26 July 2010.

Article 63

(Violation of the prohibition to keep anonymous accounts and violation of the limits on the use of cash and bearer securities)

1. Violations of the prohibition to keep anonymous accounts or accounts in fictitious names shall be punished with a pecuniary administrative sanction from EUR 2,000 to 50,000.

2. Violations of article 31, paragraphs 1 and 2 shall be punished with a pecuniary administrative sanction up to half the amount of each transaction.

3. Violations of the provisions set forth in article 31, paragraphs 3, 4 and 5 shall be punished with a pecuniary administrative sanction up to half the balance of the bearer passbook.

Article 64

(Violation of the provisions on freezing)

1. Unless the fact constitutes a crime, the violation of the provisions referred to in article 47, paragraph 1, shall be punished with a pecuniary administrative sanction up to double of the value of the funds or economic resources subject to transfer, disposition or use.

2. Unless the fact constitutes a crime, the violation of the provisions referred to in article 47, paragraph 2, shall be punished with a pecuniary administrative sanction up to double of the value of the funds or economic resources made available directly or indirectly to persons, entities or groups included in the lists drawn up by the competent Committee of the United Nations or allocated for the benefit of such persons, entities or groups.

Article 65

(Violation of reporting requirements regarding frozen funds and resources)

1. Unless the fact constitutes a crime, the violation of the provisions referred to in article 48 shall be punished with a pecuniary administrative sanction from EUR 500 to 25,000.

Article 66[51]

(Other violations)

1. Without prejudice to the criminal and administrative violations referred to in the preceding articles, violations of other provisions envisaged in this Law shall be punished with a pecuniary administrative sanction from EUR 3,000 to 100,000.

Article 67[52]

(Violation of instructions)

1. Unless the fact constitutes a crime or a more serious administrative violation, failure to comply with the instructions issued by the Agency shall be punished with a pecuniary administrative sanction from EUR 3,000 to 100,000.

CHAPTER III

[51] As replaced by Art. 27 of Decree-Law no. 134 of 26 July 2010

[52] As replaced by Art. 27 of Decree-Law no. 134 of 26 July 2010

LIABILITY FOR ADMINISTRATIVE VIOLATIONS

Article 68

(Subjective element for administrative violations)

1. In the administrative violations envisaged by this law, each person shall be liable for his/her own actions or omissions, consciously and voluntarily committed, whether wilful or negligent.

Article 69

(Complicity of persons)

1. Where several persons act in complicity in an administrative violation, each one of them shall be subject to the sanction prescribed for this action.

Article 70

(Joint and several liability)

1. If the violation is committed by a person subject to another authority, direction or control, the person vested with the authority or having the responsibility for the direction or control shall be held jointly and severally liable for the payment of the amount owed by the perpetrator of the violation, unless the person proves that he/she could not have prevented the violation.

2. If the violation is committed by the representative or an employee of a legal person or entity without legal personality, of a sole proprietor or professional in the exercise of his own functions or duties, the legal person, entity, entrepreneur or professional shall be held jointly and severally liable for the payment of the amount owed by the perpetrator of the violation.

3. In the cases envisaged in the previous paragraphs, anyone being held jointly and severally liable for the payment shall be bound to claim against the perpetrator of the violation.

4. The joint and several liability referred to in paragraphs 1 and 2 shall apply even when the perpetrator of the violation has not been identified.

Article 71

(Several violations of provisions envisaging administrative sanctions)

1. Unless otherwise provided by law, anyone who, through actions or omissions, violates several provisions that set forth administrative sanctions or commits several violations of the same provision, shall be subject to the sanction envisaged for the most serious violation, increased up to three times.

Article 72

(Criteria for the application of pecuniary administrative sanctions)

1. In determining the pecuniary administrative sanction set forth by law between a minimum and a maximum limit, account shall be taken of the seriousness of the violation, the conduct subsequent to the violation aimed at aggravating or attenuating the consequences of the violations, the behaviour and economic conditions of the perpetrator of the violation shall be taken into account.

Article 73[53]

(Voluntary settlement)

1. For the administrative violations set forth in this Law, the option to correct the violation by paying a lower amount shall not apply.

Article 74

(Application of the sanctions)

1. The Agency shall detect the administrative violations and apply the sanctions set forth in this law.

CHAPTER IV

INVALIDITY OF ACTS EVIDENCING TITLE TO ASSETS SUSCEPTIBLE TO CONFISCATION

Article 75[54]

(Invalidity of the acts concerning the disposal of property subject to confiscation)

1. Any act – performed at any title – concerning the disposal of property, funds or resources that constitute, directly or indirectly, the price, product or proceeds of an offence shall be invalid if the person who has received such property, funds or resources knew or should have known that they derived from an offence.
2. The Government Syndics shall sue the transferor, the transferee and any successors in title, who shall be jointly sentenced to transfer the property, funds or economic resources to the State, or, if this is not possible, to pay an equivalent amount.
3. It shall be for the transferee and any successors in title to demonstrate their good faith in conformity with the first paragraph of this Article.
4. Any other reciprocal action performed between the transferor, the transferee and any successors in title shall not be affected.
5. All actions performed by the victim of the offence, from which the property, funds or resources derive, shall not be affected.
6. The provisions referred to above shall apply by way of derogation from the general rules concerning contractual invalidity, with a view to preventing and combating money laundering and terrorist financing in a more effective way.
7. In conformity with the aim referred to in the preceding paragraph, the judge shall, upon request of the interested party, give effect to the foreign measure which, in the framework of non-criminal proceedings aimed at confiscating the property, funds or resources envisaged in paragraph 1 above, identifies the same property, funds or resources and orders precautionary measures for their preservation. The judge shall verify the authenticity and enforceability of the foreign measure and that its implementation is not contrary to public order. The requested acts shall not prejudice the Republic's sovereignty, security and other essential interests. As for all aspects not covered, the procedural rules concerning civil judgements shall apply.

[53] As replaced by Art. 28 of Decree-Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

[54] As replaced by Art. 28 of Decree-Law no. 134 of 26 July 2010

TITLE VII

AMENDMENTS TO THE LEGISLATION IN FORCE

CHAPTER I

SUPPLEMENTS AND AMENDMENTS CONSEQUENT ON INTERNATIONAL CONVENTIONS

Article 76

(Criminal jurisdiction, extradition and confiscation)

1. In article 6 paragraph 1 of the criminal code, after “337 *bis*”, introduced by article 2 of Law No. 28 of 26February 2004, the term “337 *ter*,” is added and after “347,” the term “374 *ter*” is added.

2. In article 8 paragraph 3 of the criminal code, after the terms “in no case shall be deemed political”, introduced by article 3 of Law No. 28 of 26February 2004, the terms “crimes set forth in articles 337 *bis*, 337 *ter* as well” are added.

3. In article 140 of the criminal code, the following number: “6. Payments of sum in money set forth in article 147 paragraph 3” is added.

4. Article 147, paragraph 3 of the criminal code is replaced by the following:

> “In case of conviction, the confiscation of the instrumentalities that served or were destined to commit the offences referred to in articles 199 paragraph 1, 199 *bis*, 207, 305 *bis*, 337 *bis*, 337 *ter*, 371, 372, 373, 374 paragraph 1, 374 *ter* paragraph 1 and the offences for the purpose of terrorism or subversion of the constitutional order, as well as of the things being the price, product or profit thereof shall always be mandatory. Where confiscation is not possible, the judge shall impose an obligation to pay a sum of money corresponding to the value of the instrumentalities and things referred above”.

Article 77

(Crimes against property)

1. Article 199 of the criminal code shall be replaced by the following:

> “*Sale of stolen property* – Apart from cases of complicity to commit an offence, anyone who buys or receives properties knowing that these are proceeds of crime, shall be punished by terms of second-degree imprisonment and second-degree daily fine and third-degree disqualification from public offices and political rights.
> Where a bankruptcy procedure is initiated, the same penalty shall apply to anyone who, for profit making purposes, intervenes to lead others to buy or receive properties which are proceeds of crime, or receives properties owned by individuals or companies knowing that such individuals or company suffer insolvency or buys such properties at a much lower price.

2. After the fourth paragraph of article 199 *bis* of the criminal code, the following paragraphs are introduced:

> “Anyone who commits the crimes set forth in this article shall be punished by terms of fourth-degree imprisonment, second-degree daily fine and third-degree disqualification from public offices and political rights.

The penalties may be decreased by one degree based on the amount of money or assets corresponding to them and by the nature of the transactions carried out. The penalties may be increased by one degree when the facts have been committed during the exercise of a commercial-professional activity subject to the authorization or licence granted by the competent Public Authorities.
The judge shall apply the penalty corresponding to that for the predicate offence, if this is less serious."

3. The first paragraph of article 207 of the criminal code is replaced by the following:
"Anyone who takes or promises, in return for a professional services, an exorbitant interest rate or other advantages or intervenes to lead [someone] to receive or promise to others the aforementioned interests or advantages, shall be punished with a third-degree imprisonment, second-degree daily fine and third-degree disqualification from public office and political rights.

4. In article 207 paragraph 2 of the criminal code, the terms "by the Office of Banking Supervision" are replaced by the following: "by the Central Bank of the Republic of San Marino."

5. After the third paragraph in article 207 of the criminal code, the following paragraph is added:
"The penalties may be decreased by one degree considering the amount of money or the amount of the interests. The penalties may be increased by one degree when the facts have been committed during the exercise of a commercial-professional activity subject to the authorization or licence granted by the competent Public Authorities or if the offender is a usurer."

Article 78

(Terrorism crimes)

1. The first paragraph in article 337 *bis* of the criminal code is replaced by the following:
"Anyone promoting, establishing, organizing or directing associations that aim at perpetrating violent acts for purposes of terrorism or subversion of the constitutional order, against public or private institutions or bodies either of the Republic of San Marino, of a foreign State or an International Organisation, shall be punished by terms of sixth-degree imprisonment and fourth-degree disqualification from public offices and political rights."

2. After article 337 *bis* of the criminal code, the following article is added:
"Article 337 *ter. Financing of Terrorism*– Anyone who by any means, even through another person, receives, collects, detains, gives up, transfers or conceals funds intended to be used, in full or in part, in order to carry out one or more terrorist acts or to economically support terrorist individuals or groups, or provides them with a financial service or other connected services, shall be punished by terms of sixth-degree imprisonment and fourth-degree disqualification from public offices and political rights."

Article 79

(Crimes against the public administration)

1. The first paragraph in article 373 of the criminal code is replaced by the following:
"A public official, who receives any undue advantage for himself or others, or accepts the promise of the advantages with the purpose of omitting or delaying or for having omitted or delayed an act of his office or of carrying out or having carried out an act contrary to his official duties, shall be punished by terms of fourth-degree imprisonment and fourth-degree disqualification from public offices and political rights as well as third-degree daily fine."

2. After article 374 of the criminal code the following articles are added:

"374 *bis*. *Incitement to corruption* – Anyone who offers or promises any undue advantage to a public official or public employee who does not hold the position of public official in order to lead him to omit or delay an act of his office, or to carry out an act contrary to his duties shall be punished, whether the offer or promise has not been accepted, by terms of third-degree imprisonment and third-degree disqualification from public offices and political rights as well as second-degree daily fine.
If the offer or promise has been made to lead a public official or public employee who does not hold the position of public official to carry out an act of his office, whether the offer or promise has not been accepted, the offender shall be subject to third-degree arrest and second-degree daily fine.
The penalty referred to in the first paragraph shall be applied to the public official or public employee who does not hold the position of public official that demands a promise or any advantage from a private citizen for the purposes foreseen in article 373.
The penalty set forth in the second paragraph shall be applied to the public official or public employee who does not hold the position of public official that demands a promise or any advantage from a private citizen for the purpose envisaged in article 374."
"374 *ter*. *Embezzlement, extortion, corruption and incitement to corruption of officials from foreign States and international public organizations* – The provisions of articles 371, 372, 373 paragraphs 1, 2 and 3, 374 paragraph 1, and 374 *bis* paragraphs 3 and 4, shall also be applied to those who exercise functions or activities corresponding to those of a public official or public employee who does not hold the position of public official in foreign States or international public organizations as well as officials and agents recruited by contract in foreign States or international public organizations.
The provisions of articles 373 paragraph 4, 374 paragraph 2, 374 *bis* paragraphs 1 and 2, shall be applied even if the advantage has been given, offered or promised to persons specified in the first paragraph of this article."

Article 80

(Insider trading)

1. Paragraph 4 of article 305 *bis* of the criminal code is replaced by the following:
"Except as provided in article 147, in case of conviction, the confiscation of the instrumentalities, including financial ones, that were used to commit the crime, shall always be mandatory, except where they belong to a person not involved in the crime."

CHAPTER II

PROVISIONS ON THE EXTRADITION AND TRANSFER OF PRISONERS OR PERSONS UNDER PREVENTIVE DETENTION

Article 81

(Extradition for terrorist crimes)

1. For the offences of association for the purpose of terrorism, terrorist financing as well as any crime committed for the purpose of terrorism, in the absence of specific international treaties, the extradition of a person who is in the territory of the Republic of San Marino shall be regulated by the International Convention for the Suppression of the Financing of Terrorism, done in New York on 9 December 1999 and ratified through Decree no. 125 of 10 December 2001. The provisions set forth in article 8 paragraph 2, nos. 1, 2 and 3 of the criminal code shall apply.

Article 82

(Transfer of a person abroad)

1. Failing specific international treaties, where a foreign judicial Authority requests - for the purposes of carrying out procedural acts related to crimes of association for the purpose of terrorism, terrorist financing, or any other crime perpetrated for terrorist purposes - the presence of a person under preventive detention or serving imprisonment as ordered by the San Marino judicial Authority, the judge may authorize the transfer of said person provided that:
a) the person to be transferred freely gives his or her informed consent;
b) the requesting State adopts the measures deemed most appropriate by the San Marino judicial Authority for the purposes of the transfer;
c) the State to which the person is transferred commits itself to keeping the person transferred in custody, unless otherwise requested or authorized by the San Marino judicial Authority;
d) the State to which the person is transferred commits itself to returning, without delay, the person as agreed beforehand or decided by the requesting Authority and the San Marino Authority;
e) the State to which the person is transferred commits itself not to requiring to initiate extradition proceedings for the return of the person transferred;
f) the State to which the person is transferred neither prosecutes, nor subjects that person to imprisonment or to any other restriction of his/her personal liberty in respect of convictions anterior to his/her transfer, unless otherwise authorized by the San Marino judicial Authority;
g) the State to which the person is transferred does not envisage the death penalty in its legal system.
2. The San Marino judicial Authority shall take into due account the time spent in the custody of the State to which the person was transferred to determine the punishment to be served in the Republic of San Marino by said person.

CHAPTER III

AMENDMENTS TO THE LAW ON FOREIGNERS

Article 83

(Smuggling of migrants)[55]

CHAPTER IV

AMENDMENTS TO PROVISIONS REGARDING POWERS AND FUNCTIONS IN COMBATING OF MONEY LAUNDERING AND TERRORIST FINANCING

Article 84

(Special investigative measures and combating of terrorist financing)

1. In article 15, paragraph 1 of Law no. 28 of 26 February 2004, after “337 *bis*”, the term: “337 *ter*” is added.

2. Article 17 of Law no. 28 of 26 February 2004 is replaced by the following:

> “The Central Bank of the Republic of San Marino shall conduct financial investigations also in cooperation with the Police Forces - subject to the prior authorization of the Law Commissioner - which shall report directly to the Central Bank. Whenever the Central Bank detects facts that might constitute an offence, it shall report them to the Single Court.”

[55] Repealed by Article 40 of Law no.118 of 28 June 2010

Article 85

(Amendments to the Statute of the Central Bank)

1. In article 12, paragraph 3 of Law no. 96 of 29 June 2005 and subsequent amendments, the terms “and combating money laundering” are repealed.

2. In article 15, paragraph 2 of Law no. 96 of 29 June 2005 and subsequent amendments, the terms “and as an anti-money laundering unit” are repealed.

3. In article 16, paragraph 3 of Law no. 96 of 29 June 2005 and subsequent amendments, the terms “and its anti-money laundering functions” are repealed.

4. In article 29, paragraph 3 of Law no. 96 of 29 June 2005 and subsequent amendments, after the term “penal sanctions” the following terms “and to the Financial Intelligence Agency in the exercise of its function of prevention and combating of money laundering and terrorist financing” are added.

5. In article 30, paragraph 3 of Law no. 96 of 29 June 2005 and subsequent amendments, the terms “and to the anti-money laundering unit” are repealed.

6. In article 33, paragraph 1 of Law no. 96 of 29 June 2005 and subsequent amendments, letter: “e. the anti-money laundering unit” is repealed.

7. Article 48, paragraph 2 of Law no. 96 of 29 June 2005 and subsequent amendments is replaced by the following:

> “The Committee for Credit and Savings shall be entrusted with the functions of directing and guiding the supervision over banking, financial and insurance activities and promoting national and international cooperation to effectively prevent and combat money laundering and terrorist financing.”

8. After paragraph 3 of article 48 of Law no. 96 of 29 June 2005 and subsequent amendments, the following paragraphs are added:

> “4. For the purpose of promoting national and international cooperation to effectively combat money laundering and terrorist financing, the Committee for Credit and Savings shall convene on a regular basis.
> 5. A Magistrate appointed by the Judicial Council during an ordinary sitting, the Director of the Financial Intelligence Agency or one of his delegates and a representative appointed by the Commanders of the Police Forces shall attend the meetings referred to in the previous paragraph.
> 6. The President of the Committee, according to the items on the agenda, can invite representatives of Professional Associations, Public Administrations, and the obliged parties envisaged by the law on the prevention and combating of money laundering and terrorist financing to take part in such meetings.”

Article 86

(Amendments to the law on companies and banking, financial and insurance services)

1. Article 36, paragraph 5, letter b) of Law no. 165 of 17 November 2005 is replaced by the following:

> “to the supervisory authority in the exercise of its functions of supervision, and to the Financial Intelligence Agency in the exercise of its functions of preventing and combating money laundering and terrorist financing.”

2[56].

[56] Repealed by art. 29 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

CHAPTER V

AMENDMENTS TO THE COMPANY LAW

Article 87[57]

(Meeting of anonymous companies)

Article 88[58]

(FULFILMENT OF CUSTOMER DUE DILIGENCE REQUIREMENTS IN RESPECT OF ANONYMOUS COMPANIES)

TITLE VIII

TRANSITORY AND FINAL PROVISIONS

Article 89

(Repeal)

1. The following shall be repealed:
   a) article 9 of Law no. 41 of 25 April 1996 "Provisions on currency matters";
   b) articles 6, 8 and 16 of Law no. 28 of 26 February 2004 "Provisions on anti-terrorism, anti-money laundering and anti-insider trading";
   c) article 39, paragraph 3 of Law no. 165 of 17 November 2005 "Law on companies and banking, financial and insurance services";
   d) Decree no. 71 of 29 May 1996 "Provisions on anti-money laundering";
   e) Law No. 123 of 15 December 1998 "Law on anti-money laundering and usury";
   f) any provision in contrast with this Law.

Article 90

(Delegated Decree)

1. The following shall be regulated by delegated decree:
   a) custody, administration and management of economic resources that are subject to freezing measures;
   b) control on cross-border transportation of cash and similar instruments;
   c) procedures for closing bearer passbooks that have not been converted within the time limits set forth in article 31.

2. Upon proposal of the Agency, other parties and activities to be subjected to the requirements envisaged by this law may be identified by means of a delegated decree.

3. The amounts set forth in article 26, paragraph 2 may be modified by delegated decree.

Article 91

[57] Repealed by Art. 30 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)
[58] Repealed by Art. 30 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010)

(Delegated Decree regulating the Agency)

1. Within one month from the publication of this Law, the Congress of State shall regulate by a delegated decree:
   a) the professional, independence and respectability requirements referred to in article 3, as well as the cases of non-compatibility;
b) the legal status and remuneration of the Agency staff;
c) the functions of the Director and Vice Director of the Agency;
d) the organizational, functional and financial structure of the Agency.

Article 92

(Beginning of the effectiveness of the Agency)

1. The Director of the Agency, appointed pursuant to article 3, shall inform the Congress of State, through the Secretariat of State for Finance and the Budget, when the Agency begins to be effective.

Article 93

(Transfer of functions regarding financial analysis activities)

1. At the date of entry into force of this law, the functions and powers for the purposes of combating money laundering and terrorist financing assigned to the Central Bank of the Republic of San Marino through the provisions repealed by this law shall be transferred to the Agency.

2. Until the communication referred to in article 92, the functions and powers assigned to the Agency by this law shall be exercised by the Central Bank.

3. The information and documents, also in electronic format, regarding the suspicious transaction reports received, any financial analysis carried out and the exchange of information between financial intelligence units, shall be sent in copy by the Central Bank to the Agency within 30 days following the communication referred to in article 92. The Director of the Agency shall acknowledge delivery of the documents.

4. The electronic systems and devices used by the Central Bank for financial analysis and exchange of information shall be transferred to the Agency within 30 days following the communication referred to in article 92.

5. The Central Bank shall continue to conduct financial analysis with respect to the suspicious transaction reports received before the communication referred to in article 92, in accordance with the provisions set forth in this law and to the fullest extent consistent with the organizational structure of the Central Bank. For the analysis being undertaken on that date, the Central Bank may make use of the electronic systems and devices transferred to the Agency.

6. Within three months from the communication set forth in article 92, the Central Bank shall inform the Agency of the results of the financial analysis of the suspicious transaction reports received before that communication. To this end, the Central Bank shall transmit a copy of the relevant documentation to the Agency.

7. The documents and information already acquired by the Central Bank in the exercise of its functions and powers for the prevention and combating of money laundering, shall not be used for other purposes set forth in article 3 of Law no. 96 of 29 June 2005.

8. Until the recruitment of its staff is completed, the Agency shall rely on the employees and officials of the Central Bank, identified by the Director of the Agency, in agreement with the Director of the

Central Bank, taking into consideration the operational and functional requirements of both the Agency and the Central Bank.

Article 94

(Technical Annex)

1. For the purposes of identifying the parties referred to in article 1, paragraph 1, letter n), as well as the “assets” or “funds” referred to in article 1, paragraph 1, letter e), reference shall be made to the provisions in the Annex to this Law.

2. The Annex referred to in the previous paragraph may be modified or supplemented by delegated decree.

Article 95

(Timing of compliance and instructions)

1. The obliged parties shall be required to fulfil the requirements of customer due diligence, registration and reporting starting from the entry into force of this Law.

2. Within six months from the communication referred to in article 92, the Agency shall issue the following instructions:

a) On the procedures for the fulfilment of the requirements referred to in article 22, paragraph 1, letter b);
b) on risk-assessment and additional assessments referred to in article 25;
c) on the identification carried out through third parties and on the procedures for the transmission of documents and information referred to in article 29;
d) on the information that shall be acquired in case of transfer of funds pursuant to article 33;
e) on the typologies of suspicious transactions and procedures for analysing the transactions referred to in article 36;
f) on the data and information that shall be recorded and maintained according to article 34, paragraph 1.

3. Subject to article 25, the obliged parties shall be required to meet the requirements referred to in the previous paragraph according to the procedures set forth in the instructions issued by the Agency.

4. The provisions referred to in the previous paragraphs shall also apply to occasional transactions and professional services which might be being carried out at the entry into force of this law, as well as to relationships existing on that date.

5. The Agency shall suggest to the Congress of State, through the Committee for Credit and Savings, the identification of foreign jurisdictions whose system for the prevention and combating of money laundering and terrorist financing is equivalent to that set forth in international standards. The Congress of State shall identify the equivalent jurisdictions by adopting a relevant decision.

6. The circulars and standard letters issued by the Central Bank regarding the prevention and combating of money laundering and terrorist financing shall continue to be applied, mutatis mutandis, until the instructions referred to in paragraph 2 are issued.

Article 96

(Entry into force)

1. This Law shall enter into force three months after its legal publication.

Done at our Residence, on 17June 2008

THE CAPTAINS REGENT

Rosa Zafferani – Federico Pedini Amati

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

TECHNICAL ANNEX

Article 1[59]

(Politically exposed persons referred to in Article 1, paragraph 1, letter n)

1. The expression "politically exposed persons" shall mean:
A) natural persons, residing in a foreign State, who are or have been entrusted, during the year preceding the establishment of the business relationship, the carrying out of the transaction or the provision of the professional service, with prominent public functions, including the following functions, even if differently named:
1) heads of State, heads of government, ministers, deputy ministers, assistant ministers, members of parliaments,
2) members of judicial bodies whose decisions are not generally subject to further appeal,
3) members of the board of directors of central banks or supervisory authorities,
4) ambassadors, chargés d'affaires, high-ranking officers in the armed forces,
5) members of the administrative, management or supervisory bodies of State-owned enterprises;
B) immediate family members or persons known to be close associates of the persons referred to in the preceding letter, including the following persons:
1) the spouse or any partner considered as equivalent to the spouse,
2) the children and their spouses,
3) the parents;
C) any natural person who is known to have beneficial ownership of companies or legal entities with a person referred to in letter A);
D) any natural person who has sole beneficial ownership of a company, legal entity or legal arrangement which is known to have been set up for the benefit de facto of the person referred to in letter A) above.
2. The obliged parties shall continue to meet, on a risk-sensitive basis, enhanced customer due diligence requirements even if they have ceased to be entrusted with a prominent public function.

Article 2

("Assets" or "funds" referred to in article 1, paragraph 1, letter e)

1. "Assets" or "funds" shall mean: property of every kind, whether tangible or intangible, movable or immovable, including means of payment and credit instruments, documents or instruments in any form, including electronic or digital, evidencing title to, or interest in such property, including, but not limited to:

a) cash, checks, drafts, claims on money, money orders and other means of payment;
b) deposits with banks or financial institutions or other entities, balances on accounts, debts, debt obligations and publicly and privately traded securities, as well as financial instruments as defined by Law no. 165 of 17 November 2005 and subsequent amendments;
c) interest, dividends and other income and value accruing from or generated by assets;
d) credit, right of set-off, guarantees, performance bonds and other financial commitments, letters of credit, bills of lading and bills of sale;
e) documents evidencing an interest in funds or economic resources;
f) any other instrument of export-financing.

[59] As amended by Art. 29 of Decree-Law no. 134 of 26 July 2010

4. DECREE-LAW NO. 134 OF 26 JULY 2010- URGENT PROVISIONS MODIFYING THE LEGISLATION ON THE PREVENTION AND COMBATING OF MONEY LAUNDERING AND TERRORIST FINANCING

The Italian text shall be legally binding

DECREE – LAW no. 134 of 26 July 2010
(ratifying Decree – Law no. 126 of 15 July 2010)

We the Captains Regent of
the Most Serene Republic of San Marino

Having regard to Decree – Law no. 126 of 15 July 2010 "Urgent provisions modifying the legislation on the prevention and combating of money laundering and terrorist financing", which has been promulgated:
Having regard to the conditions of need and urgency referred to in Article 2, paragraph 2, letter b) of Constitutional Law no. 183 of 15 December 2005 and in Article 12 of Qualified Law no. 184 of 12 December 2005, with particular reference to the need and urgency:

- *to transpose into the San Marino legal order some important guidelines on preventing and combating money laundering and terrorist financing;*
- *to solve some interpretative and operational problems identified in application of Law no. 92 of 17 June 2008 and subsequent measures amending and implementing said Law;*
- *to introduce specific requirements or protections concerning "delicate" parties or activities not previously disciplined;*
- *to appropriately modify the criminal law system in view of the ratification of the Council of Europe Warsaw Convention (CETS 198);*

Having regard to Decision no. 23 of the State Congress, adopted in its sitting of 12 July 2010;
Having regard to the amendments made to the above-mentioned Decree during its ratification by the Great and General Council in its sitting of 22 July 2010;
Having regard to Articles 8 and 9, paragraph 5 of Qualified Law 186/2005;
Promulgate and order the publication of the final text of Decree-Law no. 126 of 15 July 2010 as modified following the amendments approved by the Great and General Council during its ratification:

URGENT PROVISIONS MODIFYING THE LEGISLATION ON THE PREVENTION AND COMBATING OF MONEY LAUNDERING AND TERRORIST FINANCING

TITLE I
COMPLIANCE OF THE NATIONAL LEGISLATION WITH INTERNATIONAL CONVENTIONS AND STANDARDS ON THE PREVENTION AND COMBATING OF MONEY LAUNDERING AND TERRORIST FINANCING

Art. 1

1. Article 1, paragraph 1, letter n) of Law no. 92 of 17 June 2010 shall be modified as follows:

"n) "politically exposed persons": individuals, residing in a foreign State, who are or have been entrusted, during the year preceding the establishment of the business relationship, the carrying out of the transaction or the provision of the professional service, with prominent public functions, as well as their immediate family members or persons known to be close associates of such persons, as provided for in the Technical Annex to this Law;".

Art. 2

1. The following shall be added after the third paragraph of Article 12 of Law no. 92 of 17 June 2010:

“4. Whenever, in the exercise of its functions, the Police Authority has reasonable grounds to believe that the funds are proceeds of crime, it may request the cooperation of the Financial Intelligence Agency with a view to carrying out financial investigations. This cooperation may be requested also with regard to investigations involving crimes that could be the predicate offences for money laundering or terrorist financing.
5. The investigations carried out by the Police Authority shall be focused on identifying the offender, detecting the crime and seeking the destination of the funds in order to establish whether they have been used to commit other crimes.
6. For the purposes of this Law, the Police Authority shall have unlimited access, also through electronic means, to data and information contained in registers, archives, professional registers, acts and documents kept by Public Administration offices.
7. For the purposes of this Law, the Police Authority shall cooperate with foreign counterparts also by exchanging information, on the basis of specific cooperation agreements.”.

Art. 3

1. In Article 8, paragraph 1 of Law no. 92 of 17 June 2008, the term “publicly” shall be eliminated.
2. In Article 8, paragraph 2 of Law no. 92 of 17 June 2008, the expression “Except as provided in the previous paragraph” shall be eliminated.

Art. 4

1. The following article shall be added after Article 15 of Law no. 92 of 17 June 2010:

“Art. 15 – bis
(Technical Commission for National Coordination)

1. The Technical Commission for National Coordination shall be established. Such Commission shall be composed of:
a) the Magistrate appointed by the Judicial Council in an ordinary session to attend the meetings of the Credit and Savings Committee referred to in Article 48, paragraph 5 of Law no. 96 of 29 June 2005, who shall preside over the meetings of the Commission;
b) the Head Magistrate of the Single Court;
c) the Director and the Vice Director of the Financial Intelligence Agency or their delegated representatives;
d) a member of the Supervision Committee of the Central Bank;
e) a representative of the On-Site Inspection Service of the Central Bank;
f) the Commanders of the Police Forces;
g) two members of the Police Forces responsible for combating money laundering and terrorist financing;
h) a representative of the Secretariats of State for Foreign Affairs, Finance and Justice when the Commission meets to perform the tasks referred to in letter b) of paragraph 3 hereunder.
2. The Commission shall meet periodically upon request of the President or of another member. A verbatim record of the meeting shall be duly taken.
3. The Commission shall perform the following tasks:
a) coordinate the activity of combating money laundering and terrorist financing carried out by the above indicated authorities;
b) effect the communications referred to in Article 49, paragraph 7 of Law no. 92 of 17 June 2008;
c) report to the Credit and Savings Committee referred to in Article 48, paragraph 4 of Law no. 96 of 29 June 2005 about the tasks performed;
d) propose to the Credit and Savings Committee any useful initiative aimed at effectively preventing and combating money laundering and terrorist financing;
e) monitor financial activities carried out on a limited basis, not required to fulfil the obligations referred to in Title III of this Law, according to a specific law provision.
4. According to the items on the agenda, the Commission may invite other representatives of Public Authorities or Offices to attend the meetings.
5. The seat of the Commission shall be at the Financial Intelligence Agency, which shall take care of all the administrative aspects of its functioning.”.

Art. 5

1. The first paragraph of Article 14 of Law no. 92 of 17 June 2008 shall be replaced by the following:

"Art. 14
(Competence of the Central Bank)

1. Whenever the Central Bank, in performing its supervision tasks over the financial parties referred to in Article 18, paragraph 1, letters a), d) and e), or in performing its other statutory functions, detects violations of this Law, or facts or circumstances that might be related to money laundering or terrorist financing, it shall immediately inform the Agency thereof in written form.".

Art. 6

1. Article 19 of Law no. 92 of 17 June 2008 shall be replaced by the following:

"Art. 19
(Non-financial parties)

1. Non-financial parties shall mean parties professionally carrying out the following activities:
a) professional office of the trustee in conformity with the trust legislation;
b) assistance and advice concerning investment services;
c) assistance and advice on administrative, tax, financial and commercial matters;
d) credit mediation services;
e) real estate mediation services;
f) running of gambling houses and games of chance as set forth in Law no 67 of 25 July 2000 and subsequent amendments;
f-bis) offer of games, betting or contests with prizes in money through the Internet and other electronic and telecommunication networks;
g) custody and transport of cash, securities or values;
h) management of auction houses or art galleries;
i) trade in antiques;
j) purchase of unrefined gold;
k) manufacturing, mediation and trade in precious stones and metals, including export and import thereof;
l) selling and rental of registered movable goods.
2. In case a non-financial party professionally carries out more than one activity, but not all of these activities are included in paragraph 1 above, the requirements provided for in this Law shall apply only to activities referred to in such paragraph.
3. With its own instructions, the Agency may establish what kind of transactions, services or relationships are included among the activities referred to in paragraph 1 above or may be excluded from such activities on the basis of the degree of risk of money laundering or terrorist financing.".

Art. 7

1. Article 20, paragraph 1, letter c) of Law no. 92 of 17 June 2008 shall be replaced by the following:

"c) those enrolled in the register of Lawyers and Notaries of the Republic of San Marino, when they carry out, on behalf of or for their client, any financial or real estate transaction, or when they assist in the planning or carrying out of transactions for their client concerning the:
1) transfer at any title of rights in rem in relation to real estate or companies;
2) managing of client money, securities or other assets;
3) opening or management of bank, savings and securities accounts;
4) creation, operation or management of companies, trusts or similar arrangements, with or without legal personality;
5) organisation of contributions necessary for the creation, operation or management of companies;
6) transfer at any title of shares in a company.".

Art. 8

1. Article 22, paragraph 1, letter b) of Law no. 92 of 17 June 2008 shall be modified as follows:

"b) identification of the beneficial owner and adoption of adequate and risk-based measures to verify his/her identity;".

Art. 9

1. The first paragraph of Article 23 of Law no. 92 of 17 June 2008 shall be modified as follows:

"Art. 23
(Identifying and verifying the identity of customers and beneficial owners)

1. The obliged parties shall identify and verify, also through their employees or collaborators, the identity of customers and beneficial owners before establishing a business relationship or carrying out a transaction.".

Art. 10

1. Article 24 of Law no. 92 of 17 June 2008 shall be modified as follows:

"Art. 24
(Abstention requirements)

1. If the obliged parties are not able to meet the customer due diligence requirements provided for in Articles 22, 23 and 25, they shall abstain from establishing new business relationships or carrying out occasional transactions, and they shall interrupt already established relationships at the earliest convenience. In any case, the obliged parties shall decide whether to send a report to the Agency.
2. Those enrolled in the registers of Lawyers and Notaries and of Accountants shall not be required to comply with the provision contained in the previous paragraph in the course of ascertaining the legal position of their client or in performing their task of defending or representing that client in, or concerning judicial or administrative proceedings, including advice on instituting or avoiding proceedings.
3. The obliged parties shall abstain from carrying out transactions when there are reasonable grounds to believe that these transactions could be related to money laundering or terrorist financing. Abstention shall not give rise to any civil and contractual liability towards clients or third parties. In these cases, a report shall be promptly sent to the Agency. Where abstention is not possible because there is a legal requirement to receive the act, or the carrying out of the transaction by its nature cannot be postponed, the obliged parties shall inform the Agency immediately after carrying out the transaction, by taking every precaution to identify the destination of the funds involved in the transaction. The judicial authority shall authorise the carrying out of transactions when abstention might hinder ongoing investigations.".

Art. 11

1. The first paragraph of Article 25 of Law no. 92 of 17 June 2008 shall be modified as follows:

"1. The obliged parties shall be required to apply customer due diligence procedures to all clients. With regard to existing customers, the above procedures shall be applied at the earliest convenience on a risk-sensitive basis.".

Art. 12

1. Article 27 of Law no. 92 of 17 June 2008 shall be replaced by the following:

"Art. 27
(Enhanced customer due diligence)

1. The obliged parties shall take, on a risk-sensitive basis, enhanced customer due diligence measures in situations which, by their nature, may entail a higher risk of money laundering or terrorist financing. With its own instructions, the Financial Intelligence Agency shall establish what degrees of risk require the adoption of enhanced customer due diligence measures, as well as the contents of such enhanced customer due diligence.
2. The obliged parties shall take enhanced customer due diligence measures when:
a) the customer is not physically present;
b) the customer is a politically exposed person. The obliged parties shall adopt adequate procedures in relation to the activity carried out in order to determine whether the potential customer, the customer or the beneficial owner is a politically exposed person.
3. In the case referred to in letter a) of paragraph 2, the obliged parties shall compensate for the higher risk by adopting at least one of the following measures:

a) ensuring that the first transfer of funds in relation to the establishment of the business relationship or to the occasional transaction is carried out through an account opened in the customer's name with a financial party referred to in Article 26, paragraph 1, letters a) and b);
b) verifying the identity of the customer through additional documents or information to complement those required for face-to-face customers;
c) taking supplementary measures to verify the documents presented;
d) requiring the certification of information or documents presented;
e) requiring confirmatory certification by a financial party referred to in Article 26, paragraph 1, letters a) and b) that it has already met customer due diligence requirements.
4. In the case referred to in letter b) of paragraph 2, the obliged parties shall:
a) when the obliged parties are incorporated businesses, obtain the authorisation from the Director General, or equivalent, or from a person delegated by the Director General, before establishing a business relationship or carrying out an occasional transaction. This authorisation shall be obtained even where the customer or beneficial owner becomes or is found to be a politically exposed person after he/she has been accepted;
b) take any appropriate measure to establish the source of the funds and wealth of the customer or beneficial owner identified as politically exposed person, which have been used in the business relationship or in carrying out the occasional transaction;
c) ensure an ongoing and enhanced control over the relationship with the customer.
5. The financial parties referred to in Article 18, letters a), b) and c) that maintain business relationships or carry out occasional transactions with foreign financial parties located in States not imposing obligations equivalent to those set forth in this Law and not providing for any supervision and control of compliance with such obligations, shall adopt the following enhanced customer due diligence measures:
a) gather sufficient information about a respondent foreign party to understand fully the nature of the respondent's business and to determine from publicly available information the reputation of the respondent and the quality of supervision;
b) assess the adequacy and effectiveness of controls carried out by the respondent party in relation to the prevention and combating of money laundering and terrorist financing;
c) obtain the authorisation from the Director General, or equivalent, or from a person delegated by the Director General, before establishing a business relationship or carrying out an occasional transaction;
d) specify in written form the respective obligations and responsibilities concerning the prevention and combating of money laundering and terrorist financing.
6. The financial parties referred to in Article 18, letters a) and b) shall ensure that the respondent party located in a State, which is not a member of the European Union (I) has verified the identity of customers having direct access to payable-through accounts, (II) has constantly met customer due diligence requirements, and (III) is able to provide, upon request, the financial party with information obtained following the meeting of such requirements.
7. The obliged parties shall pay special attention to any money laundering or terrorist financing threat that may arise from products or transactions that might favour anonymity, and take measures, if needed, to prevent their use for money laundering or terrorist financing purposes.

Art. 13

1. The first paragraph of Article 29 of Law no. 92 of 17 June 2008 shall be replaced by the following:

"Art. 29
(Customer due diligence performed by third parties)

1. In order to meet the requirements laid down in Article 22, paragraph 1, letters a), b) and c), the obliged parties may rely on third parties with whom the customers have business relationships or whom have been tasked by the customers with carrying out an occasional transaction. For this purpose, third parties shall issue, if requested by the customer, a document attesting that they have met customer due diligence requirements. Also in this case, the ultimate responsibility for meeting customer due diligence requirements shall remain with the obliged parties.".

Art. 14

1. Article 34 of Law no. 92 of 17 June 2008 shall be replaced by the following:

"Art. 34
(Information and record keeping and registration requirements)

1. The obliged parties shall register the data and information obtained to meet customer due diligence requirements and shall keep the records and copies of the documents obtained for a period of at least five years following the end of the business relationship or the carrying out of the occasional transaction.
2. The obliged parties shall register and keep the supporting evidence and records of business relationships and occasional transactions or of services provided. In particular, they shall register and keep original documents or copies admissible in court proceedings for a period of at least five years following the carrying out of the transaction or the provision of the service.
3. The data and information referred to in the preceding paragraphs shall be registered no later than the fifth day following their obtaining.
4. All data, information and documents registered and kept by the obliged parties shall be made available to the Agency without delay in order to enable it to perform its tasks of preventing and combating money laundering and terrorist financing.
5. In case of financial parties, keeping and registration requirements referred to in paragraphs 1 and 2 above shall apply to all transactions, both domestic and international, concerning existing and terminated business relationships, as well as to occasional transactions.
6. The Agency may order that data, documents and information referred to in the preceding paragraphs be kept for more than five years for the purposes of this Law.".

Art. 15

1. The following shall be added after Article 34 of Law no. 92 of 17 June 2008:

"Art. 34 bis
(Management of registrations and documents concerning financial parties that have ceased to carry out reserved activities)

1. Following withdrawal, waiver or lapse of the authorisation to carry out a reserved activity, the financial party shall, even if in ordinary or compulsory winding-up, appoint a person responsible for keeping, for the purposes of this Law, documents and electronic archives for at least five years, or more if requested by the Agency.
The person referred to in the preceding paragraph shall satisfy the requests made by the Financial Intelligence Agency concerning existing relationships and/or movements and submit, if requested, the necessary documents.
The remuneration due to the person referred to in paragraph 1 above for performing his/her tasks shall be paid by the obliged party. The obliged party shall provide the above-mentioned person with appropriate premises to keep documents and electronic and paper-based archives.
The functions performed by the above-mentioned person shall not be incompatible with those of liquidator or commissioner.".

Art. 16

1. Article 36 of Law no. 92 of 17 June 2008 shall be replaced by the following:

"Art. 36
(Reporting requirements)

1. The obliged parties shall report the following to the Agency without delay:
a) any transaction - even if not carried out – which, because of its nature, characteristics, size or in relation to the economic capacity and activity carried out by the customer to which it is referred, or for any other known circumstance, arouses suspicion that the economic resources, money or assets involved in said transaction may derive from offences of money laundering or terrorist financing or may be used to commit such offences;
b) anyone or any fact that, for any circumstance known on the basis of the activity carried out, may be related to money laundering or terrorist financing;
c) the funds that the obliged parties know, suspect or have grounds to suspect to be related to terrorism or may be used for purposes of terrorism, terrorist acts, terrorist organisations and by those financing terrorism or by an individual terrorist.
2. If the report is made orally, the obliged party shall forward a written report to the Agency without delay providing all data and information required to conduct the financial investigation.".

Art. 17

1. Paragraph 1 of Article 42 of Law no. 92 of 17 July 2008 shall be replaced by the following:

"1. When the financial parties are incorporated businesses, they shall internally appoint a compliance officer in charge of receiving internal suspicious transaction reports, further analysing such reports and forwarding them to the Agency, in case he/she considers that they are well-grounded on the basis of all elements in his/her possession, also inferred from other sources. The suspicious transaction reports shall be forwarded to the Agency without the name of the individual who has detected the suspicious transaction in accordance with Article 36.".

Art. 18

1. Paragraph 4 of Article 42 of Law no. 92 of 17 July 2008 shall be replaced by the following:

"4. Until the appointment of the compliance officer, all duties and responsibilities related to said function shall be assigned to the legal representative. In case the compliance officer is absent, even temporarily, all duties and responsibilities related to said function may be assigned to a substitute. The substitute shall be appointed according to what envisaged in paragraphs 2 and 3 of this Article for the compliance officer. In case both the compliance officer and the appointed substitute are absent, all duties and responsibilities related to said function shall be assigned to the legal representative.".

Art. 19

1. Article 44 of Law no. 92 of 17 July 2008 shall be replaced by the following:

"Art. 44
(Internal procedures and controls)

1. The obliged parties shall adopt policies and procedures in compliance with the requirements of this Law and with the instructions issued by the Agency with a view to preventing and combating money laundering and terrorist financing. In particular, they shall adopt policies and procedures to prevent the misuse of technological developments, related to the activities carried out, in money laundering or terrorist financing schemes. Moreover, they shall adopt policies and procedures to address any risks associated with non-face to face business relationships or transactions.
2. The obliged parties shall communicate to all employees and collaborators the requirements set forth in this Law and in the instructions issued by the Agency. The obliged parties shall communicate to all employees and collaborators the measures and procedures adopted for the purpose of preventing and combating money laundering and terrorist financing.
3. The obliged parties shall promote ongoing employee training also through participation in specific training programmes concerning the prevention and combating of money laundering and terrorist financing.
4. The obliged parties shall develop and organise adequate internal controls to prevent and combat the involvement in business relationships or transactions relating to money laundering or terrorist financing.
5. The obliged parties shall be equipped with information technology or electronic means necessary to guarantee that reports are sent to the Agency in a prompt and confidential manner. The reports sent to the Agency shall be accessible only to the obliged parties.
6. The financial parties shall extend the requirements referred to in this Article to foreign branches.
7. The financial parties shall put in place screening procedures to ensure high standards when hiring employees and collaborators, taking into account their role and functions.".

Art. 20

1. The first paragraph of Article 53 of Law no. 92 of 17 July 2008 shall be replaced by the following:

"Art. 53
(Violation of secrecy requirements regarding suspicious transaction reports)

1. Unless the fact constitutes a more serious crime, anyone revealing – outside the cases provided for by law - that a report has been forwarded or that a money laundering or terrorist financing investigation is ongoing or may be initiated, shall be punished with first degree imprisonment, third degree interdiction and second degree daily fine.".

Art. 21

1. The first paragraph of Article 54 of Law no. 92 of 17 July 2008 shall be replaced by the following:

"Art. 54
(False or non-declarations regarding customers)

1. Unless the fact constitutes a more serious crime, anyone failing to provide the particulars of the person on behalf of whom the transaction is carried out or providing false particulars, or anyone failing to indicate the beneficial owner or providing false indications about the beneficial owner, shall be punished with second degree imprisonment or second degree daily fine.".

Art. 22

1. Article 55 of Law no. 92 of 17 July 2008 shall be replaced by the following:

"Art. 55
(Non-compliance with reporting requirements)

1. Unless the fact constitutes a more serious crime, anyone not complying with the reporting requirements set forth in Article 36 shall be punished with first degree imprisonment, third degree interdiction and second degree daily fine.".

Art. 23

1. Article 61 of Law no. 92 of 17 July 2008 shall be replaced by the following:

"Art. 61
(Violation of customer due diligence and abstention requirements)

1. Violations of the customer due diligence requirements established by this Law shall be punished with first degree imprisonment or second degree daily fine. A pecuniary administrative sanction from 2,000 to 40,000 euro and third degree interdiction shall also apply.
2. If violations of customer due diligence requirements are perpetrated by using fraudulent means, the punishments envisaged in the preceding paragraph shall be increased by one degree and the pecuniary administrative sanction shall be doubled.
3. Violations of the abstention requirements set forth in Article 24 shall be punished with first degree imprisonment or second degree daily fine. A pecuniary administrative sanction from 5,000 to 50,000 euro and third degree interdiction shall also apply.
4. Except as provided in Article 54, violations of the obligations to provide information necessary to comply with customer due diligence requirements shall be punished with first degree imprisonment or second degree daily fine. A pecuniary administrative sanction from 3,000 to 50,000 euro and third degree interdiction shall also apply.".

Art. 24

1. Article 62 of Law no. 92 of 17 July 2008 shall be replaced by the following:

"Art. 62
(Non-compliance with or delay in meeting keeping and registration requirements)

1. Anyone failing to meet the requirements set forth in Article 34, paragraphs 1, 2 and 3 shall be punished with first degree imprisonment or second degree daily fine. A pecuniary administrative sanction from 2,000 to 40,000 euro and third degree interdiction shall also apply.
2. If violations of such requirements are perpetrated by using fraudulent means, the punishments shall be increased by one degree and the pecuniary sanction shall be doubled.".

Art. 25

1. The following shall be added after Article 62 of Law no. 92 of 17 July 2008:

"Art. 62 bis
(Non-compliance with or delay in implementing the blocking provision)

1. Anyone failing to comply with or delaying the provision with which the Agency orders the blocking referred to in Article 5, paragraph 1, letter d) of this Law shall be punished with first degree imprisonment or second degree daily fine. A pecuniary administrative sanction from 2,000 to 40,000 euro and third degree interdiction shall also apply.
2. If violations are perpetrated by using fraudulent means, the punishments shall be increased by one degree and the pecuniary sanction shall be doubled.".

Art. 26

1. The following shall be added after Article 62-bis of Law no. 92 of 17 July 2008:

"CHAPTER II
ADMINISTRATIVE VIOLATIONS

Art. 62-ter
(Violation of the prohibition to operate with shell banks)

1. Violations of the provision set forth in Article 28 shall be punished with a pecuniary administrative sanction from 2,000 to 50,000 euro.".

Art. 27

1. Articles 66 and 67 of Law no. 92 of 17 July 2008 shall be replaced by the following:

"Art. 66
(Other violations)

1. Without prejudice to the criminal and administrative violations referred to in the preceding articles, violations of other provisions envisaged in this Law shall be punished with a pecuniary administrative sanction from 3,000 to 100,000 euro.

"Art. 67
(Violations of instructions)

1. Unless the fact constitutes a crime or a more serious administrative violation, failure to comply with the instructions issued by the Agency shall be punished with a pecuniary administrative sanction from 3,000 to 100,000 euro.".

Art. 28

1. Article 75 of Law no. 92 of 17 July 2008 shall be replaced by the following:

"Art. 75
(Invalidity of the acts concerning the disposal of property subject to confiscation)

1. Any act – performed at any title – concerning the disposal of property, funds or resources that constitute, directly or indirectly, the price, product or proceeds of an offence shall be invalid if the person who has received such property, funds or resources knew or should have known that they derived from an offence.
2. The Government Syndics shall sue the transferor, the transferee and any successors in title, who shall be jointly sentenced to transfer the property, funds or economic resources to the State, or, if this is not possible, to pay an equivalent amount.
3. It shall be for the transferee and any successors in title to demonstrate their good faith in conformity with the first paragraph of this Article.
4. Any other reciprocal action performed between the transferor, the transferee and any successors in title shall not be affected.

5. All actions performed by the victim of the offence, from which the property, funds or resources derive, shall not be affected.
6. The provisions referred to above shall apply by way of derogation from the general rules concerning contractual invalidity, with a view to preventing and combating money laundering and terrorist financing in a more effective way.
7. In conformity with the aim referred to in the preceding paragraph, the judge shall, upon request of the interested party, give effect to the foreign measure which, in the framework of non-criminal proceedings aimed at confiscating the property, funds or resources envisaged in paragraph 1 above, identifies the same property, funds or resources and orders precautionary measures for their preservation. The judge shall verify the authenticity and enforceability of the foreign measure and that its implementation is not contrary to public order. The requested acts shall not prejudice the Republic's sovereignty, security and other essential interests. As for all aspects not covered, the procedural rules concerning civil judgements shall apply.".

Art. 29

1. Article 1 of the Technical Annex to Law no. 92 of 17 June 2008 shall be modified as follows:

"Art. 1
(Politically exposed persons referred to in Article 1, paragraph 1, letter n)

1. The expression "politically exposed persons" shall mean:
A) natural persons, residing in a foreign State, who are or have been entrusted, during the year preceding the establishment of the business relationship, the carrying out of the transaction or the provision of the professional service, with prominent public functions, including the following functions, even if differently named:
1) heads of State, heads of government, ministers, deputy ministers, assistant ministers, members of parliaments,
2) members of judicial bodies whose decisions are not generally subject to further appeal,
3) members of the board of directors of central banks or supervisory authorities,
4) ambassadors, chargés d'affaires, high-ranking officers in the armed forces,
5) members of the administrative, management or supervisory bodies of State-owned enterprises;
B) immediate family members or persons known to be close associates of the persons referred to in the preceding letter, including the following persons:
1) the spouse or any partner considered as equivalent to the spouse,
2) the children and their spouses,
3) the parents;
C) any natural person who is known to have beneficial ownership of companies or legal entities with a person referred to in letter A);
D) any natural person who has sole beneficial ownership of a company, legal entity or legal arrangement which is known to have been set up for the benefit de facto of the person referred to in letter A) above.
2. The obliged parties shall continue to meet, on a risk-sensitive basis, enhanced customer due diligence requirements even if they have ceased to be entrusted with a prominent public function.".

TITLE II
FINANCIAL ACTIVITY CARRIED OUT ON AN OCCASIONAL OR VERY LIMITED BASIS

Art. 30
(Foreign exchange negotiation carried out on an occasional and limited basis)

1. Legal persons carrying out foreign exchange negotiation on an occasional and limited basis shall not be required to fulfil the obligations envisaged in Title III of this Decree-Law whenever the following conditions are met:
a) the proceeds of this activity do not exceed 250 euro per month and the value of the transactions does not exceed a total of 5,000 euro per month;
b) this activity is limited in terms of transactions and in any case it does not exceed 3 transactions per month for each customer;
c) this activity is not the main activity and in any case it does not exceed 5% of the total proceeds;
d) this activity is merely ancillary to the main activity;
e) the main activity is not connected with the reserved activities referred to in Annex 1 to Law no. 165 of 17 November 2005;

f) this activity is carried out exclusively for the customers of the main activity and not for the general public.
2. Whenever the activity carried out under the conditions envisaged in the preceding paragraph entails money laundering or terrorist financing risks, the Congress of State may change the above conditions, once the opinion of the Technical Commission for National Coordination has been heard.

TITLE III
GAMES THROUGH THE INTERNET AND OTHER ELECTRONIC OR TELECOMMUNICATION NETWORKS

Art. 31
(Games through electronic means)

1. The offer of games, betting or contests with prizes in money through the Internet and other electronic and telecommunication networks without the prior authorisation of the Public Institution for Gaming Activities shall be prohibited.
2. Any violation of the preceding paragraph shall be punished according to Article 16 of Law no. 67 of 25 July 2000.
3. The Public Institution for Gaming Activities shall inform the Agency of any authorisation granted, according to the modalities and time-frames established by the latter.

TITLE IV
ADJUSTMENT OF THE NATIONAL LEGISLATION TO THE PRINCIPLES OF THE COUNCIL OF EUROPE CONVENTION ON LAUNDERING, SEARCH, SEIZURE AND CONFISCATION OF THE PROCEEDS FROM CRIME AND ON THE FINANCING OF TERRORISM (WARSAW CONVENTION OF 16 MAY 2005)

CHAPTER I
AMENDMENTS TO THE LEGISLATION IN FORCE

Art. 32
(Confiscation of proceeds of serious crime)

1. The third paragraph of Article 147 of the Criminal Code shall be replaced by the following paragraphs:

"3. In case of conviction, the confiscation of the instrumentalities that served or were destined to commit the offences referred to in Articles 150, 155 aggravated – ex Article 156, 167, 168, 169, 177 bis, 177 ter, 194, 195, 195 bis, 195 ter, 196, 199 paragraph 1, 199 bis, 204 paragraph 3 number 1, 204 bis, 207, 212, 237, 239, 241, 242, 246, 247, 248, 249, 295, 296, 297, 298, 299, 300, 305 bis, 308, 309, 337 bis, 337 ter, 371, 372, 373, 374 paragraph 1, 374 ter paragraph 1, 401, the felonies for the purpose of terrorism or subversion of the constitutional order, the felony referred to in Article 1 of Law no. 139 of 26 November 1997 and the felony referred to in Article 2 of Law no. 99 of 7 June 2010, as well as of the things being the price, product or profit thereof, shall always be mandatory.
4. When the instrumentalities that served or were destined to commit the offence or the things being the price, product or profit thereof have been intermingled, in whole or in part, with property acquired from legitimate sources, the judge shall order the confiscation of the intermingled proceeds, up to the assessed value of the instrumentalities that served or were destined to commit the offence or of the things being the price, product or profit thereof.
5. In the cases specified in paragraph 3, the judge shall also order the confiscation of money, property and other benefits of which the offender is not able to demonstrate the lawful origin.
6. Where confiscation is not possible, the judge shall impose an obligation to pay a sum of money corresponding to the value of the instrumentalities and things to be confiscated.".

Art. 33
(Punishment of predicate offences committed abroad under the San Marino Law)

1. In the last line of the third paragraph of Article 199 bis of the Criminal Code, the word "also" shall be deleted.

Art. 34

1. The last paragraph of Article 199 bis of the Criminal Code shall be repealed.

Art. 35
(Artificial transfer and possession of unexplained property)

"Article 199 ter
(Possession of unexplained property)

A person sentenced for the offences specified in Article 147, paragraph 3, who is caught in possession of money, property or other benefits of which he is not able to demonstrate the lawful origin, shall be punished by terms of third degree imprisonment or a fine.
The confiscation of the money, property or other benefits of which the offender is not able to demonstrate the origin shall always be mandatory. Where confiscation is not possible, the judge shall impose an obligation to pay a sum of money corresponding to the value of the things mentioned above".

Art. 36
(Violation of investigation secrecy)

1. After Article 53 of Law no. 92 of 17 June 2008, the following Article shall be added:

"Article 53 bis
(Violation of investigation secrecy)

1. Unless the conduct amounts to a more serious offence, anyone, apart from the cases laid down by law, who discloses the existence and/or the results of investigations, inspections or requests for information by the Judiciary, the Police Authority, the Financial Intelligence Agency or the Central Bank of the Republic of San Marino, concerning this Law or, in any case, covered by official secrecy, shall be punished by terms of second-degree imprisonment and disqualification.
2. If a blocking or seizure order has already been executed, the financial parties referred to in Article 6 of Law no. 92 of 17 June 2008 may inform the customer of the execution of the order, unless the Judicial Authority has placed limitations on such communication.".

Art. 37
(Management of property subject to seizure by the Criminal Judge)

1. If funds or economic resources deposited with authorised parties pursuant to Law no. 165 of 17 November 2005 are subject to criminal seizure, the Law Commissioner shall entrust the Central Bank with the task of ensuring the safe custody of said funds.
2. In funds or economic resources other than those specified in the preceding paragraph are subject to criminal seizure, the Law Commissioner shall inform the Civil Judge. The provisions envisaged by Delegated Decree no. 137 of 31 October 2008 shall apply mutatis mutandis.

Art. 38
(Probatory seizure)

1. By means of a reasoned decision, the Law Commissioner shall order the seizure of the *corpus delicti* and any relevant things that are necessary to ascertain the facts.
2. The *corpus delicti* shall include the things against or through which the offence was committed, as well as the things being the price, product or profit thereof.
3. The Judicial Authority or the personnel of the Judicial Police delegated by the Judicial Authority may examine and obtain copies of deeds, documents, letters, data and information contained in software at financial parties. They may also seize deeds, documents and letters, as well as securities, assets, deposited amounts and any other relevant item, even if contained in safety boxes, when they have reasonable grounds for suspecting that they are relevant to the offence, although they do not belong to the defendant or they are not registered in his/her name.
4. The order under which copies of documents can be obtained shall be notified to the *Procuratore del Fisco* and the financial party at which the documents are examined or acquired.

Art. 39

(Preventive seizure)

1. By means of a reasoned decision, the Law Commissioner shall order the seizure of the things relevant to the offence if there is a danger that the consequences of the offence may be aggravated or extended, or the perpetration of other offences may be facilitated.
2. The Law Commissioner may also order the seizure of the things liable to confiscation, or the property into which they have been transformed or converted, as well as of the property with which they have been intermingled and the economic benefits obtained.

CHAPTER II
COORDINATION RULES

Art. 40
(Register of notitiae criminis relating to the issue of bad cheques and thefts or damage committed by unknown people)

1. By way of derogation from Article 2 of Law no. 93 of 17 June 2008, the *notitiae criminis* relating to theft and damage offences committed by unknown people, as well as the offence of issuing a bad cheque shall be entered in a separate register in which the provisional legal classification of the facts, the date and place where they occurred and the identity of the offended party shall be registered. If the identity of the offender is established afterwards, the proceedings shall also be entered in the register of *notitiae criminis* referred to in Article 2 of Law no. 93 of 17 June 2008.

Art. 41
(Computerization of registers and records of the Single Court)

1. The registers and records of the Court may also be kept in electronic format.

Done at Our Residence, on 27 May 2010/1709 since the Foundation of the Republic

THE CAPTAINS REGENT
Marco Conti – Glauco Sansovini

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

5. CRIMINAL CODE (EXTRACT)

ITALIAN VERSION	ENGLISH VERSION
Art.5. ***Reato commesso nella Repubblica*** **–** È soggetto alle disposizioni del presente codice chiunque, anche straniero o apolide, commette un reato nel territorio dello Stato, salve le eccezioni stabilite dalle convenzioni internazionali. Agli effetti della Legge Penale sono considerati come territorio dello Stato il territorio della Repubblica, le navi, le costruzioni destinate alla navigazione da diporto e gli aeromobili sammarinesi dovunque si trovino, salvo che siano soggetti ad una legge territoriale straniera (*). Il reato si intende commesso nel territorio dello Stato quando il colpevole vi ha compiuto atti criminosi ovvero si è in esso verificato l'evento. (*) L'art. 5, comma 2, è stato così sostituito dall'art. 23 della legge 30 novembre 2004 n. 164 («istituzione di un registro navale per unità da diporto».	**Art. 5. Crimes committed in the Republic** – Anyone, even a foreigner or a stateless person, committing an offence within the territory of the State is subject to the provisions of this Criminal Code, subject to the exceptions established by international conventions. For the purposes of the Criminal Law, territory of the State means the territory of the Republic, San Marino ships, vessels for pleasure boating and aircrafts wherever they are, unless they are subject to a foreign law (*). The offence is considered to be committed in the territory of the State when the offender has committed unlawful acts or the event has taken place in said territory. (*) Art. 5, paragraph 2 was thus superseded by Art. 23 of Law no. 164 of 30 November 2004 ("Creation of a Ships Register for Pleasure Boats)
Art. 6. ***Reati commessi all'estero*** – È soggetto alle disposizioni del presente codice chiunque commette fuori dal territorio dello Stato uno dei misfatti previsti dagli articoli: 170, 185, 196, 284, 285, 305, 305 bis, 324, 325, 326, 328, 329, 331, 332, 333, 334, 337, 337 bis, 337 ter, 338, 339, 341, 342, 343, 344, 346, 347, 374 ter, 400, 401, 403, 403 bis, 405. È altresì soggetto chiunque commette i misfatti di cui agli articoli 167, 168, 244 e 268; i misfatti di cui agli articoli 237 e 239, se compiuti mediante dirottamento di aeromobili aventi per prima destinazione il territorio dello Stato ovvero da esso partiti; ogni altro reato per il quale le convenzioni o i trattati internazionali obbligano le Repubblica alla repressione di fatti commessi all'estero. La legge sammarinese si applica inoltre a chiunque commette, fuori del territorio dello Stato a danno di un cittadino sammarinese, misfatto punibile con la prigionia di grado non inferiore al secondo. *(*) L'art. 6, comma 1, è stato così modificato dall'art. 2 della legge 26 febbraio 2004 n. 28 (Disposizioni in materia di contrasto del terrorismo, del riciclaggio del denaro di provenienza illecita ed abuso di informazioni privilegiate) e dall'articolo 76 della legge 17 giugno 2008 n. 92 (Disposizioni in materia di prevenzione e contrasto del riciclaggio e del finanziamento del terrorismo).*	**Art. 6.** ***Crimes committed abroad*** - Anyone who commits one of the misdemeanours envisaged by articles: 170, 185, 196, 284, 285, 305, 305 bis, 324, 325, 326, 328, 329, 331, 332, 333, 334, 337, 337 bis, 337ter, 338, 339, 341, 342, 343, 344, 346, 347, 374ter, 400, 401, 403, 403 bis, 405, outside the territory of the State, is subject to the provisions established by this Criminal Code. Also subject to this Criminal Code are persons who commit the misdemeanors envisaged by articles 167, 168, 244 and 268, the misdemeanours envisaged by articles 237 and 239 if committed by hijacking aircraft, the first destination of which is the territory of the State, or that has departed from this latter; all other crimes for which international agreements or conventions oblige the Republic to suppress unlawful acts committed abroad. The Law of San Marino also applies to anyone who commits, outside the territory of the State to the detriment of a San Marinese citizen, misdemeanours punishable with imprisonment of no less than the second degree. *(*) Art. 6, sub-section 1, was thus amended by art. 2 of Law N° 28 of 26 February 2004 (Provisions on anti-terrorism, anti-money lundering and insider trading) and by art. 76 of Law no. 92 of 17 June 2008 (Provisions on preventing and combating money laundering and terrorist financing)*
Art. 7. ***Improcedibilità per taluni reati commessi all'estero in danno di un cittadino*** – Fuori dei casi indicati dal primo o dal secondo comma dell'articolo precedente, e senza pregiudizio di quanto sia altrimenti stabilito nelle convenzioni internazionali, non si procede per i fatti preveduti nell'ultima parte	**Art. 7. Absolute bar to proceedings for certain crimes committed abroad to the detriment of a San Marino citizen** – Except for the cases specified in paragraph 1 or 2 of the preceding paragraph and without prejudice to different provisions of international conventions, legal action shall not be taken for the facts

dello stesso articolo qualora concorra una delle seguenti condizioni: 1) che il cittadino o lo straniero sia stato giudicato ed assolto all'estero; 2) che, condannato all'estero, abbia espiato interamente la pena inflittagli con la sentenza di condanna, ancorché in misura inferiore a quella comminata dal presente codice; 3) che, condannato all'estero, abbia espiato una parte della pena inflittagli con la sentenza di condanna, qualora detta parte equivalga alla totalità della pena comminata dal presente codice.	envisaged in the last part of the same article, when one of the following conditions apply: 1) the San Marino citizen or foreigner was tried and acquitted abroad; 2) the individual, sentenced abroad, fully served the sentence imposed on him upon conviction, though the punishment was less severe than that applied by this Code; 3) the individual, sentenced abroad, served a part of the sentence imposed on him upon conviction, if said part is equivalent to the entire punishment applied by this Code.
Art. 26. ***Misfatto tentato*** – Il misfatto non consumato è punibile come tentato quando l'agente, con la volontà di consumare un reato, ne intraprende in modo non equivoco l'esecuzione con mezzi idonei senza aver potuto compiere l'azione. In tal caso, la pena può essere diminuita da uno a due gradi. L'accordo non eseguito per commettere un reato non è punibile; tuttavia il giudice può applicare una misura di sicurezza. La disposizione del comma precedente si applica anche in caso di istigazione non accolta o non eseguita, salvo che la legge disponga altrimenti.	**Art. 26.** ***Attempted misdemeanour*** - The uncommitted misdemeanour is punishable as an attempted misdemeanour when the party concerned, with the intention of committing a crime, has undertaken to do so with suitable means without having been able to accomplish the deed. In this case, the punishment can be reduced by one or two degrees. An unperformed agreement to commit a crime is not punishable. However, the judge may apply a safety measure. Unless provided differently by the law, the provision established by the previous sub-section also applies in the case of incitements that are disregarded or not performed.
Art. 27. ***Misfatto mancato*** – Il misfatto è mancato quando l'agente ha compiuto tutti gi atti necessari all'esecuzione, ma l'evento tuttavia non si verifica. La pena in tal caso può essere diminuita di un grado.	**Art. 27.** ***Unsuccessful misdemeanour*** - The misdemeanour is unsuccessful when the party in question has accomplished all the actions required to commit it, but the event has failed to occur. The punishment in this case can be reduced by one degree.
Art. 73. ***Compartecipazione e cooperazione*** – Tutti coloro che hanno in qualsiasi modo partecipato alla commissione di un fatto preveduto come misfatto, soggiacciono alla pena per esso stabilita. Ove trattasi di delitto e l'evento sia stato determinato dalla condotta interdipendente di più persone, ciascun cooperatore soggiace alla pena per esso stabilita. Nelle contravvenzioni i concorrenti sono responsabili, a seconda dei casi, a titolo di compartecipazione o di cooperazione.	**Art. 73.** ***Complicity and collaboration*** - All those who have in any way taken part in committing a fact envisaged as a misdemeanour are subject to the punishment established for that misdemeanour. When the fact is an offence and the event has been determined by the interdependant conduct of several persons, each of these persons is subject to the punishment established for that offence. Depending on the case in question, abettors are responsible for offences by way of complicity or collaboration.
Art. 140. ***Specie delle obbligazioni*** – Il condannato risponde col proprio patrimonio presente e futuro delle seguenti obbligazioni: 1) rimborso all'Istituto per la Sicurezza Sociale delle spese sostenute durante l'infermità a titolo di cura ed alimenti in favore della persona offesa; 2) risarcimento del danno, fisico e morale, patrimoniale o non e restituzione dei beni di cui egli si è impossessato o appropriato; 3) rimborso al danneggiato delle spese processuali e di assistenza legale;	**Art. 140. Types of obligations** – The offender shall answer with his own current and future property for the following obligations: 1) reimbursement to the Social Security Institute of the expenses and costs incurred during infirmity as treatments and maintenance in favour of the victim; 2) compensation for the damage, physical and non-material, financial or not, and return of the property and goods he took possession of or he embezzled; 3) reimbursement of the costs of legal

4) pagamento al proprio difensore delle spese anticipate e delle somme dovutegli a titolo di onorario; 5) pagamento delle spese del procedimento; 6) pagamento della somma in danaro prevista dall'articolo 147 comma 3 (*). *(*) L'articolo 140 n. 6 è stato introdotto dall'articolo 76 della legge 17 giugno 2008 n. 92 (Disposizioni in materia di prevenzione e contrasto del riciclaggio e del finanziamento del terrorismo).*	proceedings and legal aid to the injured party; 4) payment to the lawyer of the costs paid and sums due to him as his fee; 5) payment of the costs of the proceedings; 6) payment of the sum of money envisaged by Article 147, paragraph 3 (*). *(*) Article 140 no. 6 was introduced by Article 76 of Law no. 92 of 17 June 2008 (Provisions on preventing and combating money laundering and terrorist financing).*
Art. 145. ***Iscrizione anticipata e sequestro*** (*) – Se vi è fondata ragione di temere che nel corso del processo il patrimonio del debitore si disperda, il giudice, su istanza della Camera, del Procuratore del Fisco o della parte civile, può ordinare l'iscrizione anticipata del privilegio nei registri dell'ufficio ipotecario, quanto ai beni immobili, ed il sequestro, quanto ai beni mobili, per una somma presumibilmente corrispondente a quella che verrà liquidata per il credito. In tal caso il privilegio prende data dal giorno di iscrizione o di sequestro. L'imputato può sempre offrire una congrua cauzione in sostituzione dell'iscrizione o del sequestro.	**Art. 145. Advance registration of a mortgage and seizure** (*) – If there are reasonable grounds to fear that during the proceedings the property and assets of the debtor may be dispersed, the judge, upon request of the Chamber, the Procuratore del Fisco or the plaintiff, may order that the lien be entered in advance onto the registers of the Mortgage Office with respect to immovable property, and moveable property be seized for an amount which should be equivalent to the amount to be settled for the credit. In this case, the lien shall take effect from the date of registration or seizure. The defendant may always offer an adequate security in place of the mortgage or seizure.
Art. 147. ***Confisca*** – Al reato consegue la confisca delle cose, di proprietà del colpevole che, servirono o furono destinate a commetterlo e delle cose che ne sono il prezzo, il prodotto o il profitto. La confisca consegue altresì, indipendentemente dalla condanna, alla fabbricazione, uso, porto, detenzione, alienazione o commercio, costituente reato, di cose anche non di proprietà dell'agente. In caso di condanna, è sempre obbligatoria la confisca delle cose che servirono o furono destinate a commettere i misfatti di cui agli articoli 167, 168, 177 bis, 177 ter, 194, 195, 195 bis, 195 ter, 196, 199 comma 1, 199 bis, 204 comma 3 numero 1, 204 bis, 207, 212, 305 bis, 337 bis, 337 ter, 371, 372, 373, 374 comma 1, 374 ter comma 1, i misfatti con finalità di terrorismo o di eversione dell'ordine costituzionale e il misfatto di cui all'articolo 1 della Legge 26 novembre 1997 n. 139, nonché delle cose che ne sono il prezzo, il prodotto o il profitto. Ove non sia possibile la confisca, il giudice impone l'obbligo di pagare una somma in danaro pari al valore delle cose sopra indicate (*). Le cose confiscate o le somme equivalenti ad esse sono devolute all'Erario o, se del caso, distrutte. *(*) L'art. 147, comma 3, è stato così sostituito dall'art. 5 della legge 26 febbraio 2004 n. 28 (Disposizioni in materia di contrasto del terrorismo, del riciclaggio del denaro di provenienza illecita ed abuso di informazioni privilegiate) e successivamente dall'articolo 76 della legge 17 giugno 2008 n. 92 (Disposizioni in materia di prevenzione e contrasto del riciclaggio e del finanziamento del terrorismo) e dall'articolo 1 della legge 19*	**147. –** ***Confiscation -*** An offence shall entail confiscation of the instrumentalities, owned by the culprit, that served or were destined to commit the offence, and of the things being the price, product or profit thereof. Regardless of conviction, confiscation shall also apply to the illegal making, use, carrying, holding, sale of or trade in property even not owned by the offender. In case of conviction, the confiscation of the instrumentalities that served or were destined to commit the offences referred to in Articles 150, 155 aggravated – ex Article 156, 167, 168, 169, 177 bis, 177 ter, 194, 195, 195 bis, 195 ter, 196, 199 paragraph 1, 199 *bis*, 204 paragraph 3 number 1, 204 bis, 207, 212, 237, 239, 241, 242, 246, 247, 248, 249, 295, 296, 297, 298, 299, 300, 305 bis, 308, 309, 337 bis, 337 ter, 371, 372, 373, 374 paragraph 1, 374 ter paragraph 1, 401, the felonies for the purpose of terrorism or subversion of the constitutional order, the felony referred to in Article 1 of Law no. 139 of 26 November 1997 and the felony referred to in Article 2 of Law no. 99 of 7 June 2010, as well as of the things being the price, product or profit thereof, shall always be mandatory. When the instrumentalities that served or were destined to commit the offence or the things being the price, product or profit thereof have been fully or partially mixed with property of lawful origin, the judge shall order the confiscation of the mixed property to the estimated value of the instrumentalities that served or were destined to commit the offence or of the things being the price, product or profit thereof. In the cases specified in paragraph 3, the judge shall also order the confiscation of money, property and other advantages of which the offender is not able to demonstrate the lawful origin.

giugno 2009 n. 73 (Adeguamento della legislazione nazionale alle convenzioni e agli standard internazionali in materia di prevenzione e contrasto del riciclaggio e del finanziamento del terrorismo. *(**) L'art. 147, comma 4, è stato introdotto dall'art. 5 della legge 26 febbraio 2004 n. 28 (Disposizioni in materia di contrasto del terrorismo, del riciclaggio del denaro di provenienza illecita ed abuso di informazioni privilegiate).*	Where confiscation is not possible, the judge shall impose an obligation to pay a sum of money equal to the value of the instrumentalities and things to be confiscated (*). Confiscated instrumentalities and things, or equivalent sums, shall be allocated to the inland revenue or, where appropriate, destroyed. *(*) Art. 147, paragraph 3 was thus superseded by Art. 5 of Law no. 28 of 26 February 2004 (Provisions on anti-terrorism, anti-money lundering and insider trading) and subsequently by Article 32 of Decree-Law no. 134 of 26 July 2010 (Urgent provisions modifying the legislation on the prevention and combating of money laundering and terrorist financing)) and Article 1 of Law no. 73 of 19 June 2009 (Adjustment of national legislation to international conventions and standards on preventing and combating money laundering and terrorist financing).* *(**) Art. 147, paragraph 4 was introduced by Article 5 of Law no. 28 of 26 February 2004 (Provisions on anti-terrorism, anti-money lundering and insider trading).*
Art. 149. *"Pubblicamente", "comunicazioni sociali", "armi", "ordine pubblico", "prostituzione", "sostanze stupefacenti", "pubblici ufficiali", "documento pubblico", "pubblico sigillo*" – Agli effetti della legge penale il reato si considera avvenuto pubblicamente quando il fatto è commesso in luogo pubblico, aperto o esposto al pubblico ovvero servendosi delle comunicazioni sociali. Ai medesimi effetti si intendono: 1) per comunicazioni sociali, la riproduzione o rappresentazione del pensiero, delle informazioni, delle azioni o delle cose, fatta a scopo di pubblica comunicazione o diffusione, mediante la stampa, le registrazioni su nastro o su disco, la radio, la televisione, la filodiffusione, i pubblici spettacoli o trattenimenti, il cinema od altri mezzi del genere (*) ; 2) per armi proprie, le armi da fuoco e tutti gli strumenti contundenti, da ferita o da taglio, costruiti appositamente per offendere la persona, mentre armi improprie sono gli strumenti costruiti per altri scopi, quando siano ugualmente idonei ad offendere la persona ed impiegati in tal senso; 3) per ordine pubblico, la convivenza, anche dialettica, fra cittadini, che si svolge senza violenza o minaccia attuale e nel rispetto delle leggi e delle istituzioni democratiche; 4) per prostituzione, il commercio del proprio corpo a fine di lucro; 5) per sostanze stupefacenti, quelle iscritte in apposito elenco dell'autorità; 6) per pubblici ufficiali, tutti coloro che, permanentemente o temporaneamente, gratuitamente o con retribuzione, esercitano funzioni di decisione, rappresentanza, imperio, certificazione od ogni altra pubblica funzione, a servizio della Repubblica o di un ente pubblico; 7) per documento pubblico, qualsiasi atto redatto,	**Art. 149. "Publicly", "social communications", "arms", "public order", "prostitution", "narcotic drugs", "public officials", "public document", "public seal"** – For the purposes of the criminal law, an offence is deemed to be publicly committed when the event has occurred in a public place, open or exposed to the public, or by using social communications. For the same purposes, 1) social communications mean the reproduction or representation of thought, information, actions or things done for public communication or dissemination through the press, tapes or records, radio, television, wire broadcasting, public performances or entertainment, cinema or other similar media (*); 2) proper arms mean firearms, all blunt instruments and side arms manufactured for the purpose of injuring a person, whereas improper arms mean instruments manufactured for other purposes, when they can also injure a person and are used for that purpose; 3) public order means the coexistence of citizens, even based on discussions and dialogue, which takes place without violence or current threat, in compliance with democratic laws and institutions; 4) prostitution means the offering of a person's own body for commercial purposes; 5) narcotic drugs mean those substances specified in a relevant list drawn up by the authorities; 6) Public official means anyone who, permanently or temporarily, whether remunerated or not, exercises the functions of making decisions, representing, ruling,

nello esercizio delle sue funzioni, da un pubblico ufficiale ovvero da un altro pubblico impiegato che non rivesta tale qualità, nonché le copie autentiche di esso; 8) per pubblico sigillo, qualsiasi strumento destinato a pubblica certificazione od autenticazione mediante contrassegno. *(*) Nel testo del codice pubblicato nel B.U. compariva, nel n. 1 dell'art. 149: "delle cose se, fatta". La parola "se" è stata eliminata dalla legge 9 giugno 1976 n. 28, che «stabilisce il testo autentico del codice penale».*	certifying and any other public function, to serve the Republic or a public entity; 7) Public document means any public deed drawn up by a public official exercising his functions, or an other public employee that does not hold an official position, as well as any certified copy thereof. 8) Public seal means any instrument used for public certification or authentication by means of a mark. *(*) In the text of the code published in the Official Bulletin paragraph 1 of Article 149 was formulated as follows: "or things if done". The word "if" was eliminated by Law no. 28 of 9 June 1976, which "establishes the authentic text of the Criminal Code"*
Art. 167. *Riduzione o mantenimento in schiavitù o servitù* - Chiunque esercita su una persona poteri corrispondenti a quelli del diritto di proprietà ovvero chiunque riduce o mantiene una persona in uno stato di soggezione continuativa, costringendola a prestazioni lavorative o sessuali ovvero all'accattonaggio o comunque a prestazioni che ne comportano lo sfruttamento, è punito con la prigionia di quinto grado e con l'interdizione di quarto grado. La riduzione o il mantenimento nello stato di schiavitù ha luogo quando la condotta è attuata mediante violenza, minaccia, inganno, abuso di autorità o approfittamento di una situazione di inferiorità fisica o psichica o di una situazione di necessità, o mediante la promessa o la dazione di somme di denaro o di altri vantaggi a chi ha autorità sulla persona. La pena è aumentata di un grado se i fatti di cui al primo comma sono commessi in danno di minore degli anni diciotto o sono diretti allo sfruttamento della prostituzione o al fine di sottoporre la persona offesa al prelievo di organi. (*)*L'art. 167 è stato così sostituito dall'art. 7 della legge 20 giugno 2008 n. 97 (Prevenzione e repressione della violenza contro le donne e di genere)*	**Art. 167. *Coercion or maintenance in slavery or servitude* -** Anyone who exercises on a person powers corresponding to property rights or anyone who enslaves or keeps a person under continuous subjugation, forcing such person to work or have sexual intercourse or to beg or however to any performance entailing exploitation, shall be punished by terms of fifth degree imprisonment and fourth degree disqualification. The reduction into or maintenance in slavery takes place when it is carried out with the use of violence, threat, deceit, abuse of authority or exploitation of physical or psychological inferiority, or through the promise or the actual delivery of money or other benefit to those who have authority over the person. The punishment shall be raised by one degree if the crimes referred to in the first paragraph are committed against a minor aged less than 18 years or are aimed at exploiting prostitution or for the purpose of organ removal. *(*) Art. 167 was thus superseded by Art. 7 of Law no. 97 of 20 June 2008 (Prevention and elimination of violence against women and gender violence)*
Art. 168. *Tratta di persone* - Chiunque commette tratta o fa altrimenti commercio di persona che si trova nelle condizioni di cui all'articolo 167, ovvero, al fine di ridurre o mantenere una persona in schiavitù o servitù, la induce mediante inganno o la costringe mediante violenza, minaccia, abuso d'autorità o approfittamento di una situazione di inferiorità fisica o psichica o di una situazione di necessità, o mediante promessa o dazione di somme di denaro o di altri vantaggi alla persona che su di essa ha autorità, a fare ingresso o a soggiornare o a uscire dal territorio dello Stato o a trasferirsi al suo interno, è punito con la prigionia di sesto grado e con l'interdizione di quarto grado. La pena è aumentata di un grado se i fatti di cui al primo comma sono commessi in danno di minore	**Art. 168. *Human Trafficking*** Anyone who trades or however traffics in human beings that are in the conditions referred to in Art. 167, i.e. for the purpose of reducing or maintaining a person in slavery or servitude, induces such person with the use of deceit or forces such person with the use of violence, threat, abuse of authority or exploitation of physical or psychological inferiority or a situation of need, or with the promise or delivery of money or other benefit to the person who has authority over him/her, to enter or stay on or leave the territory of the State or to move within such territory, shall be punished by terms of sixth degree imprisonment and fourth degree disqualification. The punishment shall be raised by one degree if the crimes referred to in the first paragraph are committed against a minor being less than 18 years of age or are

degli anni diciotto o sono diretti allo sfruttamento della prostituzione o al fine di sottoporre la persona offesa al prelievo di organi. (*) *L'art. 168 è stato così sostituito dall'art. 8 della legge 20 giugno 2008 n. 97 (Prevenzione e repressione della violenza contro le donne e di genere).*	aimed at exploiting prostitution or for the purpose of organ removal. *(*) Art. 167 was thus superseded by Art. 8 of Law no. 97 of 20 June 2008 (Prevention and elimination of violence against women and gender violence)*
Art. 177-bis. ***Sfruttamento della prostituzione minorile*** (*) – Chiunque compie atti sessuali con un minore di anni diciotto versando in corrispettivo una somma di denaro o corrispondendo altra utilità economica, è punito con la prigionia e l'interdizione di secondo grado, sempre che il fatto non costituisca altro più grave reato. Le suddette pene sono aumentate di un grado se il fatto è commesso in danno di un minore degli anni quattordici, ovvero di un minore degli anni diciotto che si trovi in condizioni di infermità o deficienza psichica. Le pene possono essere diminuite di un grado se la gravità dei fatti risulti particolarmente lieve e non ricorra la particolare circostanza di aggravamento di cui al comma precedente. (*) *L'art. 177-bis è stato introdotto dall'art. 2 legge 30 aprile 2002 n. 61 («Legge per la repressione dello sfruttamento sessuale dei minori»).*	**Art. 177-bis. Exploitation of child prostitution** (*) – Anyone engaging in sex acts with a child under 18 against payment of a sum of money or other economic advantage shall be punished by terms of second degree imprisonment and disqualification, unless the conduct amounts to a more serious offence. The punishment above shall be increased by one degree where the conduct has been committed to the detriment of a child under 14, or a child under 18 who is physically or mentally disabled. Punishments may be reduced by one degree where the conduct proves not to be particularly serious and failing the aggravating circumstances referred to above. *(*) Art. 177-bis was introduced by Art. 2 of law no. 61 of 30 April 2002 (Law for the repression of the sexual exploitation of minors)*
Art. 177-ter. ***Pornografia minorile*** (*) – Chiunque utilizza un minore degli anni diciotto per realizzare spettacoli, opere o materiale di pornografia minorile, che rappresentano visivamente un minore in condotte sessualmente esplicite con finalità d'incitamento sessuale, è punito con la prigionia e l'interdizione di terzo grado. Le stesse pene si applicano a chi fa commercio di tale materiale pornografico minorile. Le pene suddette sono aumentate di un grado se il fatto è commesso ai danni di un minore degli anni quattordici, ovvero di un minore degli anni diciotto che si trovi in condizioni di infermità o deficienza psichica. Chiunque, al di fuori delle ipotesi di cui ai commi precedenti, fornisce ad altri, a titolo oneroso o gratuito, materiale pornografico minorile, è punito con la prigionia di primo grado ovvero con l'arresto di secondo grado e in ogni caso con l'interdizione di primo grado. Chiunque, al di fuori delle ipotesi previste dai commi precedenti, anche mediante l'utilizzo di sistemi telematici diffonde, distribuisce, divulga o pubblicizza materiale pornografico minorile ovvero divulga informazioni finalizzate all'adescamento o allo sfruttamento sessuale di minori degli anni diciotto, è punito con la prigionia e l'interdizione di terzo grado. In caso di condanna per i misfatti previsti dai commi precedenti è sempre ordinata la confisca del materiale pornografico ai sensi dell'articolo 147 del Codice Penale. A tal fine il Commissario della Legge può disporre nell'istruttoria il sequestro del materiale	**Art. 177-ter. Child pornography** (*) – Anyone using a child under the age of 18 to produce child pornography performances, works or material to show a minor having a sexually explicit conduit aimed at sexual incitement, shall be punished by terms of third-degree imprisonment and disqualification. The same punishments shall apply to anyone trading in such child pornography material. The punishments above shall be increased by one degree where the conduct has been committed to the detriment of a child under 14, or a child under 18 who is physically or mentally disabled. Apart from the cases referred to in the preceding paragraphs, anyone who provides others, against payment or for free, with child pornography material, shall be punished by terms of first-degree imprisonment or second-degree arrest and, in all cases, with first-degree disqualification. Apart from the cases referred to in the preceding paragraphs, anyone who, even by using information systems, disseminates, distributes, circulates or advertises child pornography material or disseminates information aimed at enticing or sexually exploiting children under the age of 18 shall be punished by terms of third-degree imprisonment and disqualification. In case of conviction for the felonies referred to in the preceding paragraphs, confiscation of the pornographic material in accordance with Article 147 of the Criminal Code shall always be mandatory. To this end, the Law Commissioner may order, during the investigating stage, the seizure of such pornographic material. *(*) Art. 177-ter was introduced by Art. 3 of Law no. 61*

pornografico. *(*) L'art. 177-ter è stato introdotto dall'art. 3 legge 30 aprile 2002 n. 61 («Legge per la repressione dello sfruttamento sessuale dei minori»).*	*of 30 April 2002 (Law for the repression of the sexual exploitation of minors)*
Art. 177-quater. ***Organizzazione di viaggi volti allo sfruttamento della prostituzione minorile*** (*) – Chiunque organizza, promuove o propaganda viaggi, incontri e trasferimenti all'estero destinati ad agevolare lo svolgimento delle attività sessuali previste dall'articolo 177 bis, attività sessuali in danno di minori, è punito con la prigionia non superiore al secondo grado e con l'interdizione di terzo grado. *(*) L'art. 177-quater è stato introdotto dall'art. 3 legge 30 aprile 2002 n. 61 («Legge per la repressione dello sfruttamento sessuale dei minori»).*	**Art. 177-quater. Organisation of travels for the exploitation of child prostitution** (*) – Anyone who organises, promotes or advertises travels, meetings and transfers abroad for the purpose of facilitating engagement in the sexual activities referred to in Article 177 bis, in sexual activities to the detriment of minors, shall be punished by terms of second degree imprisonment at the maximum and third-degree disqualification. *(*) Article 177-quarter was introduced by Article 3 of Law no. 61 of 30 April 2002 (Law for the repression of the sexual exploitation of minors)*
Art. 194. ***Furto*** – Chi si impossessa della cosa mobile o dell'energia altrui senza il consenso di colui che la detiene, per trarne profitto, è punito con la prigionia di primo grado e con la multa a giorni di secondo grado. Se il furto è commesso per bisogno su cose di tenue valore ovvero facendo abusivamente pascolare un animale sul fondo altrui, si applica l'arresto o la multa a giorni di primo grado e si procede a querela dell'offeso. Il reo è punito con la prigionia di secondo grado e con la multa a giorni di terzo grado, se ha commesso il furto: 1) mediante violazione di domicilio; 2) con violenza sulle cose, con strappo, destrezza o con mezzo fraudolento; 3) su cose esposte alla pubblica fiducia o custodia nelle chiese o nei cimiteri ovvero su cose di rilevante valore; 4) in correità con altri, essendo i concorrenti in numero non inferiore a tre.	**Art. 194.** ***Theft*** - Anyone who, for profit making, takes possession of movable property or energy belonging to another, without the holder's consent, shall be punished by terms of 1st degree imprisonment and 2nd degree daily fine. Where theft is committed out of necessity and involves things of minor value, or letting livestock graze on other people's land without their permission, 1st degree arrest or daily fine shall apply subject to suit brought by the plaintiff. The offender shall be punished by terms of 2nd degree imprisonment and 3rd degree daily fine if the theft was perpetrated: 1) by breaking into and entering a dwelling; 2) by violence on things, snatching, seizing quickly or by fraudulent means; 3) involving things exhibited publicly or held in churches or cemeteries, or things of significant value; 4) in complicity with no less than three other people.
Art. 195. ***Rapina*** – Quando l'impossessamento della cosa altrui è commesso con violenza alla persona o con minaccia, anche se posta in essere immediatamente dopo il fatto per mantenere il possesso della cosa o procurare l'impunità, il reo è punito con la prigionia e la multa a giorni di terzo grado nonché con l'interdizione di quarto grado dai pubblici uffici e dai diritti politici. Se il fatto è commesso da non meno di tre persone o con sequestro di persona, la prigionia è aumentata di un grado(*). *(*) Nel testo del codice pubblicato nel B.U. compariva, all'art. 195 comma 2: "**e** con sequestro di persona". La legge 9 giugno 1976 n. 28, che «stabilisce il testo autentico del codice penale» ha introdotto l'attuale testo*	**Art. 195.** ***Robbery*** - When the property of another is taken from his/her person by violence or threat, even if such violence or threat occur immediately thereafter to maintain possession of the property or procure impunity, the offender shall be punished by terms of 3rd degree imprisonment and daily fine and 4th degree disqualification from public offices and political rights. Where the offence is committed by no less than three people or involves kidnapping, imprisonment shall be increased by one degree (*). *(*) In the text of the Code published in the Official Bulletin Article 195, paragraph 2 was formulated as follows: "**and** involves kidnapping". Law no. 28 of 9 June 1976 that "establishes the authentic text of the Criminal Code" introduced the current text*
195 bis. ***Atti di pirateria su navi e aeromobili*** - Il Comandante o il componente dell'equipaggio di una nave o di un aeromobile che, nell'alto mare o in un	**195 bis. Acts of piracy on ships and aircrafts** The master or the member of the crew of a ship or an aircraft who, on the high seas or in a place outside the

luogo che si trovi fuori della giurisdizione di qualunque Stato, commette atti di violenza, sequestro o rapina in danno di una nave o aeromobile, dell'equipaggio o delle persone imbarcate su una nave o aeromobile è punito con la prigionia, con l'interdizione e con la multa a giorni di quarto grado. Se il misfatto è commesso da persona estranea all'equipaggio le pene sono diminuite di un grado	jurisdiction of any State, commits acts of violence, seizure or depredation against a ship or an aircraft, the crew thereof, or persons on board such ship or aircraft shall be punished with fourth-degree imprisonment, disqualification and daily fine. If the offence is committed by a person not belonging to the crew, punishments shall be reduced by one degree
Art. 195 ter. ***Impossessamento di una nave o di un aeromobile*** - Chiunque si impossessa o prende il controllo di una nave o di un aeromobile allo scopo di commettere il misfatto di cui all'articolo 195 bis è punito con la prigionia, con l'interdizione e con la multa a giorni di terzo grado. Se l'impossessamento o la presa di controllo è compiuta dal comandante o da un componente ell'equipaggio le pene sono aumentate di un grado.	**Article 195 ter. Taking possession of a ship or an aircraft** Anyone taking possession or control of a ship or an aircraft for the purpose of committing the offence referred to in Article 195 bis shall be punished by terms of third-degree imprisonment, disqualification and daily fine. If such acts are committed by the master or a member of the crew, punishments shall be increased by one degree.
Art. 196. ***Estorsione*** – Chiunque, mediante violenza o minaccia, costringendo taluno a fare, tollerare od omettere qualche cosa, procura a sé o ad altri un ingiusto profitto, è punito con la prigionia e la multa a giorni di terzo grado nonché con la interdizione di quarto grado dai pubblici uffici e dai diritti politici. Se il fatto è commesso da non meno di tre persone o con sequestro di persona per conseguire il profitto come prezzo della liberazione, la prigionia è aumentata di un grado.	**Art. 196. – Extortion** – Anyone who, compelling others by violence or threat to do, tolerate or omit something, obtains an unjust profit for himself or others, shall be punished by terms of third-degree imprisonment and daily fine and fourth-degree disqualification from public offices and political rights. Where the offence is committed by no less than three people or involves kidnapping to extract ransom, imprisonment shall be increased by one degree.
Art. 199. ***Ricettazione*** (*) – Chiunque, fuori dei casi di concorso nel reato, acquista o riceve cose che sa provenire da reato è punito con la prigionia e la multa a giorni di secondo grado nonché con l'interdizione di terzo grado dai pubblici uffici e dai diritti politici. La stessa pena si applica a chiunque, a scopo di profitto, si intromette per fare acquistare o ricevere cose provenienti da reato ovvero riceve cose provenienti da persone o società che sa di trovarsi in stato di insolvenza o le acquista a prezzo notevolmente basso, qualora venga aperta la procedura concorsuale dei creditori. *(*) l'articolo 199 è stato così sostituito dall'articolo 77 della legge 17 giugno 2008 n. 92 (Disposizioni in materia di prevenzione e contrasto del riciclaggio e del finanziamento del terrorismo).*	**Art. 199.** ***Sale of stolen property*** (*)- Apart from cases of complicity to commit an offence, anyone who buys or receives properties knowing that these are proceeds of crime, shall be punished by terms of second-degree imprisonment and daily fine and third-degree disqualification from public offices and political rights. Where a bankruptcy procedure is initiated, the same penalty shall apply to anyone who, for profit making purposes, intervenes to lead others to buy or receive properties which are proceeds of crime, or receives properties owned by individuals or companies knowing that such individuals or companies suffer insolvency or buys such properties at a much lower price. *(*) Article 199 was thus superseded by Article 77 of Law no. 92 of 17 June 2008 (Provisions on preventing and combating money laundering and terrorist financing)*
Art. 199-bis. ***Riciclaggio*** (*) – Commette il misfatto di riciclaggio chiunque, fuori dai casi di concorso nel reato, allo scopo di ostacolarne l'accertamento della provenienza, occulta, sostituisce, trasferisce, ovvero collabora o s'intromette perché altri occulti, sostituisca o trasferisca denaro che sa ottenuto mediante un misfatto. Commette altresì misfatto chiunque utilizza ovvero collabora o si intromette perché si utilizzi in attività economiche o finanziarie denaro che sa ottenuto mediante la commissione di un misfatto. Le disposizioni del presente articolo si applicano	1. **Art. 199-bis (*).** ***Money laundering*** – Apart from cases of participation in the commission of the offence anyone who - for the purpose of concealing its true origin – conceals, substitutes or transfers money, or cooperates or intervenes in causing it to be concealed, substituted or transferred, knowing that such money is proceeds of a felony, commits a money laundering felony. 2. Also anyone who uses money, or cooperates or intervenes in causing it to be used in economic or financial activities, knowing that such money is proceeds of a felony, commits a money laundering

anche quando l'autore del misfatto, da cui il denaro proviene, non è imputabile o non è punibile ovvero quando manchi una condizione di procedibilità riferita a tale misfatto. Nel caso in cui il misfatto presupposto sia stato commesso all'estero, esso deve essere penalmente perseguibile e procedibile per l'ordinamento sammarinese. Al denaro sono equiparati gli altri valori patrimoniali ed inoltre i documenti legali, gli atti, gli strumenti ed i titoli comprovanti diritti sui beni e valori predetti. Chiunque commette i reati previsti dal presente articolo è punito con la prigionia di quarto grado, con la multa a giorni di secondo grado e con l'interdizione di terzo grado dai pubblici uffici e dai diritti politici (**). Le pene possono essere diminuite di un grado in ragione della quantità del denaro o dei beni ad essi equiparati e dell'indole delle operazioni effettuate. Possono essere aumentate di un grado quando i fatti sono commessi nell'esercizio di una attività economico-professionale soggetta ad autorizzazione o abilitazione da parte delle competenti Autorità pubbliche (**). *(*) L'art. 199 bis, introdotto dall'art. 1 legge 15 dicembre 1998 n. 123, è stato così modificato dall'art. 7 della legge 26 febbraio 2004 n. 28 (Disposizioni in materia di contrasto del terrorismo, del riciclaggio del denaro di provenienza illecita ed abuso di informazioni privilegiate).* *(**) Comma aggiunto dall'articolo 77 della legge 17 giugno 2008 n. 92 (Disposizioni in materia di prevenzione e contrasto del riciclaggio e del finanziamento del terrorismo).*	felony. 3. The provisions of this article shall also apply when the felon from whom the proceeds were received is not indictable or punishable, or failing any of the conditions for the predicate felony to be proceeded against. Where the predicate felony was committed abroad, it shall be punishable under the San Marino criminal laws and procedures. 4. Any property, as well as legal documents, acts or instruments evidencing title to or interest in such property shall be considered equivalent to money. 5. Anyone who commits the crimes set forth in this article shall be punished by terms of fourth-degree imprisonment, second-degree daily fine and third-degree disqualification from public offices and political rights (**). 6. The penalties may be decreased by one degree based on the amount of money or assets equivalent to them and by the nature of the transactions carried out. The penalties may be increased by one degree when the facts have been committed during the exercise of a commercial-professional activity subject to authorization or certification by the competent Public Authorities. *(*) Art. 199bis, introduced by Article 1 of Law no. 123 of 15 December 1998 was thus amended by Article 7 of Law no. 28 of 26 February 2004 (Provisions on anti-terrorism, anti-money lundering and insider trading).* *(**) The third paragraph was amended by Article 33 of Decree-Law no. 134 of 26 July 2010 (Urgent provisions modifying the legislation on the prevention and combating of money laundering and terrorist financing). The last paragraph of Article 199 bis, introduced by Law no. 92-2008, was repealed by by Article 34 of Decree-Law no. 134 of 26 July 2010 (Urgent provisions modifying the legislation on the prevention and combating of money laundering and terrorist financing).*
Art. 204. *Truffa* – Chiunque, ingannando taluno mediante raggiro o artificio, procura a sé o ad altri un ingiusto profitto, è punito con la prigionia di secondo grado nonché con la multa a giorni o l'interdizione di secondo grado (*) . Le pene di cui al comma precedente sono applicabili anche a chi, abusando dello stato d'infermità o deficienza psichica o della minore età di una persona, le fa compiere atti pregiudizievoli per essa o per altri. Le suddette pene sono aumentate di un grado: 1) se il fatto è commesso a danno della Repubblica o di enti pubblici; 2) se il fatto è commesso per riscuotere il prezzo di una assicurazione ovvero per indurre taluno a stipulare una polizza assicurativa; 3) se il fatto è commesso millantando credito presso un pubblico ufficiale o un potere della Repubblica; 4) se il fatto è commesso per ottenere vittoria in	**Art. 204. Swindling** – Anyone who, deceiving another by means of a trick or artifice, secures an unjust profit for himself or for a third party shall be punished by terms of second-degree imprisonment as well as second-degree daily fine or disqualification. The punishment above shall also apply to anyone who, imposing on a physically or mentally disabled or minor person, has such person perform acts detrimental to himself or to another. The punishment above shall be increased by one degree: 1) if the conduct occurred to the detriment of the Republic of San Marino or public bodies; 2) if the conduct occurred to secure the price of insurance or induce someone to purchase an insurance policy; 3) if the conduct occurred by false pretences involving a public official or power of the Republic of San Marino; 4) if the conduct occurred to obtain a victory in a

competizioni sportive o in altre pubbliche gare ovvero nelle relative scommesse autorizzate. Se il fatto di cui al primo comma è commesso dissimulando il proprio stato d'insolvenza, il reo è punito, a querela dell'offeso, con la prigionia o con la multa a giorni di primo grado. Nel caso previsto dalla disposizione precedente l'adempimento dell'obbligazione da parte del reo anteriormente all'emanazione della sentenza di primo grado, estingue il reato. *(*) L'art. 204, comma 1, è stato così modificato dall'art. 6 della legge 2 febbraio 1994 n. 9.*	sports competition or other public competition or in authorised betting related thereto. Where the conduct under the first paragraph occurred dissimulating a state of insolvency, the offender shall be punished, following action brought by the offended, by terms of first-degree imprisonment or daily fine. In the event envisaged in the preceding paragraph, fulfilment of the obligation by the offender before a first-degree judgement is rendered shall extinguish the offence. *(*) Art. 204, paragraph 1, was thus amended by Article 6 of Law no. 9 of 2 February 1994.*
Art. 204 bis. ***Uso indebito di carte di credito o di documenti analoghi*** (*) - Chiunque, al fine di procurare a sé o ad altri un ingiusto profitto, senza esserne titolare, utilizza carte di credito o di pagamento, ovvero qualsiasi altro documento che abiliti al prelievo di denaro contante o all'acquisto di beni o di servizi, è punito con la prigionia e con la multa a giorni di secondo grado. *(*) L'art. 204 bis è stato introdotto dall'art. 1 della legge 22 febbraio 2006 n. 44 (Disposizioni penali contro l'uso indebito di carte di credito, di pagamento e di prelevamento di denaro contante).*	**Art. 204 bis. Misuse of credit cards or similar devices** (*) – Anyone who, for the purpose of securing an unjust profit for himself or for a third party, uses credit or payment cards or any other device allowing the withdrawal of cash or purchase of goods and services, without being the holder thereof, shall be punished by terms of second-degree imprisonment and daily fine. *(*) Art. 204 bis was introduced by Art. 1 of Law no. 44 of 22 February 2006 (Criminal provisions against the misuse of credit, payment and cash cards).*
Art. 207. ***Usura*** – Chiunque si fa dare o promettere, quale corrispettivo di una prestazione patrimoniale, interessi o altri vantaggi fortemente sproporzionati ovvero si intromette per fare dare o promettere ad altri gli interessi o i vantaggi predetti è punito con la prigionia di terzo grado, con la multa a giorni di secondo grado e con l'interdizione di terzo grado dai pubblici uffici e dai diritti politici. Tale evento si realizza quando i vantaggi ottenuti o promessi superano il tasso soglia reso noto periodicamente dalla Banca Centrale della Repubblica di San Marino sulla base dell'interesse medio praticato dal sistema bancario per i vari tipi di operazioni. Costituisce reato d'usura anche l'utilizzo, a fronte di una prestazione patrimoniale, di meccanismi capziosi per impossessarsi del bene ricevuto in garanzia. Le pene possono essere diminuite di un grado in ragione della quantità del denaro o dell'ammontare degli interessi. Possono essere aumentate di un grado quando i fatti sono commessi nell'esercizio di una attività economico-professionale soggetta ad autorizzazione o abilitazione da parte delle competenti Autorità pubbliche ovvero se il colpevole fa mestiere dell'usura (**). *(*) L'art. 207 è stato così modificato dall'art. 2 legge 15 dicembre 1998 n. 123 e dall'articolo 77 della legge 17 giugno 2008 n. 92 (Disposizioni in materia di prevenzione e contrasto del riciclaggio e del finanziamento del terrorismo).*	**Art. 207. Usury** – Anyone who takes or promises, in return for a loan of money, goods or things in action, an exorbitant interest rate or other advantages or intervenes to lead [someone] to receive or promise to others the aforementioned interests or advantages, shall be punished by terms of third-degree imprisonment, second-degree daily fine and third-degree disqualification from public offices and political rights. Usury occurs when the advantages, taken or promised, exceed the rate periodically published by the Central Bank of the Republic of San Marino, and calculated on the basis of the average interest rate generally applied on transactions by the banking system. Also the use of insidious mechanisms to take possession of the property received as security in return for a loan of money, goods or things in action shall constitute usury. Penalties may be decreased by one degree considering the amount of money or the amount of the interests. Penalties may be increased by one degree when the facts have been committed during the exercise of a commercial-professional activity subject to authorization or licence by the competent Public Authorities or if the offender is a usurer (**). *(*) Art. 207 was thus amended by Art. 2 of Law no. 123 of 15 December 1998 and Article 77 of Law no. 92 of 17 June 2008 (Provisions on preventing and combating money laundering and terrorist financing).*
Art. 212. ***Bancarotta fraudolenta*** – Il debitore che, allo scopo di eludere o diminuire la garanzia dei	**Art. 212 Fraudulent bankruptcy** – A debtor who, for the purpose of avoiding or reducing the discharge of

creditori, distrae od occulta i suoi beni fino al momento della loro consegna agli organi del tribunale ovvero espone o riconosce passività inesistenti o altrimenti diminuisce fittiziamente l'attivo, è punito, se è aperta la procedura concorsuale dei creditori, con la prigionia di terzo grado e con l'interdizione di quarto grado dai pubblici uffici, dai diritti politici e dal commercio. Le stesse pene si applicano anche in caso di alienazione, dissipazione, distruzione, danneggiamento, svalutazione di beni, compiute al medesimo scopo, fino al momento della loro consegna agli organi del tribunale.	creditors' claim, diverts or conceals his assets until their assignment to the judicial bodies, or declares or purports non-existent liabilities or otherwise fictitiously reduces assets, shall be punished – formal bankruptcy having been initiated - by terms of third-degree imprisonment and fourth-degree disqualification from public offices, political rights and commerce. The same punishments shall also apply in case of sale, dissipation, destruction, damage, devaluation of assets occurred for the same purpose until their assignment to the judicial bodies.
Art. 244. ***Prescrizione abusiva di sostanze stupefacenti*** - Il medico o il veterinario che, allo scopo di favorire l'abuso, rilascia prescrizioni di sostanze stupefacenti o psicotrope senza che vi sia una necessità curativa o in proporzioni superiori ai bisogni della cura, è punito con la prigionia di terzo grado e con l'interdizione di quarto grado dalla professione (*). *(*) L'articolo 244 è stato così modificato dall'art. 19 giugno 2009 n. 73 (Adeguamento della legislazione nazionale alle convenzioni e agli standard internazionali in materia di prevenzione e contrasto del riciclaggio e del finanziamento del terrorismo). In materia di stupefacenti, v. legge 26 novembre 1997 n. 139.*	**Art. 244.** ***Illegal production, trading and prescription of narcotic drugs*** (*) - The medical practitioner or veterinarian who, for the purpose of favouring the violation, issues prescriptions for narcotic drugs or psychotropic substances without there being the need for curative care or in proportions exceeding treatment requirements, shall be punished by terms of third-degree imprisonment and fourth-degree disqualification from exercising the profession (*). *(*) Article 244 was thus amended by Law no. 73 of 19 June 2009 (Adjustment of national legislation to international conventions and standards on preventing and combating money laundering and terrorist financing). With regard to narcotic drugs, see Law no. 139 of 26 November 1997.*
Art. 271. ***Sfruttamento della prostituzione*** – Chiunque ripetutamente sfrutta la prostituzione altrui, è punito con la prigionia di secondo grado e con l'interdizione di terzo grado dai diritti politici, dai pubblici uffici, dalla professione o dall'arte. Si applica la prigionia di terzo grado se il reo agevola anche e la prostituzione.	**Art. 271. Exploitation of prostitution** – Anyone who repeatedly exploits the prostitution of others shall be punished by second degree imprisonment and third degree disqualification from political rights, public offices, trade or profession. Third degree imprisonment shall apply where the offender also facilitates prostitution.
Art. 305. ***Aggiotaggio*** – Chiunque con notizie false o tendenziose o con altre manovre fraudolente cagiona un'alterazione nel prezzo delle merci o dei valori pubblici o privati, è punito con la prigionia di secondo grado e con l'interdizione di terzo grado dal commercio.	**Art. 305.** ***Stockjobbing*** - Anyone who causes the price of goods or of public or private securities to change by means of false or biased information or other fraudulent schemes shall be punished by terms of 2nd degree imprisonment and 3rd degree disqualification from commerce.
Art. 305 bis. ***Abuso di informazioni privilegiate*** (*) – 1. È punito con la prigionia di secondo grado, con la multa a giorni di terzo grado e con l'interdizione di secondo grado dai pubblici uffici e dai diritti civili chiunque, essendo in possesso di informazioni privilegiate in ragione della partecipazione al capitale di una società, ovvero dell'esercizio di una funzione, anche pubblica, di una professione o di un ufficio: a) acquista, vende o compie altre operazioni, anche per interposta persona, su strumenti finanziari avvalendosi delle informazioni medesime; b) senza giustificato motivo, dà comunicazione delle informazioni, ovvero consiglia ad altri, sulla base di esse, il compimento di taluna delle operazioni indicate nella lettera a). 2. Con la stessa pena è altresì punito chiunque, avendo ottenuto, direttamente o indirettamente,	**Art. 305 bis. Misuse of privileged information** (*) – 1. Anyone holding privileged information by reason of his participation in the capital of a company or by reason of his function, even public, or profession or office who: a) buys, sells or conducts other transactions – even through a third party – involving financial instruments by using such privileged information; or b) without justified reason, provides such privileged information or, on the basis of such information, advises others to conduct any of the transactions specified in a) above, shall be punished by terms of second-degree imprisonment, third-degree daily fine and second-degree disqualification from public offices and civil rights. 2) Anyone who, having obtained privileged

informazioni privilegiate dai soggetti indicati nel comma 1, compie taluno dei fatti descritti nella lettera a) del medesimo comma. 3. Ai fini dell'applicazione delle disposizioni dei commi 1 e 2, per informazione privilegiata si intende un'informazione specifica di contenuto determinato, di cui il pubblico non dispone, concernente strumenti finanziari o emittenti di strumenti finanziari, che, se resa pubblica, sarebbe idonea a influenzare sensibilmente il prezzo. 4. In caso di condanna, salvo quanto previsto dall'articolo 147, è sempre ordinata la confisca dei mezzi, anche finanziari, utilizzati per commettere il misfatto salvo che essi appartengano a persona estranea al reato (**). 5.Le disposizioni del presente articolo non si applicano alle operazioni compiute per conto dello Stato per ragioni attinenti alla politica economica. *(*) L'art. 305 bis è stato introdotto dall'art. 10 della legge 15 dicembre 1998 n. 123. I successivi artt. 11, 12, 13, 14 e 17, contengono disposizioni in materia di pene, attività di indagine, organi investigativi.* *(**) L'art. 305 bis comma 4 è stato così modificato dall'articolo 80 della legge 17 giugno 2008 n. 92 (Disposizioni in materia di prevenzione e contrasto del riciclaggio e del finanziamento del terrorismo).*	information either directly or indirectly from any of the persons referred to in paragraph 1, commits any of the facts described in paragraph 1 a), shall be punished by terms of the same penalty. 3) For the purposes of implementing the provisions of paragraphs 1 and 2, privileged information means specific information the content of which is well-defined, not available to the public and concerning financial instruments or issuers of financial instruments which, if made public, would be capable of influencing prices in a significant way. 4. In case of conviction, without prejudice to Article 147, the confiscation of the instrumentalities, including financial ones, that were used to commit the crime shall always be mandatory, except where such instrumentalities belong to a person not involved in the crime (**). 5) The provisions of this Article shall not apply to transactions carried out on behalf of the State on grounds of economic policy. *(*) Art. 305 bis was introduced by Art. 10 of Law no. 123 of 15 December 1998. Subsequent Articles 11, 12, 13, 14 and 17 contain provisions regarding penalties, investigations, investigative bodies.* *(**) Art. 305 bis, paragraph 4 was thus amended by Article 80 of Law no. 92 of 17 June 2008 (Provisions on preventing and combating money laundering and terrorist financing)*
Art. 337bis. ***Associazioni con finalità di terrorismo o di eversione dell'ordine costituzionale*** (*) – 1. Chiunque promuove, costituisce, organizza, o dirige associazioni dirette a compiere atti violenti con finalità di terrorismo o di eversione dell'ordine costituzionale, rivolti contro istituzioni o organismi pubblici o privati della Repubblica, di uno Stato estero o di una organizzazione internazionale, è punito con la prigionia di sesto grado e con l'interdizione dai pubblici uffici e dai diritti politici di quarto grado (**). 2. Chiunque partecipa a tali associazioni è punito con la prigionia di quarto grado e con l'interdizione dai pubblici uffici e dai diritti politici di terzo grado. 3. Chiunque, fuori dei casi di concorso nel reato o di favoreggiamento, fornisce in qualsiasi forma assistenza od aiuto ai partecipanti alle associazioni di cui ai commi precedenti, è punito con la prigionia e con l'interdizione dai pubblici uffici e dai diritti politici di secondo grado. 4. Non è punibile chi commette il fatto previsto dal terzo comma in favore di un prossimo congiunto. *(*) L'art. 337 bis è stato introdotto dall'art. 1della legge 26 febbraio 2004 n. 28 (Disposizioni in materia di contrasto del terrorismo, del riciclaggio del denaro di provenienza illecita ed abuso di informazioni privilegiate).* (**) *Il primo comma dell'art. 337 bis è stato così*	**Art. 337 bis.** ***Associations for the purpose of terrorism or subversion of the constitutional order*** (*) - 1. Anyone promoting, establishing, organizing or directing associations that aim at perpetrating violent acts for purposes of terrorism or subversion of the constitutional order, against public or private institutions or bodies either of the Republic of San Marino, of a foreign State or an International Organisation, shall be punished by terms of sixth-degree imprisonment and fourth-degree disqualification from public offices and political rights (**). 2.Anyone participating in such associations shall be punished by terms of fourth-degree imprisonment and third-degree disqualification from public offices and political rights. 3.Except for cases of participation and support, anyone providing participants in the associations referred to in the preceding paragraphs with assistance or aid in any form shall be punished by terms of second-degree imprisonment and second-degree disqualification from public offices and political rights. 4.The person committing the fact referred to in paragraph 3 above in favour of a close relative shall not be punishable." *(*) Art. 337 bis was introduced by art. 1 of Law N° 28 of 26 February 2004 (Provisions on anti-terrorism, anti-money lundering and insider trading).* *(**) Paragraph 1 of Art. 337 bis was thus superseded by Article 78 of Law no. 92 of 17 June 2008 (Provisions*

sostituito dall'articolo 78 della legge 17 giugno 2008 n. 92 (Disposizioni in materia di prevenzione e contrasto del riciclaggio e del finanziamento del terrorismo).	*on preventing and combating money laundering and terrorist financing).*
Art. 337ter. *Finanziamento del terrorismo* - Chiunque con qualsiasi mezzo, anche per interposta persona, riceve, raccoglie, detiene, cede, trasferisce od occulta beni destinati ad essere utilizzati, in tutto o in parte, per compiere uno o più atti terroristici o per fornire aiuto economico a terroristi o a gruppi terroristici o presta ad essi un servizio finanziario o servizi connessi, è punito con la prigionia di sesto grado e con l'interdizione dai pubblici uffici e dai diritti politici di quarto grado. *(*) L'art. 337 ter è stato introdotto dall'art. 78 della legge 17 giugno 2008 n. 92 (Disposizioni in materia di prevenzione e contrasto del riciclaggio e del finanziamento del terrorismo).*	**Art. 337 ter. Financing of terrorism** - Anyone who by any means, even through another person, receives, collects, detains, gives up, transfers or conceals funds intended to be used, in full or in part, in order to carry out one or more terrorist acts or to economically support terrorist individuals or groups, or provides them with a financial service or other connected services, shall be punished by terms of sixth-degree imprisonment and fourth-degree disqualification from public offices and political rights. *(*) Art. 337 ter was introduced by Article 78 of Law no. 92 of 17 June 2008 (Provisions on preventing and combating money laundering and terrorist financing)*
Art. 350. *Omissione di rapporto* – Chiunque, essendovi tenuto per legge, omette di fare denuncia o rapporto di reato al giudice o a un pubblico ufficiale che debba a lui riferirne, è punito con l'arresto di primo grado. Se il fatto è commesso da un ufficiale od agente di polizia ovvero da un vigile urbano, si applica l'interdizione di secondo grado dai pubblici uffici.	**Art. 350. Omission to report** – Anyone, being legally bound to do so, who fails to report an offence to a judge or a public official that must report it to a judge, shall be punished by terms of first-degree arrest. If the conduct is committed by a police officer or agent or a traffic policeman, second-degree disqualification from public offices shall be applied.
Art. 362. *Favoreggiamento* – Chiunque, fuori dei casi di concorso nel reato, aiuta taluno a sottrarsi alle ricerche dell'autorità ovvero ad assicurarsi il prodotto o il profitto del reato, è punito con la prigionia e con l'interdizione di secondo grado dai diritti politici. Non è punibile l'ascendente, il discendente ed il coniuge che aiuta il proprio congiunto a sottrarsi alle ricerche. *(*) Nel testo del codice pubblicato nel B.U. compariva, nel comma 1 dell'art. 362: "prigionia **o** con l'interdizione". La legge 9 giugno 1976 n. 28, che «stabilisce il testo autentico del codice penale» ha introdotto l'attuale testo.*	**Art. 362. *Abetting*** - Anyone, beyond the cases of complicity, who helps someone to elude the authorities or to keep the product or profit of the crime, is punished with second-degree imprisonment and second degree disqualification from exercising political rights. Relatives in the ascending line, relatives in the descending line and the spouse who helps his/her husband or wife to elude the authorities, are not punishable. *(*) The following text appeared under sub-section 1 of art. 362 of the code published in the Official Gazette: "imprisonment **or** with disqualification". Law N° 28 of 9 June 1976 that «establishes the authentic text of the Criminal Code», inserted the current text.*
Art. 371. *Malversazione del pubblico ufficiale* – Il pubblico ufficiale, il quale, avendo per ragioni del suo ufficio il possesso o la disponibilità di cose mobili dell'amministrazione o di privati, se ne appropria o le distrae con profitto ingiusto per sé o per altri, è punito con la prigionia e la multa a giorni di terzo grado nonché con l'interdizione di quarto grado dai pubblici uffici e dai diritti politici. La pena è diminuita di un grado se la cosa sottratta o distratta è ritenuta dal giudice di trascurabile valore.	**Art. 371. *Embezzlement by public official*** - A public official who, by reason of his office, has possession or disposal of movable property belonging to the administration or to private individuals and embezzles or steals them, thus securing an unjust profit for himself or for a third party, shall be punished by terms of 3rd degree imprisonment and daily fine and 4th degree disqualification from public offices and political rights. Punishment shall be decreased by one degree if the embezzled or stolen property is deemed by the judge to be of negligible value.
Art. 372. *Concussione* – Il pubblico ufficiale, il quale, con abuso delle sue qualità o delle sue	**Art. 372. *Bribery*** - A public official who, by abusing his quality or functions, intimidating others, secures for

funzioni, inducendo in altri un timore, si fa dare o promettere, per sé o per altri, una qualsiasi utilità non dovuta, è punito con la prigionia e con la multa a giorni di terzo grado nonché con l'interdizione dai pubblici uffici e dai diritti politici di quarto grado. Le stesse pene si applicano se il fatto è commesso da un pubblico impiegato che non riveste la qualità di pubblico ufficiale.	himself or for a third party the giving of an undue advantage or prospect thereof, shall be punished by terms of 3rd degree imprisonment and daily fine, as well as 4th degree disqualification from public offices and political rights. The same punishment shall apply even if the offence is committed by a public employee who is not a public official.
Art. 373. ***Corruzione*** – Il pubblico ufficiale, il quale riceve per sé o per altri una qualsiasi utilità non dovuta, o ne accetta la promessa per omettere o ritardare o per aver omesso o ritardato un atto del suo ufficio ovvero per compiere o per aver compiuto un atto contrario ai doveri di ufficio, è punito con la prigionia e con l'interdizione dai pubblici uffici e dai diritti politici di quarto grado nonché con la multa a giorni di terzo grado (*). Le pene sono diminuite di un grado se l'atto da compiere è del proprio ufficio. Alle stesse pene soggiace il pubblico impiegato che non riveste la qualità di pubblico ufficiale. Le pene indicate nei commi precedenti sono applicabili anche a chi dà o promette l'utilità. *(*) L'articolo 373 comma 1 è stato così modificato dall'art. 79 della legge 17 giugno 2008 n. 92 (Disposizioni in materia di prevenzione e contrasto del riciclaggio e del finanziamento del terrorismo).*	**Art. 373. –** ***Corruption*** - A public official who receives any undue advantage for himself or others, or accepts the promise of the advantages with the purpose of omitting or delaying or for having omitted or delayed an act of his office or of carrying out or having carried out an act contrary to his official duties, shall be punished by terms of fourth-degree imprisonment and fourth-degree disqualification from public offices and political rights as well as a third-degree daily fine (*). Punishments shall be reduced by one degree if the act to be performed forms part of one's own official duties. The same punishments shall apply to a public employee who is not a public official. The punishments referred to in the preceding paragraphs shall also apply to the one giving or promising the advantage. *(*) Article 373 paragraph 1 was thus amended by Art. 79 of Law no. 92 of 17 June 2008 (Provisions on preventing and combating money laundering and terrorist financing)*
Art. 374. ***Accettazione di utilità per un atto già compiuto*** – Il pubblico ufficiale o il pubblico impiegato che non abbia tale qualità, il quale riceve un compenso per un atto d'ufficio già compiuto, è punito con la prigionia di primo grado o con la multa a giorni di terzo grado. La stessa pena si applica a chi dà il compenso.	**Art. 374. Acceptance of advantages for an act already performed** – A public official or public employee who is not a public official receiving an advantage for an act already performed shall be punished by terms of first-degree imprisonment or third-degree daily fine. The same punishment shall be applied to the person providing the advantage.
Art. 374 bis. ***Istigazione alla corruzione*** (*) - Chiunque offre o promette una qualsiasi utilità non dovuta ad un pubblico ufficiale o ad un pubblico impiegato che non riveste la qualità di pubblico ufficiale, per indurlo ad omettere o a ritardare un atto del suo ufficio, ovvero a compiere un atto contrario ai suoi doveri è punito, qualora l'offerta o la promessa non sia accettata, con la prigionia e con l'interdizione dai pubblici uffici e dai diritti politici di terzo grado nonché con la multa a giorni di secondo grado. Se l'offerta o la promessa è fatta per indurre un pubblico ufficiale o un pubblico impiegato che non riveste la qualità di pubblico ufficiale a compiere un atto del suo ufficio, si applica, qualora l'offerta o la promessa non sia accettata, l'arresto di terzo grado e la multa a giorni di secondo grado. La pena di cui al primo comma si applica al pubblico ufficiale o al pubblico impiegato che non riveste la qualità di pubblico ufficiale che sollecita una promessa o la dazione di qualsiasi utilità da parte di un privato per le finalità indicate dall'articolo 373. La pena di cui al secondo comma si applica al	**Art. 374** ***bis*****.** ***Instigation of corruption*** **(*)** – Anyone who offers or promises any undue advantage to a public official or public employee who is not a public official, in order to lead him to omit or delay an act of his office, or to carry out an act contrary to his duties shall be punished, the offer or promise having not been accepted, by terms of third-degree imprisonment and third-degree disqualification from public offices and political rights as well as second-degree daily fine. If the offer or promise has been made to lead a public official or public employee who is not a public official to carry out an act of his office, the offer or promise having not been accepted, the offender shall be subject to third-degree arrest and second-degree daily fine. The penalty referred to in the first paragraph shall be applied to the public official or public employee who is not a public official that demands a promise or gift of any advantage from a private citizen for the purposes foreseen in article 373. The penalty foreseen in the second paragraph shall be applied to the public official or public employee who is not a public official that demands a promise or gift of

pubblico ufficiale o al pubblico impiegato che non riveste la qualità di pubblico ufficiale che sollecita una promessa o la dazione di qualsiasi utilità da parte di un privato per le finalità indicate dall'articolo 374.». *(*) L'articolo 374 bis è stato introdotto dall'art. 79 della legge 17 giugno 2008 n. 92 (Disposizioni in materia di prevenzione e contrasto del riciclaggio e del finanziamento del terrorismo).*	any advantage from a private citizen for the purpose foreseen in article 374. *(*) Article 374 bis was introduced by Art. 79 of Law no. 92 of 17 June 2008 (Provisions on preventing and combating money laundering and terrorist financing)*
Art. 374 ter. ***Malversazione, concussione, corruzione e istigazione alla corruzione di funzionari di Stati esteri o di organizzazioni pubbliche internazionali*** - Le disposizioni degli articoli 371, 372, 373 commi 1, 2 e 3, 374 comma 1, e 374 bis commi 3 e 4, si applicano anche a coloro che esercitano funzioni o attività corrispondenti a quelle di pubblico ufficiale o di pubblico impiegato che non riveste la qualità di pubblico ufficiale nell'ambito di Stati esteri o di organizzazioni pubbliche internazionali, nonché ai funzionari e agli agenti assunti per contratto presso Stati esteri o organizzazioni pubbliche internazionali. Le disposizioni degli articoli 373 comma 4, 374 comma 2, 374 bis commi 1 e 2, si applicano anche se l'utilità è data, offerta o promessa alle persone indicate nel primo comma del presente articolo.». *(*) L'articolo 374 ter è stato introdotto dall'art. 79 della legge 17 giugno 2008 n. 92 (Disposizioni in materia di prevenzione e contrasto del riciclaggio e del finanziamento del terrorismo).*	**Art. 374** ***ter. Embezzlement, extortion, corruption and instigation to corruption of officials from foreign States or international public organizations*** – The provisions of articles 371, 372, 373 paragraphs 1, 2 and 3, 374 paragraph 1, and 374 *bis* paragraphs 3 and 4, shall also be applied to those who exercise functions or activities equivalent to those of a public official or public employee who is not a public official in a foreign State or within international public organizations as well as officials and agents recruited by contract in foreign States or in international public organisations. The provisions of articles 373 paragraph 4, 374 paragraph 2, 374 *bis* paragraphs 1 and 2, shall be applied even if the advantage has been given, offered or promised to the persons foreseen in the first paragraph of this article. *(*) Article 374 ter was introduced by Art. 79 of Law no. 92 of 17 June 2008 (Provisions on preventing and combating money laundering and terrorist financing)*
Art. 377. ***Rivelazione di segreti d'ufficio*** – Il pubblico ufficiale o il pubblico impiegato che non abbia tale qualità, il quale rivela ad estranei notizie costituenti segreti d'ufficio, è punito con la prigionia di secondo grado.	**Art. 377**. ***Disclosure of professional secrets*** – A public officer or public employee who does not possess that rank, disclosing information that constitutes professional secrets, shall be punished with second-degree imprisonment.
Art. 401. ***Falsità in monete, valori di bollo e titoli di credito*** – Chiunque contraffà o altera monete aventi corso legale o titoli di credito emessi dalla Repubblica, è punito con la prigionia di quarto grado. Alla stessa pena soggiace chi fa uso di tali cose contraffatte o alterate, le introduce nel territorio dello Stato ovvero le acquista o riceve allo scopo di farne uso o di metterle in circolazione. Le pene sono diminuite di un grado se i fatti sono commessi su carta bollata, marche da bollo, francobolli od altri valori equiparati. Le disposizioni precedenti si applicano anche alle monete, ai valori e titoli esteri.	**Art. 401. Counterfeit currency, stamps and negotiable instruments** – Anyone counterfeiting or altering currencies that are legal tender or negotiable instruments issued by the Republic of San Marino shall be punished by terms of fourth-degree imprisonment. The same punishment shall apply to anyone who uses, introduces in the domestic territory, buys or receives for the purpose of using or circulating such counterfeit or altered instruments. Punishments shall be reduced by one degree where the conduct involves stamped paper, revenue stamps, postage stamps or other equivalent values. The preceding provisions shall also apply to foreign currencies, bonds and values.

6. CODE OF CRIMINAL PROCEDURE (EXTRACT)

ITALIAN VERSION	ENGLISH VERSION
Art. 15. Il Commissario della Legge ha il diritto ed il dovere ad un tempo d'intraprendere l'inquisizione contro ogni sorta di reati appena giungano in qualunque modo a di lui cognizione. Egli allora assume il titolo di *Giudice Inquirente.*	**Art. 15.** The Law Commissioner shall have at the same time the right and duty to undertake investigation with respect to any type of offence, as soon as he has knowledge thereof in any manner. He shall thus act as Investigating Judge.
Art. 22. Sono tenuti a trasmettere al Commissario rapporto o denuncia ufficiale di un reato di azione pubblica la Forza politica, e i militi in servizio, sotto la pena comminata dall'Articolo del Codice penale.	**Art. 22.** Political forces and the military on duty are required to transmit to the Commissioner any report or official denunciation of a public prosecution offence. Failure to do so shall be punished by the relevant article of the Criminal Code.
Art. 53. Le misure di coercizione personale sono la carcerazione cautelare in carcere o in luogo di cura, gli arresti domiciliari, l'obbligo o il divieto di soggiorno nel territorio della Repubblica o in una parte di esso, il divieto di espatrio. Nessuno può essere sottoposto a misure di coercizione personale se non risultano adeguati elementi probatori che, allo stato, facciano ritenere responsabile la persona per i fatti per cui si procede e configurabile il reato per cui la legge prevede l'adozione della misura. Le misure di coercizione personale sono disposte dal Giudice che procede solo se vi sia pericolo di inquinamento delle prove o di fuga del prevenuto ovvero se ricorrano gravi esigenze di tutela della collettività. È adottata la misura cautelare meno grave per la persona e per la sua famiglia, purché in concreto sufficiente rispetto allo scopo. La misura deve comunque risultare proporzionata all'entità del fatto e alla pena o misura di sicurezza che sarebbe da applicare nel caso di specie, tenuto conto anche dell'eventuale sospensione condizionale della pena. Tali elementi sono valutati allo stato degli atti. *(*) Articolo così sostituito dall'art. 14 della Legge 2 febbraio 1994 n. 9.*	**Art. 53.** Measures of personal coercion include detention on remand either in prison or in a place of treatment, house arrest, the obligation or prohibition to stay on the territory of the Republic or part thereof, the prohibition to leave the country. Nobody may be subjected to personal coercion measures failing adequate evidentiary elements that a person may be held responsible for the conduct being proceeded against and that such conduct amounts to an offence whereby the such measures may be adopted by law. Measures of personal coercion shall be ordered by the Judge in charge of the proceeding only if there is a risk of destruction or corruption of evidence or of flight by the defendant or in case of serious need to protect the community. The precautionary measure which is less severe for the defendant and his family shall be adopted, provided that it is sufficient for its intended purpose. The measure shall in any case be proportionate to the level of wrongfulness of the conduct and to the punishment or security measure that would apply in such a case, account being taken of any conditional suspension of sentence. Such elements shall be considered in the light of the current state of the documents. *(*)Article thus superseded by Article 14 of Law no. 9 of 2 February 1994*
Art. 56 (*) Avverso i provvedimenti in materia di misure di coercizione personale o patrimoniale ovvero di sequestri o della loro convalida il prevenuto e il Procuratore del Fisco possono proporre reclamo al Giudice delle Appellazioni Penali entro dieci giorni dalla loro notificazione od esecuzione. Avverso i provvedimenti in materia di misure di coercizione patrimoniale ovvero di sequestri o della loro convalida, anche le parti civili possono proporre reclamo. *(*) Articolo così sostituito dall'art. 17 della Legge 2 febbraio 1994 n. 9.*	**Art. 56 (*)** The defendant and the Procuratore del Fisco may lodge an appeal against the measures of personal coercion or involving the property of an individual to the Judge of Criminal Appeal within ten days of their notification or execution. Coercive measures involving the property of an individual, related to seizures or their confirmation may also be appealed against by plaintiffs. *(*) Article thus superseded by Article 17 of Law no. 9 of 2 February 1994.*
Art. 59. Eseguendosi l'arresto di un imputato, si assicurano le armi e qualunque oggetto che può credersi abbia servito o sia stato destinato a commettere il reato, come anche ogni oggetto che	**Art. 59**. In arresting a defendant, the arms and any instrumentalities that may be deemed to have been used or intended to commit the offence, as well as any thing that may be deemed to be the result thereof, or connected

possa esserne conseguenza, od avervi relazione, od essere influente in qualsiasi modo al discoprimento della verità.	therewith, or relevant in any manner to finding the truth, shall be forfeited.
Art. 74. La perquisizione reale al domicilio dell'inquisito o di altri, non può farsi che con decreto Commissariale scritto nel processo, decreto la cui copia autenticata si trasmette al Capo della forza pubblica. Nel detto decreto si prescrivono le cautele da usarsi nella perquisizione, della omissione delle quali è responsabile il Capo della forza. Non è necessario il decreto per eseguirla al domicilio del prevenuto, quando questa si opera nell'atto dell'arresto del prevenuto stesso.	**Art. 74.** The search of the house of the defendant or of another shall be subject to a written order of the Law Commissioner, to be included in the file of the proceedings, and certified copy thereof shall be transmitted to the Head of the law enforcement agency. Such order shall indicate all cautions to be exercised during the search. The Head of the law enforcement agency shall be held liable for any non-compliance with such order. The judge's order is not required when the search of the house of the defendant occurs during his arrest.
Art. 135. Ultimato l'esame di tutti i testimoni indotti tanto a carico quanto a discarico dell'inquisito, ed esaurito tutto ciò che tende allo scoprimento della verità sul tema del giudizio, il Giudice Inquirente, se trova che le prove raccolte durante l'inquisizione non offrono legale fondamento per contestare al prevenuto la colpabilità nel titolo di cui trattasi, trasmette l'incarto al Procuratore del Fisco per avere il di lui parere, e qualora questi opini non farsi luogo alla contestazione, il Giudice Inquirente con analogo decreto ordina il passaggio degli atti all'Archivio, la dimissione del reo dal giudizio, senza pregiudizio dei diritti del Fisco, qualora in appresso sopraggiungessero nuove prove a carico del prevenuto. Il Decreto che ordina il passaggio degli atti all'archivio deve essere tempestivamente notificato al Procuratore del Fisco, al prevenuto, al danneggiato, al querelante e al denunziante e comunicato al Magistrato Dirigente (*). Contro tale Decreto è ammesso, entro 30 giorni dalla notifica, ricorso da parte del prevenuto e della parte lesa, nal Giudice delle Appellazioni Penali, diverso da quello competente a decidere nel merito in base ai naturali criteri di assegnazione del lavoro giudiziario, il quale si esprime entro 30 giorni con ordinanza motivata (*). L'ordinanza del Giudic ne delle Appellazioni Penali che accoglie motivatamente il ricorso dispone altresì la riapertura dell'istruttoria e manda al Magistrato Dirigente per l'assegnazione del fascicolo ad altro Giudice Inquirente. *(*) Commi aggiunti dall'art. 7 n. 1 della Legge 17 giugno 2008 n. 93*	**Art. 135.** Once all witnesses testifying for and against the defendant have been heard and everything necessary to discover the truth about the facts being investigated has been carried out, the Investigating Judge, considering that the evidence collected in the investigation does not provide legal grounds to charge the defendant with the offence, shall transfer the relevant file to the Procuratore del Fisco to hear his opinion about the matter. If the Procuratore del Fisco is of the opinion that there are no grounds to charge the defendant with the offence, the Investigating Judge shall order the case to be closed and the defendant to be dismissed, without prejudice to the rights of the Procuratore del Fisco, if new evidence subsequently comes to light against the defendant. The decision of the Judge declaring the case closed shall be timely notified to the Procuratore del Fisco, the defendant, the injured party, the complainant and the accuser and be forwarded to the Head Magistrate (*). This order may be appealed against by the defendant and the injured party, within 30 days of notification, to the Judge of Criminal Appeal other than the one who shall adjudicate on the substance of the case according to the natural criteria for assigning legal work. The Judge of Criminal Appeal shall take a decision within 30 days, by issuing a reasoned order (*). The order of the Judge of Criminal Appeal which upholds the appeal by giving reasons therefor shall also establish that the investigation is reopened and it shall request the Head Magistrate to assign the case to another Investigating Judge. *(*) paragraphs added by Art. 7, paragraph 1 of Law no. 93 of 17 June 2008.*
Art. 161. La Sentenza contiene il fatto e le principali circostanze di esso, ed è motivata. Essa è assolutoria dal reato, o assolutoria dal giudizio, o condannatoria.	**Art. 161**. The sentence shall indicate the conduct and main ircumstances thereof, and shall be reasoned. It shall either acquit the defendant of the offence, or of the judgment or convict him.
Art. 162. Nei reati, nei quali la prova generica del fatto è distinta e separata dalla specifica, la sentenza dichiara preliminarmente se consta o non consta del reato in genere. Se non consta, la sentenza ordina la libera dimissione del prevenuto, ossia la di lui	**Art. 162**. In offences where general evidence of conduct is distinct and separate from specific evidence, a sentence shall preliminarily state whether a conduct amounts to an offence in general. If it does not amount to an offence, the sentence shall order the defendant's dismissal and final

definitiva assoluzione. Se consta, passa a dichiarare che il provenuto è colpevole o non è colpevole, o che non consta abbastanza che sia colpevole. Nel primo caso pronuncia la condanna del prevenuto alla pena legale, riportando testualmente gli articoli della legge applicata. Nel secondo caso il prevenuto è assoluto definitivamente e se ne ordina la libera dimissione. Nel terzo caso se ne ordina del pari la dimissione, ma può anche, quando lo si creda conforme a giustizia, dichiararsi che il processo rimarrà aperto per un dato tempo, non mai però al di là del tempo necessario a prescrivere il reato. Nel dichiarare la non colpevolezza del prevenuto, il Giudice, su richiesta del medesimo, condanna il querelante, ovvero, nei reati di azione pubblica, la Parte Civile, alla rifusione delle spese, nonché, quando concorrono motivi di colpa grave, al risarcimento dei danni cagionati dal processo. Per tali domande non è ammesso agire separatamente in via civile. *(*) Articolo così sostituito dall' art. 6 della Legge 18 ottobre 1963 n. 43.*	acquittal. If it amounts to an offence, the sentence shall declare the defendant either guilty, or not guilty, or that there are no sufficient grounds to prove him guilty. In the former case the sentence shall convict the defendant to legal punishment, quoting the applicable articles of the relevant law. In the second case the defendant shall be definitively acquitted and dismissed. In the latter case the defendant shall be dismissed, but the sentence may declare – if deemed necessary for justice reasons – that the proceeding shall remain open for a certain period of time, which shall not exceed however the relevant statute of limitations. Where the defendant is found not guilty, the Judge – on request of the defendant himself – shall convict the plaintiff - or the civil party, in case of public prosecution offences- to refund expenses as well as to compensate damage caused during the trial when gross negligence occurred. For such applications no separate civil action shall be admitted. *(*) Article thus superseded by Article 6 of Law no. 43 of 18 October 1963.*

7. QUALIFIED LAW NO. 1 OF 4 MAY 2009 - SPECIAL AND URGENT MEASURES FOR THE APPOINTMENT OF JUDGES

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

We, the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185/2005 and Article 6 of Qualified Law no. 186/2005;
Promulgate and order the publication of the following Qualified Law approved by the Great and General Council in its sitting of 23 April 2009 with 37 votes in favour, 12 against, 1 abstention and 2 non-voters:

QUALIFIED LAW NO. 1 OF 4 MAY 2009

SPECIAL AND URGENT MEASURES FOR THE APPOINTMENT OF JUDGES

Art. 1
(Recruitment of new Judges)

1. By way of derogation from the recruitment procedures provided for by Law no. 145 of 30 October 2003 and by the Regulation referred to in Article 3, paragraph 6 of the same Law, approved by the Judicial Council on 18 June 2004, considering the urgent need to ensure the regular exercise of jurisdiction, it is hereby ordered that the following Judges are recruited, including the professionals for whom the competition procedures have already been initiated:
- no. 3 Law Commissioner's Clerks (*Uditori Commissariali*)
- no. 1 Law Commissioner
- no. 1 Administrative Judge in the first instance.

Art. 2

(Recruitment requirements)

1. Clerks shall be appointed among San Marino citizens or residents in the Republic of San Marino holding a degree in Law who have passed a qualifying examination to practice as lawyers and notaries, although they have not practiced the legal profession.
2. The Law Commissioner and the Administrative Judge in the first instance shall be appointed among those persons possessing the requirements and qualifications referred to in Article 5 of Qualified Law no. 145 of 30 October 2003.

Art. 3

(Appointment procedures)

1. Appointments shall take place, subject to the passing of an examination before a Committee composed of three members, including a President, appointed by the Parliamentary Committee on Justice Affairs, within ten days from the entry into force of this Law, among Judges of appeal or Judges of superior courts, or among persons having high reputation in the field of law, or among those who have successfully practiced the legal profession. The Secretariat's functions of the Examining Committee shall be performed by the Registrar of the Civil Section of the Single Court.
2. The examination for the appointment of the Clerks, the Law Commissioner and the Administrative Judge in the first instance shall consist of an oral test aimed at verifying the ability of candidates to solve legal problems and their professional skills in the following subjects: civil law and procedure, criminal law and procedure, administrative law, constitutional law and the system of sources of law. The test shall be exclusively oral and shall be carried out according to the modalities, as applicable, referred to in Annex "C" to the Organic Law in force.

Art. 4

(Submittal of applications and completion of the selection procedure)

1. Candidates shall submit the applications for participation in the selection to the Civil Registry of the Single Court within thirty days from the entry into force of this Law. The Secretariat of State for Justice shall ensure that the provisions enshrined in this Law are publicly known and disclosed.
2. Applications shall be accompanied by documents proving that the candidates possess the requirements and qualifications to be admitted to the selection referred to in this Law, as well as by their CVs and any qualifications and publications in law.

Art. 5

(Carrying out of the tests and criteria for the evaluation of the examination and qualifications)

1. The Examining Committee shall meet, in the five days following the deadline for the submittal of applications, in order to admit candidates and fix a date for the oral test, which shall take place in the following 15 days.
2. Candidates obtaining a minimum score of 18/30 in the oral test shall be considered qualified.
3. At the end of the examination of candidates, the Committee shall draw up the ranking lists for the posts to be filled, by adding the score related to the evaluation of the qualifications held by each candidate, calculated according to the modalities referred to in subsequent paragraphs 4 and 5, to the score achieved by the candidate in the oral test.
4. Qualifications may be assigned a maximum score of 4 to be computed according to the following criteria:

1) the qualifications based on which the candidate is admitted to the competition shall be given a score proportionate to the marks obtained in the qualifications, up to a maximum of 2 points;
2) for specializations achieved by attending regular and legally recognised courses of study, 0.50 points may be assigned for specializations in San Marino law and 0.25 points for other relevant specializations, up to a maximum of 1 point;
3) 0.50 points may be assigned for publications concerning San Marino law and 0.25 points for other publications in law, up to a maximum of 1 point.

5. For each year of actual employment spent within the Judiciary in San Marino, or in Countries with systems belonging to the same historical and legal tradition, or as a permanent professor of legal subjects at Universities, 0.25 points may be assigned up to a maximum of 1 point.
6. The aforesaid ranking lists, which are binding, shall be forwarded, together with all examination documents, to the Secretariat of State for Justice. On the basis of such lists, the Secretariat of State for

Justice shall inform the winners, specifying when they will start their service, without prejudice to the fact that jurisdictional functions shall be exercised only after the Great and General Council takes note of the appointments during the earliest convenient sitting and the persons appointed take the prescribed oath.

Art. 6
(Trial period and confirmation)

1. The winners of the selection process shall be subject to a trial period referred to in Article 4 of Qualified Law no. 145 of 30 October 2003 and they shall be appointed to an open-ended post with confirmation by the Judicial Council in plenary session, based on the Chief Magistrate's report concerning the fulfilment of the tasks entrusted.
2. The Judicial Council shall decide by recorded vote. No votes shall be cast for confirmation by Judges of inferior courts with respect to those to be confirmed and judges not confirmed.

Art. 7
(Transitional provisions)

1. If, within two years from the entry into force of this Law, it is necessary to make new appointments, which shall be decided upon in compliance with the procedures set forth by Qualified Law no. 145 of 30 October 2003, and provided that it is not decided to appoint Judges sitting on upper courts, it shall be possible to recruit those persons who, according to the selections conducted, are qualified for the post to be filled, in compliance with the ranking lists. This right may be exercised if the number of Judges, resulting from the implementation of this Law, decreases within two years.
2. By way of derogation from Article 5 of Qualified Law no. 145 of 30 October 2003 and within the two-year time limit referred to in paragraph 1, the aforesaid functions may be performed by judges in service who do not meet the seniority requirement in the exercise of the functions envisaged by law, provided that the Judicial Council, meeting in plenary session, considers them to be qualified on the basis of the Chief Magistrate's report on the fulfilment of the tasks entrusted.

Art. 8
(Urgent provisions for criminal proceedings)

1. For the purposes of Article 6, paragraph 2 of Law no. 93 of 17 June 2008, from 1 December 2008 to the date on which the Judges appointed under this Law begin their service the limitation period shall be suspended only for the purposes of calculating the time limit to conduct the preliminary investigation.

Art. 9
(Entry into force)

1. This Law shall enter into force on the fifth day following that of its legal publication.

Done at Our Residence, on 4 May 2009/1708 since the Foundation of the Republic

THE CAPTAINS REGENT
Massimo Cenci – Oscar Mina

ON BEHALF OF THE SECRETARY
OF STATE FOR INTERNAL AFFAIRS
The Secretary of State
ANTONELLA MULARONI

8. LAW NO. 28 OF 26 FEBRUARY 2004 - PROVISIONS ON ANTI-TERRORISM, ANTI-MONEY LAUNDERING AND ANTI-INSIDER TRADING (EXTRACT ART. 15)

The Italian text shall be legally binding

TITLE IV

Special investigation provisions

Article 15

1. Within operations of an investigative nature aimed at identifying and suppressing the felonies referred to in Articles 199 bis, 207 and 337 bis of the Criminal Code and at acquiring relevant evidence, the Law Commissioner may authorise special agents of the Police Forces to conduct undercover operations, intervene in intermediation activities, simulate the purchasing of goods, materials and things liable to generate illicit proceeds, and take part in any initiative aimed at suppressing the felonies considered in this paragraph.

2. With regard to the acquisition of evidence by means of wire interception and phone tapping, including both wire and mobile telephones, the Congress of State shall submit, within twelve months from the entry into force of this Law, an appropriate draft bill regulating such investigative techniques and providing for relevant procedures.

3. In the cases referred to in paragraph 1 above, the Police Forces shall communicate immediately and solely to the Law Commissioner the outcome of the activities performed. They shall obtain neither copies nor duplicates of the acts concerning such activities, unless expressly authorised to do so by the Law Commissioner. The findings of any investigation under paragraph 1 concerning third parties or parties not involved in the facts under investigation shall be destroyed as soon as their non-involvement is proven. The infringement of these provisions or the dissemination of information gathered in conducting the operations under paragraph 1 shall be punished by terms of second-degree imprisonment together with second-degree disqualification from public offices and political rights.

4. The Law Commissioner may postpone the validation of seizure until the conclusion of the investigation, or delay the issue of preventive detention orders as long as the acquisition of relevant evidence is necessary.

5. Evidence acquired under the provisions of this Article may be used in court proceedings concerning offences connected to the felonies considered in paragraph 1 above.

9. LAW NO. 42 OF 1 MARCH 2010 – TRUST ACT

REPUBLIC OF SAN MARINO

We, the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185/2005 and Article 6 of Qualified Law no. 186/2005; Hereby promulgate and order the publication of the following ordinary law, approved by the Great and General Council during its sitting of 26 February 2010:

LAW N°. 42 OF 1 MARCH 2010

TRUST ACT

TITLE I
GENERAL PROVISIONS

Art 1
(Definitions)

1 For the purposes of this Law, the following expressions shall mean:

a) 'resident agent': a professional who is member of the Association of Lawyers and Notaries or of the Accountants' Association of the Republic of San Marino;
b) "Judicial Authority": the Judicial Authority of the Republic of San Marino;
c) "Supervisory Authority": the Central Bank of the Republic of San Marino;
d) "property": any interest, power, right or expectation susceptible to economic evaluation;
e) "beneficiary with a fixed interest": a person who has been granted interests (conditional or unconditional) in the trust fund or its income;
f) "trust assets': assets and property held in the trust fund;
g) "capital": trust assets, whether originally or subsequently held in the trust fund, their swap or replacement, their value increase, income attributable to capital;
h) "settlor': the person creating a trust;
i) "domicile": the place where a person has established the centre of his civil life;
j) "trust fund": total trust assets and property and legal relations concerning them;
k) "protector": the person supervising the trustee's actions and performs any other function assigned under the trust instrument;
l) "Law": this law and any subsequent amendment and supplement thereto;
m) "residence": the place where a natural person is registered as resident or a company has its registered office;
n) "beneficiary trust": a trust created for the benefit of one or more beneficiaries;
o) "purpose trust": a trust created to pursue one or more purposes;
p) "foreign trust": a trust whose applicable law is a law on trusts of a foreign State;
q) "resident trustee": a trustee resident in the Republic of San Marino;
r) "non-resident trustee": a trustee resident outside the Republic of San Marino.

Art 2.
(Notion of a trust)

1 A trust exists when a person holds property in the interest of one or more beneficiaries, or for a specific purpose under this Law.

2 The fact that the settlor holds the office of trustee or reserves some rights or powers to himself shall not be inconsistent with the existence of a trust.

3 The settlor and the trustee may be beneficiaries of the trust, but the trustee cannot be the only beneficiary of the trust.

4 The same trust instrument may establish beneficiary trusts and purpose trusts.

Art 3.
(Scope of the Law)

1 This Law shall apply exclusively to trusts created voluntarily by the settlor.

Art 4.
(Governing Law and recognition of foreign trusts)

1 The Hague Convention of 1 July 1985 on the law applicable to trusts and on their recognition shall be applied for the identification of the governing law and the recognition of foreign trusts created voluntarily by the settlor and evidenced in writing.

Art 5.
(Jurisdiction of the Republic of San Marino over trusts)

1 The Judicial Authority shall exercise jurisdiction over trusts when the defendant has his domicile, residence or registered office in San Marino, or the trust is administered in San Marino, or the law applicable to the trust is the law of the Republic of San Marino, or the parties have agreed to take the dispute to the San Marino Judicial Authority.

2 The jurisdiction of the Judicial Authority may be derogated in favour of a foreign judge, if derogation is envisaged by the trust instrument or agreed in writing.

TITLE II
TRUSTS

Chapter I
Creation, duration and invalidity of trusts

Art 6.
(Creation of trusts)

1 A trust shall be created by an instrument in writing inter vivos or by a will.

a) When the trust deed is made inter vivos in the Republic of San Marino, either a public deed, without the presence of witnesses, or a written document with the authenticated signature of a notary public shall be required. The authenticated signature of the notary public shall affirm the legality of the deed.
b) When the trust deed is made inter vivos outside of the territory of the Republic of San Marino, it shall be accompanied by a declaration by a lawyer or a notary public of the Republic of San Marino, who shall certify the validity of the deed in accordance with this Law.

2 The trust instrument shall include the following trust elements:

a) The settlor's will to create the trust;
b) The identification of the trustee;
c) The identification of the resident agent, if the trustee is not resident;
d) The identification of the trust assets or the criteria allowing the identification
e) the trustee's obligation to inform the resident agent of any fact or act which shall result from the Book of Events, referred to in Article 28;
f) In the case of purpose trusts:
    i) The identification of a specific purpose, achievable and not contrary to mandatory law, the public order and bones mores;
    ii) The identification of a protector with the duty to ensure that the provisions contained in the trust instrument are observed, or the criteria which enable him to be identified;
g) In the case of beneficiary trusts:

i) the identification of the beneficiaries, or the criteria which enable them to be identified, or the identification of the person who has the power to identify the beneficiaries;
ii) the rules ensuring the presence of a protector, authorised to take action against the trustee in case of breach of trust when, for any reason, there are no beneficiaries and in the other cases envisaged by the Law;

h) the criteria for the distribution of the trust fund upon the termination of the trust for reasons other than the revocation of the trust.

3 Unless otherwise provided by the trust instrument, a trust shall be irrevocable.

4 The trust instrument and dispositions through which trust assets are transferred may be established by power of attorney, general or special, which has the same form envisaged by the trust instrument.

Art 7.

(Certificate of trust)

1 Within 15 days of the date of creation of a trust, the resident trustee or the resident agent, on the basis of the information provided by the non-resident trustee, shall draw up a certificate containing:

a) the name of the trust chosen by the settlor or, if absent, by the trustee;
b) an indication as to whether the trust is revocable or irrevocable;
c) details of the trustee and any limitations placed upon his powers;
d) details of the protector, if so required, and the nature of his powers;
e) details of the settlor;
f) in the case of beneficiary trusts or also for beneficiaries, details of the beneficiaries with a current interest in the trust fund;
g) the date of the trust instrument and the duration of the trust, if envisaged in the trust instrument;
h) the governing law of the trust;
i) one of the following expressions:
    i) "This instrument creates a beneficiary trust";
    ii) "This instrument creates a purpose trust";
    iii) "This instrument creates a beneficiary trust and a purpose trust";
j) a description of the purpose of the trust in case of a purpose trust;
k) details of the local agent, if so required.

2 The certificate shall be signed by the resident trustee or the resident agent, with the authenticated signature of a notary public who certifies that the contents are true.

Art 8.

(Trust Register in the Republic of San Marino)

1 A Trust Register shall be established in the Republic of San Marino. The Register shall be kept in the Office of the Trust Register set up by delegated decree to be issued within 120 days of the date of entry into force of the Law.

2 The Office of the Trust Register may issue certificates about the information contained in the Register. The procedures relating to the issuing of certificates shall be set out by means of the delegated decree referred to in the preceding paragraph.

3 The notary public who has authenticated the signature of the certificate of trust shall deposit it with the Office of the Trust Register within 10 days of the date of authentication.

4 The Office shall register the trust in the Register, by transcribing the certificate and it shall submit the documents certifying the registration of the trust to the notary public.

5 If the notary public fails to deposit the certificate within the period specified in paragraph 3, the resident trustee or the resident agent shall provide it autonomously within the following 10 days.

6 The resident trustee or the resident agent shall request the cancellation of the trust from the Register within 20 days

a) from the assignment of the trust fund to the persons entitled subsequent to the termination of the trust;
b) from an amendment to the governing law of the trust, without prejudice to the provisions referred to in Article 56;
c) from the discovery of a cause of invalidity relating to the trust instrument or its judicial finding by a court.

7 A failure to cancel the trust cannot be upheld against third parties, unless they knew about the existence of the cause requiring the cancellation of the trust.

8 The person keeping the Trust Register shall apply an administrative sanction of € 2,000.00 to the notary public, the resident trustee and the resident agent who have failed to register the trust within the time limits laid down by paragraphs 3 and 5 respectively. A resident trustee or resident agent omitting to request the cancellation of the trust from the Register when the conditions referred to in paragraph 6 apply shall be subject to the same administrative sanction.

Art 9.
(Duration of trusts)

1 A trust shall come into effect from the time when the trustee becomes holder of some trust assets, and it shall not last more than one hundred years from the date of the trust instrument, unless it is a purpose trust.

2 If the instrument creating a beneficiary trust does not provide for its duration or provides for a duration exceeding one hundred years, the trust shall last one hundred years.

Art 10.
(Invalidity of trusts)

1 A trust shall be invalid when:

a) the trust instrument is contrary to mandatory law, the public order or bones mores;
b) the trust instrument does not meet the requirements envisaged by Article 6, paragraph 1 of the Law;
c) the requirements set forth by Article 6, paragraph 2 of the Law are absent or are unspecified in the trust instrument;
d) the requirements envisaged by Article 7 of the Law are absent in the trust instrument, except those requirements for which the Law otherwise provides;
e) the trust instrument or the transfer of property to the trustee is a sham.

2 The invalidity shall be revoked when its cause has been removed.

3 A trust shall also be invalid if the trust assets or a part thereof were used or were intended to be used to commit an action constituting an offence under San Marino law, or they represent the price, product or profit thereof.

4 The invalidity can be invoked by anyone having an interest therein, and may be declared ex officio by the Judicial Authority. The relevant action shall not be subject to any limitation periods.

5 The invalidity of a trust shall not be detrimental to third parties who, in good faith, have acquired rights from the trustee for valuable consideration after the registration of the trust in the Register referred to in Article 8.

6 The invalidity of individual provisions shall entail the invalidity of the whole trust instrument if it results that the settlor would not have created the trust without the invalid provision of the trust instrument.

7 The invalidity of individual provisions shall not entail the invalidity of the trust instrument when the invalid provisions are replaced with mandatory rules by law.

8 A trust shall be invalid in the cases envisaged by San Marino law as causes of invalidation for vitiated will of records pertaining to property.

Art 11.
(Trust fund)

1 Any property under the Law may be included in the trust fund without any necessary claim.

2 Assets held by the trustee in the exercise of his office shall belong to the trust fund Such assets shall include:

a) those resulting from the transactions carried out by the trustee, including investing and disinvesting activities;
b) those resulting from the proceeds and income generated by the aforesaid assets.

3 Any profit made by the trustee as a result of acts or omissions carried out in breach of his obligations shall also be included in the trust fund.

4 A trustee may accept assets to be included the trust fund from anyone having an interest thereof, unless otherwise established by the trust instrument.

Art 12.
(Separation of the property and destination bond)

1 The trust fund shall be separate from the personal assets of the trustee and those relating to other persons or other trusts. In particular:

a) trust assets shall not be subject to any action on the part of personal creditors of the trustee;
b) in case of concurrence of creditors or insolvency procedure of the trustee, the trust assets shall be separate from the other assets of the trustee and shall be excluded from the concurrence of his personal creditors;
c) trust assets shall not be subject to the family property regime and shall not be included the succession of the trustee.

2 At his discretion, the trustee may divide the trust fund into several sub-funds, unless otherwise provided by the trust instrument.

3 The trustee shall manage and administer the trust fund for the benefit of one or more beneficiaries or for one or more purposes.

4 The trustee shall carry out any necessary formality to protect the effectiveness of the destination bond, unless otherwise provided by the trust instrument.

Chapter II

Amendment, revocation and termination of trusts

Art 13.
(Amendment to the trust instrument)

1 The trust instrument may provide that the provisions contained therein and the choice of the governing law may be amended in the interest of the beneficiaries or to promote the purpose of the trust.

2 Any amendment to the trust instrument shall be subject to the requirements envisaged by Article 6, paragraph 1 of the Law.

3 The resident trustee or the resident agent shall inform the Office of the Trust Register of any amendment relating to the elements specified in the certificate referred to in Article 8 by means of a certification, within fifteen days from the date he makes or receives such amendments. The Office shall make the relevant notes in the margin of the original certificate.

4 The certificate shall be signed by the resident trustee or the resident agent, with the signature being authenticated by a notary public who shall confirm that the contents are true.

5 A resident trustee or a resident agent who fails to make the communications envisaged by paragraph 3 within the relevant time limits shall be subject to an administrative sanction of € 2,000.00.

6 Any amendment to a trust instrument shall not be detrimental to the effects of the actions effectively performed by the trustee prior to such amendment.

Art 14.

(Revocation of trusts)

1 A trust instrument may provide that the trust is revocable.

2 Revocation shall require the same procedure envisaged to amend the trust instrument, and it shall be notified to the Register by the resident trustee or resident agent in accordance with Article 8 of the Law.

3 If the trust is revoked, the trustee shall transfer the trust assets in accordance with the provisions of the trust instrument and, in absence thereof, to the settlor or his successors.

4 Revocation shall not be detrimental to the effectiveness of the actions performed by the trustee in accordance with the law and the trust instrument prior to the notification of the revocation.

Art 15.

(Termination of trusts)

1 Besides the causes envisaged by the trust instrument, a trust shall terminate:

a) on expiry of the term;
b) by virtue of the declaration of revocation;
c) if it is a purpose trust: when the purpose has been achieved, or it is not possible to achieve it;
d) if it is a beneficiary trust:
    i) where there are no beneficiaries, as well as no persons who can be beneficiaries or can identify any beneficiary;
    ii) when a beneficiary dies within the period specified by Article 48 paragraph 1;
    iii) when the trust is terminated by the beneficiaries under Article 50 paragraph 3.
e) if the trust fund is exhausted.

2 The termination of a trust shall not be detrimental to the effectiveness of the actions previously performed by the trustee in accordance with the trust instrument and any applicable rule.

3 When a trust terminates in accordance with paragraph 1, letters (d)(i) or (ii) above and there are no successors of the settlor, trust assets shall be transferred to the State.

Art 16.

(Distribution of trust assets)

1 Once one of the events leading to the termination of the trust has occurred, the trustee shall complete any operations underway and shall not carry out new ones.

2 Once his final accounts and the trust fund inventory have been drawn up, the trustee shall transfer the fund to the persons entitled, according to the provisions of the trust instrument. If the provisions of the trust instrument cannot be applied to the whole fund, the trustee shall transfer the residual trust assets to the settlor or his successors and, if absent, to the State.

3 Any obligation owed by the trustee shall pass *de jure* to anyone to whom the trust fund is transferred, up to the limit of the value of the assets received.

TITLE III
PARTIES TO THE TRUST

Chapter I
Trustees

Section I
Appointment and authorization to exercise the office

Art 17.
(Acceptance and refusal of the appointment to the office of trustee)

1 A trustee appointed by the trust instrument may accept the appointment to the office expressly or tacitly. Acceptance shall be express when it is contained in a written document, or when the person appointed undertakes the office of trustee in relation to third parties. Acceptance shall be tacit, when the person appointed takes an action which suggests the willingness to accept the office.

2 A person who does not wish to act as trustee may refuse the office expressly by means of a written declaration sent to the settlor or to those entitled to succeed to his property, or to the trustees already in office.

Art 18.
(Qualifications for a trustee)

1 The office of trustee may be held by one or more persons, natural or legal, none of whom shall be a trustee of more than one trust subject to this Law, or by one or more persons, natural or legal, identified as obliged parties in the framework of the anti-money laundering regulations issued by the Republic of San Marino or other States in order to implement the European Union Directives or other laws substantially equivalent to them.

2 The professional exercise of the office of trustee in the Republic of San Marino shall be governed by delegated decree.

Art 19.
(Appointment of a new trustee)

1 A new trustee shall be appointed in accordance with the provisions of the trust instrument or, if absent, by the Judicial Authority.

2 Unless otherwise provided by the trust instrument, if the trust has a plurality of trustees, a new trustee shall be appointed unanimously by the trustees holding the office. In case of disagreement, the Judicial Authority shall appoint the new trustee.

3 The appointment of a new trustee shall be notified as an abstract, by means of an authentic deed deposited with the Trust Register within 15 days of the appointment.

4 A new trustee shall replace or, if there are other trustees, shall become a co-owner of the trust fund together with the other trustees, and the outgoing trustee or the other trustees shall take, without delay, any necessary action to enable him to exercise his own rights and powers, and provide him, without delay, with the records and documents relating to the trust.

Section II
Obligations of trustees

Art 20.
(Good faith and diligence)

1 A trustee shall fulfil the obligations and exercise the powers relating to his office in good faith and with the diligence of a good father of a family who shall take care of the interests of other people.

2 With respect to trustees who professionally carry out this activity or other persons having professional skills and competence, diligence shall be assessed in relation to the professional nature of the activity performed.

Art 21.
(Protection of trust assets)

1 A trustee shall assure that he has legal ownership of the trust assets. He shall protect the integrity and ownership of the trust assets, by taking all necessary or useful actions for that purpose.

2 A trustee shall keep the trust assets separate from any other property at his disposal, including those relating to other trusts.

3 A trustee shall deposit:

a) anonymous bearer shares or certificates representing anonymous bearer shares in companies under San Marino law with a notary public of the Republic of San Marino, in compliance with the law in force;
b) any other bearer security with banks or other deposit-holders authorised to keep securities in custody and required to comply with anti-money laundering legislation.

Art 22.
(Management of trust assets)

1 Unless otherwise provided by the trust instrument and allowed by the nature of the trust assets, a trustee shall manage the trust assets with a view to preserving and increasing their value, by diversifying investments and evaluating their composition on a regular basis, with the assistance of persons having specific professional skills and experience in the field of asset management.

2 The trust instrument may limit or exclude the power of the trustee to invest, manage or dispose of the trust assets.

Art 23.
(Conflict of interest and patrimonial advantage)

1 Before accepting the office, a person appointed as a trustee by means of an inter vivos instrument shall inform the settlor in writing of any possible cause of conflict of which he is aware between the interests he holds by any right and those of the beneficiaries or the purpose of the trust.

2 A trustee appointed by will who is in a position of conflict of interest shall promptly inform the Judicial Authority, which shall adopt the appropriate measures to protect the interests of the beneficiary or the purpose of the trust.

3 Unless otherwise provided by the trust instrument, a trustee cannot act in case of conflict of interest with one or more beneficiaries or the purpose of the trust.

4 The trustee cannot, even through a third party:

a) acquire the legal position of beneficiary or accept it under guarantee;
b) draw up deeds relating to the trust assets with himself, except if he acts as trustee of another trust and this is allowed by the trust instrument;
c) compete on his own behalf, or on behalf of third parties with the business activity carried out as a trustee.

5 Unless otherwise provided by the trust instrument, a trustee may contract with himself if it is a company authorised to carry out banking or financial activities and it draws up contracts relating to its own business activity.

Art 24.
(Duty of impartiality - Derogation)

1 Unless otherwise provided by the trust instrument, when the trust has more than one beneficiary, or more than one purpose, the trustee holding discretionary powers may favour only one or more of them.

Art 26.

(Accounting and inventory)

1 A trustee shall keep regular and complete accounting of the facts concerning the trust assets.
2 A trustee shall assess the market value of the trust fund on a regular basis according to the methods and in application of the criteria set out by relevant delegated decree to be issued within 120 days of the date of entry into force of this Law.

3 By 31 March of the subsequent year, the trustee shall annually draw up and transcribe in the Book of Events:

a) the trust's balance sheet;
b) the inventory of the trust fund;
c) a report containing the summary and the description of the main events changing the size and composition of the trust fund.

4 Different provisions of the trust instrument shall not be affected.

Art 27.

(Communications)

1 The balance sheet, the inventory and the report referred to in Article 26 shall be sent by the trustee to the protector of the purpose trust and to the protector of the beneficiary trust, if any.

2 Unless otherwise provided by the trust instrument, in the beneficiary trust the trustee shall be required to inform each beneficiary holding a fixed interest of:

a) the existence of the trust, the name and domicile of the trustee, and of the provisions of the trust instrument envisaging such a right;
b) all acts or facts amending or terminating such a right;
c) upon request of a beneficiary, within an adequate time limit, an inventory limited to the trust assets in respect of which the beneficiary claims a right, and an estimate of their market value comparable to the value claimed by the beneficiary.

3 The communications referred to in the preceding paragraphs shall not involve people representing minors, unborn or conceived children, unless required by the trust instrument.

4 If the trust instrument excludes or completely limits the obligations referred to in paragraph 2, it shall ensure that there is always a protector, authorized to take action against the trustee in case of breach of duty.

Art 28.

(Book of Events)

1 The resident trustee or the resident agent shall create, update and keep the Book of Events of the trust, in which they shall register, in chronological order, the acts and events relating to the trust of which they are aware. In any case, the Book of Events shall contain:

a) any information which the non-resident trustee has provided to the resident agent;
b) a description of the events concerning the beneficiaries and the purpose;
c) a description of the trust assets;
d) the assignments made in accordance with the trust instrument;
e) the instruments of delegation;
f) proceedings in which a trustee takes part in that capacity;
g) disagreement expressed under Article 30 or Article 52;
h) the documents referred to in Article 26, paragraph 3, subject to Article 26, paragraph 4;
i) changes in the trustees or protectors;
j) the exercise of the powers relating to the identification of beneficiaries and the attribution of a fixed interest.

2 Every year the resident agent shall ask the non-resident trustee to inform him of any fact or act which should result from the Book of Events.

3 The Book of Events shall be numbered progressively on every page and be authenticated on every sheet.

4 The procedures for the authentication shall be set forth by delegated decree to be issued within 120 days of the date of entry into force of this Law.

5 The Book of Events shall be shown, upon request, to the protector and the Judicial Authority, as well as to the Supervisory Authority in accordance with the provisions issued by the latter.

5 The trust instrument may confer upon other persons the right to consult the Book of Events and to take extracts from it.

Art 29.
(Fulfilment of publicity requirements)

1 Unless otherwise provided by the trust instrument, a trustee shall fulfil any necessary requirement for publicity to make known that he holds the trust assets in the capacity of trustee or, in any case, to make the existence of the trust be known according to the law of the place where the assets are held.

Art 30.
(Plurality of trustees)

1 Each trustee shall have the right to take part in the decisions to be adopted unanimously or by a majority.

2 Unless otherwise provided by the trust instrument, when a trust has a plurality of trustees, they shall act upon a decision made jointly and unanimously, but each one shall have the power to take urgent actions for the preservation of the trust assets.

3 If the trust instrument provides that the trustees make decisions by a majority of votes, the dissenting trustee shall note his dissent in the Book of Events.

4 When a trust may be administered disjointedly, every action relating to the trust assets shall be communicated in advance by the trustee concerned to the other trustees. Any trustee dissenting from the action intended to be taken by the individual trustee shall note his dissent in the Book of Events.

Section III
Trustee's powers

Art 31.
(Trustee's powers)

1 A trustee shall exercise all powers conferred upon the entitled person in relation to trust assets, except for the limitations noted in the Trust Register.

2 The trustee shall have standing to sue and to be sued in his capacity.

Art 32.
(Power of consultation)

1 A trustee may ask for professional advice on acts to be performed in respect of the trust and entrust the advisors with professional services.

2 The trust instrument may provide that the trustee consults or obtains the consent of another person before exercising a particular power.

3 A person shall not become a trustee merely because he has been consulted, or he has given or refused to give his consent under the preceding paragraph.

Art 33.
(Power of delegation)

1 Unless otherwise provided by the Law or the trust instrument, a trustee may delegate his own powers relating to the execution of actions or transactions concerning the management of the trust fund and dispositions of the trust assets.

2 The following powers cannot be delegated:

a) the power to decide how and when trust assets shall be assigned to beneficiaries;
b) the power to appoint a new trustee;
c) the power of delegation.

3 In managing the trust, a trustee may delegate the decision about investments only to banks and investment companies which are subject to prudential supervision and are not established or administered in Countries identified with a relevant measure by the Supervisory Authority. Such banks and investment companies shall select investments according to the criteria specified by the trustee in a relevant document.

4 A power delegated to more than one person shall be considered to be delegated jointly.

5 Anyone being delegated to exercise a power under this Article shall comply with the same obligations of the trustee under Sections II and III of this Chapter.

6 A trustee may delegate powers to beneficiaries, but only when the trust has a protector empowered to take action against the trustee, and the protector agrees.

7 A trustee shall supervise the action of the person delegated and shall bee answerable for the instructions and orders given to the latter.

8 Any beneficiary or the protector may take action directly against the person delegated.

9 If more than one trustee has been appointed, each trustee may delegate the exercise of his own office to other trustees, provided that there are at least three trustees. The delegation cannot last longer than one year and shall not be effective if made to allow or to help other trustees to violate the obligations arising from the trust.

10 If there is more than one trustee, the trust instrument may provide that the administration of the trust fund and the dispositions of the trust assets are delegated to only one of them, exempting the other trustees from liability for the acts performed by the delegated trustee. However, the delegated trustee shall be required to annually inform the other trustees of all actions carried out, so that the annual balance sheet may be drawn up collectively.

Art 34.
(Form and content of the instrument of delegation)

1 An instrument of delegation, under penalty of nullity, shall:

a) be in written form and be dated;
b) identify the person delegated
c) identify the trust;
d) specify the powers delegated;
e) specify the date from which it comes into effect and the period or the occasion for which it is made;

2 Unless otherwise provided by the trust instrument, the trustee cannot make a delegation of power which:

a) allows the person delegated to appoint his own substitute;
b) exempts the person delegated from liability or limits his liability against the trustee or the beneficiaries, but within the limits in favour of the trustee;

c) makes the delegation irrevocable;
d) allows the person delegated to act in conflict of interest with the beneficiary or with the purpose of the trust.

3 If the trust has a single trustee, the trustee shall communicate in writing the delegation of power, without delay, to the person having the power to appoint new trustees.

Art 35.
(Power to insure trust assets)

1 Unless otherwise provided by the trust instrument, a trustee shall insure trust assets which are liable to perish or be damaged. Insurance premiums and damages may be charged to capital or income, as determined by the trustee.

Art 36.
(Power to make advancements to beneficiaries)

1 Unless otherwise provided by the trust instrument and if the trust assets consist mainly of money or other easily liquidable assets, a trustee may make advancements to a beneficiary having a fixed interest in the trust fund, so that he is able to deal with important events in his own life.

2 In any case, the trustee shall bring such advancements into account in making further assignments in favour of the same beneficiary and when the fund is finally distributed.

Art 37.
(Power to accumulate fruits and income)

1 The trust instrument may oblige or empower a trustee to increase the capital by accumulating all or any part of the income or fruits of the trust fund for a certain period.

2 Unless otherwise provided by the trust instrument, a trustee may always use the fruits and income of the trust fund in order to maintain, educate or otherwise for the benefit of beneficiaries with fixed interests who are minors or incapable parties.

Art 38.
(Remuneration, costs and expenses of trustees)

1 Remuneration of the trustee shall be set by the trust instrument and be paid out of the trust fund. A trustee shall not be entitled to remuneration for the services rendered, if the trust instrument does not provide for remuneration and does not set forth the procedures for the determination of the amount.

2 Sums that are needed to pay the expenses incurred by a trustee in the exercise of his office shall be taken from the trust fund.

3 A trustee shall satisfy the claims arisen for his remuneration, expenses with priority given in respect of beneficiaries.

Section IV
Termination of the trustee mandate and transfer of trust assets

Art 39.
(Termination of the trustee mandate)

1 In addition to the grounds and causes envisaged by the trust instrument, a trustee shall cease to hold office if:

a) he is removed from office in accordance with the provisions of the trust instrument;
b) he resigns, in the manners provided for by the trust instrument or, in absence of provisions, by means of a written communication bearing a specific date which shall be sent to the his co-

trustees, if any, to the protector, if there is one, and, in the case of a beneficiary trust, to the beneficiaries with fixed interests;
c) he is replaced by order of the Judicial Authority;
d) he becomes subject to concurrence of creditors or other insolvency proceedings;
e) he dies or cannot hold the office due to health reasons;
f) he is subject to winding up, provided that he is a legal person or another entity.

2 Unfitness of a person to hold office due to health reasons shall be determined and proven by a specialist medical panel appointed in accordance with the trust instrument, or, if absent, by the Judicial Authority. The panel shall assess whether a person is unfit to hold office due to a condition which is not merely temporary and can affect the trustee's ability to act in a clear and efficient manner.

3 Resignation by a trustee in order to permit or to facilitate a breach of trust by the other trustees shall have no effect.

Art 40.

(Transfer of trust assets)

1 By way of derogation from the rules of *ius commune* concerning delivery:

a) whenever a trustee is replaced by another trustee, the trust fund is transferred by law to the new trustee;
b) when a trustee ceases to hold office, the trust fund remains in the ownership of the continuing trustees;
c) when a trustee is added, the trust fund passes into the common ownership of all the office-holders.

2 When a cause of ceasing to hold office has occurred, a trustee shall without delay carry out all the acts necessary to give effect to the provisions above.

3 In the case of death or inability of a trustee to continue in office, his heirs, legal representative or those who assist him shall fulfil such obligations without delay.

4 A new trustee shall replace the trustee ceasing to hold office in every pending legal proceedings.

Art 41.

(Delivery of records and documents)

1 A trustee who has ceased to hold office shall deliver without delay all the records and documents relating to the trust to the continuing trustees or the new trustee.

2 In the case of death or inability of the trustee, his heirs, legal representative or those who assist him shall fulfil such obligations without delay.

Section V
Liability of trustees

Art 42.

(Failure to comply with the obligations required by law and the trust instrument)

1 Unless otherwise provided by the trust instrument, a trustee that does not comply with his obligations shall be bound, upon request of a beneficiary or of the protector, to pay an indemnity for the damage and loss caused to the trust fund, or to the beneficiary making the claim, unless he proves that the loss was due to a cause for which he was not responsible.

2 Indemnity shall include both direct damage and loss of profits.

3 A trustee shall not be not relieved from liability merely because the loss is made up wholly or in part by a profit resulting from the breach, unless the profit is made from the same act producing the loss.

4 A trustee shall not be liable for a breach of trust committed by other persons prior to his appointment. A trustee who becomes aware of a breach of trust shall however take all reasonable steps to have such breach remedied.

5 Except as provided by Article 33, paragraph 7, a trustee shall not be liable for any failure by a delegated person, where the delegation was made in good faith and with appropriate care.

Art 43.
(Liability of trustees)

1 Trustees shall be jointly and severally liable for losses and damage resulting from violations of law and the trust instrument, committed in the exercise of their office.

2 Unless otherwise provided by the trust instrument, a trustee shall not be liable for a breach of trust committed by another trustee, where the former has noted his dissent in the Book of Events and has immediately informed any person appointed in the trust instrument or, if absent, the beneficiaries entitled to a fixed interest and the protector, if any.

3 In any case, trustees shall be jointly and severally liable if, becoming aware of a breach of trust, they have not done what they could to avoid the breach to be committed or prevent or mitigate the loss.

Art 44.
(Joint and several liability of beneficiaries)

1 A beneficiary inducing, requesting or authorizing a breach of trust by a trustee shall be jointly and severally liable for it.

Art 45.
(Exemption from liability)

1 Any provision of the trust instrument and any agreement exempting from or limiting in advance the liability of a trustee for fraud or gross negligence shall be void.

2 A beneficiary may exempt a trustee from liability for losses caused to his interests, if he is fully aware of the facts.

3 Under the same circumstances, a beneficiary may shoulder the debts of a trustee being liable for breaches committed without fraud or gross negligence.

Art 46.
(Prescription)

1 The right to compensation for damages shall lapse after five years from the time when a beneficiary or, in case there are no beneficiaries, the protector became aware of facts establishing the liability of the trustee.

Art 47.
(Liability of trustees for obligations towards third parties)

1 Anyone other than the other trustees, beneficiaries or the protector who has rights against the trustee resulting from obligations undertaken or acts expressly carried out as a trustee or from acts or facts nevertheless pertaining to that capacity, may satisfy his claim only out of the trust fund.

2 A trustee shall have the right of recourse to the trust fund, in preference to all others, in relation to any obligation he has personally undertaken, unless he is obliged to compensate the fund or any beneficiary or any pending compensation claim against him.

Chapter II
Beneficiaries

Art 48.

(Legal position)

1 A trust shall terminate if, there not having been any beneficiaries in existence at the time of the creation of the trust, at least one of them comes into being within the next thirty years.

2 The trust instrument may provide that one or more persons become or cease to be beneficiaries, stipulating the maker and the form of the decision.

3 The trust instrument may limit the legal position of beneficiaries by reference to conditions or a period of time.

4 The trust instrument may provide that the interest of a beneficiary in the trust fund or in the income of the trust fund

a) shall be neither subject to seizure, garnishment and nor be included in the property of the beneficiary in the case of concurrence of creditors; or
b) shall endure until one of his creditors effects seizure or wages garnishment, or the beneficiary becomes subject to the concurrence of his creditors, so that such interest ceases or is overtaken by other beneficial interests.

5 Anyone that receives or may receive assets or benefits from a purpose trust shall not be granted the legal position of beneficiaries.

Art 49.
(Rights of beneficiaries)

1 Unless otherwise provided by the trust instrument, every beneficiary with a fixed interest shall have the right to examine the records and documents concerning his own rights and make a copy thereof.

2 A trustee shall not be not required to disclose to beneficiaries the reasons why he has exercised a discretionary power given to him in a particular way, nor shall he be required to communicate records and documents which may disclose such reasons, unless disclosure or communication is ordered by a court.

Art 50.
(Disclaimer, transfer of beneficial interest and termination of the trust by beneficiaries)

1 A beneficiary may wholly or partly disclaim his interest by instrument in the forms envisaged by the trust instrument. Such disclaimer shall have irrevocable effect from the moment that it is notified to the trustee.

2 Unless otherwise provided by the trust instrument, a beneficiary may request in writing to the trustee to transfer the trust assets in his favour or to make the transfer to a party designated by him.

3 Unless otherwise provided by the trust instrument, all beneficiaries with fixed interests in the trust fund or, if there are none, all beneficiaries may require the trustee to terminate the trust and transfer the trust assets to themselves or according to their indications.

Art 51.
(Dealings with the interest of a beneficiary)

1 Unless otherwise provided by the trust instrument, a beneficiary may alienate, charge or otherwise dispose of, in whole or in part, his interest by instruments taking effect against the trustee upon they are notified to him or, in the case of a beneficiary with a fixed interest not limited to his life, also by will.

2 If a beneficiary makes more than a disposition inter vivos in favour of different persons, the first disposition to be notified to the trustee shall take effect.

Chapter III
Protectors

Art 52.
(The office of protector)

1 The instrument creating a purpose trust shall provide for the office of protector, and shall authorise him to act against the trustee in case of breach of duty.

2 The instrument creating a beneficiary trust may provide for the office of protector, but it shall provide for him for any period during which there are no beneficiaries in existence.

3 A protector shall fulfil his own obligations and duties and exercise the powers relating to the office in good faith and with the diligence of a good father of a family. If he has professional skills, the degree of diligence shall be assessed according to the professional nature of the activity carried out. Unless otherwise provided by the trust instrument, powers conferred upon a protector shall be fiduciary powers.

4 The trust instrument may provide for remuneration of the protector. The protector shall be entitled to the reimbursement of his expenses and costs incurred in matters pertaining to his office, unless otherwise provided by the trust instrument.

5 The trust instrument may confer upon a protector various powers, including the power:

a) to appoint a new or additional trustee;
b) to appoint a new protector to be added to him if necessary;
c) to remove a trustee from office;
d) to put a veto over the exercise of certain powers of the trustee;
e) to add or exclude beneficiaries;
f) to amend the law governing the trust;
g) to audit trust accounts.

6 The exercise of any of the powers referred to in paragraph 5 shall not confer the office of trustee upon a protector.

7 A protector may be one of the beneficiaries with a fixed interest.

8 Unless otherwise provided by the trust instrument, if there is more than one protector of a trust, they shall decide by a majority. Each protector shall be entitled to take part in the decision-making process, whether decisions are to be adopted unanimously or by a majority, and shall be properly informed of the subject matter of the decision. A protector who dissents shall note, without delay, his dissent in the Book of Events of the trust.

9 Without prejudice to this Law or the trust instrument, a protector shall not disclose to third parties at any time any information obtained by virtue of his office, nor make use of it for his own benefit or that of a third party.

10 Unless otherwise provided by the trust instrument, an outgoing protector shall appoint his successor; if he fails, a new protector shall be appointed by the Judicial Authority.

11 Articles 39 and 41 of this Law shall be applied mutatis mutandis to protectors.

TITLE IV
POWERS OF THE JUDICIAL AUTHORITY

Art 53.
(Powers of the Judicial Authority)

1 The Judicial Authority shall have a general jurisdiction to control and supervise any trust governed by this Law, which they shall exercise by issuing any necessary order.

2 In addition to the powers conferred on the Judicial Authority by law, the trustee, a beneficiary, the protector or any other interested party may apply to the judge for an order regarding:

a) the fulfilment of an obligation or the exercise of a power of the office of trustee or protector;
b) the replacement of the trustee or the protector who has violated the law or the trust instrument or, for reasons of convenience or for the absence of the trustee, the requirements referred to in Article 18 of this Law;
c) the appointment of a new or additional trustee or protector;
d) measures of management and dispositions of trust assets.

3 A trustee shall be required to request without delay to the Judicial Authority to appoint a protector if, for whatever reason, there is none or the protector ceases to hold office, and the Law requires that there should be one.

4 A trustee may apply to the judge to be authorised to carry out some useful action which is not included among his powers, or for confirmation of an act already carried out, or to request the judge to introduce changes to the trust instrument which have become necessary or desirable.

5 By reasoned application, a trustee who is uncertain as to whether to carry out an act within his powers may ask the judge to pronounce a decision on the matter, also giving him precise directions.

6 A person appointed as a trustee by the Judicial Authority who finds himself in a position of conflict of interest shall apply to the judge to obtain the measures envisaged by Article 23 paragraph 2.

7 In appointing or replacing a trustee, a judge shall make provision for the custody and transfer of the trust assets, as well as of the relevant records and documents.

8 Unless otherwise ordered by the judge, the trustee and the protector appointed under this Article shall have the same rights, duties and powers as a trustee or protector would have by virtue of the trust instrument.

9 The judge shall decide about the amount of the costs of the legal proceedings.

Art 54.

(Preventive action)

1 A beneficiary with a fixed interest or a protector who have well-grounded reasons to believe that the trustee is going to fail to perform an act within his duties or he is going to perform an action violating the Law or the trust instrument shall apply to the Judicial Authority as a precautionary measure to obtain an appropriate order.

2 The effects of the precautionary measure adopted by the Judicial Authority shall not be suspended by the start of the relevant proceedings.

Art 55.

(Actions for segregation and recovery)

1 If a trustee has mixed trust assets with other assets, the trustee that is not involved in the mixing, any beneficiary or the protector shall have the right to have them segregated. The claim shall be extended to the assets of any kind with which original assets have been replaced and to their fruits.

2 If a trustee has disposed of trust assets by violating the provisions of the trust instrument or for no or an expressly inadequate consideration, any other trustee not involved in the disposal, any beneficiary and the protector shall be entitled to claim that the trustee's successor return the assets to the trust fund, unless, in the case of a disposal violating the provisions of the trust instrument, the successor was not in a position to be aware of the violation. The claim shall be extended to the assets of any kind with which original assets have been replaced and to their fruits.

3 The foregoing shall not affect, in any case, the actions for compensation for loss and damages and any other action aimed at protecting the trust.

4 The action for segregation of assets shall not be subject to any limitation period. The action for return of assets shall be subject to a limitation period of ten years.

TITLE V
PROVISIONS APPLICABLE ONLY TO FOREIGN TRUSTS

Art 56.
(Form of trust instruments and registration of foreign trusts in the Trust Register of the Republic of San Marino)

1 Instruments creating foreign trusts where the settlor is a natural or legal person residing in San Marino shall be subject to the same formal requirements set forth by Article 6, paragraph 1 of the Law.

2 Foreign trusts with an administrative seat in the Republic of San Marino shall be registered in a relevant section of the Trust Register. Article 7 and paragraphs 3, 4, 5 and 6 of Article 8 of this Law shall be applied.

3 Resident trustees of foreign trusts shall meet the requirements set out in Article 18 of the Law.

TITLE VI
CRIMINAL PROVISIONS

Art 57.
(Unlawful exercise of the office of trustee)

1 Anyone exercising the office of trustee without meeting the requirements envisaged by the Law shall be punished by terms of second-degree imprisonment and a fine amounting to between € 8,000.00 and 12,00000.

Art 58.
(Embezzlement and misappropriation of trust assets)

1 If a trustee embezzles or misappropriates trust assets, whether for his own or another's benefit, the provision of Article 197, paragraph 3 of the Criminal Code shall apply, fourth-degree disqualification from the profession or art shall be replaced with fourth-degree disqualification from the office of trustee.

Art 59.
(Conflict of interest)

1 A trustee who, with the aim of securing for himself or others an unjust profit, acts in conflict of interest, causing financial damage or loss to the beneficiaries of the trust or to the persons intended to benefit from the fulfilment of the purpose of the trust, shall be punished by terms of second-degree imprisonment, a fine amounting to between € 8,000.00 and 12,000.00 and second-degree disqualification from the office of trustee.

Art 60.
(Violation of accountability requirements)

1 A trustee failing to keep wholly or in part the accounts relating to the trust assets shall be punished by terms of second-degree arrest and second-degree disqualification from the office of trustee, if such a fact causes financial damage or loss to the beneficiaries of the trust or to the persons intended to benefit from the fulfilment of the purpose of the trust.

Art 61.
(False accounting records relating to the trust)

1 A trustee who, in the accounts or in the inventory relating to the trust assets, or in the accounting records relating to the trust envisaged by the Law or the law on the tax treatment of trusts governed by the law of the Republic of San Marino, enters data or facts which are wholly or in part untrue, or conceals wholly or in part true data or facts shall be punished by terms of second-degree imprisonment and a third-degree daily fine, as well as with second-degree disqualification from the office of trustee.

TITLE VII
FINAL PROVISIONS

Art 62.
(Administrative sanctions)

1 The administrative sanctions envisaged by the Law shall be applied by the person entrusted with the keeping of the Trust Register and shall be regulated by Law no. 68 of 28 June 1989.

Art 63.
(Requirements relating to the registration and the deposit of deeds and instruments)

1 Without prejudice to the provisions of Article 52 of Decree no. 56 of 26 April 1995, deeds and instruments drawn up and authenticated abroad shall be deposited with and be kept by a Notary Public practicing in San Marino, before being used in the Republic of San Marino. The Notary shall certify their legality through the record of deposit.

Art 64.
(Repeal, transitional provisions and entry into force)

1 Law no. 37 of 17 March 2005 and any provision which is contrary to this Law shall be repealed.

2 Trustees of trusts already established under Law no. 37 of 17 March 2005 shall make any necessary amendment to the trust instruments so that such trusts can comply with and be subject to the regime set out in this Law by 31 December 2010.

3 A trustee may introduce further amendments to the trust instrument allowed by the provisions of this Law with the consent of the settlor if alive and capable.

4 An administrative sanction of € 12,000.00 shall be imposed on a trustee violating the provision referred to in paragraph 2.

5 This Law shall come into force on the fifth day following that of its legal publication.

Done at Our Residence, on 1 March 2010

THE CAPTAINS REGENT
Francesco Mussoni – Stefano Palmieri

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

10. LAW NO. 95 OF 18 JUNE 2008 – RE-ORGANIZATION OF THE SUPERVISORY SERVICES OVER ECONOMIC ACTIVITIES

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

We, the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185 of 2005 and Article 6 of Qualified Law no. 186 of 2005;
Promulgate and order the publication of the following Ordinary Law approved by the Great and General Council during its session of June 11, 2008.

LAW N°. 95 OF 18 JUNE 2008

RE-ORGANIZATION OF THE SUPERVISORY SERVICES OVER ECONOMIC ACTIVITIES

TITLE 1
OBJECTIVES AND PURPOSES

Art.1
(Aims)
1. This Law regulates the services supervising and monitoring economic activities in order to prevent and counter tax fraud or "The like", frauds and distortions in trade exchange. It shall not apply to the activities referred to in Law No. 165/2005, as they are subject to specific control and supervisory bodies.
2. This Law shall also regulate the administrative cooperation with other States in compliance with the international agreements adopted by the Republic of San Marino.

Art.2
(The like)
1. "The like" shall only refer to the violations which present the same degree of illegality as tax fraud under San Marino legislation.
2. The single cases falling into the categories of "The like" shall be defined in the framework of the international agreements adopted by the Republic of San Marino.

TITLE II
SUPERVISION OF ECONOMIC ACTIVITIES

Art.3
(The Office for Control and Supervision of economic activities)
1. The Office for Control and Supervision of the economic activities exercised by a company shall be established.
2. Until the restructuring of the Public Administration, during which all the aspects concerning the organization and the modalities of recruitment, as well as the requirements, incompatibility and remuneration of the staff shall be defined, the Office shall be established with the following characteristics:
a) it shall be composed of two officials, one of whom being the Head of the Office, both appointed by the Congress of State. Their remuneration and work conditions shall be set upon their appointment;
b) their term of office shall last three years, unless the above mentioned reform occurs before, and they may be re-appointed only once for a further three year term;
c) the Office shall rely on the administrative staff referred to in Article 16 below.

Art.4

(Requirements and incompatibility)

1. The officials entrusted under the preceding Article shall hold a degree in Law, Economics or in Socioeconomic disciplines and have recognised professional experience to be confirmed by a specific curriculum vitae which shall be considered as integral part of the appointment.
2The appointment to the Office shall be incompatible with the position of parliamentarian or executive officer within political parties, trade unions or trade associations.
3. It shall also be incompatible with business activities as well as with positions held within any boards of companies working in the sectors supervised by the Office according to this Law.
4. Incompatibility envisaged in Law No. 41 of 22 December 1972 (Organic Law for State employees) and subsequent amendments and supplements shall also apply.
5. The official being in a position of conflict of interest in relation to an entity supervised shall refrain from covering the position.

Art.5

(Tasks and functions)

1. The Office for Control and Supervision referred to in Article 3 above shall conduct directly or through other Public Offices or State services the activities of preventing, identifying, investigating, countering tax fraud or "The like", frauds and distortions in trade exchange.

2. The Office for Control and Supervision of economic activities shall carry out the activity of controlling and supervising all economic operators organised in companies. In particular, it shall:

- propose actions and report to the competent Bodies and/or Offices on the economic operators having exercised arbitrarily an activity which is essentially different from the one envisaged in the corporate purpose;
- report and propose actions for those activities which, in any way, pursue an objective being in opposition to the State interests, as well as to international conventions and agreements;
- verify that investments in property, immovable goods and shares are aimed at achieving the objective of the business;
- check the amount of the corporate capital of the company with respect to its subscription, deposit and settlement of the losses;
- check that the corporate purpose complies with the laws of the State, as well as the International Conventions and Agreements adopted by the Republic, and report any difference or incompliance with the requirements envisaged to establish the company;
- report the operators which have not started any activity among those set forth in their corporate purpose.

3. The Head of the Office for Control and Supervision of economic activities shall submit every year a report on the activity carried out by the Office to the Great and General Council through the Secretary of State for Industry, Handicraft and Trade.

4. The Office for Control and Supervision of economic activities shall answer for its activity to the Congress of State through the Secretary of State for Industry, Handicraft and Trade and the Secretary of State for Finance and the Budget. Furthermore, it shall report the violations identified as a result of the controls referred to in paragraph 2.
5. If the violations reported are serious, the Congress of State may order the licence to be revoked and is competent to start the procedure for the compulsory winding-up for all companies at the Single Court, under Law No. 47 of 23 February 2006.

Art. 6

(Relations with Public Offices)

1. In order to perform its own functions, the Office for Control and Supervision of economic activities may rely on the cooperation with the Gendarmerie, the Civil Police and the Fortress Guard Uniformed Unit.
2. Public offices are required to provide any documents, information and cooperation requested.
3. The Office for Control and Supervision of economic activities shall have direct access to the data necessary to fulfil its functions, collected by the Tax Office and the Service for Import Supervision.
4. The functions assigned to the Assessment Bodies envisaged by the law on the general income tax shall not be prejudiced. To this end, the Office for Control and Supervision of economic activities shall report to these bodies all relevant information and data obtained while fulfilling its tasks.

Art.7

(Cooperation with the Court and the Supervisory Authorities)

1. Where the Head of the Office for Control and Supervision of economic activities recognises an alleged offence, he has the duty to forward to the Judicial Authority the information and data acquired while performing his function.
2. Where the violations identified concern matters the supervision of which falls within the competence of the Central Bank of the Republic of San Marino – Supervision Service, the Office shall make a relevant report.

Art. 8

(Relations with economic operators)

1. The Office for Control and Supervision of economic activities shall have the power to convene company representatives and request them to submit any documents which could be useful to the fulfilment of its functions.
2. While performing its functions, the Office shall inform the economic operators about the reasons having led to their convocation.
3. The economic operators shall cooperate by allowing the access, if necessary, to premises, means of transport and documents and providing all relevant information.
4. Besides the sanctions envisaged in the legislation in force, the economic operator obstructing the functions of the Office shall be punished with an accessory administrative pecuniary sanction applied by the Office of Industry, Handicraft and Trade amounting from € 1,000 to € 10,000 on the basis of the seriousness of the infraction.

TITLE III
INTERNATIONAL ADMINISTRATIVE COOPERATION

Art. 9

(Central Liaison Office)

1. A Central Liaison Office shall be established.
2. The Office shall be established according to the following features:
a) it shall include two officials, one of whom being the Head of the Office, both appointed by the Great and General Council upon proposal by the Congress of State, which shall establish the remuneration and work conditions;
b) the two officials shall be appointed for a three-year term and may be reappointed only once for a further three-year term;
c) the Office shall be assigned administrative personnel referred to in Article 16 below.

Art.10

(Requirements and incompatibility)

1. The officials appointed according to Article 9 above shall have a university degree in Law, Economics or Socioeconomic disciplines and have recognised professional experience to be confirmed by a specific curriculum vitae which shall be considered as integral part of the appointment.
2. The appointment to the Office shall be incompatible with the position of parliamentarian or executive officer within political parties, trade unions or trade associations.
3. It shall also be incompatible with free-lance or business activity within the Republic of San Marino as well as with positions held within any boards of companies working in the sectors supervised by the Office according to this Law.
4. The official who is in a conflict of interest in relation to an entity supervised by the Office shall refrain from covering the position.

Art.11

(Tasks and functions)

1. The Central Liaison Office shall be the body responsible for contacting the competent offices of other Countries for administrative cooperation with a view to implementing the international agreements adopted by the Republic of San Marino.

2. The Central Liaison Office shall access all the necessary information to prevent and contrast frauds, including tax frauds and “The like” as well as distortions in trade exchange.
3. The Central Liaison Office shall report to the Congress of State through the Secretary of State for Finance and the Budget and the Secretary of State for Industry, Handicraft and Trade.
4. The Head of the Central Liaison Office shall submit a yearly report regarding the activity carried out by the Office to the Great and General Council through the Secretary of State for Finance and the Budget.

Art.12

(Relations with the Office for Control and Supervision)

1. In carrying out its service the Central Liaison Office shall avail of the cooperation of the Office for Control and Supervision referred to in article 3 and, if necessary, directly to the bodies of the Public Administration.

Art.13

(Cooperation with the Central Bank)

1. In carrying out its functions the Central Liaison Office may request the cooperation of the Central Bank of the Republic of San Marino for investigations into banking and financial aspects, without prejudice to the provisions of Law no. 165 of 17 November 2005.

Art.14

(Relations with economic operators)

1. The Central Liaison Office shall have the power to convene company representatives and request them to submit any documents which could be useful to the fulfilment of its functions.
2. While performing its functions, the Office shall inform the economic operators about the reasons having led to their convocation
3. The economic operators shall cooperate by providing all relevant information.
4. The Economic operators may oppose the request by the Office by providing reasonable grounds according to the procedure described below.
5. The Central Liaison Office after receiving a request for administrative assistance shall inform the business who may access the relevant file as well as the request and the documentation transmitted by the competent foreign authority.
6. The information referred to in the previous paragraph is provided through service of notice to the interested party. If service is not possible in the Republic of San Marino, the Central Liaison Office shall request the foreign authority to serve it.
7. Fifteen days following service of notice referred to in the previous paragraph and the interested party failing to provide reasonable grounds for refusal to the Central Liaison Office, the Office shall immediately transmit the information acquired to the competent foreign authority.
8. The Central Liaison Office after receiving a refusal by an economic operator, shall take a well grounded decision informing the interested party about the conditions established by International Agreements providing that the information may be transmitted to the authority requesting it, including documents and records.
9. The interested party may appeal such decision before the Administrative Judge within fifteen days after receiving the decision referred to in the previous paragraph by refusing to provide information which could reveal a market, company, industrial, commercial or professional secret. If not otherwise provided for by the law the provision of Law no. 69 of 28 June 19879 shall apply. Intermediate actions of the proceeding including the decision taken by the Central Liaison Office may be appealed only with the final decision. The decision taken by the Administrative Judge in case of suspension cannot be appealed.
10. The Central Liaison Office shall immediately transmit the information acquired to the requesting State.

Art.15

(Suspension of use of debt declarations)

1. In the framework of the powers conferred upon it in Article 11 above the Central Liaison Office shall report to the relevant bodies of the Public Administration, which shall in turn take the necessary measures, the names of those economic operators against which there is clear and solid evidence that the ongoing transactions with foreign economic operators are fictitious or have been devised with the purpose to elude tax payments in the Republic of San Marino or abroad or to obtain undue tax rebate for export.

2. The Tax Office shall adopt measures to suspend the rebates for export with subsequent interruption of use of debt declarations and shall inform the Central Liaison Office and the Office for Control and Supervision of economic activities.
3. The Congress of State shall regulate the procedure of suspension of use of debt declarations by issuing a specific delegated decree.

TITLE IV
COMMON PROVISIONS

Art.16
(Administrative staff)
1. The Offices referred to in Article 3 and Article 9 are assigned administrative staff selected within the Department for Production Activities and specifically designated to cover the specific positions.
2. While waiting for a reorganisation of Public Administration which should assign specifically appointed staff to the Offices above, these positions will be covered by the personnel already employed within the Public Administration. Staff will be assigned to the Office through relocation from other sectors of the Public Administration.

Art.17
(Professional secrecy)
1. Members and employees of the Offices and all those who in any capacity cooperate with them are bound to professional secrecy and confidentiality on any matters regarding the activity of these Offices and its relations with third parties. All information and records filed with the Offices in the framework of the activities thereof are covered by professional secrecy. The obligation to respect professional secrecy shall not lapse after the end of working relations with the Offices.
2. All those who because of their relations with the Office willingly or unwillingly acquire information regarding the activity thereof shall also be bound to professional secrecy.
3. Professional secrecy cannot be opposed to the Judicial Authority when the information requested is necessary in the framework of investigations over possibly criminal cases.

TITLE V
FINAL PROVISION

Art.18
(Final provisions)
1. With the appointment of the office personnel referred to in Art.3 and Art. 9 above all the functions previously conferred upon the Company Control and Supervision Commission shall be transferred to the Office for Control and Supervision and all the functions previously conferred upon first and second level workgroups for administrative cooperation between Italy and San Marino shall be transferred to the Central Liaison Office.

Art.19
(Repeals)
1. All the provisions in contrast with this Law are repealed, in particular Art. 15 of Law no. 53 of 28 April 1999.

Art.20
(Entry into force)
1. This Law shall enter into force as of the fifteenth day following its legal publication.

Done at Our Residence, 18 June 2008

THE CAPTAINS REGENT
Rosa Zafferani – Federico Pedini Amati

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

11. LAW NO. 97 OF 20 JUNE 2008 - PREVENTION AND REPRESSION OF VIOLENCE AGAINST WOMEN AND GENDER VIOLENCE (EXCERPT)

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

We, the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185 of 2005 and Article 6 of Qualified Law no. 186 of 2005;
Decree, promulgate and order the publication of the following Ordinary Law approved by the Great and General Council on its sitting of 18 June 2008.

LAW NO. 97 OF 20 JUNE 2008

PREVENTION AND REPRESSION OF VIOLENCE AGAINST WOMEN AND GENDER VIOLENCE

(OMISSIS)

CHAPTER II
AMENDMENTS TO THE CRIMINAL CODE

(OMISSIS)
Art. 7
(*Coercion or maintenance in slavery or servitude*)

Article 167 of the Criminal Code is amended as follows:

"Art. 167
Coercion or maintenance in slavery or servitude

Anyone who exercises on a person powers corresponding to property rights or anyone who enslaves or keeps a person under continuous subjugation, forcing such person to work or have sexual intercourse or to beg or however to any performance entailing exploitation, shall be punished by terms of fifth degree imprisonment and fourth degree disqualification. The reduction into or maintenance in slavery take place when it is carried out with the use of violence, threat, deceit, abuse of authority or exploitation of physical or psychological inferiority, or through the promise or the actual delivery of money or other benefit to those who have authority over the person. The punishment shall be raised by one degree if the crimes referred to in the first paragraph are committed against a minor aged less than 18 years or are aimed at exploiting prostitution or for the purpose of organ removal.".

Art. 8
(*Human Trafficking*)

Art. 168 of the Criminal Code is superseded by the following:

"Human Trafficking
Anyone who trades or however traffics in human beings that are in the conditions referred to in Art. 167, i.e. for the purpose of reducing or maintaining a person in slavery or servitude, induces such person with the use of deceit or forces such person with the use of violence, threat, abuse of authority or exploitation of physical or psychological inferiority or a situation of need, or with the promise or delivery of money or other benefit to the person who has authority over him/her, to enter or stay on or leave the territory of the State or to move within such territory, shall be punished by terms of sixth degree imprisonment and fourth degree disqualification. The punishment shall be raised by one degree if the crimes referred to in the first paragraph are committed against a

minor being less than 18 years of age or are aimed at exploiting prostitution or for the purpose of organ removal.”.

(OMISSIS)

12. LAW N. 98 OF 21 JULY 2009 – LAW ON WIRETAPPING

<u>The Italian text shall be legally binding</u>

REPUBLIC OF SAN MARINO

We, the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185 of 2005 and Article 6 of Qualified Law no. 186 of 2005;
Promulgate and make public the following Ordinary Law approved by the Great and General Council in its sitting of 20 July 2009.

LAW NO. 98 OF 21 JULY 2009

LAW ON WIRETAPPING

Art. 1
(Wiretapping as a means to obtain evidence during criminal proceedings)

1. In order to supplement the provisions set forth in the Code of Criminal Procedure, this Law regulates wiretapping as a means to search for and obtain evidence during criminal proceedings.

Art. 2
(Definition)

1. Wiretapping shall consist in the interception by covert means of communications connected with the person under investigation, if necessary through equipment able to overcome the normal limitations of the senses. Such interception may involve one or more communications, even combined, between the accused and other individuals, in any form and by any means.

Art. 3
(Admissibility of wiretapping)

1. Wiretapping shall be permitted only during criminal proceedings concerning the following crimes:
1) misdemeanours punishable by no less than third degree imprisonment;
2) misdemeanours against safety, public health and natural environment;
3) misdemeanours related to psychotropic or narcotic substances provided for in Article 244 of the Criminal Code;
4) misdemeanours related to banking, financial and insurance activities punishable by no less than second degree imprisonment;
5) misdemeanours set forth in Articles 177, 177 bis, 177 ter, and 177 quarter of the Criminal Code;
6) the misdemeanour set forth in Article 204, paragraph 3 of the Criminal Code;
7) misdemeanours set forth in Articles 305 and 305 bis of the Criminal Code;
8) misdemeanours set forth in Articles 371, 372, 373, 374, 375, 376 and 377 of the Criminal Code;
9) misdemeanours committed through regular mail or telephone or, in any case, by means of radio, computer or telematic technologies;
10) the misdemeanour set forth in Article 169 of the Criminal Code;
11) any other misdemeanour for which the law explicitly provides for the use of such method to obtain evidence.
2. While determining the degree of imprisonment, when this is necessary in order to establish the admissibility of wiretapping, pursuant to the first paragraph, increases and reductions in the degree of imprisonment due to recurring aggravating or mitigating circumstances, both general and special, shall not be taken into account.

Art. 4
(Conditions and content of the authorising measure)

1. In case there are serious grounds for suspicion and reasonable cause to believe that wiretapping is absolutely necessary for the continuation of investigations, the Investigating Judge shall request, by reasoned decree, the authorisation to order wiretapping, by specifically indicating its modalities and duration, which, in any case, shall not exceed three months.
2. The authorisation shall be granted by means of a reasoned decree issued by the Deciding Judge other than that responsible for deciding cases on the merits under normal criteria governing the distribution of judicial tasks. In case of absence, impossibility, incompatibility or other similar reasons, the authorisation shall be granted by another Law Commissioner designated by the Head Magistrate, who shall act as Judge responsible for Wiretapping during the trial. The Deciding Judge or, on his/her behalf, the other Law Commissioner designated by the Head Magistrate, may establish, in the decree, modalities and duration other than those indicated in the request, so as to avoid unnecessary prejudice to individual privacy.
3. The Investigating Judge shall order wiretapping by means of a decree, indicating the modalities and duration of the relevant operations, as set forth in the authorisation decree. In case the duration is less than three months, the Judge responsible for Wiretapping may authorise, upon request and taking into account the results achieved and the context of the investigation, that wiretapping continues up to the maximum limit of a total of three months. Upon request, the Judge responsible for Wiretapping may exceptionally extend the duration of wiretapping up to a maximum of three further months in case of unexpected specific elements. These elements shall be expressly indicated in the extension measure, together with the conditions provided for in the first paragraph.
4. In urgent cases, if there are reasonable grounds to believe that a delay may be seriously prejudicial to investigations, the Investigating Judge shall order wiretapping by means of a reasoned decree, which shall indicate the serious prejudice justifying the urgent need for wiretapping. The decree shall be immediately forwarded, and in any case within twenty four hours, to the Judge responsible for Wiretapping who, within forty eight hours following its receipt, shall decide whether to validate it or not by means of a reasoned decree. Should the Investigating Judge's decree not be validated, wiretapping shall not be continued and the results thereof shall no be used and shall be destroyed according to the modalities set forth in Article 8, paragraph 2.
5. The duration terms set forth in paragraphs 1, 2 and 3 shall be doubled in case of misdemeanours punishable by no less than sixth degree imprisonment. In any case, wiretapping shall not be extended beyond the maximum term provided for the temporary investigation secrecy set forth in Article 5, third paragraph of Law no. 93 of 17 June 2008.
6. The date and time of issuance, as well as the date and time of deposit of decrees ordering, authorising, validating or extending wiretapping operations and, for each operation, the beginning and concluding date and time, shall be immediately entered, in chronological order, into an ad hoc restricted register kept at each office of the Investigating Judge.
7. The register set forth in the preceding paragraph shall be signed by the Investigating Judge and endorsed by the Judge responsible for Wiretapping for each wiretapping. The Head Magistrate may have access to this register for the necessary verifications.

Art. 5
(Conduction of wiretapping operations)

1. The Investigating Judge shall conduct wiretapping operations either personally or through a judicial police officer or other appropriate personnel, as indicated in the request.
2. Communications subject to wiretapping shall be captured or identified through technical means capable of ensuring their reproduction and verification, as well as, where applicable, their transcription and translation into another language, their decryption or transposition into another language.
3. Wiretapping shall be conducted with the necessary precautions as to avoid that the suspected and/or third parties become aware of it, while complying with the rules provided for in this Law.
4. Wiretapping operations shall be conducted exclusively at specific premises within the Single Court.

Art. 6
(Recording of wiretapping operations in the minutes)

1. Those who actually conduct wiretapping shall record the relevant operations in the minutes.
2. The content of wiretapped communications shall be transcribed, even in summary, in the minutes.
3. The minutes shall also indicate the following:
a) details of the decree ordering wiretapping;

b) description of wiretapping modalities and of technical instruments used both for wiretapping operations and for the recording and reproduction of communications;
c) date and time of beginning and termination of wiretapping operations;
d) names of the persons participating in wiretapping operations.

Art. 7
(Filing of the minutes with the Investigating Judge)

1. Those conducting wiretapping shall immediately transmit to the Investigating Judge the minutes referred to in the preceding Article, together with audio, computer, telematic and other recordings of wiretapped communications, as soon as operations are concluded and in any case before the deadline of each wiretapping period expires.
2. The Investigating Judge shall accurately examine the material derived from wiretapping with a view to identifying the elements useful for the investigations.
3. Pending the filing referred to in the following Article, the minutes and recordings shall be kept in the restricted wiretapping archive.

Art. 8
(Filing and obtaining of minutes and recordings and possible destruction thereof)

1. Within thirty days following the transmission of the recordings referred to in paragraph 1 of the preceding Article, the Investigating Judge shall file with the Court Registry the minutes and recordings concerning wiretapping operations, which he/she deems relevant for the investigations, by indicating the reasons of such relevance. Also the decrees ordering, authorising, validating or extending wiretapping, as well as the relevant requests, shall be filed at the same time.
2. Wiretapping accidentally related to conversations, behaviours or facts, the use of which is prohibited or which have proved completely unrelated to the investigations, or in any case without any relevance, shall be immediately destroyed, together with the relevant minutes and with the prior authorisation of the Judge responsible for Wiretapping, through procedures guaranteeing that they cannot be retrieved or restored.
3. The Judge responsible for Wiretapping may authorise the Investigating Judge to delay the filing referred to in paragraph 1, not later than the conclusion of preliminary investigations under temporary secrecy, in case such filing can cause serious prejudice to the investigations.

Art. 9
(Examination of wiretapped communications by advocates)

1. Following the filing referred to in the preceding Article, the parties' advocates shall be immediately notified that, within the term specified in the paragraph hereunder, they are entitled to:
a) examine the documents filed and those kept in the restricted wiretapping archive;
b) listen to recordings, including those kept in the restricted wiretapping archive, or take cognisance of computer or telematic communications;
c) resort to an expert of their own choosing to exercise these faculties;
d) specifically indicate to the Deciding Judge unfiled communications, which they request to obtain, by stating the reasons for their relevance;
e) specifically indicate to the Deciding Judge filed conversations, which they deem irrelevant or the use of which is prohibited.
2. The documents shall remain on file for a period of time established by the Investigating Judge and in any case not less than 60 days following the notification referred to in paragraph 1 above.
3. The Judge responsible for Wiretapping may authorise the advocate to take copies of the documents on file in order to guarantee an effective right of defence.
4. Once the deadline referred to in paragraph 2 has expired, the Judge responsible for Wiretapping, after hearing the parties informally, shall order the obtaining of conversations, which he/she deems relevant and the use of which is not prohibited.
5. The documents on file, of which the Judge responsible for Wiretapping has not ordered the obtaining, shall be immediately returned to the Investigating Judge and kept in the restricted wiretapping archive. These documents shall be destroyed if it has been proved that they are among those referred to in Article 8, paragraph 2.
6. The Procuratore del Fisco (Prosecuting Magistrate) and the parties' advocates may take copies of wiretapped communications, the obtaining of which has been ordered, and of the relevant minutes.

7. The advocates may examine the documents and listen to the recordings kept in the restricted wiretapping archive, according to the modalities referred to in Article 13, paragraph 3.
8. At any stage of the proceedings, the competent judge may always examine, if he/she deems it necessary, the documents kept in the restricted wiretapping archive.

Art. 10
(Transcription of recordings)

1. Once the formalities referred to in Article 8 have been completed, the Judge responsible for Wiretapping shall order that an expert' s report be obtained for the transcription of recordings, whenever necessary for them to be intelligible, or the printing or reproduction, in a form as clear as possible and understandable for everyone, of information contained in the computer or telematic communications obtained. At the end of the operations, the minutes and recordings used to perform this task shall be immediately returned to the Investigating Judge and shall be kept in the restricted wiretapping archive. The transcription of communication parts exclusively concerning facts or circumstances foreign to the investigations shall be prohibited. The Judge responsible for Wiretapping shall order that the names or identification references of persons foreign to the investigations be removed from the transcriptions or printings.
2. The results of wiretapping which, if applicable, are not transcribed, printed or in any case reproduced in an intelligible form before the commencement of the proceedings shall not be used.

Art. 11
(Use of wiretapping during preliminary investigations)

1. With a view to submitting his/her requests to the Judge responsible for Wiretapping, the Investigating Judge may order the transcription of communications, even in summary, or the printing in an intelligible form of information contained in the computer or telematic communications obtained, which he/she deems relevant. The Investigating Judge shall order the judicial police or the technical expert performing the transcription or printing to remove communication parts clearly foreign to the investigations, as well as the identification references of persons foreign to the investigations, provided that this does not result in any detriment to the establishment of the facts.
2. Together with the request, the Investigating Judge shall transmit to the Judge responsible for Wiretapping the minutes, recordings, transcriptions, printings and reproductions, which he/she deems relevant, also in favour of the person under investigation, and the use of which is not prohibited. The Judge responsible for Wiretapping may request to directly examine the recordings and computer media.
3. The Judge responsible for Wiretapping shall order that the material relevant for the decision be obtained from the file of the proceedings and that the other conversations be kept in the restricted wiretapping archive. After the measure has been communicated to the person under investigation or to his/her advocate, the latter shall be immediately informed of his/her right to examine the communications obtained and those kept in the restricted archive, with a view to requesting the Judge responsible for Wiretapping, within ten days, to obtain the communications previously deemed irrelevant.

Art. 12
(Access by the Deciding Judge to the documents kept in the restricted archive)

1. After the conclusion of preliminary investigations, the Deciding Judge competent to decide on the substance may always order, even ex officio, the examination of the documents kept in the restricted wiretapping archive with a view to taking a decision. Subsequently, he/she may order the obtaining of wiretapped communications previously deemed irrelevant, following their transcription or printing.

Art. 13
(Restricted wiretapping archive)

1. The restricted wiretapping archive shall be kept at the registry of the Investigating Judge.
2. The archive shall be kept under the responsibility, direction and supervision of the Investigating Judge or his/her delegated representative, according to modalities guaranteeing the confidentiality of the documents herein contained. Such modalities shall be provided for in specific Regulations adopted through Delegated Decree by 31 October 2009. This Decree, issued upon proposal of the Head Magistrate, shall also indicate the ways and forms in which the wiretapping register is kept.
3. In addition to the assistants authorised by the Investigating Judge, access to the archive shall be authorised, in cases provided for by the law, to the Judge responsible for Wiretapping and, in the ways and terms

indicated in the preceding articles, to advocates. Access shall be authorised also to the Deciding Judge and the Procuratore del Fisco after the conclusion of preliminary investigations, and, during complaint and appeal proceedings, to the Judge of Appeal. Every access shall be entered in a specific register, by indicating the date, starting and ending time of the access and the documents contained in the relevant archive.

Art. 14

(Keeping of documents)

1. Media containing copies and audio, computer, telematic or other recordings of wiretapped communications, together with the relevant minutes, shall be integrally kept in the restricted wiretapping archive.
2. These media, to be put into specific numbered and sealed cases, shall be placed into a wrapping indicating the kind, object and date of wiretapped communications, the names of the persons, whose communications have been wiretapped, as well as the number of the criminal proceedings and the number that, with reference to the authorised recording, results from the wiretapping register provided for in paragraph 6 of Article 4.
3. Without prejudice to Article 16 hereunder, the documents concerning wiretapped communications shall be kept in the restricted wiretapping archive for a period of two years following the decision that is no longer the subject of an appeal or claim, or following the date on which the decree on archiving is no longer claimable. Once these terms have expired, the Deciding Judge shall order the destruction of the documents referred to in paragraph 1 according to the modalities specified in Article 8, paragraph 2 above. However, when the documents have proved to be irrelevant to the proceedings, provided they have not yet been destroyed according to what specified in the same Article 8, paragraph 2, the interested persons may request their preventive destruction in order to protect confidentiality. In this latter case, the Deciding Judge shall issue a reasoned decree and the preventive destruction shall not be order without the consent of the parties.
4. The destruction shall be performed under the supervision of the Deciding Judge. The minutes of this operation shall be drawn up.

Art. 15

(Use in other proceedings)

1. In case the content of wiretapped communications reveals information useful to the detection of other crimes punishable by no less than sixth degree imprisonment, for which wiretapped communications may constitute evidence according to this Law, the Investigating Judge shall transmit the copies of the documents to the Judge with jurisdiction over the crime accidentally detected. However, the Procuratore del Fisco and the advocate of the complainant shall retain the power to request the Judge to obtain wiretapped communications or to transmit them to another file opened in relation to crimes punishable by no less than sixth degree imprisonment.
2. Under the same conditions, it shall be possible to obtain wiretapped communications deemed irrelevant during the proceedings, in which such wiretapping was ordered. To this end, the Investigating Judge, the Procuratore del Fisco and the advocates of other proceedings have the power to examine media containing copies and audio, computer, telematic or other recordings of wiretapped communications, together with the relevant minutes, kept in the restricted wiretapping archive, as well as to ask for the relevant copy, transcription, transposition and printing to the Deciding Judge in the proceedings to which they are parties. The provisions set forth in Articles 9, 10, 11 and 12 shall apply by virtue of their compatibility.
3. On the contrary, wiretapped communications may always be used, upon request of the accused person in other proceedings, when their content is useful to his/her defence.

Art. 16

(Objective prohibitions of wiretapping and use)

1. Wiretapping relating to communications not provided for in the cases mentioned in Article 3 above, or lacking the authorisation or validation set forth in Article 4, shall not be used.
2. At any stage of the proceedings, the Investigating Judge, the Judge responsible for Wiretapping or the Deciding Judge shall order that all documents concerning wiretapping provided for in the preceding paragraph be destroyed, unless they constitute material evidence.

Art. 17

(Subjective prohibitions of wiretapping and use)

1. The following shall not be subject to wiretapping:

a) communications of persons bound by an obligation of secrecy, when these communications concern acts or facts known because of their task, office or profession, unless these persons have testified to these facts or otherwise disclosed them;
b) conversations or communications of the Captains Regent;
2. In case the prohibition provided for in paragraph 1 applies to wiretapped communications, these communications cannot be used.
3. At any stage of the proceedings, the Investigating Judge, with the agreement of the Judge responsible for Wiretapping, or the Deciding Judge shall order the destruction of all documents concerning wiretapped communications referred to in the preceding paragraphs, unless they constitute material evidence.

Art. 18
(Sanctions)

1. Unless the fact constitutes a more serious crime, anyone conducting wiretapping in breach of the provisions set forth in this Law shall be punished by second degree imprisonment.
2. The provisions contained in Article 8, paragraph 1 of Law no. 93 of 17 June 2008 shall apply to activities, paper, computer, audiovisual and other documents, as well as material concerning wiretapping. Activities, documents and material to be destroyed according to Article 8, paragraph 2 and Article 9, paragraph 5 of this Law shall be kept secret even after the judgement has been made public.
3. Those materially conducting wiretapping operations and anyone else who, instructed by the judicial authority, happens to use the resulting documents, although not working in the Public Administration, shall be considered public officials.
4. Computer data gathered in application of this Law shall not be subject to the provisions contained in Law no. 70 of 23 May 1995.

Art. 19
(Regulations governing technical wiretapping modalities)

1. Within six months following the entry into force of this Law, the Congress of State shall issue the Regulations governing technical wiretapping modalities.

Art. 20
(Repealing)

1. Any rule in conflict with this Law shall be repealed.

Art. 21
(Entry into force)

1. This Law shall enter into force on 1 January 2010.

Done at Our Residence, on 21 July 2009/1708 since the Foundation of the Republic

THE CAPTAINS REGENT
Massimo Cenci - Oscar Mina

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

13. LAW NO. 100 OF 22 JULY 2009 – PROVISIONS ON HOLDING AND TRANSFER OF BEARER SHARES OF ANONYMOUS COMPANIES

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO
We, the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185/2005 and Article 6 of Qualified Law no. 186/2005; Hereby promulgate and order the publication of the following ordinary law approved by the Great and General Council in its sitting of 21 July 2009.

LAW no. 100 of 22 July 2009

PROVISIONS ON HOLDING AND TRANSFER OF BEARER SHARES OF ANONYMOUS COMPANIES

Art. 1
(Objectives of the Law)

1. With a view to implementing the principles enshrined in the recommendations of international bodies and for the purpose of preventing and combating money laundering and terrorist financing, this Law shall discipline the holding and transfer of bearer shares of anonymous companies and the exercise of corporate rights.

Art. 2
(Obligation to deposit the shares of anonymous companies)

1. Shareholders of anonymous companies shall deposit the certificates representing their bearer shares with a San Marino notary public. Such obligation shall also be fulfilled by anyone, other than the shareholders, being a holder or owner of bearer share certificates in accordance with the Law.
2. Share certificates shall remain deposited with the notary public, who may deliver them exclusively to the notary public entrusted by the shareholder, or anyone being the holder or owner thereof under the Law, with the task of taking the minutes of the general meeting, together with the certificate attesting the fulfilment of the obligations under this Law referred to in Article 5, only for the exercise of corporate rights and limited to the necessary period of time.
3. Share certificates may be delivered only if the task is entrusted by the person identified in conformity with this Law.
4. There exists no incompatibility for the notary public between the task of depository and that of minute taker of the general meeting.
5. It is made without prejudice to the right of shareholders and anyone holding or owning shares under the Law, to order the depository notary public, at any time, to deliver their own share certificates to another notary public for the deposit referred to in this Article.

Art. 3
(Formalities for due diligence)

1. The notary public shall fulfil due diligence obligations when share certificates are deposited by the shareholder or anyone holding or owning such certificates pursuant to the Law.

Art. 4
(Formalities for the transfer of bearer shares)

1. The transfer of bearer shares shall take place in the form of authenticated private agreement.
2. The private agreement referred to in the preceding paragraph shall be authenticated by the notary public with whom the share certificates have been deposited.
3. Private agreements concerning transfers shall not be registered; they shall be provided with the date certain upon authentication of the notary public and they shall not be available to the parties. Private agreements concerning transfers shall be kept by the depository notary public under strict observance of professional secrecy rules, the violation of which shall be punished according to Article 377 of the Criminal Code.

Art. 5
(Exercise of corporate rights)

1. Besides the requirement for the depository notary public to deliver share certificates to the notary public taking the minutes referred to in paragraph 2 of preceding Article 2, a shareholder or anyone being the holder or owner of share certificates according to the Law, may exercise corporate rights only if a document attesting his/her status has been issued by the depository notary public in conformity with the obligations under this Law. This document shall be kept by the notary public taking the minutes, together with the documents provided for in Article 44 bis of Law no. 47 of 23 February 2006.
2. Once the general meeting has concluded, the notary public taking the minutes shall deliver the share certificates back to the depository notary public within ten days.

Art. 6
(Record keeping requirements by the notary public)

1. Depository notaries public shall record share certificate deposits and deliveries to the party entitled, as indicated in this Law, and share transfers referred to in Article 4 in a specific book authenticated by the Financial Intelligence Agency. Records shall be filed in chronological order for each single company and indicate the percentage of the capital stock represented by the shares held by each shareholder or anyone being the holder or owner thereof pursuant to the Law, as well as the notes concerning the delivery and deposit of share certificates in the case envisaged in paragraph 5 of preceding Article 2.
2. Depository notaries public shall provide information on shareholders or anyone being the holder or owner of share certificates pursuant to the Law, and any document obtained to the Judicial Authority in the course of criminal proceedings and to the Financial Intelligence Agency when fulfilling the tasks of preventing and combating money laundering and terrorist financing.

Art. 7
(Transitory provisions)

1. Shareholders of anonymous companies shall deposit their bearer share certificates with a San Marino notary public by 31 December 2009. Such obligation shall be fulfilled by anyone, other than the shareholders, who holds or owns these assets according to the Law on bearer share certificates.
2. Once this term has expired, notaries public may fulfil the task of minute taker exclusively in application of this Law.
3. Shareholders of anonymous companies who hold registered share certificates, upon conversion of such certificates into bearer certificates, shall immediately deposit them with the same notary public authenticating the issuing signatures. Such obligation shall be fulfilled by anyone, other than the shareholders, who holds or owns registered share certificates converted into bearer shares under the Law.
3. Shareholders or anyone who holds or owns registered share certificates converted into bearer shares under the Law omitting or delaying to deposit their certificates shall be punished with an administrative sanction equal to 10,000 euro to be imposed by the Financial Intelligence Agency. Notaries public shall inform the Financial Intelligence Agency of any violation of this provision, with which they have become acquainted ex officio.

Art. 8
(Repeals)

1. Article 29 of Law no. 47 of 23 February 2006 and any other rule in conflict with this Law shall be repealed.

Art. 9
(Entry into force)

1. This Law shall enter into force on the 15th day following that of its legal publication.

Done at Our Residence, on 22 July 2009

THE CAPTAINS REGENT
Massimo Cenci – Oscar Mina

HE SECRETARY OF STATE

FOR INTERNAL AFFAIRS
Valeria Ciavatta

14. LAW NO. 104 OF 30 JULY 2009 – INTERNATIONAL LETTERS ROGATORY RELATING TO CRIMINAL MATTERS

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

We, the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185/2005 and Article 6 of Qualified Law no. 186/2005;
Promulgate and order the publication of the following ordinary law, approved by the Great and General Council in its sitting of 21 July 2009.

LAW NO. 104 OF 30 JULY 2009

LAW ON INTERNATIONAL LETTERS ROGATORY RELATING TO CRIMINAL MATTERS

TITLE I
GENERAL PROVISIONS

Art. 1
(Primacy of conventions and general international law)

1. International letters rogatory relating to criminal matters shall be regulated by the rules of the international conventions in force for the Republic of San Marino and of general international law.
2. If such rules are absent or they do not provide otherwise, the following rules shall be applied.

Art. 2
(Scope)

1. This Law shall only apply to proceedings in respect of offences the punishment of which, at the time of the request for judicial assistance, falls within the jurisdiction of the judicial authorities.
2. For the purposes of this Law, international letters rogatory shall concern requests related to criminal proceedings in order to procure evidence or transmit articles to be produced in evidence, records or documents.
3. This Law shall not apply to arrests, the enforcement of verdicts or offences under military law which are not offences under ordinary criminal law.

Art. 3
(General rule of interpretation)

1. The provisions enshrined in the international conventions in force for the Republic of San Marino and the rules of this Law shall be interpreted in the most favourable sense to international cooperation.

TITLE II

CHAPTER I
INTERNATIONAL LETTERS ROGATORY FROM ABROAD

Art. 4
(Form and content of requests)

1. Requests for assistance shall indicate as follows:
   a) the authority making the request and, if different, the authority competent in respect of criminal proceedings;

b) the object of and the reason for the request;
c) the offence which the requesting State prosecutes;
d) a brief summary of the facts, unless the object of the request consists of a request for service;
e) where possible, the identity and the nationality of the person concerned, and
f) where necessary, the name and address of the person to be served.

2. The request for judicial assistance and annexed documents shall be transmitted accompanied by their translation into Italian.
3. Evidence and documents transmitted pursuant to this Law shall not require any form of authentication.

Art. 5
(Irregular requests)

1. If the request does not comply with the provisions of the preceding article, or the information contained therein is not sufficient to allow the Republic of San Marino to deal with said request, the Law Commissioner shall request the judicial authorities of the requesting State to modify the request or to complete it with additional information, subject to the special procedure referred to in Article 9 of this Law.
2. If the judicial authorities of the requesting State do not modify the request within the time limit of one year of receipt of the request for additional information, the irregular request shall be filed.

Art. 6
(Transmission of requests)

1. Without prejudice to the different transmission procedures provided for by the bilateral conventions in force for the Republic of San Marino, the request and annexed documents shall be addressed directly by the judicial authorities of the requesting State to the Single Court of the Republic of San Marino and at the same time a copy thereof shall be sent to the Secretary of State for Justice.

Art. 7
(Judge responsible for letters rogatory received from abroad)

1. The judge responsible for letters rogatory shall be the Law Commissioner.

Art. 8
(Judicial work)

1. With the exception of the case of suspension of the request, the Law Commissioner shall rapidly execute the letter rogatory and, in any case, within and not later than 60 days of receipt, by adopting the relevant order of exequatur.
2. In the event of irregular letters rogatory, the time-limit of 60 days envisaged by the preceding paragraph shall run from receipt of the amendments and/or information requested to complete the request.
3. Execution of the request shall be refused:

1) if the acts requested are contrary to the principles enshrined in the Declaration of Citizens' Rights and Fundamental Principles of San Marino constitutional order;

2) if the acts requested are expressly prohibited by law;

3) if the acts requested prejudice the sovereignty, security or other essential interests of the Republic of San Marino;

4) if the request concerns an offence considered a political offence or an offence connected with a political offence in the Republic of San Marino;

5) if the request concerns the same fact and the same person against whom the San Marino judicial authorities have issued a final judgement.

6) if the letter rogatory concerning search or seizure of property is submitted on the basis of offences that are not punishable under both the law of the requesting State and the law of the Republic of San Marino, or if the request is not consistent with the law of San Marino;

7) if the letter rogatory concerns the summons of a witness, expert or defendant before the foreign judicial authorities and the requesting State does not provide any appropriate guarantee in regard to the immunity of the summoned person.

Art. 9
(*Reciprocity*)

1. When the request is submitted by a State with which no international conventions exist on these matters, the Law Commissioner shall forward to the Secretary of State for Justice, within 30 days of receipt of the request, a technical report stating whether the request submitted complies with the legal requirements.
2. Further to the decision taken by the Congress of State, the Secretary of State for Justice may refuse to execute the letter rogatory if the requesting State does not provide any adequate guarantee of reciprocity. Further to the decision taken in this regard by the Congress of State, the Secretary of State for Justice shall demand a guarantee of reciprocity from the requesting State, if so required by the circumstances.
3. In the event of an irregular request, the request for additional information shall be submitted subsequent to the Congress's decision whether to grant the cooperation requested.
4. The decision of the Congress of State on the basis of which the execution of a request is accepted or denied to a State with which no international conventions exist on these matters, and the relevant communication of the Secretary of State for Justice cannot be challenged.
5. If the Secretary of State for Justice informs the Law Commissioner that the Republic of San Marino intends to execute a letter rogatory for a State with which no international conventions exist relating to these matters, the time limit of 60 days referred to in Article 8 of this Law to issue the order of exequatur shall run from receipt of the communication by the Secretary of State.

Art. 10
(*Suspension*)

1. The execution of the letter rogatory shall be suspended by the Law Commissioner by reasoned order, if it is likely to be detrimental to investigations in criminal proceedings pending in the Republic of San Marino.

Art. 11
(*Partial acceptance of the request*)

1. Before rejecting or returning a letter rogatory, the Law Commissioner shall assess, after having consulted with the judicial authorities of the requesting State, where necessary, whether the request may be partially accepted.

Art. 12
(*Principle of speciality*)

1. The Law Commissioner shall grant judicial assistance, by ordering that the results of investigations, information, evidence and documents transmitted are not used or transmitted to third parties by the requesting State for purposes other than those specified in the request without prior consent.

Art. 13
(*Lex loci*)

1. The Republic of San Marino shall execute letters rogatory in the manners provided for by its legislation.
2. The acquisition of copies of documents constitutes seizure.
3. Until the order of exequatur is issued, unless the requesting State requests otherwise, the provisions of Article 5, paragraphs 1 and 2 of Law no. 93 of 17 June 2008 shall apply, without prejudice to Article 30, last paragraph of this Law.

Art. 14
(*Derogations from the principle of lex loci*)

1. If the requesting State expressly requests that witnesses or experts give evidence on oath, the Law Commissioner shall comply with the request only if the law of San Marino does not prohibit it.
2. If the requesting State expressly so requests and the San Marino law envisages it, any other evidence may be acquired in the manners requested.

Art. 15
(*Form of documents requested*)

1. The Law Commissioner shall transmit only certified copies or certified photocopies of records or documents requested.

2. If the requesting State expressly requests the transmission of originals, the request shall be executed only if it is possible. Furthermore, the requesting State shall be required to return them as soon as possible, unless the Republic of San Marino gives them up.
3. The Law Commissioner may delay the handing over of any original records or documents requested, if it requires said records or documents in connection with pending criminal proceedings.

Art. 16

(*Information to the requesting State*)

1. On the express request of the requesting State, the Law Commissioner shall inform it of the date and place of execution of the letter rogatory.

Art. 17

(*Confidentiality*)

1. Outside what is necessary to execute the request, the requesting State may demand that the Republic of San Marino keeps the facts to which the request refers confidential.
2. If the execution of the request entails under San Marino law to adopt procedural guarantees that are not consistent with the confidentiality requested, the Law Commissioner shall immediately inform the requesting State thereof.
3. If a criminal file is opened in the Republic of San Marino further to the confidential transmission, the provisions of Article 5, paragraphs 1 and 2 of Law no. 93 of 17 June 2008 shall be applied for the sole purposes of international cooperation and for the period of 3 months.
4. If an autonomous criminal file is opened in the Republic of San Marino following the confidential transmission and the competent judge considers that the provisional secrecy regime shall be applied, the provisions and time limits envisaged by Article 5, paragraphs 1 and 2 of Law no. 93 of 17 June 2008 (periods during which any period granted under the previous paragraph is not computed) shall be implemented.

Art. 18

(*Expenses*)

1. Ordinary expenses for the execution of the request shall be burdened by the Republic of San Marino.
2. The refunding of the expenses incurred by the attendance of experts and witnesses in the territory of the requested State and the transfer of a person in custody shall be an exception to the general free-of-charge principle.

Art. 19

(*Service of writs and records of judicial decisions*)

1. The Republic of San Marino shall effect service of writs and records of judicial decisions which are transmitted for this purpose by the requesting State.
2. If the requesting State expressly so requests, the Law Commissioner shall order that service is effected in one of the manners provided for the service of analogous documents under the domestic law, or in a special manner envisaged by San Marino law.
3. Proof of service shall be given by means of a receipt dated and signed by the person served or by means of a declaration made by the Republic of San Marino that service has been effected and stating the form and date of such service.
4. One or other of these documents shall be sent to the requesting State. If the requesting State so requests, the Republic of San Marino shall state whether service has been effected in accordance with its own law. If service cannot be effected, the reasons shall be communicated immediately by the Law Commissioner to the requesting State.

Art. 20

(*Appearance of witnesses and experts*)

1. Without prejudice to contrary provisions contained in the bilateral agreements in force for the Republic of San Marino, a witness or expert who has failed to answer a summons to appear, service of which has been requested, shall not be subjected to any punishment or measure of restraint, unless subsequently he voluntarily enters the territory of the requesting State and is there again duly summoned.

Art. 21

(*Refunding of expenses for witnesses or experts*)

1. With the exception of different criteria contained in the bilateral conventions in force for the Republic of San Marino, the allowances to be paid and the travelling and subsistence expenses to be refunded to a witness or expert by the requesting State shall be calculated as from his place of residence and shall be at rates at least equal to those provided for in the scales and rules in force in the country where the hearing is intended to take place.

Art. 22
(*Immunity of witnesses or experts*)

1. No witnesses or experts, whatever their nationality, appearing before the judicial authorities of the requesting State in response to a summons, shall be prosecuted or detained or subjected to any other restriction of their personal liberty in the territory of the requesting State for acts or convictions anterior to their departure from the territory of the Republic of San Marino.
2. The immunity provided for in this Article shall cease when the witness or expert, having had the opportunity to leave the territory of the requesting State during a period of fifteen days from the date on which his presence is no longer required by the judicial authorities, has nevertheless remained in the territory, or having left it, has voluntarily returned.

Art. 23
(*Service of a summons on a prosecuted person*)

1. A summons to appear relating to a prosecuted person who is in the territory of the Republic of San Marino shall be transmitted to the competent authority of the Republic of San Marino at least 40 days before the date set for appearance.

Art. 24
(*Immunity of the prosecuted person*)

1. A person, whatever his nationality, summoned before the judicial authorities of the requesting State to answer for acts forming the subject of proceedings against him, shall not be prosecuted, detained or subjected to any other restriction of his personal liberty for acts or convictions anterior to his departure from the territory of the Republic of San Marino and not specified in the summons.
2. The immunity provided for in this article shall cease when the prosecuted person, having had the opportunity to leave the territory of the requesting State during a period of fifteen days from the date on which his presence is no longer required by the judicial authorities, has nevertheless remained in the territory, or having left it, has returned.

Art. 25
(*Appearance of a detained person*)

1. Any detained person whose personal appearance as a witness or for purposes of confrontation is applied for by the requesting State shall be temporarily transferred to the territory of the State where the hearing is intended to take place, provided that he shall be sent back as soon as possible and subject to the provisions relating to the immunity envisaged by Articles 22 and 24 of this Law in so far as these are applicable.
2. Transfer shall be postponed if the presence of the detained person is necessary in criminal proceedings pending in the territory of the Republic of San Marino.
3. In the case provided for in the preceding paragraph and in accordance with the requirements envisaged for the execution of letters rogatory, transit of the detained person through the territory of a third State shall be granted on application, accompanied by all necessary documents and addressed by the Ministry of Justice of the requesting State to the Ministry of Justice of the State through whose territory transit is requested.
4. The transferred person shall remain in custody in the territory of the requesting State and, where applicable, in the territory of the State through which transit is requested.
5. The period of detention served by the detained person who is transferred abroad to take part in the hearing requested shall be computed as a period served for the purposes of the domestic conviction.

Art. 26
(*Handing over and return of property*)

1. The Law Commissioner may delay the handing over of any property requested, if said property is necessary in connection with criminal proceedings pending in the Republic of San Marino.
2. Any property handed over in execution of letters rogatory shall be returned by the requesting State to the Republic of San Marino as soon as possible, unless the latter waives the return thereof.

Art. 27
(*Exchange of sentences of conviction*)

1. Further to specific requests submitted by competent foreign judicial authorities, the Republic of San Marino shall provide information regarding criminal sentences entered in the judicial records.

Art. 28
(*Return of the request*)

1. Subject to the different modalities of direct transmission envisaged in the provisions of the bilateral conventions in force for the Republic of San Marino, letters rogatory shall be returned through the Secretariat of State for Justice, which sends them back to the Ministry of Justice of the requesting State.

CHAPTER II
APPEALS

Art. 29
(*Appeal against decision of refusal*)

1. Any reasoned decision of refusal, even partial, of the execution of a letter rogatory may be challenged by the Procuratore del Fisco to the Judge of Third Instance in Criminal Matters on grounds of legality within ten days of service of the decision.

Art. 30
(*Challenge of orders of exequatur*)

1. Orders of exequatur of mere notification shall not be challenged.
2. Without prejudice to the provision enshrined in the preceding paragraph, the Procuratore del Fisco may propose an appeal against the order of exequatur that does not set forth coercive measures on grounds of legality. The appeal shall be submitted in writing to the Judge of Third Instance in Criminal Matters within ten days of receipt of service of the order of exequatur.
3. Any complaint envisaged by domestic law against orders of exequatur establishing coercive measures shall be allowed. The parties involved, through a Lawyer qualified to perform the legal profession in the Republic of San Marino at whom they have to elect legal domicile, and the Procuratore del Fisco may propose a written complaint regarding the fulfilment of the requirements referred to in Title I and Title II, Chapter I of this Law, to the Judge of Appeal in Criminal Matters, within ten days of receipt of service of the order of exequatur.
4. The lodging of appeals referred to in the preceding paragraphs shall suspend the execution of letters rogatory.
5. The Procuratore del Fisco, in the cases referred to in paragraph 2 of this Article, and the Procuratore del Fisco and the parties involved, in the cases referred to in paragraph 3 of this Article, may examine the request for judicial assistance or the parts thereof that are not expressly confidential, in the ten days following the lodging of the appeal. When this period of time elapses, the Law Commissioner shall forward the file to the competent Judge.

Art. 31
(*Procedure in case of complaint*)

1. Within ten days of transmission of the file, the Judge of Appeal in Criminal Matters shall grant a period of ten days to the parties involved and to the Procuratore del Fisco to deposit any final remarks.
2. The Judge of Appeal shall decide on the proposed complaint by order within 15 days of receipt of the final remarks.

Art. 32
(*Direct procedure before the Judge of Third Instance in Criminal Matters*)

1. The appeal of the Procuratore del Fisco against the decision of refusal, even partial, of the execution of the letter rogatory, as well as the appeal lodged against the order of exequatur not establishing coercive measures shall be addressed to the Judge of Third Instance in Criminal Matters, made in writing and it shall contain:
1) a clear and detailed description of the facts;
2) any evidence deemed necessary;
3) reasons supporting the instance;
4) clear and detailed indication of the decision requested.
2. The Judge of Third Instance in Criminal Matters shall fix the hearing that shall take place by and nor later than the subsequent 20 days.
3. The Procuratore del Fisco may submit further remarks and inferences up to 5 days before the date of the hearing.
4. The Judge of Third Instance in Criminal Matters shall decide by judgement to be deposited within 10 days prior to the date of the hearing.
5. The decision shall be notified to the Procuratore del Fisco. Subsequently, the file shall be forwarded to the Law Commissioner, Judge of Letters Rogatory, in order to implement the measures resulting from the final judgement.

Art. 33
(*Last instance procedure before the Judge of Third Instance in Criminal Matters*)

1. Within 30 days of receipt of service of the order by the Judge of Appeal in Criminal Matters, the parties involved, through a Lawyer qualified to perform the legal profession in the Republic of San Marino at whom they have to elect legal domicile, and the Procuratore del Fisco may propose an appeal to the Judge of Third Instance in Criminal Matters on grounds of legality.
2. The appeal, addressed to the Judge of Third Instance in Criminal Matters and lodged in writing, shall contain:
1) a clear and detailed description of the facts;
2) any evidence deemed necessary;
3) reasons supporting the appeal;
4) clear and detailed indication of the decision requested.
3. The Law Commissioner, Judge of Letters Rogatory, shall order to serve the appeal to all parties involved, the Procuratore del Fisco. Subsequently, he shall transmit the file to the Judge of Third Instance in Criminal Matters.
4. The Judge of Third Instance in Criminal Matters shall grant a period of 10 days to the parties involved and the Procuratore del Fisco to deposit any remark and inference.
5. When the period of time specified in the preceding paragraph elapses, the Judge of Third Instance in Criminal Matters shall fix the date of the hearing, which shall take place within and not later than the subsequent 20 days.
6. The Judge of Third Instance in Criminal Matters shall decide by judgement to be deposited within ten days from the date of the hearing.
7. The judgement shall be notified to the parties involved and the Procuratore del Fisco. Subsequently, the file shall be forwarded to the Law Commissioner, Judge of Letters Rogatory, in order to implement the measures resulting from the final decision of Third Instance.

TITLE III
LETTERS ROGATORY SENT ABROAD

Art. 34
(*Transmission of letters rogatory to foreign authorities*)

1. Subject to different provisions enshrined in the international conventions in force for the Republic of San Marino that envisage the direct transmission between judicial authorities, the judge responsible for the investigations, if necessary to carry out the investigations themselves, shall forward to the competent foreign authorities the requests relating to criminal proceedings for the purpose of procuring evidence, or transmitting evidence, records or documents. Said requests shall be forwarded to the Secretariat of State for Justice, which sends them to the Ministry of Justice of the requested State through diplomatic channels.
2. If the requested State, to execute the letter rogatory, requests a guarantee of reciprocity, the Secretary of State for Justice, upon a decision of the State Congress in this regard, shall grant or not reciprocity to the requested State, in accordance with the limits envisaged by this Law.

Art. 35
(*Limits of use of acts performed by a foreign State*)

1. Without prejudice to the law provisions in force on the validity and usability of acts, the usage of acts of judicial assistance requested and performed abroad in violation of the conditions and limits, if any, established by the foreign State shall be prohibited.
2. All terms for any complaints subsequent to seizures effected in secrecy regime abroad, shall be suspended and they shall start to run from the moment the termination of the secrecy regime is notified to the parties.
3. The parties involved and the Procuratore del Fisco may propose to the Judge of Appeal in Criminal Matters a written complaint against the order of formal evidence acquisition establishing coercive measures on grounds provided for by domestic law. Said complaint shall be submitted within ten days of receipt of service of the order, when the phase conducted in secrecy regime, if any, is terminated. The procedure outlined by Article 31 of this Law shall be applied and, in the event of a further third instance appeal, the procedure referred to in Article 33 of this Law shall be implemented.

Art. 36

(*Temporary immunity of the person summonsed as a witness, expert or defendant*)

1. When the letter rogatory regards a summons to appear as a witness, expert or defendant before San Marino judicial authorities, the person summonsed, if he appears, shall neither be subjected to any form of restriction of his personal liberty in execution of a punishment or a security measure, nor be subjected to any other measure of restraint of personal liberty for facts anterior to service of the summons.
2. The immunity provided for by paragraph 1 shall terminate when the witness, expert or defendant, having had the opportunity to leave the territory of the State for a period of fifteen days from the date when his presence is no longer required by the judicial authorities, has nevertheless remained in the territory, or having left it, has voluntarily returned.

Art. 37

(*Coordination rules*)

1. The following paragraph shall be added to Article 5 of Law no. 93 of 17 June 2008:
“7. In case of secrecy covering preliminary investigations, if the Investigating Judge requests judicial assistance to a foreign Authority, the period of secrecy covering preliminary investigations envisaged in paragraph 3 shall be suspended from the day on which the letter rogatory is sent to the day on which the reply is received.”.
2. The following paragraph shall be added to Article 8 of Law no. 93 of 17 June 2008:
“6. Under Article 36, paragraph 5 of Law no. 165 of 17 November 2005, bank secrecy shall not be invoked in the hearing. Any other law provision in conflict herewith shall be repealed.”.

Art. 38

(*Repeal*)

1. Any rule in conflict with this Law is hereby repealed.

Art. 39

(*Final provisions*)

1. This Law shall enter into force on the 15th day following that of its legal publication.

Done at Our Residence, 30 July 2009

THE CAPTAINS REGENT
Massimo Cenci – Oscar Mina

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

15. LAW NO. 128 OF 23 JULY 2010 – AMENDMENTS TO LAW NO. 104 OF 30 JULY 2009

The Italian text shall be legally binding

We the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185/2005 and Article 6 of Qualified Law no. 186/2005; Promulgate and order the publication of the following ordinary law approved by the Great and General Council during its sitting of 21 July 2010:

LAW NO. 128 OF 23 JULY 2010

AMENDMENTS TO LAW NO. 104 OF 30 JULY 2009 (LAW ON INTERNATIONAL LETTERS ROGATORY RELATING TO CRIMINAL MATTERS)

Art. 1

Sub-paragraph 4), paragraph 3 of Article 8 of Law no. 104 of 30 July 2009 shall be amended as follows:

"4) if the request concerns an offence considered a political offence or an offence connected with a political offence under San Marino Law. In no case shall the offences of association for the purposes of terrorism, terrorist financing and the offences committed for the purpose of terrorism or subversion of the constitutional order be deemed political crimes;"

Art. 2

Sub-paragraph 6), paragraph 3 of Article 8 of Law no. 104 of 30 July 2009 shall be amended as follows:

"6) if the letter rogatory concerning search or seizure of property is submitted on the basis of offences that are not punishable under both the law of the requesting State and the law of the Republic of San Marino, or if the request is not consistent with the law of San Marino, unless the fact against which the foreign Judicial Authority takes action is connected with offences for the purposes of terrorism, terrorist financing, as well as with offences committed for the purpose of terrorism or subversion of the constitutional order;".

Art. 3

Paragraph 2 of Article 13 of Law no. 104 of 30 July 2009 shall be repealed.

Art. 4

Article 16 of Law no. 104 of 30 July 2009 shall be amended as follows:

"(Participation of the requesting State)

1. On the express request of the requesting State, the Law Commissioner may authorise the requesting Authority to be present at the execution of the letters rogatory. In any event, the Law Commissioner shall state the date and place of execution of the letters rogatory.".

Art. 5

The third paragraph of Article 30 of Law no. 104 of 30 July 2009 shall be amended as follows:

"3. The *Procuratore del Fisco* and the parties concerned, through a Lawyer qualified to perform the legal profession in the Republic of San Marino at whom they have to elect legal domicile, may make a written complaint against the orders of exequatur setting forth coercive measures against people and/or property, on grounds of legality and substance, to the Judge of Appeal within 10 days from receipt of service of the order of exequatur.".

Art. 6

Paragraph 4 of Article 30 of Law no. 104 of 30 July 2009 shall be amended as follows:

"4. The lodging of an appeal referred to in the preceding paragraphs shall be a ground to suspend the transmission of the documents relating to the execution of a letter rogatory to a foreign Authority.".

Art. 7

Paragraph 5 of Article 30 of Law no. 104 of 30 July 2009 shall be amended as follows:

"5. The *Procuratore del Fisco* and the parties concerned that have made the complaint referred to in paragraph 3 of this Article shall be entitled, within 10 days following the lodging of the complaint, to examine the request for legal assistance or the parts thereof that are not expressly confidential. Upon expiry of the aforesaid period, the Law Commissioner shall send the case file to the Judge of Appeal.".

Art. 8

The title of Article 32 shall be amended as follows:

"Art. 32
(Procedure before the Judge of Third Instance in criminal matters pursuant to Articles 29 and 30, paragraph 2 of this Law).".

Art. 9

Article 33 of Law no. 104 of 30 July 2009 shall be repealed.

Art. 10

Article 35 of Law no. 104 of 30 July 2009 shall be amended as follows:

"*(Limits of use of the acts performed by a foreign State)*

1. Without prejudice to the law provisions in force on the validity and usability of acts, the usage of acts of legal assistance requested and performed abroad in violation of the conditions and limits, if any, established by a foreign State shall be prohibited.
2. All time limits for any complaints subsequent to seizures carried out in secrecy regime abroad shall be suspended and they shall start to run from the moment the termination of the secrecy regime is notified to the parties.
3. The parties involved and the *Procuratore del Fisco* may lodge to the Judge of Appeal in Criminal Matters a written complaint against the order for formal collection of evidence establishing coercive measures, on grounds provided for by domestic law. Said complaint shall be made within ten days of receipt of service of the order, when the phase conducted in secrecy regime, if any, is terminated. Appeals, if any, shall be regulated by ordinary procedural rules.

Art. 11

1. The provisions of this Law shall be implemented with respect to the orders of exequatur issued after the entry into force of this Law.

Art. 12

1. This Law shall enter into force on the 15th day following that of its legal publication.

Done at Our Residence, on 23 July 2010/1709 since the Foundation of the Republic

THE CAPTAINS REGENT
Marco Conti – Glauco Sansovini

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

16. LAW NO. 6 OF 21 JANUARY 2010 – LIABILITY OF LEGAL PERSONS FOR OFFENCES

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

We, the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185/2005 and Article 6 of Qualified Law no. 186/2005;
Hereby promulgate and order the publication of the following ordinary law approved by the Great and General Council in its sitting of 20 January 2010.

LAW NO. 6 OF 21 JANUARY 2010

LIABILITY OF LEGAL PERSONS FOR OFFENCES

TITLE I
GENERAL PROVISIONS

Art. 1
(Scope)

1. In the cases envisaged by this Law, a legal person shall be held liable for administrative offences resulting from the perpetration of offences committed, attempted or failed in the Republic of San Marino, on its behalf or for its benefit, by one of its bodies or anyone performing representative, management and administration functions.
2. Anyone performing representative, management and administration functions of legal persons may adopt a document outlining an organizational model, identify the risks of commission of offences in the scope of activities of the legal person and management measures aimed at preventing such risks.
3. The organizational model referred to in the preceding paragraph shall be registered.
4. The adoption of the organizational model, as well control criteria and contents shall be regulated by Delegated Decree to be issued within 90 days from the entry into force of this Law.
5. Legal persons shall not be held liable if the offence committed by the parties referred to in paragraph 1, was committed by fraudulently circumventing the measures referred to in the organizational model adopted by the legal person.
6. Administrative liability of the legal person shall be excluded, if the offence was committed exclusively in the interest of third parties.
7. The provisions of this Law shall not apply to the State and non-economic public entities.

Art. 2
(Cases of liability of legal persons for offences)

1. Administrative liability referred to in paragraph 1 of the preceding Article shall apply in relation to the offences referred to in Articles 168, 177 bis, 177 ter, 177 quater, 199, 199 bis, 207, 244, 271, 305, 337 bis, 337 ter, 372, 373, 374, 374 bis, 374 ter, 401 of the Criminal Code, as well as the offences referred to in Article 134 of Law no. 165 of 17 November 2005, and Articles 3 bis, 3 ter, 3 quater, 3 quinquies of Law no. 22 of 24 February 2000 in the text introduced by Article 83 of Law no. 92 of 17 June 2008.
2. Liability of legal persons shall apply even when the offender has not been identified or cannot be charged.

Art. 3
(Regulations to be applied)

1. The liability of legal persons envisaged by this Law is regulated by the provisions of the criminal law. Jurisdiction and decisions concerning administrative offences of legal persons shall be assigned to the Judge dealing with the crimes from which the administrative offences derive, in compliance with the provisions of criminal procedure, in so far as they are consistent therewith.

2. The judgement delivered under this Law can be challenged, by using the same means allowed for the offence from which the administrative offence derives.
3. Liability of legal persons shall lapse five years after the perpetration of the offence on which said liability depends. With regard to the limitation period, the provisions referred to in Article 56 and following of the Criminal Code shall be applied.

Art. 4
(Representation of legal persons)

1. The legal representative *pro tempore* of the legal person, to whom the procedural provisions regarding the defendant shall apply, in so far as they are applicable, shall appear at the criminal proceedings for the ascertainment of the liability of the legal person referred to in this Law.
2. Administrative liability of the legal person shall not exclude the personal liability of the legal representative for the offences on which the liability of the legal person depends.
3. The legal person which has not appointed or no longer has a chosen lawyer shall be assisted by a court-appointed lawyer.

Art. 5
(Transfer of business, transformation, merger, division, dissolution and winding-up of the legal person)

1. The transfer of business or a branch, the transformation, merger, division, dissolution and winding-up of the legal person shall not exclude the application of the punishments envisaged by Article 7.
2. In the event of the transfer of business or a branch thereof to which the organisational unit involved in the perpetration of the offence belongs, liability rests with the transferring legal person. Pursuant to civil law, the transferee shall be jointly and severally liable to pay the pecuniary sanction.
3. In the event of transformation, the such transformed legal person shall be answerable; in case of merger, the acquiring legal person or the legal person resulting from the merger shall be answerable; in the event of division, liability lies with both legal persons.
4. If the legal person dissolves, the winding-up procedure cannot be concluded when the company ceases to exist, if the pecuniary sanction is not previously paid.

TITLE II
PRECAUTIONARY MEASURES, SANCTIONS AND OTHER EFFECTS DERIVING FROM LIABILITY FOR OFFENCES AND ENFORCEMENT THEREOF

Art. 6
(Precautionary measures against legal persons)

1. When there are concrete elements to establish that the legal person is liable under this Law, the Judicial Authority may apply, pending criminal proceedings, the suspension of the licence for the activity of the legal person as a precautionary measure.
2. The provision, which is immediately enforceable, can be challenged under and by virtue of Article 56 of the Code of Criminal Procedure.
3. For the purpose of protecting public interests or the interests of employees, the judge, instead of ordering the suspension referred to in paragraph 1 of this Article, can appoint a receiver to carry on the activity throughout the entire period of application of the precautionary measure.
4. Such receiver shall preferably be appointed from among the professionals belonging to the Bar Association or the Accountants' Association. Any unjustified refusal of the assignment for reasons not related to incompatibilities shall be punished under Article 380 of the Criminal Code. The assignment shall be remunerated on the basis of existing fees.

Art. 7
(Applicable sanctions and criteria for the determination thereof)

1. The sanctions to be applied for administrative offences of legal persons arising from crime shall include:
1) pecuniary administrative sanction;
2) disqualification;
3) revocation of authorisations, licences or grants concerning the activity and the rights deriving therefrom.

2. In the decision on the sanction(s) to be applied and the degree thereof, the judge shall take account of: the seriousness of the conduct, degree of liability of the entity, amount of damage caused and any other prescription enshrined in this Law and in Articles 87 and 88 of the Criminal Code.

Art. 8

(Pecuniary administrative sanctions)

1. When the liability of the legal person is proven, the judge may apply a pecuniary administrative sanction from € 3,000.00 to € 500,000.00 to be calculated accordingto the criteria referred to in paragraph 2 of Article 7.
2. The amount of the pecuniary administrative sanction shall also be determined on the basis of the economic and financial situation of the legal person, in order to ensure the effectiveness of the sanction applied.
3. The pecuniary administrative sanction referred to in this Article shall not be paid by exercising the right to voluntary settlement envisaged by Article 33, letter a) of Law no. 68 of 28 June 1989.

Art. 9

(Disqualification)

1. When the liability of the legal person is proven, the judge may apply disqualification for a period from three months to one year.
2. Disqualification of the legal person shall entail:
a) exclusion from grants, funding, contributions or State benefits;
b) revocation of grants, funding, contributions or State benefits already provided;
c) inability to contract with the Public Administration.

Art. 10

(Revocation)

1. When the liability of the legal person is proven, the judge may order to revoke authorisations, licences or grants concerning the activity and the rights deriving therefrom, if the legal person was intentionally established to commit an offence or was used mainly for this purpose.
2. The provisions referred to in Articles 85 and following of Law no. 165 of 17 November 2005 shall be applied, in so far as they are consistent, to the companies exercising the reserved activities referred to in the aforesaid Law.

Art. 11

(Confiscation)

1. When the liability of the legal person is proven, the judge may apply, where appropriate, the provision regarding confiscation referred to in Article 147 of the Criminal Code.
2. When the conditions referred to in Article 6, paragraph 1 apply, the judge may order the seizure of anything which may be subject to confiscation under the preceding paragraph. This measure, which is immediately enforceable, can be challenged under and by virtue of Article 56 of the Code of Criminal Procedure.

Art. 12

(Judge competent for the execution of sentences)

1. The function of executing the administrative sanctions applied to the legal person under this Law shall be performed by the Law Commissioner acting as the Judge competent for the execution of criminal sentences.
2. The Judge competent for the execution of sentences shall also have jurisdiction to hear any issue related to the execution of the administrative sanction applied to the legal person.
3. When the judge shall enforce the sanction of disqualification, if the conditions laid down in Article 6, paragraph 3 of this Law apply, he may appoint a receiver to carry on the activity of the legal person throughout the entire period of application of the sanction, through the modalities referred to in Article 6, paragraphs 3 and 4 of this Law.

TITLE III
CRIMINAL OFFENCES

Art. 13
(Offence due to non-compliance with disqualification sanctions)

1. Except where the conduct amounts to a more serious offence, anyone who violates the obligations or the prohibitions related to such sanction or measure, while carrying out the activity of the legal person on which a disqualification sanction is imposed, shall be punished by terms of first-degree imprisonment.

TITLE IV
FINAL PROVISIONS

Art. 14
(Repeal)

1. Any provision in conflict with this Law shall be repealed.

Art. 15
(Entry into force)

1. This Law shall enter into force on the 15th day following that of its legal publication.

Done at Our Residence, on 21 January 2010

THE CAPTAINS REGENT
Francesco Mussoni – Stefano Palmieri

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

17. LAW NO. 98 OF 7 JUNE 2010 – PROVISIONS FOR THE IDENTIFICATION OF THE BENEFICIAL OWNERSHIP STRUCTURE OF COMPANIES UNDER SAN MARINO LAW

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

We, the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185/2005 and Article 6 of Qualified Law no. 186/2005;
Hereby promulgate and order the publication of the following ordinary law, approved by the Great and General Council during its sitting of 2 June 2010:

LAW NO. 98 OF 7 JUNE 2010

PROVISIONS FOR THE IDENTIFICATION OF THE BENEFICIAL OWNERSHIP STRUCTURE OF COMPANIES UNDER SAN MARINO LAW

Art. 1
(Amendments to Law no. 47 of 23 February 2006 "Company Law")

1. Article 2, paragraph 4, letter b) of Law no. 47 of 23 February 2006 ("Company Law") and subsequent amendments shall be amended as follows:
"b) Companies with share capital:
- joint stock companies
- limited liability companies".

2. All regulatory provisions referring to Anonymous Companies, contained in Law no. 47 of 23 February 2006 and subsequent amendments and in special laws, shall be repealed.
3. Anonymous Companies that are already entered in the Register of Companies at the date of entry into force of this Law shall:
a) convert their shares into registered shares by 30 September 2010;
b) deposit a certified abstract of the Register of Shareholders with the Commercial Registry of the Single Court by 30 November 2010.
4. By depositing the document referred to in preceding paragraph 3, point b) with the Commercial Registry of the Single Court, Anonymous Companies shall become Joint Stock Companies in every respect and, at the earliest possible general meeting after the entry into force of this Law, they shall amend their articles of association and the indication of the company type in the corporate name so as to eliminate any reference to the Anonymous Company.
5. The Commercial Registry shall forward the deeds and documents of the companies that have not fulfilled the obligations referred to in paragraph 3 above to the Law Commissioner. The Law Commissioner shall establish a mandatory time-limit of 30 days within which non-compliant companies shall conform to the new provisions or file the missing documentation and warn that if such obligations are not met, the company will be subject to winding-up measures.
6. If upon expiry of the time-limit established in paragraph 3 point a) no action has been taken, the Notaries Public who are still depositaries of bearer shares representing participations in San Marino anonymous companies shall inform in writing the Office for Control and Supervision of Economic Activities and the Financial Intelligence Agency by 30 November 2010, under and by virtue of Law no. 100 of 22 July 2009.

Art. 2
(Provisions on participations in companies through fiduciary mandates)

1. In accordance with the conditions, principles and prohibitions set forth in this Law and in Law no. 47 of 23 February 2006 (Company Law) and subsequent amendments, foreign fiduciary companies may execute mandates involving the management of participations in San Marino companies registered in their name, provided that:
   a) contractual and pre-contractual relations with customers do not take place in San Marino territory;
   b) they comply with the same obligations imposed on fiduciary companies authorised in San Marino by

Article 17 of Law no. 47 of 23 February 2006 (Company Law) and subsequent amendments, and the relevant enforcement provisions issued by the Central Bank of the Republic of San Marino and the Financial Intelligence Agency;

c) they produce, upon establishment or purchase of the participation in a San Marino company, detailed information about their foreign administrative authorization to carry out fiduciary activities .

2. If the mandate concerns participation in San Marino companies, fiduciary companies, whether San Marino or foreign, shall be required to forward to the Supervision Department of the Central Bank of the Republic of San Marino, within 30 days following the entry into force of this Law or the registration of the participated company in the Register of Shareholders if later, a written communication containing the identification data of the settlors, the shareholdings of each of them as well as, in case they are not natural persons, the identification data of their beneficial owners. In addition thereto, any subsequent change relating to their settlors and/or beneficial owners shall be notified.

Art. 3

(Obligations and rights of unilateral withdrawal for Fiduciary Companies)

1. When the fiduciary companies referred to in the preceding Article:
a) ascertain that the settlors or the beneficial owners no longer meet the relevant suitability requirements;
b) are not in the position to verify whether the aforesaid requirements are maintained within the time-limits set out by the Central Bank of the Republic of San Marino due to settlors' or beneficial owners' non-compliance;
they shall unilaterally withdraw from the agreement.
2. The fiduciary companies referred to in the preceding Article may unilaterally withdraw from agreements if they ascertain serious breaches of the agreement on the part of the settlors.
3. The withdrawal effected pursuant to paragraphs 1 and 2 above shall be notified to the settlor, the legal representative of the company for requirements relating to the Register of Shareholders, and to the Commercial Registry of the Single Court.
4. Once the Commercial Registry of the Single Court is notified, corporate rights shall be exercised by settlors.

Art. 4

(Other reporting obligations)

1. By 31 July 2010 all companies with share capital, other than those with anonymous bearer shares, having their registered office in the Republic of San Marino shall provide the Commercial Registry of the Single Court, also through a Notary Public belonging to the relevant San Marino Professional Association, with a certified abstract of their Register of Shareholders, which shall clearly outline their ownership structure.

Art. 5

(Sanctions)

1. If the reporting and filing obligations envisaged by this Law and by Law no. 47 of 23 February 2006 (Company Law) and subsequent amendments are not fulfilled, the Office of Industry, Handicraft and Trade shall apply an administrative sanction of € 5,000.00 for any single violation, following a report by the competent supervisory offices/bodies to which communications are to be addressed or with which documents have to be deposited.

Art. 6

(Transitional provision)

1. By 31 July 2010 foreign fiduciary companies holding participations in San Marino companies at the date of entry into force of this Law shall comply with the provisions referred to in Article 2, paragraph 1, point c), by directly filing the statement with the Commercial Registry of the Single Court.

Art. 7

(Final provisions)

1. This Law shall apply to all companies under San Marino law, including those mentioned by Article 2, paragraph 2 of Law no. 47 of 23 February 2006 (Company Law).
2. One or more delegated decrees shall regulate:
- prohibitions to hold and transfer participations in companies;
- procedures for the re-registration of participations following the withdrawal referred to in Article 3 above;
- rules for and derogations to the application of the provisions of this Law relating to winding-up procedures;

- provisions derogating from Article 1, paragraph 5, aimed at converting bearer shares into registered shares so as to protect the shareholders who have complied with the provisions of this Law.
3. A Circular issued by the Secretariat of State for Industry, Handicraft and Trade may establish implementation rules for this Law.
4. The Office for Control and Supervision of Economic Activities and the Central Liaison Office shall have access to the information collected and kept by the Central Bank under this Law, and they shall be entitled to use such information to perform their functions of control and supervision of companies and to exchange information in accordance with the Law and the international agreements in force. The access to and the use of said information shall not constitute a violation of the confidentiality obligations referred to in Article 36 of Law no. 165 of 17 November 2005 and subsequent amendments.

Art. 8
(Entry into force)

1. This Law shall enter into force on the 15th day following that of its legal publication.

Done at Our Residence, on 7 June 2010

THE CAPTAINS REGENT
Marco Conti – Glauco Sansovini

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

18. LAW NO. 99 OF 7 JUNE 2010 - RULES FOR THE PREVENTION OF TAX EVASION THROUGH THE USE OF FORGED DOCUMENTS AND INTRODUCTION OF "CRIMINAL CONSPIRACY" AS AN AGGRAVATING CIRCUMSTANCE

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

We, the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185/2005 and to Article 6 of Qualified Law no. 186/2005; Promulgate and make public the following Ordinary Law approved by the Great and General Council in its sitting of 2 June 2010:

LAW NO. 99 OF 7 JUNE 2010

RULES FOR THE PREVENTION OF TAX EVASION THROUGH THE USE OF FORGED DOCUMENTS AND INTRODUCTION OF "CRIMINAL CONSPIRACY" AS AN AGGRAVATING CIRCUMSTANCE

TITLE I
RULES FOR THE PREVENTION OF TAX EVASION THROUGH THE USE OF FORGED DOCUMENTS

Art. 1
(Definitions)

1. For the purposes of this Law:

a) the expression "invoices or other documents for non-existing operations" means invoices or other documents having similar probative value, which have been issued for non-existing operations or services not actually rendered, either completely or partially, or which indicate amounts different from the real ones, which show that the operation is related to persons other than the real ones, or which describe operations and services other than those actually carried out;

b) the "purpose of evading taxes" and the "purpose of enabling third parties to evade taxes" respectively include also the purpose of obtaining an undue refund or the recognition of a non-existing tax credit, and the purpose of enabling third parties to obtain them. If the fact is committed by the director, liquidator or representative of companies, bodies or individuals, the "purpose of evading taxes" and the "purpose of avoiding payment" refer to the company, body or individual on whose behalf the interested person is acting;

c) the use of invoices or other documents for non-existing operations occurs when these invoices or documents are entered in the mandatory accounting records, are kept or submitted in evidence against the financial administration, or are issued to third parties;

d) the term "taxpayer" means the taxable person required by law to pay taxes, duties and charges, as well as to fulfil all obligations envisaged by tax rules;

e) only for the purposes of this Law, the conditions of criminal liability and admissibility provided for in Articles 199 bis, paragraph 3, 388 and 389 of the Criminal Code shall not apply;

f) in case of issuance or use of invoices or other documents for non-existing operations or services, the reservation clause contained in Article 199 bis of the Criminal Code shall not apply ("apart from cases of complicity in the offence").

Art. 2
(Use and issuance of invoices for non-existing operations or services)

1. Anyone issuing or using invoices or other documents for non-existing operations or services shall be punished with second degree imprisonment and first degree daily fine, as well as with second degree interdiction from professional or artistic activity.

Art. 3
(False statement through the use of forged invoices)

1. Anyone who, for the purpose of evading taxes, duties and charges, or for the purpose of enabling third parties to evade such taxes, submits false statements to the Financial Administration through the use of the invoices and documents referred to in Article 2 of this Law shall be punished with second degree imprisonment and with second degree daily fine, as well as with third degree interdiction from professional or artistic activity.

Art. 4
(Voluntary settlement through payment)

1. Without prejudice to the case provided for in paragraph 3 of this Article, the Judge shall apply, instead of the punishments envisaged for the crimes specified in Articles 2 and 3 above, from first to third degree daily fine and shall admit, upon request, voluntary settlement extinguishing the crime under Article 69 of the Criminal Code.
2. The term for the payment of the sum fixed by the Judge under Article 69, paragraph 2 of the Criminal Code shall not be less than 30 days. In case of non-payment within the fixed term, the Judge shall commit for trial.
3. Voluntary settlement cannot be agreed in case of relapse into crime under Article 91 of the Criminal Code, and when the amounts specified in the document referred to in Articles 2 and 3 exceeds € 25,000.00.

Art. 5
(Communications to the Tax Office)

1. If any violation of Articles 2 and 3 is identified, Police Forces shall provide the Tax Office with any useful information to assess revenue taxes and to apply any administrative sanctions falling within the competence of said Office.

TITLE II
AMENDMENTS TO THE CRIMINAL CODE

Art. 6
(Criminal conspiracy)

1. After paragraph 2 of Article 287 of the Criminal Code, the following paragraph shall be introduced:
"The prison sentence shall be increased by two degrees if, for the purpose of committing offences, acquiring, either directly or indirectly, the management or, in any case, the control of economic activities, licenses, authorizations, public contracts and services, or obtaining illegal profits or advantages for themselves or others, the associates avail themselves of the power of intimidation related to the association bond and the resulting condition of subjection and silence to commit offences.".

TITLE III
FINAL PROVISIONS

Art. 7
(Repeal)

1. Any provision contrary to this Law shall be repealed.

Art. 8
(Entry into force)

1. This Law shall enter into force on the 5th day following that of its legal publication.

Done at our Residence on 7 June 2010/1709 since the Foundation of the Republic

THE CAPTAINS REGENT
Marco Conti – Glauco Sansovini

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

19. LAW NO. 118 OF 28 JUNE 2010 – LAW ON THE ENTRY AND STAY OF FOREIGNERS IN THE REPUBLIC OF SAN MARINO (EXTRACT)

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

We, the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185/2005 and Article 6 of Qualified Law no. 186/2005;
Promulgate and make public the following ordinary law approved by the Great and General Council in its sitting of 24 June 2010.

LAW NO. 118 OF 24 JUNE 2010

LAW ON THE ENTRY AND STAY OF FOREIGNERS IN THE REPUBLIC OF SAN MARINO

OMISSIS

Art. 34
(Provisions against illegal immigration and trafficking in migrants)

1. Anyone acting in a way as to facilitate the illegal entry of one or more persons in the Republic's territory in order to gain profit, directly or indirectly, thus violating applicable provisions on foreigners and on residence and stay permits, shall be punished with third degree imprisonment and second degree daily fine. The same punishment shall apply to anyone acting in a way as to facilitate the illegal entry of one or more persons in another State, of which the person is neither a citizen nor a resident, in order to gain profit, directly or indirectly.
2. The punishments referred to in the preceding paragraph shall be increased by one degree:
a) if, in order to facilitate the entry or illegal stay, the person has been exposed to threats to his/her life or physical integrity;
b) if, in order to facilitate the entry or illegal stay, the person has been exposed to inhuman or degrading treatment;
c) if the fact is committed by using counterfeit, forged or in any case illegally obtained documents.
3. If the facts referred to in paragraph 1 above are committed with a view to recruiting persons to be engaged in prostitution or in any case in sexual exploitation, or if these facts concern the entry of minors to be recruited in illegal activities, the punishment of imprisonment shall be increased by two degrees and third degree daily fine shall be applied.
4. With regard to the crimes referred to in the preceding paragraphs, the judge may apply a lower degree of punishment if the defendant tries to prevent the crime from having further consequences by effectively helping police or judicial authorities to collect evidence necessary to reconstruct the facts, identify or arrest one or more offenders and deprive of resources relevant to the commission of the crimes.
5. Outside the cases referred to in the preceding paragraphs, and unless the fact constitutes a more serious crime, anyone facilitating with illegal means the stay of a foreigner on the Republic's territory in order to gain undue profit, thus violating applicable provisions on foreigners and on residence and stay permits, shall be punished with second degree imprisonment and daily fine.
6. Unless the fact constitutes a more serious crime, anyone counterfeiting or forging a travel or identity document or purchasing, receiving, holding, transferring or using a counterfeit or forged travel or identity document with a view to committing the crime of trafficking in migrants or to enabling others to commit such crime, shall be punished with third degree imprisonment.
7. In the cases provided for in the preceding paragraphs, the confiscation of the instrumentalities that served or were destined to commit the crimes and of the things being the price, product or profit thereof, shall always be mandatory. Where confiscation is not possible, the judge shall impose an obligation to pay a sum of money equal to the value of the instrumentalities and things referred to above. Confiscated instrumentalities and things or equivalent sums shall be allocated to the inland revenue or, where appropriate, destroyed.
8. Citizens committing the crimes referred to in this Article outside the territory of the State shall be subject to San Marino law. San Marino law also applies to foreigners committing the crimes provided for in this Article outside the territory of the State if he/she is present on the territory of the State and in case extradition is not possible according

to San Marino law or international treaties or conventions. No action shall be taken against a citizens or foreigner in the following cases:

1) the citizen or the foreigner has been judged and acquitted abroad;

2) the offender, convicted abroad, has served the whole sentence, even if the punishment is less severe than that under San Marino law;

3) the offender, convicted abroad, has served part of the sentence and that part is not lower than the minimum punishment provided for in this Law.

9. During police operations aimed at countering illegal immigration, police forces may control and inspect transport means and transported things when, also in relation to specific circumstances of place and time, there are well grounded reasons to believe that these may be used to commit one of the crimes provided for in this Article.

OMISSIS

Art. 40
(Repeal)

1. Law no. 95 of 4 September 1997, Law no. 22 of 24 February 2000, Articles 4 and 5 of Law no. 9 of 13 April 1976 and Article 83 of Law no. 92 of 17 June 2008 shall be repealed.

2. Not expressly derogated provisions contained in Decree no. 111 of 7 October 1997 shall remain in force, as they are compatible with this Law, until adoption by the Congress of State of the Delegated Decree referred to in Article 36.

3. Article 37 of Delegated Decree no. 103 of 3 July 2008 shall be repealed.

4. Any provision contrary to this Law shall also be repealed.

Art. 41
(Entry into force)

1. This Law shall enter into force on the 15th day following that of its legal publication.

THE CAPTAINS REGENT
Marco Conti – Glauco Sansovini

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

20. LAW NO. 47 OF 23 FEBRUARY 2006 – CORPORATE LAW (CONSOLIDATED TEXT)

UNOFFICIAL TRANSLATION

Law N° 47 of 23 February 2006 - "COMPANY LAW" and and subsequent amending and supplementing acts

CONSOLIDATED TEXT
This text has been prepared only for the purpose of an easier consultation of Law n. 47/2006 and subsequent amending and supplementing acts

Please note that all regulatory provisions referring to Anonymous Companies contained in Law n.47/2006 – last amended by law n. 98/2010 – and in special laws shall be repealed.

TITLE I
GENERAL PROVISIONS

SECTION I
DEFINITIONS AND GENERAL ASPECTS

Art.1[60]

(Definitions)

1. The below listed terms have the following meanings in this law:
   1) "Law" stands for this law, its successive amendments and integrations;
   2) "Register" stands for the Register of Companies envisaged in article 6;
   3) "Register of Auditors" stands for the register of Auditors established by Law N° 146 of 27 October 2004;
   4) "Trust Company" stands for the company authorized to conduct the reserved business indicated by the letter C of Annex 1 to Law N° 165 of 17 November 2005;
   5) "Holdings" stands for shares or equities;
   6) "Registrar" stands for the Court Registrar who holds the Register;
   7) "Subsidiary Companies" means companies controlled by another company, as established by article 11, sub-section 2), of Law N° 102 of 20 July 2004;
   8) "Associated Companies" are companies over which another company exercises a considerable influence, this meaning when at least one fifth of the votes in the shareholders' meeting may be exercised;

9)[61] the term "Unfit Person" means an individual who:

a) has been convicted by a criminal judgement having the force of res judicata and has been punished with more than 2 years imprisonment for felonies against property, public confidence, public economy or for trafficking in narcotic drugs, committed over the last 15 years; or has been convicted by a criminal judgement having the force of res judicata for corruption, use of false invoices for inexistent operations, tax fraud, usury, fraudulent bankruptcy or money laundering committed over the last 15 years; or has suffered convictions, including non-final, or is subject to ongoing criminal proceedings, for criminal conspiracy or terrorist financing;

b) during the 12 months preceding the date of the instrument of incorporation of the company, of the share acquisition or of the appointment of directors, has been a shareholder or has had representative powers in conformity with Article 52 of Law no. 47 of 23 February 2006 in at least two San Marino companies, which have entered into ex officio or compulsory liquidation, or in a company, the license of which has been revoked by the Congress of State. The fact of being a shareholder or of having representative powers in conformity with Article 52 of Law no. 47 of 23 February 2006 shall be concurrent with the company's

[60] Superseded by Art. 1 of Delegated Decree n. 33 of 20 February 2008, ratified by Delegated Decree n. 49 of 19 March 2008.

[61] As amended by Art. 1 of Decree Law n. 162 of 24 September 2010, ratified by Decree Law n. 179 of 5 November 2010.

entering into liquidation or with the revocation of its license by the Congress of State. A shareholder or director who demonstrates that, by behaving diligently, he/she is not responsible for the decisions or activities of the company leading to its compulsory or ex officio liquidation or to the revocation of its license shall not be considered an "Unfit Person";

c) has undergone bankruptcy proceedings or equivalent proceedings under foreign legal systems, either ongoing or concluded less than five years ago;

or a legal person that:

i) is undergoing bankruptcy or compulsory liquidation proceedings for insolvency, or equivalent proceedings also under foreign legal systems;

ii) is undergoing voluntary liquidation proceedings in the presence of a cause for dissolution;

iii) during the 12 months preceding the date of the instrument of incorporation of the company or of the share acquisition, has been a shareholder of at least two San Marino companies, which have entered into ex officio or compulsory liquidation, or of a company, the license of which has been revoked by the Congress of State. The fact of being a shareholder shall be concurrent with the company's entering into liquidation or with the revocation of its license by the Congress of State. A shareholder or director, who demonstrates that, by behaving diligently, it is not responsible for the decisions or activities of the company leading to its compulsory or ex officio liquidation or to the revocation of its license shall not be considered an "Unfit Person.".

10)[62] "the term "Certificates" means:

a) in case of a legal entity, its Certificate of Status (*certificato di vigenza*), the Certificate of compulsory or ex officio liquidation and the Certificate of revocation of the license ;

b) in case of an individual, the General Criminal Record, the Certificate of Pending Charges, the Certificate of compulsory or ex officio liquidation and the Certificate of revocation of the licence;

11) "Holding Companies" stands for companies authorized to conduct reserved business in accordance with Law N° 165 of 17 November and that are governed by this law.

12) "Formal control of documentation" by the Registrar means verification exclusively of the existence of the formal requirements in documentation, of the presence of documents containing administrative authorisations necessary according to the nature and the location in which the activity represented by the corporate purpose is performed, of Certification, of the absence of the conditions for the integration of the definition of Unfit Party, and of the production of the other documents required specifically by the Law for the recording of records and data in the Register.

2. The Certification of non-resident parties or those without headquarters in the Republic of San Marino must be substantially equivalent to that indicated under number 10 of the previous sub-section

With reference to natural persons, the certification that attests to the inexistence of the status of Unfit Party will be considered substantially equivalent. With reference to juridical persons, the certification showing the contents of the Certificate of Registration and that this certification has been issued by the party responsible for keeping the Register of Companies in the country in which the juridical person has its headquarters, will be considered substantially equivalent. The competent Commissioner of Law may issue circulars in order to identify the equivalences on a general scale or to give further details about the way the substantial equivalence of the Certification is evaluated.

The evaluation of the matters indicated in the Penal Record Certificate must take into account the causes for extinction of the offence, the causes for extinction of the penal effects of the sentence, rehabilitation and the provisions that are more favourable to the offender in the Penal Code, in the laws that implement and integrate the Penal Code and in the other laws and decrees of the Republic. In the case where the foreign State does not issue certificates with characteristics similar to those specified by the Law, the Certification is replaced by a declaration of the competent Consular Authority, which must also indicate the existence of any other replacement documents issued by the foreign State Authorities.

3. The natural persons who reside in the Republic of San Marino and the San Marinese citizens may substitute the Certification with a solemn affirmation issued in compliance with the formalities established by Law N° 105 of 21 October 1988. 105.

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[62] As amended by Art. 2 of Decree Law n. 162 of 24 September 2010, ratified by Decree Law n. 179 of 5 November 2010.

4. The Certification, in the form of an original or a conforming copy, must not bear a date more than six months prior to the date on which it is presented to the Registrar's office or exhibited to a notary when the company is established.

Art.2

(Types of Company)

1. Companies with registered offices in the territory of the Republic of San Marino are subject to San Marinese law and, if their scope is business esercised for the purpose of sharing the profits amongst the partners, they must be established in accordance with one of the types governed by the law.

2. The provisions concerning companies that exercise the activities indicated in Laws N° 165 of 17 November 2005 and N° 168 of 22 November 2005 remain valid, as do the provisions governing the cooperative companies and other companies governed by special laws for which this law cannot be applied in relation to the differently regulated part.

3. Participation by the State or by other Public Authorities in joint-stock companies established in the Republic does not lead to derogation from the provisions established by this law.

4. The companies governed by this law must be established in one of the following forms:
a) partnerships:
- unlimited partnerships;
b)[63] companies with share capital:
- joint stock companies
- limited liability companies".

5. After issue of the authorization indicated in the following article 16, other types of company more able to achieve the business purpose are permitted so long as their aim is to accomplish interests that are worthy of being safeguarded and that are not in contrast with public order.

6. Both natural and juridical persons can be partners of companies with share capital.

Art.3

(Societies among professional persons)

1. Persons who exercise non-subordinate professions in accordance with Law N° 28 of 20 February 1991 and successive amendments and integrations, can establish a society so as to conduct together the professional activity for which they are authorized, to coordinate the intellectual activities of their different specializations and provide services and commodities connected or simply supplementary to the professional activities of the individual partners, without the need for the authorization indicated in the following article 16.

2. These societies and the activities of the partners are governed by the laws concerning unlimited partnerships, as well as the relevant provisions for conducting intellectual professions, in general, and individual professions, insofar as they are compatible.

3. The society can be established with a number of partners no higher than one fifteenth of the persons registered in the rolls to which the partners belong. In the case of interprofessional societies, the calculation is made in relation to all the rolls of all the partners.

[63] As amended by Art. 1 of Law n. 98 of 7 June 2010.

4. The business name must contain the names of at least two of the partners, indicate the activity of the society and must be followed by the words "society among professional persons".

5. The names of all the partners must be indicated in the correspondence, documents and communications of the society.

6. The professional assignment is understood to have been undertaken by the society even when entrusted to a single partner and the partners must make the fact that they belong to the society known when they accomplish their professional assignments. Professional secrecy and confidentiality are the duties of all the partners, who must make sure that they are also complied with by the collaborators, subordinates and the employees of the society.

7. The customers, opposite parties and the public administration authorities must be informed that the professional persons belong to a society among professional persons.

8. When it comes to the professional assignments already in progress when the society is established, notification must be made the first time the office is exercised after the society has been established.

9. The laws governing the tariffs of the profession of the party who performed the assignment apply to the work supplied by the society in relation to fees, allowances and expenses. If the work is carried out by several partners, the fee established for one single professional person is applied unless different agreements are reached with the customer. Indications for determining the fees the society is due are given by the Council of the Order or by the professional Board to which the professional person who carried out the work belongs. Interprofessional jobs must be explicitly requested or established with the customer. In this case, the work is evaluated separately and is entitled to separate fees, otherwise the fee for a single professional person is due and with application of a single tariff.

10. The professional activities conducted by the partners give rise to all the obligations and rights established by the social security and fiscal laws governing the various different professions. Contributions of an objective nature are due to the same extent as applied to the jobs done by single professional persons.

11. The services rendered by societies among professional persons must be carried out personally by the partners aided, if necessary, by collaborators and assistants.

12. The civil liability deriving from the professional activities conducted by the individual partners is at the charge of the society among professional persons, without prejudice to the internal relations with regard to any recourse, if applicable.

13. The society must stipulate an adequate insurance contract to cover the damages indicated in the previous sub-section and must notify the details to customers who so request.

14. The professional persons who are part of a society among professional persons must only render their services on behalf of the society. They are not allowed to take part in more than one society among professional persons.

15. The rolls of the orders and professional boards established and governed in accordance with Law N° 28 of 20 February 1991 and successive amendments and integrations contain, for the registered persons involved, indications about the capacity as member of a society among professional persons.

16. In relation to registered persons who are members of societies among professional persons, the professional orders and boards exercise the powers and functions esablished by Law N° 28 of 20 February 1991 and successive amendments and integrations, concerning the individual professional persons themselves. In particular, they safeguard the dignity of the profession and ensure compliance with the principles of professional deontology applicable to the accomplishment of the activity as a society.

17. Violation of the terms of the partnership can lead to disciplinary measures.

18. A partner who is cancelled or struck off from his rolls will be automatically excluded from the society.

19. If a partner is suspended from exercising his profession, or if a partner is guilty of serious breach or is incapable of carrying out his tasks, his exclusion from the society, in the absence of explicit indications in the articles of association, is deliberated by the majority of the partners, not counting the partner to exclude amongst these, and comes into effect once thirty days have elapsed from the date on which the excluded partner is notified of the decision.

20. Unless established differently by the deed of partnership, the provisions laid down by the following article 38 governing the withdrawal of partners are applied, insofar as they are compatible, when a partner is turned out of a society and the relative share capital is liquidated.

21. If the society comprises two partners, the exclusion of one is pronounced by the Commissioner of Law upon the request of the other partner, without prejudice to the fact that procedures for winding up the society must begin should the number of partners fail to be re-established within three months.

22. The partner may withdraw from the society, even when established for a fixed term, with no less than six months prior notice in agreement with the other partners.

23. Unless established differently by the deed of partnership, the provisions laid down by the following articles 37 and 38 are applied when a partner withdraws from a society and the relative share capital is liquidated.

24. Business or entrepreneurial activities cannot be conducted by societies among professional persons. The society can invest in securities and can possess registered real estate and movable property directly used for running its activity. Transfer, in favour of the society, of instrumental contracts drawn up by the individual professional persons during the accomplishment of their professions prior to becoming a partner of a society, may take place within one year from the partner in question having entered the society or from the establishment of this latter, by means of simple notification sent by the society by registered letter to the contracting party without this latter being entitled to object.

25. The society among professional persons must keep the accounts envisaged in article 72.

Art.4

(Liability for the obligations of the company)

1. In unlimited partnerships, all the parners are answerable jointly, severally and unlimitedly for the company's obligations and agreements to the contrary are of no effect in relation to third parties.

2. Only the company is answerable with its proprietory equities for the obligations of joint-stock companies.

Art.5

(Business name)

1. The type of undertaking must always be indicated in the business name.

2. The business name of ordinary partnerships must contain the name of one or more of the partners.

Art.6[64]

(Register of Companies)

1. A Register of Companies is instituted, held by the Court Registrar, for entering the below-listed details of each company:

- details of the memorandum of association and the authorization of the State Congress when required by special laws and by any subsequent authorization measures or their revocation;
- registered office and any successive variations;
- subscribed and paid-up capital, and any variations;
- corporate purpose and any successive variations;

[64] As superseded by Art. 2 of Delegated Decree n. 33 of 20 February 2008, as ratified by Delegated Decree n. 49 of 19 March 2008.

- the personal particulars of the legal representatives of the company, of the directors, the auditors, any external auditing parties that may have been nominated and the liquidators, along with a list of their powers;
- the date on which the balance sheet was approved;
- details of measures concerning any transformations, mergers or divisions;
- measures taken by the judicial authorities concerning the liquidation of the company, granting of periods of grace, or opening of proceedings for composition with creditors, as well as all other measures that the Judicial Authorities consider it necessary to indicate;
- existence of a sole partner;
- existence of company holdings lodged as collateral;
- existence of seizures or distraints on shares.

2. Unless different provisions have been established by law, the details indicated in the previous sub-section are entered in the Register upon the request of the directors or liquidators, provided with the relative documents.

3. All the minutes of the meetings of the companies must also be filed with the Registrar's office that deal with the resolutions relating to approval of the financial statements, the introduction of changes to the articles of association and charter and to appointments of company offices or the conferring of assignments to statutory auditors and auditing firms, within the term of thirty days from the registration or, if the deliberations are not subject to this formality, from the date of the meeting, without prejudice to the different terms established by the law.».

4. Until they have been entered in the Register, modifications made to the details indicated in sub-section 1 cannot prevail against third parties unless proof is given that these latter were aware of the same. The minutes of meetings, applications, certificates, registration provisions and in general all the corporate documentation contained in the company folder at the Court can be created, transmitted, deposited, communicated, notified, held and safeguarded in electronic format, in the manner and with the guarantees that will be established with an appropriate regulation of the Congress of State.

5. The Register can also be held with computer instruments, according to the methods that will be established by appropriate regulations.

6. The Register is public and can be freely examined by anyone.

7. In order to register the company in the Register, Certifications concerning partners, directors, auditors, external bodies charged with auditing nominated at the moment of the company formation must in any case be deposited at the Registrar's office.

8. The Certifications of those who hold offices in the company, as well as the external party charged with auditing and possibly nominated, must be filed with the Registrar's office if the office is confirmed or if a replacement has been made, and is the condition for obtaining registration in the Register.

9. Where registration with professional rolls or orders or special registers is required in order to take office, a certificate of registration issued by the organization that holds the rolls or register must also be filed with the Registrar's office.

10. The directors, statutory auditors, external auditors and auditing enterprises must declare, in the annual balance sheet statement of their respective competence or attached to the same and under their personal responsibility, that they still possess the subjective and objective statuses envisaged by the law for taking up their respective offices.

Art.7

(Indications in correspondence and announcements)

1.[65] The following details must appear in the correspondence, documents, announcements and securities issued or drawn up by each undertaking:

- the corporate name, type and registered offices of the company;

- the date and registration number in the Register;

- the subscribed and paid-up capital;

- if the company is being wound up;

[65] As superseded by Art. 5 of Delegated Decree No. 130 of 11 December 2006.

- if there is a sole partner.

Art.8[66]

(Registered Office)

1. The registered office of the company must have been established in the territory of the Republic of San Marino.

2. All notifications and communications are considered to have been made with full effect to the registered office indicated in the articles of association; in the event of the impossibility of contacting the registered office, ascertained by the Legal Official, notification is validly given through affixing *ad valvas Palatii* (on the doors of the Government Building).

Art.9[67]

(Corporate purpose)

1. The corporate purpose must be lawful, possible, determined, and must include activities that are consistent with each other.

Art.10[68]

(Contributions and payments)

1. In joint-stock companies, the value of the contributions cannot be less, as a whole, than the total amount of the corporate capital.
2. The contributions must be made in money, unless specified differently in the articles of association.
3. At least half of the company's initial corporate capital contributions must be made within sixty clear days from the date of registration in the Register and, if in money, must be paid into a San Marinese banking establishment. If the company is established with a unilateral deed, all the contributions must be made in money and be paid within sixty clear days after the date of registration in the Register.
4. The effective payment of the contributions is certified by a declaration issued by the legal representative according to the formalities and in compliance with the comminatory clauses envisaged by article 3 of Law N° 105 of 21 October 1988, to be filed with the Registrar's office by the directors within thirty days of the actual payment.
5. In any case, the payment of all the contributions must be requested by the directors and fulfilled within three years following the date on which the company is entered in the Register.
6. Failure to pay the contributions within the terms envisaged herein represents a cause for dissolution of the company, which must be wound up, without prejudice to the matters established by the following article 11. If the directors fail to act, liquidation can be arranged as of right. For this reason, the Commissioner of Law previously gives the directors a term of not more than sixty days in which to file the documentation attesting to payment of the contributions, or for calling a special meeting in order to adopt the necessary decisions.
7. Besides money, all assets susceptible to economic evaluation can be conferred, but not work or services or personal rights of enjoyment. Such contributions must in any case be declared at the same time as the memorandum of association is executed or when a resolution to increase the capital is passed.
8. The partner who confers a credit is answerable for the insolvency of the debtor.
9. The partner is liable to the same obligations for the conferred assets as he would have been had he had sold them.

[66] As superseded by Art. 3 of Delegated Decree n. 33 of 20 February 2008, ratified by Delegated Decree n. 49 of 19 March 2008.
[67] As superseded by Art. 4 of Delegated Decree n. 33 of 20 February 2008, ratified by Delegated Decree n. 49 of 19 March 2008.
[68] As superseded by Art. 5 of Delegated Decree n. 33 of 20 February 2008, ratified by Delegated Decree n. 49 of 19 March 2008.

10. Those who confer contributions in kind or credits must present the sworn report of an auditor or an auditing company registered in the register of auditors, or of a professional person registered with a San Marinese professional order. The sworn report cannot be compiled by persons who are ineligible as auditors according to the matters established by article 60. The report must contain a description of the assets or credits conferred, an indication as to the evaluation criteria used and a declaration that their value is at least equal to the value for which they were conferred. The report must be attached to the memorandum of association or to the resolution to increase the capital.
11. Besides the contribution, to be made in compliance with the memorandum of association or the resolution to increase the capital, each partner is debtor towards the company for accessory services other than money. The articles of association determine the contents, duration, formalities and fees for such services, and establish particular sanctions in the case of non-compliance Holdings for which accessory services are obligatory cannot be transferred without the directors' consent. Unless provided for otherwise by the memorandum of association, the previous obligations can only be modified with the consent of all the partners.
12. In partnerships, the partner is obliged to make the contributions established in the partnership agreement. Failing this, it is to be presumed that the partners are obliged to confer, to an equal extent amongst them, such as is necessary for achieving the business purpose."

Art.11

(Default of the partner)

1. If the partner fails to fulfil the payments due after thirty days have elapsed from the request, the directors, if they do not consider it worthwhile to bring an action for performance against the partner, offer the share of the defaulting partner to the other partners who have fulfilled their obligations, in proportion to their own share, for a corresponding amount no less than the contributions still due. In the absence of offers from the other partners who are not in arrears, the directors must declare the defaulting partner excluded by right, withholding the encashed sums, without prejudice to reimbursement of the greater damages.

2. The unsold shares must be written off by means of a corresponding reduction of the company's capital.

3. The director's request to fulfil the payment must be made at the same time and under the same conditions to all the partners in default.

4. The partner who is in arrears with the payments may not exercise the right to vote.

5. Insofar as it is compatible, this article also applies to partners who have not fulfilled the accessory services.

Art.12 [69]

(Sole partner)

1. Joint-stock companies may have a sole partner when they are established, as may all the holdings be accumulated by a single party. In joint-stock companies, the accumulation of all the holdings under a single party does not imply their release.

2. The sole partner exercises the powers and rights ascribed by the law or the articles of association to the partners or to the meeting.

3. The existence of the sole partner of a joint-stock company must be entered in the Register.

4. If the company is insolvent, the sole partner is unlimitedly answerable for the obligations of the company that arise during the period in which he alone possesses all the shares when:

a) the request for registration of the existence of the sole partner in the Register has not been submitted within the terms established by article 20 of the Law for filing the memorandum of association if the undertaking is established with a unilateral deed, or

b) the request for registration of the existence of the sole partner in the Register has not been submitted within the terms established by articles 26, sub-section 2, and 28, sub-section 3 of the Law, if all the holdings are successively accumulated by one single party, or

[69] As superseded by Art. 7 of Delegated Decree No. 130 of 11 December 2006.

c) the corporate capital has not been entirely paid up within the term of sixty days from the date on which the company established with a unilateral deed is entered in the Register or within the term of sixty days from the date on which all the holdings are successively accumulated by one single party.

5. In partnerships, failure to maintain the number of the partners is a cause for winding up the society unless the number is re-established within the successive three months.

Art.13 [70]

(Total corporate capital)

1. The total corporate capital cannot be less than:

1) € 25,500.00 (twentyfivethousandfivehundred euros) in limited liability companies;

2) € 77,000.00 (seventyseventhousand euros) in joint-stock companies.

Art.14[71]

(Reduction of the corporate capital)

1. If the corporate capital has been reduced by more than one third, the directors and, in their default, the board of auditors or the sole auditor, must call the meeting without delay in order to take the appropriate measures and, if the losses are not promptly made good, the meeting must reduce the corporate capital without prejudice to the limits established by law.

2. Reduction of the corporate capital must also be deliberated if the shares of partners who exercise their right of withdrawal must be reimbursed, if envisaged by the articles of association or by the law, or also if a defaulting partner is turned out.

3. Moreover, a reduction of the corporate capital can be deliberated when it is in excess in relation to the business purpose. The deliberation can only be made once ninety days have elapsed from the date on which the measure was entered in the Register, so long as no creditor has opposed the measure within that term

4. The meeting that must deliberate upon reducing the corporate capital, when this is obligatory, may be called by the Commissioner for Law by right or upon the request of anyone to whom it may be of interest, when the party obliged to do so in accordance with sub-section 1, fails to take the necessary steps.

5. If the meeting, called in compliance with the preceding sub-sections, fails to adopt the measures established by law, the Commissioner for Law, upon the request of the directors, the auditors, of anyone interested or by right, will reduce the capital to the extent of the losses resulting from the balance sheet, with a decree to be entered in the Register.

6. If, owing to a loss exceeding one third of the capital, this is reduced to below the minimum allowed by law, the directors must call the meeting for the measures indicated in article 106, sub-section 1, point 4), within the term established therein within the term established therein.

Art.15

(Capital increase)

1. A capital increase, or issue of convertible bonds, cannot be deliberated until the previously subscribed corporate capital has been entirely paid up.

2. In the case of breach of the previous sub-section, the directors are jointly and severally responsible for the damages sustained by the partners and third parties. This without prejudice to the obligations undertaken by subscribing the shares issued in violation of the previous sub-section.

3. [72] The meeting may increase the corporate capital by entering as capital, the reserves and other funds entered in the balance sheet, insofar as they are available. In this case, the newly issued holdings must have the same characteristics as those in circulation and must be assigned free of charge to the partners in proportion to those

[70] As superseded by Art. 8 of Delegated Decree No. 130 of 11 December 2006.
[71] As superseded by Art. 6 of Delegated Decree n. 33 of 20 February 2008,
ratified by Delegated Decree n. 49 of 19 March 2008.
[72] As superseded by Art. 10 of Delegated Decree No. 130 of 11 December 2006.

they possess. In joint-stock companies, the capital can also be increased by increasing the face value of the shares.».

SECTION II

ESTABLISHMENT AND MODIFICATIONS TO THE ARTICLES OF ASSOCIATION

Art.16[73]

(Authorizations and conditions for establishment)

1. The following conditions are required in order to establish a company with share capital:
   1) the capital must have been entirely subscribed;
   2) the authorizations must have been obtained, and the conditions required by the special laws for establishing the company in relation to its particular scope must have been complied with;
   3) the provisions established by Law concerning contributions must have been complied with;
   4) none of the partners who are natural persons must be Unfit Parties.
2. Sub-section 1 is applied for the establishment of a partnership, insofar as it is compatible.
3. An irrevocable prior official authorization, namely authorization from the State Congress, must be obtained in order to establish the companies indicated in article 2, sub-section 5, companies for which it is explicitly envisaged by special laws, companies whose business contains activities or commodity sectors envisaged in the decree described in the successive sub-section 6.
4. Notwithstanding compliance with article 9, the companies mentioned in the previous sub-section may modify their business purpose without authorization as long as the modification does not concern economic activities or product sectors included in the decree mentioned in the following sub-section 6.
5. Authorization must be requested from the State Congress by means of an application accompanied by a rough business plan that is convincing, from the objective and subjective aspects, as to its reliability and compatibility with the economic-social requirements of the Republic. When it grants the authorization, the State Congress has the right to impose limits and conditions so as to guarantee that the business plan is correctly executed.
6. If the matter is urgent, or to prevent the social-economic context of the Republic from becoming distorted, the need for authorization from the State Congress can be established by official decree so as to establish companies whose corporate purpose comprises particular business activities or commodity sectors.
7. The official decree can dictate specific rules for the business activities and commodity sectors indicated in the decree envisaged in the previous sub-section.

Art.17[74]

(Participation of Fiduciary Companies)

1. Upon acceptance of the fiduciary mandate, those Fiduciary Companies which, on the basis of this fiduciary mandate, establish companies and acquire or possess their holdings, must obligatorily procure prior Certification with regard to the grantors and declare, respectively in the articles of association of the company or during purchase of the holding, the fiduciary nature of their intervention, referencing the details of the authorisation to exercise the reserved activity.
2. Fiduciary Companies shall not establish companies or acquire or possess their shareholdings on the basis of a fiduciary mandate if the Certificates show that the settlor or the beneficial owner is an Unfit Person.
3. Since this activity is reserved for holding companies, it remains subject to the regulatory and supervisory powers of the Central Bank of the Republic of San Marino.
4. In the cases referred to in the first paragraph, the existence of the sole partner and the related regulations as in article 12, are to be understood as referring to the grantor and not to the fiduciary company.
5. In the cases referred to in the first paragraph, being an Unfit Party, Certificates and relevant regulations as in this Law are to be understood as referring to the grantor and his/her beneficial owner and not to the fiduciary company.

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[73] As superseded by Art. 7 of Delegated Decree n. 33 of 20 February 2008, ratified by Delegated Decree n. 49 of 19 March 2008.

[74] As last superseded by Art.4 of Decree Law n. 179 of 5 November 2010, which ratified Decree Law n. 162 of 24 September 2010.

Art.18

(Form of the memorandum of association)

1. The memorandum of association of an undertaking must be in the form of a public deed.

Art.19

(Contents of the memorandum of association)

1. The memorandum of association must indicate:
   1) the type of company;
   2) the corporate name;
   3) the duration;
   4) the registered offices;
   5) the business purpose;
   6) the total corporate capital;
   7) the surname and first name, date and place of birth, residence and citizenship of all the natural persons, or the corporate name, date and place of estabishment, registered offices and number of registration in the company register for the juridical persons who have taken part as partners in drawing up the memorandum of association or in the name of whom it has been drawn up;
   8) the share allocated to each partner;
   9) the subscription of the entire capital;
   10) the contributions of each partner;
   11) the value ascribed to contributions in kind and the relative evaluation criteria;
   12) the regulations concerning the composition and powers of the bodies of the company, indicating those concerning the administration and those that represent the undertaking;
   13) the rules according to which the profits must be distributed;
   14) the nomination of the first members of the bodies of the company;
   15) an indication of the regulations governing the way the company is run;

2. In joint-stock companies the memorandum of association must also contain the number and face value of the shares, their characteristics and the formalities according to which they are issued and circulated.

3. For unlimited partnerships, the memorandum of association must also indicate the rules according to which the profits must be distributed and each partner's portion of the profits and losses.

4. The articles of association contain the regulations governing the bodies of the company and the company itself. Even when they are a separate deed, the articles of association are an integral part of the memorandum of association.

Art.20 [75]

(Filing of the memorandum of association and registration in the Register)

1. The notary who has received the memorandum of association of the company and has checked to make sure that the conditions established by Law have been fulfilled, must file an authentic copy of the document with the Registrar's office within thirty days from the date of registration, attaching the documents that attest to the existence of the conditions envisaged by the Law.

2. If the notary fails to file the document within the aforementioned term, each partner or director may do so at the company's charge.

3 . The company must be registered in the Register at the same time as the memorandum of association is filed.

4. Having solely checked to make sure that the documentation is regular from the formal aspect, the Registrar enters the company in the Register within 10 days from the requested registration, or issues a motivated refusal to be notified to the party who requested the registration.

5. If the Registrar refuses to enter the company in the Register, or fails to register it within the term indicated in the previous sub-section, the notary or, failing this, the director or each partner, may apply to the Commissioner of Law within thirty days from haing received notification of the refusal, or from the expiry of the term within which the Registrar should have issued the measure. In this case, the Commissioner of Law, having checked to

[75] As superseded by Art. 14 of Delegated Decree No. 130 of 11 December 2006.

make sure that the conditions required by Law have been fulfilled, issues a decree that orders the company to be entered in the Register. In the event of a refusal to enter the company in the Register, the decree issued by the Commissioner of Law is subject to a claim before the Justice of Appeal within the thirty days following the notification.

6. Registration of the company in the Register is notified to the Office of Industry, Commerce and Crafts by the Registrar within 15 days from the date on which the formality takes place.

Art. 21

(Effects of the registration and acquisition of the legal status)

1. Once it has been registered in the Register, the undertaking acquires a legal status that lasts until it is cancelled.

2. Those who acted are unlimitedly, jointly and personally responsible towards third parties for the operations accomplished in the name of the company prior to its registration. The promoting sole partner and those amongst the partners who, in the memorandum of association or with a separate deed, have decided, authorized or allowed the operation to be accomplished are also jointly, unlimitedly and personally responsible. Different agreements cannot prevail against third parties.

3. Issue of shares or transfer of holdings before the company has been registered are null.

4. Once the legal status has been acquired, the equities of the company become separate from the estate of the partners.

5. The company's creditors cannot act on the estate of the unlimitedly and jointly responsible partners without having first acted on the company's equities.

6. In partnerships, the particular creditors of the unlimitedly responsible partners cannot act on the company's equities but if the assets of the debtor partner are unable to cover the personal debts incurred, the creditor may ask for the debtor's share to be liquidated and the share must be liquidated within three months from the request, without prejudice to the deliberation to wind up the company.

7.[76] Without prejudice to the matters established by article 148 of Law N° 165 of 17 November 2005, acquisition of the legal status does not authorize the purchase of real estate in the territory of the Republic, the acceptance of donations or inheritances or the obtainment of legacies without authorization from the Council of XII.

Art.22[77]

(Modifications to the articles of association)

1. Resolutions that modify the articles of association must be made in a public deed. Within thirty days from the date on which the deed is registered and having ascertained that the conditions established by law have been complied with, the notary who draws up the need applies for it to be registered in the Register and attaches any authorizations and documents required at the same time as it is filed. Having solely checked to make sure that the documentation is formally correct, the Registrar enters the resolution in the Register.

2. If the notary considers that the conditions established by the law have not been fulfilled, he will notify the directors of the matter immediately and in any case, not beyond that term. Within the following thirty days, the directors and, in their absence, each partner at the company's charge, may apply to the Commissioner of Law. In this case, the Commissioner of Law, having checked to make sure that the conditions required by Law have been fulfilled, approves the resolutions and orders their registration in the Register. The decree issued by the Commissioner of Law is subject to a claim before the Justice of Appeal within the thirty days following the notification.

[76] As superseded by Art. 15 of Delegated Decree No. 130 of 11 Dec. 2006.

[77] As amended by Art. 9 of Delegated Decree n. 33 of 20 February 2008, ratified by Delegated Decree n. 49 of 19 March 2008.

3. When a company is established, the partners may decide that one or more of the clauses in the articles of association may only be modified unanimously.

4. Modifications to the partnership agreement in partnerships may only be made with the consent of all the partners, unless different agreements have been reached.

Art.22 bis [78]

(Invalidity of the company)

1. Once it has been entered in the Register, the invalidity of a company can only be declared, upon the request of anyone to whom it may be of interest, in the following circumstances:

a) failure to draw up the memorandum of association in the form of a public deed;

5) illegality of the business purpose;

c) failure to obtain authorization from the State Congress, in the cases where it is required by law;

d) absence, in the memorandum of association, of all indications concerning the business name of the company, the contributions, the total capital, the business purpose.

2. The declaration of invalidity does not impair the efficacy of the actions accomplished in the name of the company after it has been entered in the Register and the partners are not released from their obligation to contribute until all the company's creditors have been satisfied.

3. Invalidity cannot be declared when its cause has been eliminated and this elimination has been published by an entry in the Register.

4. The sentence that declares invalidity contains the order to terminate and liquidate the company and must be entered in the Register.

SECTION III

SHARES AND BONDS

IN COMPANIES WITH SHARE CAPITAL

Art.23

(Principles)

1. In limited liability companies, the holding ascribed to each partner represents the extent to which he participates in the company capital and includes the body of rights to which the partner is entitled.

2. In joint-stock companies participation is represented by shares, which must be of equal value and which grant their possessors equal rights for homogeneous categories of shares.

Art.24

(General provisions)

1. The articles of association may envisage different categories of holdings. When different categories of holdings or shares are created, the company may freely determine their contents in accordance with the limits established by law, but all the holdings or shares belonging to the same category must grant equal rights.

2. Participation in companies with share capital is freely transferrable, unless established differently by the articles of association. The articles of association may also limit the extent to which they can be transferred and in that case, if the provisions they establish actually prevent the share capital from being transferred, the partner may exercise the right to withdraw in accordance with the formalities established by article 37.

[78] As supplemented by Art. 17 of Delegated Decree No. 130 of 11 December 2006.

3. If the holdings or shares are transferred, the transferor is responsible, jointly and severally with the purchaser, for the payments still due, for a period of three years from the date on which the transfer transaction is registered in the stock ledger.

4. If a holding is subject to joint ownership, the rights of the owners are exercised by a common representative. If the common representative has not been nominated, the declarations and communications made by the company to one of the joint owners are efficacious in relation to both. The joint owners of a holding are jointly and severally answerable to the obligations deriving from the holding itself.

5. [79] The holdings and the shares may be pledged and enjoyed in usufruct. In these cases and unless agreed differently, the right to voting belongs to the secured creditor and to the beneficial owner, while the right of option belongs to the partner, who must pay the necessary sums. If payments are requested in relation to the holding, in the case of pledging, the partner must pay the necessary sums and, in default, the arrearage rules are applied; the beneficial owner must fulfil the payments, without prejudice to his right to restitution when the period of usufruct terminates. The directors enter the pledge or usufruct in the stock ledger without delay upon the request of the secured creditor, or the beneficial owner, or the partner. In relation to issued registered shares, the pledge is lodged by consigning the relative share certificates to the creditor and by virtue of a public deed or private agreement with authenticated signatures, duly noted on both the share certificate and in the Register. In relation to holdings and shares that have not yet been issued, the pledge is lodged by noting it in the stock ledger and in the Register by virtue of a public deed or private agreement with authenticated signatures. Usufruct of shares or holding is established according to the respectively envisaged formalities, so long as they are valid in relation to the company.

6.[21] Holdings and shares can be sequestered and expropriated; the Judge's provision is entered in the Register. The holding is attached by notifying the debtor and the legal representative while seizure of issued shares must also include dispossession. The directors will note down the matter in the stock ledger without delay. The provision of the Judge who orders the holding to be sold must be notified to the company.

7.[21] If the holding or shares are sequestered or seized, the right to vote and the other administrative rights are exercised by the party indicated in the relative measures established by the Judge.».

8. Unless there are different indications in the measures established by the judge or on the document, administrative rights differing from the ones indicated in this article belong, in the case of pledge or usufruct, to the secured creditor or beneficial owner, while they are exercised by the keeper in the case of sequester or seizure.

Art.25
(Holdings)

1. The face value of the holding is determined in Euros and in a percentage of the company capital. Unless established differently by the articles of association, the holding is determined in proportion to the partner's contribution.

Art.26
(Transfer of the holding)

1. Transfer of holdings between living parties either free of charge or by sale, must be stipulated in the form of a public deed o authenticated private agreement.

2.[80] An authentic copy of the deed of assignment of the holding must be filed with the Registrar's office within thirty days of its registration and in any case, no later than sixty days from the date of stipulation, by and under the responsibility of a notary who has received the deed itself or who has authenticated the signatures. When not attached, the Certification of the transferee must be filed with the Registrar's office along with the transfer deed, and must bear the same date as this latter or a prior date. Transfers in favour of Unfit Parties are null.

3. Transfer of holdings is of effect in relation to the company from the moment it is entered in the stock ledger, as established in the following sub-section.

[79] As superseded by Art. 18 of Delegated Decree No. 130 of 11 December 2006.
[80] As superseded by Art. 19 of Delegated Decree No. 130 of 11 December 2006.

4. Registration of the transfer in the stock ledger takes place, upon request of the entitled party, after the deed of transfer has been exhibited.

Art.27

(Shares)

1. The shares can be represented by multiple share certificates.

2. The share is indivisible.

3.[81] The shares must indicate:

1) the corporate name, the registered offices and duration of the company;

2) the date of the memorandum of association and the registration number in the Register;

3) the face value of the shares and the total corporate capital.».

4. The shares must be undersigned by the legal representative of the company and by the auditors. Undersigning by mechanical reproduction is considered valid so long as the original has been filed with the Registrar's office.

5. The face value of each share issued by the company must correspond to an arithmetical fraction of the company capital.

6. The shares cannot be issued for a lower amount than their face value.

7. Lost or stolen registered–shares are written off in compliance with the laws governing written off bills of exchange.

Art.28 [82]

(Transfer of registered shares)

1. Registered shares must be transferred by means of a public deed or authenticated private agreement. If the shares have been issued, they must also be endorsed and the endorsement authenticated by a notary, without prejudice to the fact that the transfer has effect on the company when it has been registered in the stock ledger.

2. The endorsee who proves to be the owner according to a continual series of endorsements is entitled to have the transfer entered in the stock ledger.

3. An authentic copy of the deed of assignment must be filed with the Registrar's office within thirty days of its registration and in any case, no later than sixty days from the date of stipulation, by and under the responsibility of a notary who has received the deed itself or who has authenticated the signatures. When not attached, the Certification of the transferee must be filed with the Registrar's office along with the transfer deed, and must bear the same date as this latter or a prior date. Transfers in favour of Unfit Parties are null.

4. Registration of the transfer in the stock ledger takes place, upon request of the entitled party, after the deed of transfer has been exhibited.

5. Usufruct of registered shares only prevails against third parties if noted on the shares themselves and in the stock ledger.

Art.29

(Transfer of bearer shares)

[81] As superseded by Art. 20 of Delegated Decree No. 130 of 11 December 2006.
[82] As superseded by Art. 21 of Delegated Decree No. 130 of 11 December 2006.

(abrogated by Art. 8 of Law n.100 of 22 July 2009)

Art. 29 bis

(Loss, destruction or theft of bearer shares)

(abrogated by Art. 8 of Law n.100 of 22 July 2009)

Art.30

(Own holdings or shares)

1. Limited liability companies can in no way underwrite or purchase their own holdings.

2. Joint-stock companies cannot underwrite their own shares.

3. As long as they have been entirely released, the purchase of own shares is only allowed within the limits of the distributable profits and the available reserves resulting from the last, regularly approved, balance sheet.

4. The purchase must be authorized by a resolution by the meeting, which establishes the relative formalities, particularly indicating the maximum number of shares to purchase, the maximum term for which the authorization remains valid, the minimum consideration and the maximum consideration.

5. In no case may the face value of the shares purchased as indicated in the previous sub-sections exceed one fifth of the company capital.

6. The directors may only dispose of the purchased shares after obtaining authorization from the meeting, which must establish the relative formalities.

7. So long as the shares remain the property of the company, the right to the profits and the right of option are ascribed in proportion to the other shares. The right to voting is suspended, but the own shares are still computed in the capital for the purpose of calculating the meeting's constitutive and decisional quorums.

8. An unavailable reserve, equal to the amount of own shares entered as assets in the balance sheet, must be formed and maintained until the shares are transferred or annulled.

9. In no case may companies grant loans or provide guarantees for purchasing or underwriting their own holdings. Neither may their own holdings be accepted as guarantees through trust companies or third parties.

10. Actions accomplished in breach of sub-sections 1, 2, 3, 4, 6 and 8 are invalid. Should own shares exceeding the limit established in sub-section 5 be purchased, the invalidity is limited to purchase of the excess shares.

Art.31

(Bonds)

1.[83] The general meeting of joint-stock companies may decide to raise new capital by issuing registered bonds.

2. Bonds are credit instruments that include the right to restitution of the capital and payment of the interests without attributing any of the rights ascribed to the partners. The companies may issue subordinate bonds which, in certain circumstances, are only reimbursed after the rights of all the company's other creditors have been satisfied; unredeemable bonds without expiry that ascribe the mere payment of interest to the underwriter and not restitution of the capital; cum warrant obligations whereby, in addition to the right to restitution of the capital and payment of the interests, the underwriter is also entitled to purchase or underwrite other securities under previously established conditions and to grant the right itself to third parties.

[83] As amended by Art. 5 of Decree Law n. 162 of 24 September 2010, ratified by Decree Law n. 179 of 5 November 2010.

3. The meeting's deliberation concerning the issue of bonds cannot be made until authorization has been obtained from the Central Bank of the Republic of San Marino.

4. The overall value of all the issued bonds cannot exceed double the company capital and the available reserves as shown by the last balance sheet approved.

5. The meeting can decide to issue bonds convertible into shares, determining the exchange ratio, the period and method of conversion. The company must contextually resolve to increase the company capital for the amount corresponding to the shares to which the conversion applies.

6. During the first month of each six-month period, the directors will issue the shares due to the bond-holders who requested the conversion during the previous half-year. Within the next month, the directors must file a certification attesting to the increase in the company's capital corresponding to the face value of the shares issued, for entry in the Register.

7. Until the terms established for the conversion have elapsed, the company may neither decide to voluntarily reduce the company capital nor to modify the provisions in the articles of association concerning distribution of the profits unless the possessors of convertible bonds have been given the right, by means of a registered letter sent at least ninety days prior to convocation of the meeting, to exercise the right of conversion within the term of thirty days from receipt of the registered letter itself.

8. If the capital is increased by appropriation to reserves and reduction of capital through losses, the exchange ratio is modified in proportion to the extent of the increase or reduction.

Art. 32

(Contents of the bonds)

1. The bonds must be undersigned by the legal representative of the company and by the auditors and must indicate:
1) the corporate name, the business purpose and registered offices of the company and the registration number in the Register;
2) the corporate capital;
3) the date of the meeting's resolution and details of the authorization from the Central Bank of the Republic of San Marino;
4) the overall amount of the issued bonds, the face value of each, the rate of interest and the payment and reimbursement formalities;
5) whether the bonds are guaranteed and if so, how;
6) a description of the type of bond, with an indication of its main characteristics.

2. In addition to the matters established in the previous sub-section, bonds that can be converted into shares must indicate the exchange ratio and the conversion formalities.

SECTION IV

PARTNERS RIGHTS AND DUTIES

Art.33 [84]

(Right to profits and liquidation quota)

1. Every holding ascribes the right to a proportional part of the really obtained profits, distribution of which has been approved by the meeting, and of the net equity resulting from the liquidation; participation in the losses should be calculated to the same extent.

2. The agreement by which a partner is totally excluded from the profits or losses is invalid.

[84] As superseded by Art. 23 of Delegated Decree No. 130 of 11 December 2006.

Art.34

(Voting right)

1. Ordinarily, each share entitles the legitimate bearer to voting rights. The holdings entitle the possessor to at least one vote at the meeting; if the holding is a multiple of a Euro, the partner is entitled to one vote for each Euro.

2. Voting rights can be excluded at the time of issue for particular categories of shares or holdings.

Art.35

(Rights to information)

1. All partners are entitled to receive information about the economical-financial and operational progress of the company and, in companies without a board of auditors or single auditor, each non-director partner is entitled to freely consult the relative documents, also with the assistance of his experts.

2.[85] In any case, the partners are always entitled to examine the stock ledger and the book of minutes and resolutions of the meeting, and to obtain a copy.

3. If the director fails to allow the partner to exercise the right, this latter is entitled to apply to the Commissioner of Law, who will adopt the measures indicated in article 66, in compliance with the cross-examination principle.

Art.36

(Right to manage)

1. The administration of partnerships is the responsibility of each partner, severally from the others, without prejudice to different provisions established by the articles of association which, unless brought to the knowledge of third parties, cannot prevail against them.

2. Non-partners can also be nominated as directors in joint-stock companies.

Art.37

(Partner's right to withdrawal)

1. Unless established differently by the articles of association, in partnerships, each partner may withdraw at any time from the company when this is not established for a fixed term, or when he has a just cause for withdrawing.

2. The right to withdrawal exists in joint-stock companies and partnerships when:
- the company decides to transform its type or when there is a substantial modification to the business purpose;
- it is envisaged by the articles of association;
- it is envisaged by law or by special laws.

3. Withdrawal is notified to the directors or, in partnerships, to the other partners, by means of a registered letter with return receipt attached and, in the cases indicated in the first sub-section in relation to partnerships alone, with 3 months prior notice. Unless established differently by the articles of association, the share must be liquidated within the successive thirty days.

Art.38

(Liquidation in the case of withdrawal)

1. The withdrawing partners are entitled to receive a sum of money equivalent to the value of the holding they possess.

[85] As superseded by Art. 24 of Delegated Decree No. 130 of 11 December 2006.

2. Unless established differently by the articles of association, this value is determined by taking into account the market value at the time withdrawal is declared. In the event of disagreement, the value is determined with reference to the average net equity resulting from the balance sheets of the part three years or, if the company has been established for less than three years, from the balance sheets approved since its establishment.

Art.39
(Death and exclusion of partners in partnerships)

1. Unless established differently by the articles of association, if one of the partners in a partnership dies, the surviving partners must liquidate the share to the heirs unless they prefer to terminate the company or continue it with the heirs and these latter agree.

2. A partner may be excluded owing to serious non-fulfilment of the obligations deriving from law and the partnership agreement, owing to interdiction and incapacitation of the partner. The partner who has worked for the company or conferred something to the benefit of this latter may also be excluded owing to sudden unfitness to carry out the work or owing to deterioration of the thing due to causes not ascribable to the directors. Lastly, a partner who undertakes to transfer the property of something with a contribution may be excluded if this something has spoilt before ownership has been acquired by the company.

3. Exclusion is deliberated by the majority of the partners, the partner to be excluded not being amongst these, and comes into effect once thirty days have elapsed from the relative notification to the excluded partner. Within this term, the excluded partner may present an appeal against the decision to the Commissioner of Law, who may suspend its enforcement. If the society consists of two partners, the exclusion of one of them is pronounced by the Commissioner of Law, upon the request of the other partner.

4. The partner in relation to whom proceedings for composition with creditors have been opened is excluded by right as is one whose particular creditor has obtained liquidation of the holding.

5. The provisions established by article 38 apply to liquidating the deceased partner's share to the heirs and to the excluded partner.

Art.40
(Right of option)

1. In order to deliberate a capital increase by issuing new holdings, the partners' meeting must offer the newly issued or underwritten holdings as an option to the partners, in proportion to the holdings that each partner possesses. This same meeting also establishes the terms and formalities for exercising the right of option, without prejudice to the fact that the terms for exercising this right must run from the day on which the minutes of the meeting are filed with the Registrar's office and cannot be less than ten days.

2. So long as they make a contextual request, those who exercise the right of option have a right of pre-emption to purchase the holdings for which the option has not been exercised.

3. The right of option does not include newly issued holdings which, according to the deliberation to increase the capital, must be released by means of assets in kind.

4. When the right of option is excluded, the issue price of the holdings must be determined according to the value of the net assets.

5. The sums received by the company for the issue of holdings at a higher price than their face value, thereby including those deriving from the conversion of bonds, must be put to a dedicated reserve.

Art.41
(Veto on competition in partnerships)

1. The partner of a partnership may neither, without the permission of the other partners, exercise, on his own behalf or on the behalf of others, an activity that is in competition with that of the company nor take part as an unlimitedly responsible partner in another competitor company.

2. Permission presumes that accomplishment of the activity or participation in another society already existed and that the other partners were aware of the matter.

TITLE II

ORGANIZATION OF JOINT-STOCK COMPANIES

SECTION I

THE MEETING

Art.42

(The Meeting)

1. The partners' meeting is the decision-making body in which the company's intentions are formed.

2. The resolutions adopted by the meeting in accordance with the law and the provisions established by the articles of association, bind all the partners even those not present at the meeting or dissenters.

Art.43

(Competences of the meeting)

1. The meeting meets at least once a year, within five months from the closure of the business year, and possesses competence in relation to:
   1) approving the balance sheet;
   2) modifying the memorandum of association and the articles of association;
   3) nominating and annulling the directors, statutory auditors, external auditors and auditing companies;
   4) determining the remuneration of the directors, statutory auditors, external auditors and auditing companies;
   5) exercising an action relating to liability in relation to the directors, statutory auditors, external auditors or the auditing company;
   6) issuing bonds;
   7) transforming, dividing, merging and liquidating, as well as nominating, annulling and determining the powers of the liquidators;
   8) all other matters pertaining to company management reserved to its competence by law, by the articles of association or submitted to it by the directors for examination.

Art.44

(Operation of the meeting)

1. The meeting is called by the directors of the company.

2. The articles of association establish the regulations that govern the formalities, convocation procedures and operation of the meeting, thereby including the voting formalities.

3. In any case, the articles of association must establish that:
   1) the meeting must be held in the territory of the Republic;
   2) the convocation must contain the complete list of subjects on the agenda;
   3)[86] the convocation to the meeting must be sent to the partners' domicile by registered letter at least eight days before the meeting itself. In joint-stock companies, the articles of association can provide for the meeting to be called by means of a convocation notice posted *ad valvas* at the Court at last twenty days prior to the date fixed for the meeting. Without prejudice to the convocation formalities established by law, the articles of association can establish that the partners also be informed of the convocation by other means of communication. Convocation to the meeting by posting the notice *ad valvas* may only occur in the cases authorized by law.

[86] As superseded by Art. 25 of Delegated Decree No. 130 of 11 December 2006.

4) the meeting must also be called upon the request of a minority of al least 1/5 of the company capital;
5) there must be at least two different convocations to each meeting and the quorum for constituting the meeting and for the validity of the resolutions made must be indicated for each;
6) the resolutions made by the meeting are validly adopted by this latter in second convocation with the favourable vote of as many partners as represent at least the majority of the company capital present at the meeting. The articles of association may provide for a larger legal number for adopting determined deliberations;
7) all partners who have been registered in the Stock Ledger at least five days before the date of the meeting are entitled to come to these latter;
8) the partners' ability to have themselves represented is conditioned by the issue of a written personal proxy valid for single meetings, that cannot be granted to directors, statutory auditors, external auditors or employees of the company;
9) all the resolutions must appear in the minutes which, if not drawn up by a notary, must be undersigned by all the partners present;
10) voting concerning persons can be made by secret ballot if this is requested by a number of partners to be determined;
11) the meeting is in any case validly constituted and authorized to deliberate even on subjects that are not on the agenda, or without the convocation formalities and with the exclusion of approval of the balance sheet, when all those who are entitled to vote are present so long as no one objects to dealing with the subjects;
12) if the directors fail to call the meeting upon the request of the minority indicated under N° 4), each partner may ask the Commissioner of Law to call the meeting itself and to designate the person who must act as its chairman;
13) the right to vote cannot be exercised by partners who, on their own behalf or that of third parties, have interests in conflict with those of the company.

Art 44 *bis*

(Meeting of the public limited company with bearer shares)

(abrogated)

Art.45[87]

(Objections to the meeting's resolutions)

1. The absent or dissenting partners, the directors and the auditors may apply to the Commissioner of Law against illegitimate resolutions made by the meeting in order to ask for them to be annulled of have the impugned deliberations urgently suspended. The petition must be filed with the Registrar's office within the term of ten days from the date on which the copy of the minutes of the meeting is filed; in the absence of filing, the petition must be proposed within ten days from the moment at which the petitioner became aware of the resolution, as long as this is not more than two years after the same resolution.
2. If the objection appears to be seriously founded prima facie the Commissioner of Law may issue a decree to temporarily suspend the resolution, possibly demanding the objecting partner or partners to pay a sum for the expenses and, if necessary, a guarantee deposit
3. The decree is officially notified at the expense of the objecting parties, the directors and the auditors, and note of it is made in the Register
4. Within thirty days of the notification and so long as the company has not commenced proceedings for confirmation of the challenged resolution, the objecting parties must start an accusatory procedure in order to have the resolution annulled; otherwise the objection will be considered to have definitively become void.
5. All the reasons for the impugnment of the same resolution are decided with the same ruling.
6. The annulment cannot be pronounced if the impugned deliberation is substituted with another resolution conforming to the law, without prejudice to the fact that the expenses for the impugnment proceedings are at the charge of the company
7. Annulment of the resolutions does not damage the right of third parties in good faith.

Art. 46

[87] As superseded by Art. 11 of Delegated Decree n. 33 of 20 February 2008, ratified by Delegated Decree n. 49 of 19 March 2008.

(Invalidity of the meeting's resolutions)

1. The meeting's deliberations whose subject is impossible or unlawful are invalid.

2.[88] Invalidity can be asserted by anyone who has interest in the matter.

3. The provisions of the ordinary cognizance process apply.

SECTION II

DIRECTORS

Art.47

(Powers of the directors)

1. The directors are empowered to accomplish all the actions that are necessary or useful for pursuing the business purpose, with the exception of those for which the law or the articles of association require the deliberation of the meeting.

Art.48

(Causes of ineligibility and annulment)

1. The following parties cannot be elected to the office of director and, if elected, fall from office:
   1) Unfit Parties, or
   2) parties who have been sentenced for the facts envisaged by article 56, sub-section 9.

2. The articles of association can also envisage causes of incompatibility, limits and criteria for plurality of offices.

Art.49

(Nomination of the directors and administration formalities)

1. In partnerships, each partner possesses administration powers, which are exercised severally, without prejudice to different agreement that ascribes these powers to one or more of the partners which, in order to prevail against third parties, must be made public by an entry in the Register.

2. In joint-stock companies, the directors are nominated by the meeting and, for the first period of office, are nominated in the memorandum of association.

3. If the administration of joint-stock companies is ascribed to several persons, these form the board of directors, the operation of which must be governed by dedicated statutory regulations as established by the successive article 50.

4. If the articles of association or the meeting so allow, the board of directors may delegate part of its powers to an executive committee formed by some of its members or by one or more managing directors. In any case, the proxy may not include powers concerning the drawing up of the balance sheet and the fulfilments required if the company capital is reduced owing to losses.

Art.50

(Operation of the board of directors)

1. The articles of association must contain the regulations that govern the formalities, convocation procedures and operation of the board of directors. In any case, they must ensure:
   1) [89] that the board is validly constituted with the absolute majority of its members and that the resolutions are made with the favourable vote of the majority of the directors present, without prejudice to the fact that

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[88] As superseded by Art. 27 of Delegated Decree No. 130 of 11 December 2006.

the articles of association can envisage larger constitutive and decisional quorums, also for single resolutions;

2) that proxies are not allowed;
3) that the resolutions must appear in minutes drawn up and signed by the chairman and by the compiling secretary;
4) that deliberations concerning persons must be adopted by secret ballot if this is required, in compliance with procedures to be established by the articles of association.

2. The articles of association may envisage board of directors' meetings by means of videoconferences or teleconferences, if the minutes are drafted by a notary. In this case, the articles of association must also require that:
1) the chairman and the compiling secretary be in the Republic of San Marino;
2) each of the participants be able to identify the others, and to take part in real time in the discussion;
3) each of the participants be able to examine, receive and transmit documentation concerning the meeting.

Art.51

(Duration of the office of director)

1.[90] In joint-stock companies, the office of director may be granted for a period of up to three years, renewable.

2. The directors can also be annulled before the term expires, without prejudice to the director's right to reimbursement of damages if the annulment takes place without just cause.

3.[91] The directors may waive their office by giving written notification to the other directors or, failing this, to the board of auditors, if nominated, or to the partners.

4. If the resigning director is a member of the board of directors, his waiver may have immediate effect if the majority of the board remains in office.

5. If the majority of the directors no longer remain in office during of business year, the remaining ones must immediately call the meeting in order to replace the missing ones.

6. If the sole director or all the directors no longer remain in office, the meeting for nominating the director or the entire board must be urgently called by the board of auditors or by the sole auditor, when nominated, or can be called by each partner.

7. The nomination of new directors is limited to the date on which the re-integrated board expires.

8. Expiry of the directors due to the end of their term of office takes effect from the time at which the administration body was reconstituted.

Art.52

(Power of representation)

1. The power of representation through which the company acquires rights, undertakes obligations and goes to law, belongs to the directors within the limits established by the articles of association.

2. In companies administered by a board of directors, the power of representation belongs to the chairman, unless established differently by the articles of association.

3.[92] The power of representation also belongs to the managing directors or to the Chairman of the Executive Committee if nominated, within the limits of the proxy granted him.

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[89] As superseded by Art. 28 of Delegated Decree No. 130 of 11 December 2006.
[90] As superseded by Art. 29 of Delegated Decree No. 130 of 11 December 2006.
[91] As superseded by Art. 30 of Delegated Decree No. 130 of 11 December 2006.
[92] As superseded by Art. 31 of Delegated Decree No. 130 of 11 December 2006.

Art.53

(Extension of the power of representation)

1. The directors who represent the company may accomplish all actions that are part of the business purpose except for the limitations established by law or by the articles of association.

2. Failure to comply with the limits deriving from the business purpose or the articles of association cannot prevail against third parties in good faith.

Art.54

(Veto on competition and conflict of interests)

1. The directors may not become unlimitedly responsible partners in competitor companies. Neither may they exercise an activity that is in competition on their own behalf or on behalf of third parties without authorization from the meeting.

2. The director must inform the other directors and the auditors of all interests that, on his own behalf or on behalf of third parties, he may have in a determined operation of the company, indicating their nature, the terms, the origin and the extent; if he is the managing director, he must also abstain from accomplishing the operation and assign it to the board of directors; if he is the sole director, he must provide information about it during the first meeting to be held.

3. In the cases envisaged by the previous sub-section, the deliberation of the board of directors must adequately motivate the reasons why the operation is convenient for the company.

4. Resolutions made with the determinant vote of the director in conflict of interests that may damage the company may be impugned by absent or dissenting directors and by the auditors within ten days from the date of the resolution itself. All this without prejudice to the rights acquired in good faith by third parties in relation to actions accomplished in order to execute the deliberation.

5. Contracts concluded by directors who represent the company, on their own behalf or on behalf of third parties, in conflict of interests with the company, can be annulled upon the request of the company if the conflict was known or recognizable by the third party.

Art.55

(Impugnment of the resolutions of the board of directors)

1. The absent or dissenting director, the board of auditors or the single auditor, may impugn resolutions of the board of directors that have not been made in accordance with the law; article 45 applies insofar as it is compatible.

Art.56

(Directors' liabilities)

1. The directors must fulfil the obligations imposed by the law, the memorandum of association and the articles of association, and are jointly and severally responsible for managing the company in compliance with the rules governing the assignment, without prejudice to the provisions established in the next article and without detriment to the penal sanction.

2. In particular, they are answerable for:

1) regular accounting and keeping of the corporate books;
2)[93] prudent supervision of company management;
3) ensuring that the financial statements comply with the principles established by article 75;
4) ensuring that the dividends comply with the provisions established by article 33;
5) diligent implementation of the resolutions taken by the meeting and any provisions established by the Judicial Authorities;

[93] As superseded by Art. 32 of Delegated Decree No. 130 of 11 December 2006.

6) damages to the company caused by use, to their own advantage or that of third parties, of data, information or business opportunities of which they may become aware during the accomplishment of their duties.

3. Equal liabilities belong to the managers of the company within the scope of their tasks.

4. The directors are liable towards the company's creditors for failure to comply with obligations concerning the preservation of the entirety of the corporate equities. The creditors' action relating to liability can be exercised when the corporate equities are insufficiently able to pay off their credits.

5. The directors are also personally liable towards the partners and towards third parties who have been damaged by their culpable or fraudulent actions.

6. The company's action relating to liability promoted against the directors with a deliberation by the meeting can be adopted when the financial statements are presented even when not indicated in the order of business.

7. Deliberation of the liability action leads to revocation of the office of the directors against whom it is proposed, so long as the resolution is made with the favourable vote of at least one fifth of the company capital. In this case, the meeting will arrange for their substitution.

8. The company may abstain from exercising the action relating to liability and may come to terms, so long as the waiver and transaction are approved by an explicit resolution by the meeting and provided that as many partners as represent at least one fifth of the company capital do not vote against the motion. The waiver cannot prevail against the company's creditors, while the transaction can only be impugned by these if the essential elements of the Paulian action.

9. Directors, statutory auditors, external auditors, liquidators and executives subjected to criminal proceedings for facts pertaining to their office or for other facts of serious penal importance, may be suspended from their tasks by a provision from the same authority or office responsible for the assignment of tasks. Condemnation for the facts indicated in the previous sub-section leads to the definitive fall from office and the inability to carry out the functions of director, liquidator, statutory auditor, external auditor or executive for the term established by the sentence.

Art.57[94]

(Limits to the directors' liability)

1. The liability of the directors concerns the actions or omissions they make from the day they take office to the one in which they are substituted by other directors or liquidators.
2. The director who, being blameless, does not take part in the deliberation or who had his motivated disagreement with the decisions resulting from the minutes registered in these latter without delay, is not responsible for the decisions of the board
3. The directors are not liable towards the company for damages deriving from failure to fulfil the duties imposed by written delegation on the managing directors and the executive committee.

SECTION III

AUDITORS

Art.58

(Nomination, termination and revocation)

1. Nomination of the sole auditor is obligatory:
   - in joint-stock companies;

[94] As superseded by Art. 12 of Delegated Decree n. 33 of 20 February 2008, ratified by Delegated Decree n. 49 of 19 March 2008.

- in the companies described in article 2, sub-section 5;
- in limited liability companies when:

a) the company capital exceeds €77,000.00 (seventyseventhousand Euros), or
b) the proceeds from sales and services have exceeded €2,000,000 (twomillion Euros) for two consecutive business years.

2. In the companies mentioned in sub-section 1, nomination of the board of auditors is obligatory when the proceeds of sales and services of the companies indicated in sub-section 1 have exceeded the value of €7,300.00 (sevenmillionthreehundredthousand Euros) for two consecutive business years.

3.[95] If, the two consecutive business years, the overall proceeds from sales and services is less than the limits indicated in the previous subsections, nomination of the auditing body, if it had previously become obligatory, now ceases to be so. In that case, the auditors fall from office ex lege with the approval of the financial statements pertaining to the business year in which the obligatoriness of their nomination ceases to be of effect; the meeting is obliged to take note of their fall from office.

4. The auditors are nominated for the first time in the memorandum of association and successively by the meeting, without prejudice to the relevant matters established by special laws.

5. The auditors remain in office for three business years and terminate on the date of the meeting called for approval of the financial statements pertaining to the third business year of their office.

6. Expiry of the auditors due to the end of their term of office, waiver of the assignment and their fall from office take effect from the time they are substituted by the meeting.

7. The auditor’s office is renewable, freely relinquishable, but can only be revoked for just cause.

8. The deliberation to revoke the assignment must be approved with a decree issued by the Commissioner of Law, having heard the party in question.

9. The auditor who, without justified reason, fails, during a business year to take part in a meeting or in two meetings of the board of auditors or the board of directors or the executive committee, falls from office.

Art.59

(Substitution)

1. In the case of death, waiver or revocation of one or more of the auditors, the partners' meeting must be immediately called so as to arrange for their substitution.
2. The newly nominated auditors expire along with those already in office.

Art.60

(Causes of ineligibility and revocation)

1. The following parties cannot be elected to the office of auditor and, if elected, fall from office:
- Unfit Parties;
- spouses, relations or similar within the fourth degree, of the directors of the company;
- persons in some way bound to the company by employment relations or by continuative or periodic relations of an advisory nature or concerning the rendering of services, or other relations concerning the equities that compromise the independence of the candidate;
- persons who have been cancelled or struck off the professional rolls;
- parties who have been sentenced for the facts envisaged by article 56, sub-section 9, of the law; who have been cancelled or suspended from the Register of Certified Public Accountants when registration in that Register is for them a requirement for being elected as auditor;
- persons who are directors in participant companies or related undertakings.

2. The articles of association can envisage causes of incompatibility, limits and criteria for plurality of offices.

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[95] As superseded by Art. 33 of Delegated Decree No. 130 of 11 December 2006.

Art.61[96]

(Composition of the board of auditors and requisites of the sole auditor)

1. When its establishment is obligatory, the board of auditors comprises three or five members.
2. At least two of the members must be registered with the Register of Certified Public Accountants
3. If the remaining members are not registered in that Register, they must be registered with the Order of Chartered Accountants, the Board of Commercial Accountants, the Bar Association or Order of Notaries. Registration with foreign orders and boards or the authorizations to practice these professions obtained abroad, are considered equivalent: for this purpose, the foreign certificates and declarations will be considered equivalent to the San Marinese ones when they demonstrate that the established requisites exist.
4. The majority of the members of the board of auditors must reside in the Republic
5. The chairman of the board of auditors is nominated by the meeting.
6. The sole auditor, when his nomination is obligatory, must reside in the Republic and must be registered in the Register of Certified Public Accountants.

Art.62[97]

(Meetings of the board of auditors)

1. The board of auditors must meet at least once each quarter.
2. Minutes must be drawn up during the board of auditors' meetings, then be transcribed in the book envisaged by article 72, sub-section 4, point 6) and undersigned by all the participants
3. The board is regularly constituted with the majority of its members and deliberates by the majority votes of those present
4. The auditor is entitled to have his dissent noted in the minutes.

Art.63

(Duties and powers of the board of auditors or the sole auditor)

1. The sole auditor or the board of auditors must

    1) supervise, to ensure compliance with the law, the articles of association and the principles of correct administration by the bodies of the company;
    2) audit the accounts when a person charged with auditing has not been nominated;
    3) take part in the partners' meetings and in the meetings of the board of directors and executive committee;
    4) express obligatory, although not binding, written opinions before actions that modify the company capital are accomplished;
    5) express their disagreement to the directors in relation to actions or facts, calling upon them to comply with the law, the articles of association and their duties of diligence, informing them of the need for determined obligations, making comments to be added to the minutes of the board of directors' meeting;
    6) call the meeting and make the publications prescribed by law in the event of the directors' omission or unjustified delay;
    7) call the meeting, after having notified the directors, if, during the accomplishment of their assignment, they become aware of very serious blameworthy;
    8) fulfil the other obligations and duties required by law.

2. The auditor can, at any time:

    1) proceed with inspections and controls;
    2) ask the administrators for information, also with reference to related undertakings, about the trend of the corporate dealings or about certain business;
    3) exchange information with the corresponding bodies of the subsidiary and associated companies concerning the administrating and auditing systems and about the general trend of the corporate business dealings.

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[96] As superseded by Art. 13 of Delegated Decree n. 33 of 20 February 2008, ratified by Delegated Decree n. 49 of 19 March 2008.

[97] As superseded by Art. 14 of Delegated Decree n. 33 of 20 February 2008, ratified by Delegated Decree n. 49 of 19 March 2008.

3. In the presence of the board of auditors, the powers indicated in sub-section 2 can be exercised by single auditors without the need for any proxy from the board of auditors itself. The decisions pertaining to the measures to undertake after these powers have been exercised must be made by the board of auditors.

4. The assessments, investigations, audits and inspections, decisions or deliberations of the sole auditor, the members of the board of auditors or the board of auditors itself, must be registered in the book envisaged by article 72, sub-section 4, point 6).

Art.64

(Liability)

1. The auditors must accomplish their duties in a professional way and with the diligence required by the nature of their office; they are responsible for the truth of their declarations and must treat the facts and documents about which they become aware during their tasks as confidential.

2. The auditors are liable towards the company, the partners and third parties, jointly and severally with the directors, for the facts and omissions of these latter when the damage would not have been produced if they had supervised in compliance with the obligations pertaining to their office.

3. The company's action relating to liability is started by a resolution of the meeting. The provisions established by article 56 apply insofar as they are compatible.

Art.65

(Reporting to the auditors)

1. Every partner can report facts they consider blameworthy to the board of auditors or to the sole auditor who, if the report is made by as many partners as represent one fifth of the company capital, must investigate the reported facts without delay and present their conclusions and any proposals to the meeting, calling this immediately if the report appears to be founded and, in the presence of the pertinent requirements, submit the report to the Court in accordance with article 66.

Art.66

(Reporting to the Court)

1. If the suspicion that the directors have committed serious irregularities in their management able to cause damage to the company is founded, the sole auditor or the board or auditors or as many partners as represent one fifth of the company capital may report these serious irregularities to the Commissioner of Law.

2. Having heard the directors, the sole auditor or the members of the board of auditors, or the reporting partners, and having acquired all the appropriate information and accomplished the brief investigations required, the Commissioner of Law may order an inquiry to be carried out at the company's charge, also employing experts nominated by right; he may also require the reporting partners to lodge a deposit for the expenses and possible reimbursement of damages.

3. If the reported irregularities exist, the Commissioner of Law, according to the emerging circumstances, may arrange for the urgent measures that appear most able to limit the effects of these irregularities, issue every provision able to eliminate the irregularity and, when necessary, so as to ensure that the company continues to be managed. For this purpose, he may call the meeting for the consequent deliberations and nominate a receiver after annulling the directors in office.

4. The receiver is charged with ordinary administration. Any actions other than ordinary administration that may be required in order to prevent irreparable prejudice to the company must be authorized by the Commissioner of Law. He may bring the company's action relating to liability against the directors and auditors and, if the company is insolvent, present requests for starting proceedings for composition with creditors even in the absence of a resolution by the meeting.

5. Before his assignment terminates, the receiver calls and chairs the meeting for the nomination of new directors and auditors or for proposing to wind up the company if a cause for this exists. The receiver files the report of the management with the Court, along with the notice of convocation.

SECTION IV

EXTERNAL AUDITORS

Art.67

(Auditing of the accounts)

1. The meeting of companies that are obliged to nominate the auditing body may nominate an external party registered in the Register of Certified Public Accountants established with the Secretary of State for Industry, to audit the accounts of the company. In that case, auditing the accounts is not one of the duties of the statutory auditing body.

2. In companies for which it is obligatory to nominate an auditing firm, in accordance with special laws, this firm must be registered in the Register indicated in the previous sub-section.

Art.68

(Accounts auditing functions)

1. The external auditor or auditing company charged with auditing the accounts:
   1) checks, during the business year and at least once every quarter, to make sure that the company's accounts are kept in a regular way and that the accounting records appraise the management affairs correctly;
   2) checks to make sure that the annual balance sheet corresponds to the accounting results and assessments made and that it complies with the pertinent laws;
   3) expresses an opinion about the annual balance sheet in a dedicated report;
   4) exchanges information with the board of auditors or the sole auditor, of importance for the accomplishment of their respective tasks.

2. The external auditor or the auditing company charged with auditing the accounts may ask the directors for documents or information required for the audits and can carry out inspections. He reports the activities accomplished in a dedicated book envisaged by article 72, sub-section 4, point 7) kept in the company's registered office or in a different place if so established by the articles of association.

3. When the accounts are audited by the sole auditor or by the board of auditors, the audits accomplished are reported in the book envisaged by article 72, sub-section 4, point 6) and the opinion about the annual balance sheet is expressed in the report indicated in article 83, sub-section 2.

Art.69

(Granting and revocation of the mandate)

1. The accounts auditing assignment is granted by the meeting.

2. The mandate lasts for three business years and expires on the date of the meeting called for approval of the financial statements pertaining to the third business year of the office.

3. The mandate can be renewed twice and can only be granted again to the same auditor or auditing company after the task has been assigned to another auditor or auditing company for at least three business years.

4. The mandate can only be revoked for just cause, after the opinion of the sole auditor or the board of auditors has been heard.

5. The deliberation to revoke the assignment must be approved with a decree issued by the Commissioner of Law, having heard the party in question.

Art.70

(Causes of ineligibility and annulment)

1. The following parties cannot be charged with auditing the accounts and, if nominated, fall from office:
1) the auditors of the company or the companies in which these have holdings or of those that have holdings in the company itself, or
2) those who are in the conditions of ineligibility envisaged by article 60.

2. In the case of auditing companies, the provisions established by this article apply with reference to the directors and parties charged with auditing.

Art.71

(Liability)

1. The parties charged with auditing the accounts are subject to the provisions of article 64 and are liable in relation to the company, the partners and third parties for the damages deriving from failure to accomplish their duties.

2. In the case of auditing companies, the parties who audit the accounts are jointly and severally liable along with the company itself.

TITLE III

DOCUMENTATION OF THE COMPANY AND OF THE FINANCIAL STATEMENTS

Art.72

(Statutory corporate books and accounting records)

1. Companies must keep the journal book of original entries, the inventory ledger and the book of depreciable assets.

2. The original copies of the incoming correspondence and invoices and copies of the outgoing correspondence and invoices must also be kept in an orderly way for each operation.

3. The books and documents indicated in the previous sub-sections must remain in the registered offices of the company and must be kept for five years in compliance with Directory LXXI of Book II of the Charters.

4. The company must also keep:
1)[98] the stock ledger, in which the number of holdings or shares, the personal details of the holders of the registered shares and holdings must be indicated as well as the relative transfers and encumbrances;
2) the book of bonds, which must indicate the number and amount of the bonds issued and those discharged, the details mentioned in article 32 for each bond issue, the name and surname of the holders of the registered bonds as well as the relative transfers and encumbrances:
3) the book of minutes and resolutions of the meeting;
4) the book of minutes and resolutions of the board of directors;
5) the book of minutes and resolutions of the executive meeting;
6) the book of minutes and, respectively, the deliberations or the decisions of the board of auditors and the sole auditor;
7) the accounting audit book of the external auditors, only if auditing the accounts is not the duty of the statutory body of auditors.

5 [99]. The books indicated in the previous paragraph must be kept in the registered offices of the company or partnership for its entire duration, in compliance with Directory LXXI of Book II of the Charters. These books

[98] As superseded by Art. 34 of Delegated Decree No. 130 of 11 December 2006.

can also be deposited with a Lawyer, a Public Notary or Accountant (holding a university degree or a high school certificate), regularly enrolled in the respective San Marino Register, without prejudice to the obligation to produce these documents to the competent authorities in case of request, assessment, or inspection. Failure to produce the documents shall result in the application of the sanctions referred to in paragraph 7.

6. Before they can be used, all the books must be endorsed by the Registry Office, with an indication, at the beginning or end of the volume, as to the number of pages of which the books are composed.

7 [100]. If a company or partnership does not comply with one or more of the obligations set out in this article an administrative pecuniary sanction ranging from Euro 2,000.00 to Euro 25,000.00 shall apply. In case of violations of the obligations set out in paragraphs 1, 2 and 3, the sanction shall be determined and applied by the Tax Office; in case of violations of the obligations set out in paragraphs 4,5 and 6 the sanction shall be applied by the Office of Industry, Handicraft and Trade in the amount determined by the Office for Control and Supervision over Economic Activities.
In the event of repeated administrative breaches referred to in this Article, the pecuniary administrative sanction shall be increased up to three times, both for the minimum and for the maximum amount, depending on the gravity of the infringement.
Anyone who, during the two years prior to the last violation, commits the same administrative breach, shall be considered a repeat violator. In such a case, the voluntary cash settlement provided for in Article 33 of Law n. 68 of 28 June 1989 shall not be allowed

Art.73

(The balance sheet)

1. The balance sheet is the document with which the directors, for each business year that coincides with the calendar year, outline the assets, liabilities and financial situation of the company and the operating result of the business year.

Art.74

(Drawing up of the balance sheet)

1. The balance sheet must be drawn up with clarity by the directors and must truthfully and correctly represent the assets, liabilities and financial situation of the company and the operating result of the business year.

2. The business year coincides with the calendar year.

3. The balance sheet comprises the following documents:

   1) the statement of assets and liabilities, which indicates the assets, the liabilities and the net equity of the company;
   2) the profit and loss account, which indicates the costs and proceeds of the year and which shows the final profit or loss result of the business year;
   3) the balance sheet statement, which provides all the details able to ensure that the items in the previous documents are easier to understand and which contains information about the management.

4. The documents mentioned in the previous sub-section form a single inseparable whole.

5. If the information required by specific legal provisions is insufficiently able to give a truthful and correct representation, additional information required for this purpose must be provided.

6. If, in exceptional cases, application of a provision in the following articles is incompatible with the truthful and correct representation, then that provision must not be applied. The balance sheet statement must motivate the exception and must indicate its influence on the assets, liabilities and financial situation of the company and on the operating result.

7. The balance sheet must be drawn up in Euro units without decimal figures, with the exception of the balance sheet statement, which can be drawn up in thousands of Euros.

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[99] As superseded by Art. 10 of Decree - Law no. 36 of 24 February 2011.
[100] As added by Art. 10 of Decree - Law no. 36 of 24 February 2011.

Art.75

(Principles for drawing up the balance sheet)

1. The following principles must be complied with when the balance sheet is drawn up:

1) the items must be evaluated with caution and with the prospect of continuing with the business, as well as by taking into account the economic function of the item in the assets or liabilities considered;
2) only the profits achieved on the closing date of the business year may be indicated;
3) the evaluation criteria may not be changed from one business year to the next;
4) the income and charges of the business year must be taken into account, regardless of the date on which they are encashed or paid;
5) the risks and losses of the business year must be taken into account, even when they are known after the business year has closed;
6) the components of the individual items must be evaluated separately.

2. In exceptional cases, the directors may depart from the principles mentioned in the previous sub-section.

3. The balance sheet statement must motivate the exception and must indicate its influence on the way the assets, liabilities and financial situation of the company and the operating result, are represented.

Art.76

(Structure of the statement of assets and liabilities and the profit and loss account)

1. Without prejudice to the provisions established by special laws for companies that exercise particular activities, all the items envisaged in articles 77 and 79 must be entered separately in the statement of assets and liabilities and in the profit and loss account.

2. The items preceded by Arabic numerals may be divided to a further extent, without eliminating the overall item and the corresponding amount when this is useful or necessary, also in relation to the activity exercised, in order to make the balance sheet more comprehensible.

3. Other items must be added when their contents are not included in any of those established by articles 77 and 79.

4. The amount of the previous year's corresponding item must be indicated for each item of the statement of assets and liabilities and the profit and loss account. If the items are not comparable, those pertaining to the previous business year must be adapted. The incomparability and adaptation or the impossibility of this must be reported and commented in the balance sheet statement.

5. It is forbidden to offset the items (method of gross presentation).

Art.77

(Contents of the statement of assets and liabilities)

1. The statement of assets and liabilities must be drawn up in compliance with the following layout:
ASSETS
A) Credits v/s partners for payments still due
B) Fixed assets:
I - Intangible assets:

1) installation and expansion costs;
2) research, development and advertising costs;
3) rights to industrial patents and rights to use original works;
4) concessions, licenses, trademarks and similar rights;
5) goodwill, if acquired at a charge;
6) immobilizations in progress and advances;
7) sundry fixed assets.

Total.

II - Tangible assets:
1) land and buildings;
2) plant and machinery;
3) industrial and commercial equipment;
4) sundry assets;
5) immobilizations in progress and advances.
Total.
III - Long-term investments, with separate indications for each credit item, of the amounts receivable within the next business year.
1) holdings in:
a) subsidiary companies;
b) associated companies;
c) holding companies;
d) other companies;
2) accounts receivable:
a) v/s subsidiary companies;
b) v/s associated companies;
c) v/s holding companies;
d) v/s others;
3) other securities;
4) own shares, also indicating the overall face value.
Total.
Total fixed assets (B);
C) Floating assets:
I - Inventories:
1) raw, subsidiary and expendable materials;
2) products being manufactured and semi-processed products;
3) work in progress to order;
4) finished products and goods;
5) advances.
II - Accounts receivable, with separate indications for each item, of the amounts receivable within the next business year.
1) v/s customers;
2) v/s subsidiary companies;
3) v/s associated companies;
4) v/s holding companies;
5) fiscal credits;
d) v/s others;
Total.
III - Financial assets that are not long-term investments:
1) holdings in subsidiary companies;
2) holdings in associated companies;
3) holdings in holding companies;
4) sundry holdings;
5) other securities;
6) own shares;
Total.
IV - Liquid assets:
1) bank and postal deposits;
2) cash and paper holdings;
Total.
Total floating assets
D) Accrued income and deferred charges.
Total Assets
LIABILITIES
A) Net equity:
I - Corporate capital.
II - Share premium reserves.
III - Revaluation reserves.
IV - Statutory reserves.

V - Reserves for own shares portfolio.
VI - Other reserves, indicated separately.
VII - Profit (loss) carried forwards.
VIII - Profit (loss) of the business year.
Total.
B) Provisions for risks and charges:
1) for taxation;
2) sundry provisions;
Total.
C) Staff leaving indemnity.
D) Accounts payable, with separate indications for each item, of the amounts payable beyond the next business year.
1) bonds;
2) convertible bonds;
3) amounts owed to partners for financing;
4) amounts owed to banks;
5) amounts owed to other financiers;
6) advances;
7) amounts owed to suppliers;
8) debts represented by credit instruments;
9) amounts owed to subsidiary companies;
10) amounts owed to associated companies;
11) amounts owed to holding companies;
12) fiscal debts;
13) amounts owed to social security institutes;
14) sundry debts;
Total.
E) Accrued liabilities and deferred income.
Total Liabilities

2. The guarantees furnished directly and indirectly must be indicated at the end of the statement of assets and liabilities, with a distinction amongst fidejussions, sureties, other personal sureties and collateral and indicating separately, for each type, the guarantees furnished in the interests of subsidiary and associated and holding companies, and companies subjected to the control of these latter; the other memorandum accounts must also be indicated.

Art.78

(Provisions concerning the individual items of the statement of assets and liabilities)

1. The equity items designed for lasting use must be entered amongst the fixed assets.

2. Holdings in other subsidiary or associated companies that are not less than those established by article 1 points 7) and 8) are presumed to be locked up.

3. The provisions for risks and charges are for covering certain or probable losses or debts of a determined nature, of which, however, either the amount or the date of the contingent item are unspecified when the balance sheet is closed.

4. Receivables corresponding to income of the business year but receivable in successive years must be entered under the accrued income item; accounts payable corresponding to costs of the business year that will be sustained during successive years must be entered under the accrued liabilities item. The costs, to be considered suspended, that have been sustained within the date on which the business year closed but which pertain to successive business years, must be entered under the deferred charges item; the income, to be considered suspended, obtained within the date on which the business year closed but which pertains to successive business years, must be entered under the deferred income item.

5. Only portions of costs and income common to several business years, the entity of which varies as time goes by, are attributable to those items.

Art.79

(Contents of the profit and loss account)

1. The profit and loss account must be drawn up in compliance with the following layout:

A) Value of the production:

1) proceeds from sales and services rendered;
2) inventory variation of products being manufactured, semi-processed and finished products;
3) variation of work in progress to order;
4) increases in fixed assets for internal implementations;
5) other income and proceeds, with separate indication of the contributions during the business year;

Total.

B) Production costs:

6) for raw, subsidiary, expendable materials and goods;
7) for services;
8) for enjoyment of third party assets;
9) for the personnel:
    a. salaries and wages;
    b. social security charges;
    c. staff leaving indemnity;
    d. sundry costs;
10) depreciation and devaluations:
    a) depreciation of intangible assets;
    b) depreciation of tangible assets;
    c) other devaluations of fixed assets;
    d) devaluation of doubtful debts in the floating assets;
11) inventory variation of raw, subsidiary, expendable materials and goods;
12) provision for bad debts
13) sundry provisions;
14) sundry operating charges;

Total.

Difference between production value and costs (A-B)

C) Financial proceeds and charges:

15) proceeds from holdings, with separate indication of those pertaining to subsidiary and associated companies;
16) sundry financial proceeds:
    a) from receivables entered under the fixed assets, with separate indication of those from subsidiary and associated companies and those from holding companies;
    b) from securities entered under the fixed assets that do not constitute holdings;
    c) from securities entered under the floating assets that do not constitute holdings;
    d) from proceeds other than the previous ones, with separate indication of those from subsidiary and associated companies and those from holding companies;
17) Interest and other financial charges, with separate indication of those v/s subsidiary and associated companies and those v/s holding companies;

Total (15 + 16 - 17)

D) Adjustment of financial asset values:

18) revaluations:
    a) of holdings;
    b) of long-term investments that are not holdings;
    c) of securities entered under the floating assets that do not constitute holdings;
19) devaluations:
    a) of holdings;
    b) of long-term investments that are not holdings;
    c) of securities entered under the floating assets that do not constitute holdings;

Total of the adjustments (18 - 19)

E) Extraordinary proceeds and charges:

20) extraordinary proceeds;

21) extraordinary charges;
Total of the extraordinary items (20 - 21)
Result prior to taxation (A - B +- C +- D +- E)
22) income tax of the business year;
23) profit (loss) of the business year.

Art.80

(Entry of income, proceeds, costs and charges)

1. The income and proceeds, the costs and charges, must be indicated net of returns, discounts, allowances and premiums as well as the taxation directly connected with the sale of products and services.

Art.81

(Balance sheet evaluation criteria)

1. The following criteria must be complied with when the balance sheet is evaluated:
   1) the fixed assets are entered at their purchasing or production cost. The purchasing cost also includes the accessory costs. The production cost includes all the costs directly attributable to the product;
   2) the cost of the tangible and intangible assets whose use is limited as to time, must be systematically amortized in each business year in relation to their residue possibility of use. Any changes in the depreciation criteria and the coefficients applied must be motivated in the balance sheet statement.
   3) the fixed asset that, on the date the balance sheet is closed, is durably of a lower value than that determined according to numbers 1) and 2), must be entered at that lower value; this cannot be maintained in the successive balance sheets if the reasons for the adjustment made are no longer valid. For fixed assets consisting of holdings in subsidiary or associated companies that are entered for a higher value than that deriving from application of the evaluation criteria envisaged in the successive number 4), the difference must be motivated in the balance sheet statement.
   4) instead of the criterion indicated in number 1), fixed assets consisting of holdings in subsidiary or associated companies can be evaluated, with reference to one or more amongst those companies, for an amount equal to the corresponding fraction of the net equity resulting from the last balance sheet of the companies themselves, after the dividends have been deducted. When the holding is entered for the first time according to the net equity method, the purchasing cost that is higher than the corresponding value of the net equity resulting from the last balance sheet of the subsidiary or associated company may be entered in the assets, so long as the relative reasons are indicated in the balance sheet statement. The difference, for the part attributable to depreciable assets or goodwill, must be depreciated. During the successive business years, the increased values deriving from application of the net equity method in relation to the value indicated in the previous year's balance sheet, are entered in a non-distributable reserve.
   5) the receivables must be entered according to their probable realization value.
   6) inventories, securities and financial assets that are not fixed assets are entered at their purchasing or production price calculated according to number 1), or at the value deducible from the market trend, if less. This value cannot be maintained in the successive balance sheets if the reasons are no longer valid. The distribution costs cannot be computed in the production cost;
   7) the cost of replaceable goods can be calculated with the weighted average method or with the: "first in, first out" or "last in, first out" methods. If the value obtained differs in an appreciable way from the costs in force when the balance sheet is closed, the difference must be indicated, per categories of goods, in the balance sheet statement;
   8) works in progress to order can be entered on the basis of their contractual values accrued with reasonable certainty.

2.[101] Value adjustments and provisions can be made in compliance with the fiscal laws.

Art.82

(Contents of the balance sheet statement)

1. Besides the matters established by other provisions, the balance sheet statement must indicate:
   1) the corporate situation and the management trend as a whole;
   2) important facts that have occurred after closure of the business year;

[101] As superseded by Art. 35 of Delegated Decree No. 130 of 11 December 2006.

3) the foreseeable management developments;
4) the criteria used for evaluating the balance sheet items and value adjustments;
5) the fixed asset movements, specifying for each item: the cost, the previous revaluations, depreciations and devaluations, the acquisitions, movements from one item to the next, the sales made during the business year, the revaluations, depreciations and devaluations made during the business year;
6) the composition of the items: "installation and enlargement costs" and "research, development and advertising costs" as well as the reasons for the entry and the respective depreciation criteria;
7) the variations to the other assets and liabilities items; in particular, the formation and utilizations for the net equity items, for the reserve funds and for the staff leaving indemnity;
8) the list of holdings, possessed either directly or through trust companies or third parties, in subsidiary and associated companies, indicating for each the business name, the registered offices, the capital, the net equity, the profit or loss of the last business year, the holding possessed and the value attributed in the balance sheet or the corresponding credit;
9) separately for each item, the amount of receivables and payables with a residual maturity of more than five years and the debts depending on real securities with a specific indication as to the nature of the guarantees;
10) any significant effects caused by variations in the currency exchanges that may have occurred after the business year was closed;
11) the composition of the "accrued income and deferred charges" and "accrued expenses and deferred income" items, and the "other funds" item of the statement of assets and liabilities, when their amount is appreciable;
12) the overall financial charges ascribed to the business year at the values entered in the assets of the statement of assets and liabilities, separately for each item;
13) the commitments that do not appear in the statement of assets and liabilities with information about their nature and the memorandum accounts;
14) the amount of proceeds from holdings other than dividends;
15) division of the interests and other financial charges regarding bonded loans, sums owed to banks and others;
16) the composition of the "extraordinary proceeds" and "extraordinary charges" items in the profit and loss account;
17) the average number of employees;
18) the fees due to directors and auditors;
19) the securities, financial instruments or other values issued by the company, specifying their number and the rights they attribute;
20) financing from partners of the company, divided as to term;
21) [102] the reasons for the adjustment of balance sheet values and the provisions made in accordance with the fiscal laws, along with the relative amounts.

Art.83[103]

(Auditors' report and filing of the balance sheet)

1. The balance sheet must be sent to the directors, to the sole auditor or board of auditors, along with the supplementary notes, at least thirty days prior to the date fixed for the meeting that must discuss it.
2. The sole auditor or the board of auditors must report to the meeting about the results of the business year and the actions accomplished in fulfilment of their duties. They must also make comments and proposals concerning the balance sheet and its approval, particularly if they have exercised derogation under article 75, sub-section 2. A similar report is prepared by the auditor or by the auditing firm, if appointed.
3. The balance sheet with supplementary notes and the report prepared by the auditor or by the auditing form if appointed, must be filed with the Registry at least twenty clear days before the meeting convened for the approval thereof. The partners are entitled to receive a copy of all the documentation from the directors.

[102] As superseded by Art. 36 of Delegated Decree No. 130 of 11 December 2006.
[103] As superseded by Art. 15 of Delegated Decree n. 33 of 20 February 2008, ratified by Delegated Decree n. 49 of 19 March 2008.

Art.84

(Publication of the balance sheet)

1. Within thirty days from the date on which it is approved, which must take place within five months from the date on which the business year closes, an authentic copy of the minutes approving the balance sheet, to which all the documents indicated in article 83 must be attached, must be filed by the directors with the Registrar's office.

Art.85

(Balance sheet in the abridged form)

1. Companies may draw up the balance sheet in the abridged form when, during the first business year or successively, for two consecutive business years, they have not exceeded two of the following limits:
   1) total assets in the statement of assets and liabilities: €3,650,000.00 (threemillionsixhundredfiftythousand Euros);
   2) proceeds from sales and services rendered: €7,300,000.00 (sevenmillionthreehundredthousand Euros);
   3) average number of employees during the business year: 50 (fifty) persons.

2. In the abridged balance sheet, the statement of assets and liabilities only includes the items indicated in article 77 with capital letters and Roman numerals; the amounts receivable and accounts payable beyond the next business year must be indicated separately in item CII of the assets and D of the liabilities.

3. The profit and loss account of abridged balance sheets only includes the items indicated with capital letters and Arabic numbers in article 79.

4. The indications requested by numbers 6), 8), 9), 15), 16), 17), 18) and 20) in article 82 are omitted from the balance sheet statement.

5. Companies which, in accordance with this article, draw up their balance sheets in the abbreviated form must draw them up in the ordinary form when they have exceeded two of the limits indicated in the first sub-section for the second consecutive business year.

TITLE IV

EXTRAORDINARY OPERATIONS

SECTION I

TRANSFORMATION

Art.86

(Transformation)

1. The resolution to transform a company must appear in a public deed and must contain the indications required by law for the memorandum of association and the articles of association of the type of company adopted. It must be entered in the Register in accordance with the formalities prescribed for the memorandum of association.

2. The company maintains the rights and obligations prior to the transformation.

3. Transformation of a partnership into a joint-stock company or transformation of a joint-stock company into another with less capital cannot take place without the creditors' consent or without a relative assessment to be acquired by the directors and which must show that there are no impediments to the transformation.

Art.87

(Partners' liabilities)

1. Transformation of a company with unlimited liability partners does not release these latter from their liability towards the company's obligations prior to entry of the resolution to convert the company in the Register, if there is nothing to show that the company's creditors have consented to the transformation.

2. Consent is presumed if the creditors, to whom the resolution to transform the company has been notified by registered letter, have not explicitly disagreed with the matter within the term of thirty days from the notification.

Art.88

(Allocation of shares and holdings)

1. In the transformation, each partner is entitled to be allocated a number of shares or holdings in proportion to the value of his participation as resulting from the last balance sheet approved.

SECTION II

MERGER

Art.89

(Forms of merger)

1. Merger by incorporation is the operation by which one or more companies transfer, through discontinuance without liquidation, the entire capital and reserves as well as all the assets and liabilities to the other company by attributing holdings or shares of the incorporating company to the partners of the incorporated company and, if necessary, with an adjustment in ready money no higher than ten percent of the face value of the attributed shares or holdings or, in the absence of a face value, of their accounting parity.

2. Merger by establishment of a new company is the operation by which several companies transfer, through their discontinuance without liquidation, the entire capital and reserves to the newly established company by attributing holdings or shares of the new company to the partners and, if necessary, with an adjustment in ready money no higher than ten percent of the face value of the attributed shares or holdings or, in the absence of a face value, of their accounting parity.

3. Neither companies subjected to proceedings for composition with creditors nor companies being liquidated may take part in the merger.

Art.90

(Merger project)

1. The directors of companies taking part in a merger must draw up a merger project showing:

1) the type, the denomination or business name, the registered offices of the companies taking part in the merger;
2) the memorandum of association of the new company produced by the merger or of the incorporating company, along with any modifications deriving from the merger;
3) the rate of exchange of the shares or holdings, as well as any adjustment in ready money;
4) the formalities for attributing the shares or holdings of the company resulting from the merger or of the incorporating company;
5) the date on which these shares or holdings participate in the profits;
6) the date from which the companies participating in the merger enter the balance sheet of the company resulting from the merger or of the incorporating company;
7) the way particular categories of holdings may be treated.

2. The adjustment in ready money indicated under number 3) of the previous sub-section may not be more than 10% of the face value of the shares or holdings assigned.

3. The merger project must be filed for registration in the Register.

4. At least thirty days must elapse between the date on which the project is registered and the date fixed for the decision about the merger, unless the partners waive this term with unanimous consent.

Art.91

(Financial position)

1. The directors of the companies taking part in the merger must draw up the statement of assets and liabilities of the companies themselves with reference to a date no more than one hundred-twenty days prior to the date on which the merger project is filed in the registered offices of the company.

2. The financial position must be drawn up in compliance with the laws governing the annual balance sheet.

3. The statement of assets and liabilities can be substituted with the balance sheet of the last business year if this has been closed no more than six months prior to the filing date indicated in the first sub-section.

Art.92

(Directors' report)

1. The directors of the companies that take part in the merger must draw up a report that illustrates and justifies, from the juridical and economic aspects, the merger project and particularly the exchange ratio adopted for the shares and holdings.

2. The report must include the criteria used for determining the exchange ratio.

3. The report must also include any evaluation difficulties encountered.

Art.93

(Experts' report)

1. One or more experts on behalf of each company must draw up a report about the congruousness of the exchange ratio used for the shares and holdings, indicating:

   1) the method or the methods used for determining the exchange ratio proposed and the values resulting from the application of each;
   2) any evaluation difficulties encountered.

2.[104] The report must also contain an opinion as to the adequacy of the method or methods used for determining the exchange ratio and about the relative importance ascribed to each in determining the value adopted. The expert or experts must have been registered for at least five years in the rolls of professional accountants or chartered accountants. Each expert is entitled to obtain, from the companies taking part in the merger, all the information and documents required for his assessment.

3. The expert is answerable for the damages sustained by the companies taking part in the merger, to their partners and to third parties.

Art.94

(Filing of deeds)

1. A copy of the following documents must remain filed in the registered offices of the companies taking part in the merger during the thirty days prior to the meeting and until the merger has been deliberated:

[104] As superseded by Art. 37 of Delegated Decree No. 130 of 11 December 2006.

1) the merger project, with the directors' reports indicated in article 92 and the experts' reports indicated in article 93;
2) the balance sheets of the last three business years of the companies taking part in the merger, along with the reports of the directors and board of auditors or the sole auditor if nominated and the reports of the external auditor and the auditing company if nominated;
3) the statements of assets and liabilities of the companies taking part in the merger drawn up as indicated in article 91.

2. The partners are entitled to examine and obtain a copy of all these documents.

Art.95

(Merger resolution)

1. The merger must be deliberated by each of the companies that take part by approval of the relative project.

2. The merger resolution must be filed for registration in the Register within thirty days along with the documents indicated in article 93.

Art.96

(Creditors' objection)

1. The merger may only be accomplished once sixty days have elapsed from the date on which the resolutions of the participating companies are registered, so long as the respective creditors have given their consent prior to the fulfilments envisaged by article 90, sub-sections 3 and 4, or that the creditors who have not given their consent have been paid, or that the corresponding sums have been deposited in a San Marinese credit institute.

2. During the aforementioned term, the creditors indicated in the first sub-section are entitled to object.

3. Despite the objection, the Commissioner of Law may arrange for the merger to take place after the company has furnished suitable guarantees.

Art.97

(Bonds)

1. Holders of bonds may lodge objections as established by article 96.

2. Holders of convertible bonds must be allowed, by means of registered letter, at least ninety days prior to publication of the merger project, to exercise their rights to conversion within the term of thirty days after having received the relative notification.

3. Holders of convertible bonds who have not exercised their rights to conversion must be provided with equivalent rights to those they possessed before the merger.

Art.98

(Merger deed)

1. The merger must take place by public deed.

2. The merger deed must in any case be filed with the Registrar's office for registration in the Register, by a notary or by the directors of the company formed by the merger or by those of the incorporating company, within thirty days, The deed of the company formed by the merger or the incorporating company cannot be filed before those of the companies that take part in the merger.

Art.99

(Effects of the merger)

1. The company produced by the merger or the incorporating company take over the rights and obligations of the terminated companies.

2. The merger has effect when the last registration indicated in article 98 has been made.

3. However, a successive date can be established in mergers by incorporation.

4. Prior dates can also be established for the effects referred to in article 90, sub-sections 1 points 5) and 6).

Art.100

(Veto on assignment of shares and holdings)

1. The company produced by the merger may not assign holdings in substitution of those of the companies that take part in the merger possessed, also through trust companies or third parties, by the companies themselves.

2. The incorporating company may not assign holdings in substitution of those of the incorporated companies possessed, also through trust companies or third parties, by the incorporated companies themselves or by the incorporating company.

Art.101

(Incorporation of entirely possessed companies)

1. The provisions established by article 90, sub-section 1, points 3), 4), 5) and by articles 92 and 93 do not apply to mergers through incorporation of one company into another that possesses all the shares or holdings of the former company.

SECTION III

DIVISION

Art.102

(Forms of division)

1. A company that divides assigns all its equities to several, already existing or newly established companies, or part of its equities, in that case also to one single company, and the relative holdings to its partners.

2. An adjustment in ready money is allowed, so long as it does not exceed ten percent of the face value of the holdings attributed. By unanimous consent, certain partners need not be allocated holdings in one of the companies resulting from the division, but holdings in the divided company.

3. Neither companies subjected to proceedings for composition with creditors nor companies being liquidated may take part in the division.

Art.103

(Division project)

1. The directors of the companies that take part in the division draw up a project containing the details indicated in article 90, sub-section 1, as well as an exact description of the corporate equity components to assign to each of the companies resulting from the division and the adjustment in ready money if necessary.

2. If the destination of a component of the assets is not inferred by the project it, supposing that the entire equity of the divided company is assigned, is distributed amongst the companies formed by the division in proportion to the amount of net equity allocated to each of them, as evaluated for the purposes of determining the exchange ratio; if the company's corporate equity is only partially assigned, this component remains the pertinence of the transferor company.

3. In relation to components of the liabilities whose destination is not inferred by the project, the companies formed by the division are jointly and severally answerable in the first case and the divided company and the companies formed by the division in the second case. Joint liability is limited to the effective value of the net equity ascribed to each company formed by the division.

4. The criteria adopted for distributing the holdings of the companies formed by the division must be indicated in the division project. If the project envisages allocations of holdings to partners that are not in proportion to their original holdings, the project itself must include the right of the partners who do not approve the division to have their holdings purchased for a fee determined in the same way as the criteria used for withdrawal, indicating the parties at whose charge the obligation to purchase has been placed.

5. The division project must be filed in compliance with article 90, sub-sections 3 and 4.

Art.104

(Applicable laws)

1. The directors of the companies taking part in the division must draw up the statement of assets and liabilities and the descriptive report in accordance with articles 91 and 92.

2. The directors' report must also illustrate the criteria used for distributing the holdings and indicate the effective value of the net equity assigned to the companies resulting from the division as well as that remaining in the divided company.

3. Article 93 applies to the division; the report envisaged therein is not required when the division takes place by establishing one or more new companies and criteria for attributing the shares or holdings differing from the proportional method have not been envisaged.

4. With the unanimous consent of the partners of the companies taking part in the division, the directors may be exonerated from drawing up the documents envisaged in the previous sub-sections.

5. Articles 94, 95, 96, 97, 98, 99 and 100 also apply to the division. All references to mergers in those articles are understood to also refer to divisions.

Art.105

(Effects of the division)

1. The division has effect from the date on which the last of the registrations pertaining to the deed of division has been entered in the Register. However, a successive date may also be established except in the case of divisions accomplished by establishing new companies. Prior dates can also be established for the effects referred to in article 90, sub-section 1 points 5) and 6).

2. Any of the companies formed by the division may fulfil the publication formalities pertaining to the divided company.

3. Each company is jointly and severally liable, within the limits of the effective value of the net equity it has been assigned or that has remained in it, for any debts of the divided company that have not been paid by the company to which they belong.

TITLE V
WINGING-UP AND LIQUIDATION OF THE COMPANIES

Art.106

(Causes for winding-up)

1. The company is wound-up and is liquidated:
 1) once its term has expired;
 2) once its business purpose has been achieved or when it has become impossible to achieve it;
 3) when it has become impossible for the company to operate;

4) when the corporate capital has been reduced to below the legal minimum, unless the company immediately deliberates its transformation or re-integration of the corporate capital to within the legal limits;
5) following a resolution by the meeting;
6) if the licence to carry out the business is withdrawn;

2. The company is also wound-up for the other causes envisaged by the law and the articles of association.

Art.107

(New operations)

1. The directors cannot carry out new operations when a fact that causes the company to be wound-up occurs. Otherwise, the directors who act are jointly, severally and unlimitedly answerable for the damages sustained by the company, by the partners, by the creditors and by third parties.

Art.108

(Liquidation)

1. If a cause for winding up the company occurs, the directors must call the meeting that nominates the liquidators.

2. If the articles of association do not specify the way in which the company's net worth is to be liquidated, if the partners are not in agreement with the way it is to be determined or if the directors fail to call the meeting within thirty days from the date on which the cause that determined the dissolution occurred, liquidation will be carried out by the liquidators nominated by the Commissioner of Law by right or upon the request of anyone who has an interest in the matter.

3. For serious reasons, the Commissioner of Law, by right or upon the request of anyone who has an interest in the matter, may annul the mandate assigned to the liquidators even when they have been nominated by the company, and may proceed by nominating their substitutes.

Art.109

(Powers of the liquidators)

1. The liquidators may dispose of and convert the corporate assets, they may accept payments and encash credits, go to law on behalf of the company, come to terms and compromise, so long as they acquire the authorization of the Commissioner of Law for operations concerning real estate.

2. The liquidators cannot accomplish operations or start proceedings in the name of the company beyond the actions strictly required in order to conclude the liquidation process. The prior authorization of the Commissioner of Law is always required if business activities of use for the liquidation process, must be managed.

3. The liquidators must fulfil their duties in a professional way and with the diligence required by the nature of their mandate and the liability for damages deriving from failure to comply with these duties is governed by article 56.

Art.110

(Revocation of the state of liquidation)

1. The company may revoke the liquidation before distribution of the assets has begun, by a resolution from the meeting.

Art. 111[105]

(Procedure)

[105] As superseded by Art. 35 of Law n. 129 of 23 July 2010.

1. Within six months of their appointment, the liquidators must submit a report and a plan defining all the debts in the order of precedence required by law
2. The liquidation and insolvency procedures shall be declared closed by a Decree issued by the Law Commissioner, without any further formalities, if the liquidator's or insolvency officer's (*procuratore del concorso*) report shows no assets of if assets are lower than Euro 1,000.00.
3. The liquidators must annually present a report that highlights the key facts of the procedure. However, the period between registration of the resolution of the meeting for liquidation or of the Law Commissioner's provision that orders it, and the preparation of the final liquidation balance sheet constitutes a single tax period; the liquidators, therefore, file the tax return for this period in compliance with the tax regulations in force.
4. At the end of the operations for liquidation of assets, the liquidators present the final report with a plan for distributing any residual amounts to the shareholders. The final report must be filed with the Registry, where it must remain available to those interested for thirty days; the filing of the report must be made known by posting *ad valvas palatii* (by posting a notice at the Government Building) and in the tables of the Government Building.
5. If, within thirty days of the time-limit referred to in the paragraph above, opposition is submitted to the distribution plan through summons of the liquidator, the Commissioner of Law decides and issues a ruling on the matter. Oppositions must be combined and decided upon in the same proceedings, in which all the shareholders and creditors concerned may take part. The ruling is also binding on non-participants
6. If no opposition is submitted or if the opposition submitted is rejected, the plan is approved through a decree and the measure of the Commissioner of Law immediately renders the plan enforceable.
7. The liquidators convene the shareholders' meeting for approval of the final financial statements for liquidation, drafted on the basis of the enforceable plan. After approval, they make the payments to creditors and pay the remainder to the shareholders.

8. Once all their duties have been fulfilled, the liquidators must request cancellation of the company from the Register; after cancellation, the company ceases to exist
9. Even when the company has ceased to exist, after cancellation, unsatisfied company creditors may demand their credit from partners, up to the sums collected by the latter on the basis of the financial statements for liquidation, if non-payment is their fault.

Art. 112

(Depositing of uncollected sums)

1. Sums due to partners and creditors which are not collected by those entitled to them must be deposited at a San Marino credit institute, with indication of the name and surname of the partner, the creditor. Sums remaining uncollected over the following three years are transferred to the government.

Art. 113

(Lodging of corporate books)

1. The corporate books must be lodged and kept for five years in the places and with the guarantees laid down by law; anyone may examine them, paying the expenses in advance.

SECTION VI

STATE OF CRISIS

Art. 114

(Temporary state of crisis)

1. A company having temporary difficulties in fulfilling its obligations, if there are proven possibilities of recovering it, may ask the Commissioner of Law, for a period not exceeding two years together, for:

1) control of management of the company and administration of its assets to protect the interest of creditors, and

2)[106] the measure contemplated by article 20 of Law N° 17 of 15 November, 1917.

2. If the application is accepted and the measures granted, the Commissioner of Law may also determine the charges, terms and conditions deemed appropriate to safeguard the rights of company creditors and the economic and corporate assets constituted of the enterprise as a whole.

3. The supervisor of the moratorium is appointed by the Commissioner of Law and answers to creditors for the work performed; remuneration is due from the company and must be paid as a pre-deduction.

4. The expenses sustained by company directors, during the period of the moratorium, cannot be considered as judicial expenses or those from composition with creditors, pursuant to and under article 17, N° 1, of the Mortgage Law.

5. If proceedings for composition with creditors are opened, the debts contracted by the company during the period of the moratorium are treated in the same way as those which arose prior to the moratorium.

Art. 115

(State of insolvency)

1. Compulsory winding up is ordered by the Commissioner of Law, on request of a director, an auditor or a company creditor, or even officially, when the company is clearly in a state of insolvency and the prerequisites for starting composition with creditors do not exist.

2. If compulsory winding-up is declared on request of a creditor, although it is temporarily insolvent, the company may request the moratorium referred to in the article above.

3. The measure ordering temporary winding-up contains appointment of the official liquidator, is noted on the Register and is published *ad valvas Palatii* and in the Tables at the Government Building.

4. From the date of publication, all judicial procedures pending against the company are suspended and no others may be started; also, debts are considered as falling due on that date and will not accrue interest during the procedure.

5. In the measure ordering compulsory winding up, the Commissioner of Law assigns a peremptory time-limit for company creditors to submit documented claims for placement of their credit to the Registrar's office.

6. On the basis of the corporate books and accounting records and creditors' claims, the liquidator prepares a distribution plan, taking into account preferential credit, and lodges it at the Registrar's office, where it remains available to those concerned for sixty days from the date of notice of its lodging being affixed at the Government Building and the Court.

7. If any opposition is submitted against the distribution plan, provided this is submitted through summons of the liquidator within thirty days of the time-limit referred to in the paragraph above, the Commissioner of Law will pass a single and final sentence on this in summary proceedings. If no opposition is submitted against the plan, it is approved through an order, which is immediately executive.

8. Insofar as they are compatible and for the parts not expressly governed herein, the regulations on voluntary winding up are applied.

SECTION VII

MISCELLANEOUS PROVISIONS

Art. 116

[106] As amended by Art. 38 of Delegated Decree No. 130 of 11 December 2006.

(Disputes)

1. Companies incorporated in accordance with this law are subject to the exclusive and irrevocable competent jurisdiction of the judicial authorities of San Marino for disputes arising between partners and the company, those relating to relations deriving from the partnership deed in which the company is the defendant and for those concerning liability against directors, auditors, auditing firms and managers of the company and between them and the company.

2. The Articles of Association, in the case of internal relations, or individual contracts, in the case of relations with third parties, may freely include arbitration clauses on any disputes. Arbitration must take place within the territory of the Republic of San Marino in all cases.

3. No arbitration clause may be included in employment contracts.

Art. 117

(Statute of limitations)

1.[107] All actions relating to management of the company and all actions for liability against directors, auditors, auditing firms, managers and liquidators, and all actions aimed at having the company or company resolutions declared invalid, become statute-barred two years after the date of occurrence of the act which gave rise to the dispute.

2. If the action is based on a deed which should have been entered on the Register or lodged at the Registrar's office and this has not taken place, the period starts from the day when the petitioner becomes aware of this.

3. The statute of limitations on the actions referred to in this article is suspended through an extra-judicial notice in writing.

4. The statute of limitations remains suspended for as long as the directors, auditors, auditing firm, managers and liquidators against which the action is brought remain in office.

5. If the company is subject to composition with creditors, the statute of limitations on the actions referred to in the paragraph above starts from the date when composition begins.

Art. 118

(Appeals)

1. An appeal may be submitted to the Court of Civil Appeals against all measures of voluntary jurisdiction adopted by the Commissioner of Law in application of this law.

2. The appeal suspends effectiveness of the appealed measure, unless otherwise decided by the appeal judge.

3. The deed containing the charge must be submitted to the Court through the defence counsel, together with the motives and with the documents proving the interest of the appellant and the grounds of the claim, within thirty days of notification of the measure.

4. The appeal referred to in this article is subject to the tax on voluntary jurisdiction appeals.

5. No further or different means of appeal against the measures referred to in this article are permitted.

6. All disputes are governed by ordinary regulations on civil disputes.

SECTION VIII
PROVISIONAL AND FINAL REGULATIONS

Art. 119

[107] As superseded by Art. 39 of Delegated Decree No. 130 of 11 December 2006.

(Abrogated regulations)

1. The following are abrogated:
- Law N° 68 of 13 June, 1990, with subsequent modifications and additions thereto, with the exclusion of article 4 (Non-commercial associations and foundations: notion and basic regulations);
- articles 7, 8, 8-bis, 9, 9-bis, 10, 10-bis, 10-ter, 11, 11-bis, 12, 12-bis, 13, 14, 16, 19, 20, 21, of Law N° 53 of 28 April, 1999, with subsequent modifications and additions thereto;
- Decree N° 9 of 1 February, 2002, in the incompatible parts;
- article 1, paragraph 2, N° 3 and article 3, last paragraph of Decree N° 3 of 31 January, 1924;
- articles 62 and 63 of Law N° 165 of 18 December, 2003.

2. Any legal requirement not expressly mentioned in the law and in contrast with any requirement thereof is to be intended as abrogated.

Art. 120 [108]

(Transitory regulations)

1. Companies entered on the Register at the date when the Law comes into force must adapt their Articles of Association to the new provisions contained therein by 31 May, 2008, lodging an authenticated copy of the revised version of the Articles of Association, approved by the shareholders' meeting, at the Registrar's office.

2. After this date, companies which have not adapted their Articles of Association are wound up and must be subjected, by right, to liquidation procedures. In the case of inertia, the Commissioner of Law, for this purpose, assigns a maximum time-limit of sixty days for lodging the documentation confirming adaptation of the Articles of Association to the law, or proceeds by calling of a specific partners' meeting for adopting of the resolutions necessary for this purpose.

3. In companies for which, according to law, appointment of an auditor is no longer obligatory at the date of entry into force of the Law, the auditors leave office from 31 December, 2005, without affecting the power of the shareholders' meeting to extend the appointment in compliance with the minimum legal requisites. The shareholders' meeting is required to confirm the end of their mandate. The effects of activities performed by the auditor prior to entry into force of the Law are unaffected in all cases. An auditor who leaves office in accordance with this paragraph is exempted from carrying out all subsequent obligations, including those referred to in article 83 of the Law.»

4. On preparing the 2006 financial statements, it is not necessary to indicate the amount of the corresponding item for the previous year.

Art. 120 bis[109]

(Rules of Coordination)

1. Companies incorporated pursuant to article 12, paragraph 5, of Law N° 68 of 13 June, 1990 , are subject to the Law, notwithstanding the provisions of article 2, paragraph 2 of the same Law. Nevertheless, in the case of winding up, the partner holding the license which incorporated the company, or the partner to whom the majority stake was transferred prior to entry into force of the Law, maintains the right to reacquire ownership of the license, provided they still possess the requisites.
2. Companies incorporated prior to entry into force of the Law are subject to the obligation referred to in article 10, paragraph 5, calculating the three-year time-limit for payment of all contributions starting from entry into force of the Law Confirmation of payment of the contributions must be lodged by the directors at the Registrar's office within 60 days of payment.
3. Companies incorporated with the approval of the State Congress prior to entry into force of the Law may alter the corporate purpose solely with the approval of the State Congress, unless they intend to be subject themselves to the regulations of article 9 of the Law or unless the modification consists in a mere elimination of activities or product sectors from the corporate purpose.

[108] As superseded by Art. 40 of Delegated Decree No. 130 of 11 December 2006.
[109] As superseded by Art. 17 of Delegated Decree n. 33 of 20 February 2008, ratified by Delegated Decree n. 49 of 19 March 2008.

4. In joint-stock companies with a sole partner entered in the Register prior to entry into force of the Law, the sole partner acquires the benefit of limited liability starting from the moment when he has fulfilled the obligations contemplated by article 12 of the Law, without affecting the unlimited liability for obligations arising prior to this.
5. For companies entered on the Register prior to entry into force of the Law, indication of the date of entry on the Register, where contemplated by law, is replaced by the indication of the date of legal recognition.

Art. 121[110]
(Revisions)

1. The requirements of the Law may be altered through an official decree within a maximum of twenty-four months from the date of publication thereof.

2. Without affecting the specific requirements of Law N° 168 of 22 November, 2005 regarding subjective and objective requisites required of those who intend to incorporate a trading company, through a delegate decree to be issued within two years of entry into force of the Law, the procedures on incorporation of companies contained in Law N° 168 of 22 November, 2005 will be harmonised with the new requirements of this law .

Art. 122
(Entry into force)

1. This law enters into force on the one hundred and eightieth day after that of its legal publication.

Issued from our Residence, on this day, 2 March, 2006/1705 since the Foundation of the Republic

THE CAPTAINS REGENT

Claudio Muccioli – Antonello Bacciocchi

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Rosa Zafferani

[110] As superseded by Art. 18 of Delegated Decree n. 33 of 20 February 2008, ratified by Delegated Decree n. 49 of 19 March 2008.

21. LAW NO. 139 OF 26 NOVEMBER 1997 (EXTRACT – ART. 1)

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

SUPPLEMENTS TO PROVISIONS OF THE CRIMINAL CODE AND CODE OF CRIMINAL PROCEDURE FOR OFFENCES RELATED TO NARCOTIC DRUGS, ALCOHOLIC BEVERAGES, HARMFUL OR DANGEROUS SUBSTANCES, PSYCHOTROPIC SUBSTANCES

We, the Captains Regent
of the Most Serene Republic of San Marino

promulgate and order the publication of the following Law, passed by the Great and General Council during its meeting of 26th November 1997.

Art. 1

Under the first and second paragraphs of article 244 of the Criminal Code, anyone who, unauthorised, produces in any manner narcotic drugs, introduces them in the domestic territory, holds them for trading, sells or supplies them to other people for money or for free, shall be punished by terms of 2nd degree imprisonment.

The same punishment shall apply to anyone who, unauthorised, holds narcotic drugs even if not for trading purposes, and to anyone making personal use of such drugs. Personal use shall not be punished if prescribed for health reasons or recognised as effective by the ISS (Social Security Institute).

- omissis -

22. LAW NO. 165 OF 18 DECEMBER 2003 (EXTRACT – ART. 63)

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

PROVISIONAL STATE AND PUBLIC INSTITUTIONS BUDGETS FOR THE FINANCIAL YEAR 2004 AND MULTIANNUAL BUDGETS 2004/2006

We, the Captains Regent
of the Most Serene Republic of San Marino

promulgate and make public the following Ordinary Law approved by the Great and General Council in its sitting of 18 december 2003:

- *omissis –*

Art. 63
(Computerisation of Register of Companies)

To complement and partially modified of Article 20 of Law June 13, 1990, No. 68 you have:
"4. The Registry of Companies may also be held by electronic means, according to modalities to be established by special regulation.
5. The register of companies is public and anyone can take free vision. ".

- *omissis –*

23. LINKS: LAW 165 OF 17 NOVEMBER 2005 (LAW ON COMPANIES AND BANKING, FINANCIAL AND INSURANCE SERVICES) AND LAW 96 OF 29 JUNE 2005 (STATUTES OF THE CENTRAL BANK OF THE REPUBLIC OF SAN MARINO)

Link to CBSM website: Law 165 of 17 November 2005 'Law on Companies and Banking, Financial and Insurance services'
Link to CBSM website: Law 96 of 29 June 2005 'Statutes of the Central Bank of the Republic of San Marino'

24. LAW NO. 5 OF 21 JANUARY 2010 – AMENDMENTS TO LAW NO. 165 OF 17 NOVEMBER 2005

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

We, the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185/2005 and Article 6 of Qualified Law no. 186/2005;
Hereby promulgate and order the publication of the following ordinary law approved by the Great and General Council in its sitting of 19 January 2010.

LAW NO. 5 OF 21 JANUARY 2010

Amendments to Law no. 165 of 17 November 2005
"Law on companies and banking, financial and insurance services"

Article 1

Paragraph 1 of Article 36 of Law no. 165 of 17 November 2005 shall be superseded by the following:
"1. By "bank secrecy" is meant the prohibition on authorised parties to reveal to third parties, without the specific and express authorisation in writing of the party concerned, the data and information acquired in the exercise of the reserved activities referred to in Attachment 1.".

Article 2

Paragraph 2 of Article 36 of Law no. 165 of 17 November 2005 shall be superseded by the following:
"2. The directors, internal and external auditors, actuaries and employees of any type and grade, including those on placements or in periods of vocational training, external consultants, company representatives, liquidators, commissioners, members of the supervisory committee of the authorised parties will be bound by the obligation of banking secrecy.".

Article 3

Paragraph 4 of Article 36 of Law no. 165 of 17 November 2005 shall be superseded by the following:
"4. The obligation of banking secrecy covering the data and information referred to in paragraph 1 will also be binding on natural persons or the directors, employees, internal and external auditors of the companies to which the authorised parties have outsourced functions and, consequently, disclosed such data and information.".

Article 4

Paragraph 5 of Article 36 of Law no. 165 of 17 November 2005 shall be superseded by the following:
"5. Banking secrecy cannot be evoked against the following parties in the exercise of their public functions:

a) the Law Commissioner in criminal cases;
b) the Central Bank of the Republic of San Marino in the exercise of its supervisory functions;
c) the Financial Intelligence Agency;
d) the Central Liaison Office and other San Marino public bodies and offices responsible for the direct exchange of information with foreign counterparts in accordance with the international Agreements in force.”.

Article 5

Paragraph 6 of Article 36 of Law no. 165 of 17 November 2005 shall be superseded by the following:
“6. No breach of banking secrecy will be deemed to have occurred if:
a) communication to third parties is necessary in order to fulfil obligations arising from a contract to which the interested person is a party or in order to comply, before the conclusion of the contract, with that person’s specific, express requests;
b) communication to third parties takes place in the context of a litigation between the interested person and the authorised party. In this case, communication to third parties may regard any relationship between the parties, even if it is not the subject-matter of the dispute but it is related to legal defence;
c) communication is being made to the parent company, whether a San Marino or of a foreign State with which a relevant international agreement is in force, and is directed to comply with the rules concerning consolidated supervision referred to in Part II, Title I, Chapter III of this Law;
d) communication is being made to parties carrying out the reserved activity referred to in section H of Attachment 1, who are so authorised according to this Law, and its subject is the information strictly necessary in arriving at a proper assessment of the risks and to fulfil obligations entered into in the exercise of that reserved activity;
e) communication is directed towards the performance of the services described in articles 50 and 51 and complies with the provisions of those articles.”.

Article 6

Paragraph 7 of Article 36 of Law no. 165 of 17 November 2005 shall be superseded by the following:
“7. In the event of the decease of the party concerned or the opening of insolvency or interdictory or disqualification proceedings against him, the heir, receiver in insolvency, tutor and guardian respectively, together with those persons commissioned to draw up an inventory of the assets of the incompetent or disqualified party, are entitled to obtain the data and information covered by banking secrecy, also covering the period prior to the death or judicial measure by which they have been appointed.”.

Article 7

This Law enters into force on the 5th day following that of its legal publication.

Done at our Residence, on 21 January 2010

THE CAPTAINS REGENT
Francesco Mussoni – Stefano Palmieri

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

25. LAW NO. 129 OF 23 JULY 2010 – REGULATIONS GOVERNING LICENSES TO PURSUE INDUSTRIAL, SERVICE, HANDICRAFT AND COMMERCIAL ACTIVITIES

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

We the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 4 of Constitutional Law no. 185/2005 and to Article 6 of Qualified Law no. 186/ 2005;
Promulgate and order the publication of the following ordinary law approved by the Great and General Council during its sitting of 21 July 2010:

LAW N. 129 OF 23 JULY 2010

REGULATIONS GOVERNING LICENSES TO PURSUE INDUSTRIAL, SERVICE, HANDICRAFT AND COMMERCIAL ACTIVITIES

TITLE I
GENERAL PROVISIONS

Article. 1
(Scope and Aims)

1. This Law shall regulate licenses to pursue industrial, service, handicraft and commercial activities and aims at promoting an economic system consisting of businesses that, through assets and people, produce growth and employment.

Article 2
(License)

1. Any natural or legal person desiring to pursue an industrial, service, handicraft and commercial activity within the territory of San Marino must be thereto authorized by a specific license.

Article 3
(Multiple licenses)

1. Every economic operator can only hold one license, without prejudice to the compatibility cases provided for by special laws.

Article 4
(Industrial, service, handicraft and commercial licenses)

1. Licenses allowing holders to carry on professionally an economic activity aimed at the production and/or processing of goods and the related supporting services shall be classified as licenses to pursue industrial activities.
2. Licenses allowing holders to carry on professionally an economic activity aimed at the provision of services shall be classified as licenses to pursue service activities, except for the activities indicated in paragraphs 3 and 4 of this Article.
3. Licenses governed by Law n. 10 of 25 January 1990 and subsequent amendments shall be classified as licenses to pursue handicraft activities.
4. Licenses permitting to carry on the activities governed by Law n. 65 of 25 July 2000 and subsequent amendments shall be classified as licenses to pursue commercial activities.

Article 5
(License fees)

1. All economic activities set up as businesses shall be subject to an issuance fee and, in the following years, to an annual fee in the amount established in Annex B to this Law.

2. Fees must always be paid in full.

Article 6

(Categories exempt from the obligation to obtain a license)

1. The provisions of Article 2 shall not apply to:
a) farmers who sell seasonal products from their farm and do not purchase or sell other people's products;
b) State institutions and entities; associations and foundations and other non-profit bodies;
c) all other activities regulated by specific legislation that do not require licenses to be performed.

TITLE II

LICENSE ISSUANCE

Article7

(Requirements for obtaining individual licenses)

1. Individual licenses shall be issued to anyone who:
a) is resident in the Republic of San Marino;
b) has civil capacity;
c)[111] has not been convicted by a criminal judgement having the force of res judicata and has not been punished with more than 2 years imprisonment for felonies against property, public confidence, public economy or for trafficking in narcotic drugs, committed over the last 15 years; or has not been convicted by a criminal judgement having the force of res judicata for corruption, use of false invoices for inexistent operations, tax fraud, usury, fraudulent bankruptcy or money laundering committed over the last 15 years; or has not suffered convictions, including non-final, or is not subject to ongoing criminal proceedings, for criminal conspiracy or money laundering for the purposes of terrorist financing;"
d) is not subject to concurrence of creditors procedures or to equivalent procedures in foreign jurisdictions;
e) comply with the further requirements established by special laws.
2. The requirements above can be certified through the statement referred to in Law n. 105 of 21 October 1988.
f)[112] during the 12 months preceding the submission of the application for a license, has not been a shareholder or has had no representative powers in conformity with Article 52 of Law no. 47 of 23 February 2006 in at least two San Marino companies, which have entered into ex officio or compulsory liquidation, or in a company, the license of which has been revoked by the Congress of State. The fact of being a shareholder or of having representative powers in conformity with Article 52 of Law no. 47 of 23 February 2006 shall be concurrent with the company's entering into liquidation or with the revocation of its license by the Congress of State. A shareholder or director who demonstrates that, by behaving diligently, he/she is not responsible for the decisions or activities of the company leading to its compulsory or ex officio liquidation or to the revocation of its license shall not be considered an "Unfit Person.".

Article 8

(Licensing Requirements for legal persons)

1. Any legal person duly enrolled pursuant to Law n. 47 of 23 February 2006 and subsequent amendments can be issued a license.

Article 9

(First stage of the license issuance procedure)

1. Licenses shall be issued upon prior submission of a license application to the Office of Industry, Handicraft and Trade. Said application shall specify:
a) the personal information of the license holder, both for natural and legal persons;
b) the type of intended business, which shall be licit, feasible, specific, consistent with and related to the activity that will be performed. In case the applicant is a legal person, the business type coincides with the corporate purpose, except for cases where the economic operator decides to implement just a portion of it, without prejudice to the requirements for the specific corporate purpose (*regime con cui si è costituita la persona giuridica*). In case the applicant is a natural person, the license purpose shall be defined according to the indications set out in Annex A to this Law;

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[111] As amended by Art. 6 of Decree Law n. 179 of 5 November 2010, which ratifies Decree Law n. 162 of 24 September 2010.
[112] As integrated by Art. 6 of Decree Law n. 179 of 5 November 2010, which ratifies Decree Law n. 162 of 24 September 2010.

c)[113] the location where the activity will be conducted, submitting a true copy, issued by the Land Registry Office, of the last approved project, proof of Land Registry registration and a list and description of rooms or submitting the cadastral ID number and the details or the last approved project or of the amendments being made to the premises used for the same activity, their size in square meters and the intended use of and activities that can be performed in the premises as provided for by the project. This information can be omitted by individuals applying for individual licenses to pursue activities that do not require a fixed place of business; in such a case, the place to which communications are to be sent is the one referred to in Article 26, paragraph 2 of this Law.
2. The Director of the Office of Industry, Handicraft and Trade shall review license applications and within 5 business days from the filing date, shall notify applicants that their application was successful or, alternatively, that it cannot be accepted as it is. In case of unacceptable application, the Director of the Office of Industry, Handicraft and Trade shall grant a period not exceeding 30 business days from the notification to regularize the application. Upon expiration of this time period without the necessary changes having been made, the application shall be declined by a substantiated decision.
3. License applications are declined by a substantiated decision for one or more of the following reasons:
a) formal errors in the application;
b) the issuance requirements laid down in Articles 7 and 8 are not met;
c) the business type indicated does not meet the requirements set out in letter b) of paragraph 1;
d)[114] the intended use of the premises, as indicated in paragraph 1, letter c, first sentence, is not compatible with the activity falling under the business type selected for the license.

Article 10

(Second stage of the license issuance procedure)

1. With the notice of successful application, Director of the Office of Industry, Handicraft and Trade shall also request the person concerned:
a) the ID number of the lease contract or of the property leasing or commodatum contract, registered with the Mortgage Register Office, which shall indicate that the intended use of the premises is consistent with the activity specified in business type of the requested license or a statement by license applicants that they are the owner or the usufructuary of the entire share capital of the suitable premises. The commodatum lease is only allowed, for legal persons, if the premises intended to be used as business places are owned by one of the shareholders and are included in the memorandum of association or in the decision to implement a capital increase and, for natural persons, if they are owned by a spouse, relative or relative by marriage up to the third degree. The lease or the statement by the owner or usufructuary shall specify the Page number, the Plot and Sub-Plot number, the Building Unit and the size of the premises in square meters.
b) a statement that the license issuance fee has been paid, as provided for by Annex "B" to this law and reference information of the payment receipt;
c) firm, if any, referred to in Article 16;
d) ID number of the authorizations requested and obtained, which are provided for by special laws for the type of activity that will be carried out;
e)[115] certificate of compliance with planning regulations (*certificato di conformità edilizia*).
2. Moreover, in order to obtain an individual license, it is also necessary to submit:
a) any certificate, certificate of attendance for courses of study completed or courses attended to perform activities requiring a special training or professional expertise, as specifically requested in Annex A to this law and by special laws;
b) statement of non-employment;
c) statement that the applicant is not an independent professional;
3. Failure to file the documentation referred to in the preceding paragraphs within 12 months from the notice of successful application by the Director of the Office of Industry, Handicraft and Trade shall automatically void the application, thus making it necessary, if still desired, to submit a new one.
4. The statistical code identifying the activity for which the license has been requested shall be assigned by the Office of Industry, Handicraft and Trade.
5. The license shall be issued within 5 business days from the filing of complete application materials referred to in Articles 1 and 2. The license shall be delivered through the Civil Police.

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[113] As amended by Art.7 of Decree Law n. 179 of 5 November 2010, which ratifies Decree Law n. 162 of 24 September 2010.
[114] As amended by Art.7 of Decree Law n. 179 of 5 November 2010, which ratifies Decree Law n. 162 of 24 September 2010.
[115] As integrated by Art.8 of Decree Law n. 179 of 5 November 2010, which ratifies Decree Law n. 162 of 24 September 2010.

Article 11

(*Setting up a permanent establishment and authorization to perform economic activities*)

1. Foreign legal persons desiring to set up a permanent establishment in the Republic of San Marino shall fulfil all setting-up procedures before a San Marino Public Notary and appoint a representative in San Marino, who shall have the same rights and obligations as a sole director.

2. Foreign legal persons whose shareholders and/or administrative bodies are "Unfit Parties" as defined by Law n. 47 of 23 February 2006 and subsequent amending and supplementing acts are not eligible to set up a permanent establishment.

3. A Permanent establishment may not be set up to perform the activities regulated by Law n. 10 of 25 January 1990 and Law n. 65 of 25 July 2000 and subsequent amendments and by Delegated Decree n. 116 of 13 December 2007 and subsequent amendments.

4. In order to obtain the authorization from the Office of Industry, Handicraft and Trade to perform a given economic activity, foreign companies are required to complete and to submit to said Office an application form specifying:

a) its business name, head office, legal representative, corporate purpose and corporate capital;
b) the activity associated with the type of business that will be performed in the territory of San Marino;
c) the location where the activity will be performed and the ID information of the last approved project or details of the amendments being made to the premises used for the same activity and their size in square meters.

5. Other application materials to be submitted are:

a) certificate of status of the legal person or equivalent certificate;
b) authenticated copy of the articles of association;
c) authenticated copy of the memorandum of association of the permanent establishment. If the information relating to the appointment of the representative in San Marino is not included in the memorandum of association of the permanent establishment, an authenticated copy of the deed of appointment must also be submitted;

6. Documents not in Italian must be accompanied by a certified Italian translation.

7. Upon receipt of the application form and supporting documentation indicated in paragraphs 4, 5 and 6 by a Permanent establishment wishing to carry on an economic activity, the Director of the Office of Industry, Handicraft and Trade shall review the materials and within 5 business days from the filing date, shall notify applicants, by a substantiated decision, that their application has been or has not been successful.
8. The application for the issuance of an authorization may be declined for one or more of the following reasons:
a) formal errors in the application material;
b) the documentation and certificates specified in paragraphs 4,5, and 6 are missing;
c) the civil function of the place is not in conformity with the type of activity referred to in letter b) of paragraph 4;
9. The Director of the Office of Industry, Handicraft and Trade may grant a period not exceeding 30 business days from the notification of unacceptable application to regularize it. Upon expiration of this time period without the necessary changes having been made, the application shall be denied.
10. With the notification of successful application, Director of the Office of Industry, Handicraft and Trade shall also request the person concerned:
a) the ID number of the lease contract or of the property leasing or commodatum contract, registered with the Mortgage Register Office, which shall indicate that the intended use of the premises is consistent with the activity specified in the request of authorization or a statement by license applicants that they are the owner or the usufructuary of the entire share capital of the suitable premises. The commodatum lease is only allowed, for legal persons, if the premises intended to be used as business places are owned by one of the shareholders and are included in the memorandum of association or in the decision to implement a capital increase and, for natural persons, if they are owned by a spouse, relative or relative by marriage up to the third degree. The lease or the statement by the owner or usufructuary shall specify the Page number, the Plot and Sub-Plot number, the Building Unit and the size of the premises in square meters;
b) a statement that the license issuance fee has been paid, as provided for by Annex "B" to this law and the details of the payment receipt;
c) firm, if any, referred to in Article 16;
d) ID number of the authorizations requested and obtained, which are provided for by special laws for the type of activity that will be carried out.
11. Failure to file the documentation referred to in the preceding paragraphs within 12 months from the notification of successful application by the Director of the Office of Industry, Handicraft and Trade shall automatically void the application, thus making it necessary for the applicant, if still desired, to submit a new one.
12. The license shall be issued within 5 business days from the filing of complete application materials referred to in paragraph 10 and shall be delivered through the Civil Police.
13. The authorization document shall bear the statistical code assigned by the Office of Industry, Handicraft and Trade directly to the permanent establishment.
14. The authorization expires on 31 December of every year and can be renewed by paying the relevant fee.
15. The fee must be paid in full regardless of when the authorization was issued.

Articles 12
(Obligations relating to the locations of economic activities)

1. Economic operators are required to display and update signs allowing to clearly identify their business location

2. Violations of the obligations set forth in the previous paragraph shall be punished with an administrative sanction of € 200,00.

Article 13
(Branch offices)

1. Economic operators wishing to set up a branch office must have at least an employee.
2. The setting up of secondary offices is contingent upon the number of employees, which needs to correspond to the number of offices set up; in any case said such number cannot exceed 5 locations including the registered office.
3. The Office of Industry, Handicraft and Trade shall authorize the setting up of branch offices if the requirements set out in the paragraphs above are met and if the premises designated as branch offices are suitable to perform the activity indicated by the applicant in the application form.
4. The decline of a request to open a branch office shall not affect an Economic Operator's license rights.
5. Should the Economic Operator no longer have the number of employees required to set up one or more branch offices, he or she shall replace these employees within 60 business days from the interruption of the working relationship.

Article 14
(Changing head office)

1. Economic operators may be authorized to change their head office upon filing an application with the Office of Industry, Handicraft and Trade. The application shall provide the information set forth in letter c) of paragraph 1 of Article 9 of this Law.
2. Upon receipt of the application, the Director of the Office of Industry, Handicraft and Trade shall review the materials and within 5 business days from the filing date, shall notify applicants, by a substantiated decision, that their application has been or has not been successful.
3. An application may be declined on the grounds laid down in letters a) and d), paragraph 3 of Article 9 of this Law.
4. With the notification of successful application, the Director of the Office of Industry, Handicraft and Trade also requests the person concerned to provide the information indicated in letters a), paragraph 1 of Article 10 of this Law as well as a statement confirming that the fee set out in Annex B to this Law has been paid.
5. Changing head office shall be authorized within 5 business days from the filing of the documentation referred to in the previous paragraph and upon obtaining all authorizations required by special laws.
6. The Office of Industry, Handicraft and Trade shall notify the change of the head office to the Commercial Registry of the Single Court within 2 business days from the granting of the relevant request. Legal persons are required to amend the indication of the head office in their articles of association at the earliest possible general meeting after the granting of the authorization to change location.

Article 15

(Business domicile)

1. Offices of liberal professions shall be allowed to serve as business domiciles only for the following activities:
a) real estate activities;
b) support activities for independent professionals.
2. A holding company may have its domicile at the head offices of companies belonging to a group.
3. Premises for which a certificate of occupancy was issued may not host more than 2 domiciles (*Ad ogni abitabilità non possono corrispondere più di 2 domiciliazioni*).
4. The types of activities for which offices of liberal professions may serve as business domiciles may be amended through a delegated decree.

Article 16

(Business name use) [Uso della ditta]

1. A Register of Business names shall be established at the Office of Industry, Handicraft and Trade. Upon registration, this Office shall enter the company or business name or the name of the holder of the individual license into said register.
2. Economic operators wishing to carry on their activity with a business name different from that indicated in the license, shall notify the use of said business name to the Office of Industry, Handicraft and Trade, which then shall enter this name into the specific Register.
3. Registration referred to in paragraph 1 and 2 shall be effected by the Office of Industry, Handicraft and Trade only if the reported business names have not been previously registered by other persons.

Article 17

(IAssignment of the Economic Operator Code)

1. With the notification of the successful application, legal persons shall be issued an Economic Operator Code, which allows them only to: stipulate and register a lease contract or a property leasing or commodatum sub-lease; set up natural gas, electricity, water or telephone utilities or purchase instrumental goods. The use of the Economic Operator Code in cases not provided for by this Article constitutes an illegal conduct of economic activities as referred to in Article 25.
2. Natural persons shall be issued an Economic Operator Code only upon issuance of the license.

Article 18

(Suspension and reactivation)

1. A license shall be suspended upon the license holder's request.
2. Economic Operators may suspend the conduct of their activity for up to 24 months, upon prior notification to the Office of Industry, Handicraft and Trade.
3. Suspended licenses shall be reactivated only after ascertaining that corporate taxes have been paid in the case of legal persons and/or that unpaid license fees, if any, have been paid.
4. Upon reactivation of a license, the activity shall be conducted without the possibility of a new suspension before 12 months from the date of reactivation, under penalty of cancellation of the license itself.

Article 19

(Renouncing one's license)

1. Anyone wishing to renounce their license shall file a renunciation application with the Office of Industry, Handicraft and Trade.
2. Renunciation will not exempt the license holder from paying in full the annual fee relating to the year in course.
3. If the license is not put in use for two years in a row, the Office of Industry, Handicraft and Trade, upon expiration of the time limit for reactivation, shall officially notify the Economic Operator that the two-year period has expired and inform him or her of the possibility of reactivating the license within 30 business days from the receipt of said notification by paying Euro 3,000.00 within 10 business days from receipt of the notification, Euro 5,000.00 within 20 business days from receipt of said notification and Euro 9,000.00 within 30 business days from receipt of said notification. If this time limit expires, the license shall be deemed to have been renounced, without prejudice to the obligation to pay the annual fee for the whole duration of said period, also in cases where the license was not put in use.

Article 20

(Appeals)

1. Against the provisions of this Law appeals can be made pursuant to Law n. 68 of 28 June 1989.

TITLE III
TRANSFER OF BUSINESS LICENSES TO THIRD PARTIES

Article 21

(Transfer of the license to natural or legal persons))

1. A license may be transferred to natural and legal persons who meet the same subjective and objective requirements for the authorization to issue the license itself.
2. Transferring licenses shall be within the competence of the Office of Industry, Handicraft and Trade and may occur by:
a) transferring the company property through a duly registered deed of sale or donation between two living parties;
b)) transferring the company propriety by succession as a result of death, upon prior filing of the documentation certifying inheritance rights and fulfilment of the related tax obligations;
c) transferring the business through a duly registered lease deed having a temporary validity; in such a case, the transfer of the license shall be temporary and determined by the time limits set by the contract itself. If the license holder transfers only part of the activity covered by the license, he or she may continue to carry on the activities that have not been transferred by applying for a fixed-term license for the type of activity that he or she will continue to carry on. If the licensee does not file this application, the license will be suspended. The duration of the fixed-term license is the same as that of the lease contract to which it refers.
3. The authorization to transfer the license shall be granted by a substantiated decision by the Office of Industry, Handicraft and Trade, upon prior request by the licensee concerned. Licensees applying for the transfer must prove that they meet the requirements set out in Article 7 or 8. The application must be supported by all documentation attesting the license transfer pursuant to letters a), b), or c) of the previous paragraph.
4. Applications for the transfer of a license by succession must be filed by the heir or legatee, under penalty of withdrawal, within 30 business days from declaration of estate.
5. In case of succession following the licensee's death, heirs are allowed to request the temporary continuation of the activities until the persons taking over have not fulfilled all the requirements prescribed by this law. In any case, this period cannot exceed 12 months from the death of the previous holder, under penalty of the cancellation of the license. The transfer of the license authorized pursuant to this law shall be issued within 5 business days from the filing of the request.
6. Should the application to transfer the license be rejected by the Director of the Office of Industry, Handicraft and Trade, the person concerned shall be notified within 5 business days from the filing of the application. An application may be denied because of formal errors in the application of transfer or because of missing documents; if some requirements are not met or if the applications already holds other licenses, without prejudices to the compatibility cases provided for by special laws.

Article 22

(Licensee's death)

1. In case of the licensee's death, the license may be registered in the heir's or legatee's name, provided that they meet the requirements necessary for the issuance of the license.
2. The statement attesting to the transfer of the license by succession must be requested by the heir or legatee, under penalty of withdrawal, within 30 business days from the declaration of estate.

Article 23
(Transfer of business or branch of a business)

1. With the stipulation of a business assignment contract, credits shall be transferred to the assignee. The assignment contract must be deposited with the Office of Industry, Handicraft and Trade; such deposit shall take into account notifications to assigned debtors.
2. The assigned contracting party is entitled to withdraw for good cause from contracts being executed within 90 days from the deposit of the assignment contract with the Office of Industry, Handicraft and Trade.
3. If the assignee is a company, the assignor shall be jointly and severally liable for the debts with the assignee.
4. If the assignee is a natural person, the assignor shall be exclusively liable for the debts resulting from the business assignment contract, while the assignee is liable *in toto*.

TITLE IV
INSPECTIONS AND SANCTIONS

Article 24
(Supervision over the correct enforcement of this Law and of other laws relating to Industry, Services, Handicraft and Trade)

1. The Office of Industry, Handicraft and Trade shall be responsible for the supervision over the correct enforcement of this Law and of the other laws relating to Industry, Services, Handicraft and Trade.
2. Said Office operates on its own initiative or following reports, by availing itself of Police Forces.
3. The Office of Industry, Handicraft and Trade shall have the power to:
a) promote investigations;
b) carry out assessments;
c) express opinions;
d) issue regulations;
e) issue immediately enforceable provisions and orders.
4. Said Office may adopt precautionary measures to stop fraudulent acts or behaviours of administrative nature, including seizure of goods and documents, or to acquire evidence thereof.
5. For the purposes indicated in the previous paragraphs:
a) police forces have the obligation to report in a timely manner to the Office of Industry, Handicraft and Trade the acts constituting administrative offenses in matters relating to industry, services, handicraft and trade and to provide all elements of evidence to said office; they are also required to carry out investigations and assessment requested by the Office of Industry, Handicraft and Trade and to support the investigations carried out directly by said Office.
b) the Office of Industry, Handicraft and Trade has the power to issue orders to ensure that industrial, service, handicraft and commercial activities are performed in compliance with State legislation, with International conventions and agreements, abiding by the legitimate orders of the authority; for this purpose, the Office shall issue, through a substantiated order, immediately enforceable regulations and provisions; against said orders appeals can be made before the Administrative Judge pursuant to Law n. 68 of 28 June 1989.
c) the Office of Industry, Handicraft and Trade shall report to the other Offices of the Public Administration matters falling within their competence and provide elements of evidence;
d) the Offices of the Public Administration that, while performing their functions, identify irregularities in the work of license holders shall report them to the Office of Industry, Handicraft and Trade.
3. By 30 November of every year, the Director of the Office of Industry, Handicraft and Trade, together with the Director of the Office for Control and Supervision of Economic Activities shall draw up a detailed prospectus indicating the inspections planned for the new year, the goals it intends to pursue, the criteria based on which it will perform the inspections and how frequent these will be. Said prospectus shall be submitted to the Minister for Industry, Handicraft and Trade, who will illustrate it to the members of the Congress of State (Government) by 15 December.
4. By 31 January of every year, the Director of the Office of Industry, Handicraft and Trade, together with the Director of the Office for Control and Supervision over Economic Activities shall submit a detailed report to the Minister for Industry, Handicraft and Trade indicating if the set goals have been achieved and the outcome of the inspections carried out during the previous year.
5. Said report shall be submitted to the Congress of State by 15 February.
6. The Office of Industry, Handicraft and Trade shall apply the administrative monetary sanctions and the accessory sanctions imposed in case of the administrative offences referred to in this Law and in laws relating to industry, services, handicraft and trade.
7. The Director of the Office of Industry, Handicraft and Trade shall carry out on-site inspections of economic operators' head offices through Police Forces.

Article 25
(Sanctions for illegal conduct of economic activities)

1. Anyone carrying on Industrial, Service, Handicraft and Trade activities without a license shall be subject to an administrative sanction twice as much the current value of the goods or services forming the activities conducted without a license.
2. Anyone carrying on Industrial, Service, Handicraft and Trade activities outside of the scope of their license shall be subject to an administrative sanction equal to the current value of the goods or services forming the activities carried out outside of the scope of the license.
3. Anyone carrying on Industrial, Service, Handicraft and Trade activities while le license is suspended shall be subject to the administrative sanction set out in paragraph 1.
4. In all cases of illegal exercise of Industrial, Service, Handicraft and Trade activities, the Director of the Office of Industry, Handicraft and Trade shall order the termination of the activity by adopting the necessary precautionary measures , including seizure, also for evidentiary purposes, of merchandise and documents, or seizure for confiscation purposes; the provision shall be immediately enforceable notwithstanding appeals.
5. If an Industrial, Service, Handicraft and Trade activity is carried on without a license, the administrative sanction shall always be accompanied by the confiscation of the merchandise owned by the offender. In case the merchandise is not owned by said person or if the violation concerns services or if the Industrial, Service, Handicraft and Trade activity is carried on in relation to property different from that covered by the license, confiscation shall be replaced by an extraordinary monetary sanction equal to the current value of the property or services forming the illegal activity. Property belonging to a legal person shall be deemed to be owned by the offender when legal action is taken against its legal representatives, directors or senior managers for offenses committed while carrying on the business activity.

Article 26

(Suspensions and revocations)

1. A license shall be suspended ex officio in the following cases:
a) upon expiration of the 90-day time-limit for the payment of the license annual fee; in such a case, the license shall be suspended until the amount due and the penalties set out in Annex B to this Law have not been paid. Upon expiration of the 180- day time-limit for the regular payment of the fee, the license hall be revoked.
b) upon expiration, withdrawal or termination of the lease, leasing or commodatum contract relating to the Economic Operator's head office. The license shall be reactivated upon stipulation of the new contract , which must occur within 12 months from the expiration, withdrawal or termination of the previous contract, under penalty of revocation of the license;
c) unjustified closing of the Economic Operator's registered office and/or the premises used for the conduct of the economic activity for more than 90 days;
d) if it is found out that the place of business has been deprived of the tools necessary to properly carry on the economic activity;
e) if the Civil Police has not been able to deliver the license, as provided for by Article 10, paragraph 5 of this Law, within 2 months from the date of issuance, because of the Economic Operator's unjustified absence;
f) in the other cases provided for by this Law and by special laws;
g)[116] if the license holder , following a court order, finds himself or herself in the situation referred to in letter d), paragraph 1 of Article 7 or has been convicted, including non-final convictions or has been committed to be tried in a criminal proceeding for criminal conspiracy or terrorist financing. The license shall be revoked in case of final judgement for all the instances referred to in letter c), paragraph 1 of Article 7.
2. In case of suspended license, the place to which communications, if any, are to be sent:
a) for legal person, remains, in any respect, the registered office of the Company, unless otherwise noted;
b) for residents, is their home;
c) for non-residents, is the office of an Accountant (holding either a high school diploma or university degree) or of a Lawyer of Public Notary, enrolled in the relevant Professional register, which they have to designate as their domicile;
d) in the absence of the above, *ad valvas*.
3. The Congress of State may suspend or revoke a license if the licensee carries on his or her activities in a way that harms the prestige and interests of the Republic of San Marino.
4. Any other violation of this Law, of the legislation on industry, services, handicraft and trade and of the regulations issued by the Office of Industry, Handicraft and Trade shall be punished with an administrative monetary sanction ranging from Euro 500,00 to Euro 5,000.00 depending on the gravity of the violation.

Article 27

(Repeated violations and enforcement of monetary sanctions)

[116] As integrated by Art.9 of Decree Law n. 179 of 5 November 2010, which ratifies Decree Law n. 162 of 24 September 2010.

1. In case of repeated administrative violations referred to in the previous articles, the administrative sanction shall be increased up to three times both for the minimum and the maximum amount, depending on the gravity of the violation in relation to the quantity and value, which in any case shall not lower than Euro 5,000.00, of the goods and services forming the administrative violation.
2. Pursuant to this Law, anyone who during the five years prior to the last violation has committed the same administrative sanction shall be considered a repeat violator. In such a case, the voluntary cash settlement provided for in Article 33 of Law n. 68 of 28 June 1989 shall not be allowed.
3. Anyone who, in the same terms set out in paragraph 1, commits a further administrative violation, shall also be subject to the accessory sanction involving suspension of the business activity for a period ranging from 3 to 90 days.
4. As a guarantee of the payment of the administrative sanctions applied for non-compliance with this Law, the Director of the Office of Industry, Handicraft and Trade can order the seizure of any movable goods kept at the business place.
5. License holders or anyone having an interest can pay a substantial deposit in lieu of the seizure.
6. Legal persons holding a license shall be civilly liable for enforcing monetary sanctions and for fulfilling the other obligations imposed on its legal representatives, directors or executives for non-compliance with legislation industry, services, handicraft and trade legislation. They shall be jointly and severally liable without the benefit of discussion.

Article 28

(Controls of goods bound for economic operators with suspended or revoked license)

1. Economic operators whose license has been suspended, within 3 business days from the receipt of the notice of suspension by registered mail, are required to draw up and deposit with the Tax Office a list of all goods already ordered, and therefore expected to arrive, from abroad. Only perishable goods included in the list shall be allowed to enter the country and be resold.
2. Goods brought into San Marino and bound for an economic operator whose license has been revoked shall be subject to seizure.

Article 29

(Notices of administrative sanctions)

1. Administrative sanctions shall be notified through registered mail with return receipt or through the Civil Police, addressed to the Economic Operator's registered office or to the place designated as domicile or, where not possible, *ad valvas*.

TITLE V
FRAUD SQUAD

Article 30

(Fraud Squad)

1. The Fraud Squad is a special section of the Civil Police. It is tasked with preventing and combating tax fraud, swindling, distortions and irregularities in trade exchange.
2. The Director of the Police Department, the Coordinator of the Department for Production Activities and the Director of the Office for Control and Supervision of Economic Activities shall identify, on the advice of the Commander of the Civil Police, the officers to be entrusted with the task referred to in the preceding paragraph and they shall designate, among those officers, the person responsible for the Squad, taking into account the need to ensure a number of officers consistent with the operational needs of the Office for Control and Supervision of Economic Activities. At all events, the number of officers shall not be less than 8. Said officers shall be identified among sergeants and agents, on the basis of the experience gained in the sector, their specific qualifications relating to the matter, such as accounting, economics and computer science, and aptitude. The identified staff shall be assigned to the Fraud Squad for a period not less than 5 years.
3. The Fraud Squad shall report the outcome of investigations directly to the competent offices.

Article 31

(Administrative powers of the Fraud Squad)

1. With a view to fulfilling its administrative duties, the Fraud Squad, on its own initiative or upon direct request of the competent public offices, may:
a) carry out access, inspections and checks;
b) convene a meeting of the Economic Operators, notably the owners or the legal representatives thereof also assisted by Professionals, specifying the reason for the meeting, to provide them with data and information that are relevant for

the purposes of performing the tasks and duties mentioned in paragraph 1 of Article 30 of this Law. The requests submitted and the answers received shall be included in a verbatim record signed also by the Economic Operator or the representative thereof; if the Economic Operator or the representative thereof fails to sign the verbatim record, the reason for such a failure shall be indicated. The Economic Operator shall have the right to obtain copy of the verbatim record;
c) request the Economic Operators, specifying the reason thereof, to hand over and/or transmit relevant records and documents for the purposes of fulfilling the duties mentioned in paragraph 1 of Article 30 of this Law;
d) request the Economic Operators to provide specific and relevant data and information to fulfil the duties mentioned in paragraph 1 of Article 30 of this Law, also for what relates to other Economic Operators and third parties with whom they have established business relationships;
e) request copies or extracts from records and documents deposited with notaries or public offices. The copies and extracts, certified as being in conformity with the original, shall be issued on unstamped paper and in any case free of charge.
2. The meetings and requests referred to in this Article shall be notified by the Fraud Squad.

Article 32
(Access, inspections and verifications)

1. The members of the Fraud Squad may access the premises intended to be used for business activities and the relevant sites in order to carry out inspections of documents, verifications, researches and any other investigation deemed useful to prevent, detect and counter illegal administrative activities.
2. In order to fulfil the above-mentioned tasks, the Law Commissioner shall issue the necessary authorisation to access premises also used for residential purposes or intended to be used for professional activities, or in any case any places different from those indicated in the preceding paragraph.
3. Whenever the Economic Operator, or a representative thereof, declares that the accounting documents, or some of them, are located in other places, the access, inspections and verifications shall involve also these places, following the necessary authorisation issued by the Law Commissioner.
4. In any case, the Law Commissioner shall issue the necessary authorisation to search persons and coercively open sealed envelopes and safes. The judge shall grant the authorisation in case there is solid evidence of tax fraud, swindling, distortions or irregularities concerning trade.
5. Inspections, verifications and investigations shall extend to all books, registers, deeds and documents, also in electronic form, including those not subject to mandatory record keeping, which are located at the relevant premises, or which are in any case accessible through information technology equipment to be found in said premises.
6. A verbatim record shall be made of any access specifying the inspections and detections carried out, the requests made to the Economic Operator or a representative thereof, the answers provided and the documents obtained. The verbatim record shall be signed by the Economic Operator or a representative thereof or indicate the reason for any failure to sign. The Economic Operator shall have the right to obtain copy of the verbatim record.
7. The members of the Fraud Squad may take copies or extracts from the documents and deeds and sign or initial the relevant parts of the original documents, besides entering the date and affixing the official seal. The original copies of the documents and deeds may be obtained only if it is not possible to immediately copy them or transcribe their content in the verbatim record, as well as in case of failure to sign or if the content of the verbatim record has been challenged, or whenever the authenticity thereof needs to be verified or guaranteed.
8. The provisions contained in the preceding paragraphs shall apply also to verifications and researches that concern merchandise or other goods travelling on vehicles.
9. In case of refusal to present, hand over or transmit the requested documents, the Fraud Squad may coercively search for and obtain them, also without the content of the interested person. The relevant verbatim record shall be transmitted within 48 hours to the Law Commissioner, who, within 72 hours following receipt of the verbatim record, shall validate the measure, in case a refusal is not justified. If the measure is not validated, the documents shall be returned to the Economic Operator.

TITLE VI
AMENDMENTS AND INTEGRATIONS TO LAW N. 47 OF 23 FEBRAURY 2006

Art. 33
(Amendment to the definition of "Unfit party" at point 9) of paragraph 1 of Article 1 of Law n. 47 of 23 February 2006)[117]

1. Point 9) of paragraph 1 of Article 1 of Law n. 47 of 23 February 2006 is amended as follows:

[117] As last amended by Art. 1 of Decree Law n. 179 of 5 November 2010, which ratifies Decree Law n. 162 of 24 September 2010.

"9) for "Unfit Party", a natural person who:

a) has been convicted by a criminal judgement having the force of res judicata and has been punished with more than 2 years imprisonment for felonies against property, public confidence, public economy or for trafficking in narcotic drugs, committed over the last 15 years; or has been convicted by a criminal judgement having the force of res judicata for corruption, use of false invoices for inexistent operations, tax fraud, usury, fraudulent bankruptcy or money laundering committed over the last 15 years; or has suffered convictions, including non-final, or is subject to ongoing criminal proceedings, for criminal conspiracy or terrorist financing;

b) during the 12 months preceding the date of the instrument of incorporation of the company, of the share acquisition or of the appointment of directors, has been a shareholder or has had representative powers in conformity with Article 52 of Law no. 47 of 23 February 2006 in at least two San Marino companies, which have entered into ex officio or compulsory liquidation, or in a company, the license of which has been revoked by the Congress of State. The fact of being a shareholder or of having representative powers in conformity with Article 52 of Law no. 47 of 23 February 2006 shall be concurrent with the company's entering into liquidation or with the revocation of its license by the Congress of State. A shareholder or director who demonstrates that, by behaving diligently, he/she is not responsible for the decisions or activities of the company leading to its compulsory or ex officio liquidation or to the revocation of its license shall not be considered an "Unfit Person";

c) has undergone bankruptcy proceedings or equivalent proceedings under foreign legal systems, either ongoing or concluded less than five years ago;

or a legal person that:

i) is undergoing bankruptcy or compulsory liquidation proceedings for insolvency, or equivalent proceedings also under foreign legal systems;

ii) is undergoing voluntary liquidation proceedings in the presence of a cause for dissolution;

iii) during the 12 months preceding the date of the instrument of incorporation of the company or of the share acquisition, has been a shareholder of at least two San Marino companies, which have entered into ex officio or compulsory liquidation, or of a company, the license of which has been revoked by the Congress of State. The fact of being a shareholder shall be concurrent with the company's entering into liquidation or with the revocation of its license by the Congress of State. A shareholder or director, who demonstrates that, by behaving diligently, it is not responsible for the decisions or activities of the company leading to its compulsory or ex officio liquidation or to the revocation of its license shall not be considered an "Unfit Person.".

Article 34

(Amendments to Article 17 of Law n. 47 of 23 February 2006 and subsequent amendments)[118]

Article 17 of Law n. 47 of 23 February 2006 and subsequent amendments is replaced by the following:

«1. Upon acceptance of the fiduciary mandate, those Fiduciary Companies which, on the basis of this fiduciary mandate, establish companies and acquire or possess their holdings, must obligatorily procure prior Certification with regard to the grantors and declare, respectively in the articles of association of the company or during purchase of the holding, the fiduciary nature of their intervention, referencing the details of the authorisation to exercise the reserved activity.

2. Fiduciary Companies may not establish companies, acquire or possess their holdings on the basis of a fiduciary mandate if the Certification shows that the grantor or beneficial owner (*fiduciante ed effettivo beneficiario*) is an Unfit Party.".

3. Since this activity is reserved for holding companies, it remains subject to the regulatory and supervisory powers of the Central Bank of the Republic of San Marino.

4. In the cases referred to in the first paragraph, the existence of the sole partner and the related regulations as in article 12, are to be understood as referring to the grantor and not to the fiduciary company.

5. In the cases referred to in the first paragraph, being an Unfit Party, Certificates and relevant regulations as in this Law are to be understood as referring to the grantor and his/her beneficial owner and not to the fiduciary company.".

Article 35

(Replacement of Article 111 of Law n. 47 of 23 February 2006 and subsequent amendments)

1. Article 111 of Law n. 47 of 23 February 2006 and subsequent amendments is replaced as follows:

"Art.111

(Procedure)

[118] As last amended by Art. 1 of Decree Law n. 179 of 5 November 2010, which ratifies Decree Law n. 162 of 24 September 2010.

1. Within six months of their appointment, the liquidators must submit a report and a plan defining all the debts in the order of precedence required by law
2. The liquidation and insolvency procedures shall be declared closed by a Decree issued by the Law Commissioner, without any further formalities, if the liquidator's or insolvency officer's (*procuratore del concorso*) report shows no assets of if assets are lower than Euro 1,000.00.
3. The liquidators must annually present a report that highlights the key facts of the procedure. However, the period between registration of the resolution of the meeting for liquidation or of the Law Commissioner's provision that orders it, and the preparation of the final liquidation balance sheet constitutes a single tax period; the liquidators, therefore, file the tax return for this period in compliance with the tax regulations in force.
3. At the end of the operations for liquidation of assets, the liquidators present the final report with a plan for distributing any residual amounts to the shareholders. The final report must be filed with the Registry, where it must remain available to those interested for thirty days; the filing of the report must be made known by posting *ad valvas palatii* (by posting a notice at the Government Building) and in the tables of the Government Building.
4. If, within thirty days of the time-limit referred to in the paragraph above, opposition is submitted to the distribution plan through summons of the liquidator, the Commissioner of Law decides and issues a ruling on the matter. Oppositions must be combined and decided upon in the same proceedings, in which all the shareholders and creditors concerned may take part. The ruling is also binding on non-participants
5. If no opposition is submitted or if the opposition submitted is rejected, the plan is approved through a decree and the measure of the Commissioner of Law immediately renders the plan enforceable.
6. The liquidators convene the shareholders' meeting for approval of the final financial statements for liquidation, drafted on the basis of the enforceable plan. After approval, they make the payments to creditors and pay the remainder to the shareholders.

7. Once all their duties have been fulfilled, the liquidators must request cancellation of the company from the Register; after cancellation, the company ceases to exist
8. Even when the company has ceased to exist, after cancellation, unsatisfied company creditors may demand their credit from partners, up to the sums collected by the latter on the basis of the financial statements for liquidation, if non-payment is their fault.

Article 36

(Foreign documentation)

1. A specific delegated decree shall indicate the foreign documents to be accepted as equivalent to articles of association, memorandum of association, certificate of registration and other documents useful to allow foreign legal persons to operate and participate in San Marino legal persons.

TITLE VII
FOUNDATIONS AND NON-PROFIT ASSOCIATIONS

Article 37

(Transparency provisions for Associations, Foundations and Non-Profit Organizations)

1. Without prejudice to what provided for by Art. 4 of Law of 13 June 1990 n. 68 and complementing what envisaged by this same Article, the creation, administration and liquidation of Associations, Foundations and other non-Profits Organizations are subject to the provisions on legal persons contained in the Company Law (Law of 23 February 2006 n. 47), and subsequent amending and supplementing acts, to the extent they are compatible.
2. The aforesaid entities are also subject to the provisions, to the extent they are compatible, relating to the obligations, accountability and suitability requirements imposed on directors and auditors. The latter are not subject to the professional requirements provisions.
3. Associations, Foundations and other non-profit organizations shall register data and information regarding funding and funds received and the use thereof. Data, information and relevant documents shall be kept for at least 5 (five) years from the date on which funds were granted or the transaction relating to the use of funds was conducted. These data and information shall be kept by associations, foundations and other non-profit organisations and be provided, upon request, to the Law Commissioner for supervisory functions and to the Financial Intelligence Agency to perform the functions assigned by Law no. 92 of 17 June 2008. To this end, associations, foundations and other non-profit organizations shall fill in the prospectus "Detailed Funding and Uses", Attachment C to this Law. Every year associations, foundations and the other non-profit organisations shall also deposit with the Law Commissioner the balance sheet and the prospectus "Summary of Funding and Uses", Attachment D to this Law.
4. The bodies referred to in this Article are also required to keep at their registered office a Register containing the names of their associates and members. By 31 December of every year, foundations are also required to submit a list of their members to the Commercial Registry of the Single Court so as to allow the Court to update the Registry containing the names of members of Associations, Foundations and NPOs.

5. Failure to comply with information reporting, keeping and filing requirements shall lead to an administrative sanction of € 2,000.00, applied by the Office of Industry, Handicraft and Trade of the Republic of San Marino, for any single violation, following a report by the Commercial Registry Authorities of the Single Court.
6. As a provisional measure, without prejudice to the provisions issued by the Supervision Authority for Foundations and non-profit Organizations, the latter bodies shall conform to the provisions of this Article by 31 December 2010.
7. The Commercial Registry Authorities of the Single Court shall submit to the Law Commissioner the deeds relating to foundations that have not complied with the obligations set forth in paragraphs 1,2,3, and 5. The Law Commissioner will set a time-limit of 30 days within which non-compliant foundations are required to conform to the new provisions or file the missing documentations and shall warn that if such obligations are no met, the foundations will be subject to winding-up measures.

Article 38
(Special provisions for Foundations)

1. Without prejudice to what envisaged by Art. 4 of Law of 13 June 1990 n. 68 and by Art. 37 of this law, the act establishing the foundation may not be withdrawn.
2. Foundations, which must pursue the purpose of public benefit or, in any case, a socially useful purpose, shall terminate, in the instances provided for by the law, if the set objectives have been fulfilled or if they cannot be fulfilled.
3. The endowment funds must be used according to the guidelines contained in the act establishing the foundation.
4. Foundations are required to report the initial contributions making up the endowment fund and to deposit with the Commercial Registry of the Single Court the documentation attesting that contributions have been made within 60 days from their allocation or from the date on which the will was made public. Foundations are also required to deposit with the Commercial Registry of the Single Court any deed relating to further contributions enlarging the fund within the same time-limit.
5. If the requirements established by this Article are not complied with, the Law Commissioner shall terminate the non-compliant foundation ex-officio.

TITLE VIII
FINAL AND PROVISIONAL REGULATIONS

Article 39
(Access to databases)

1. The Office of Industry, Handicraft and Trade shall have access, in read-only mode, to the data and information contained in the registers, archives, databases kept and used by the Public Administration, which can be useful for performing its tasks and functions.

Article 40
(License Register)

1. The Office of Industry, Handicraft and Trade shall keep a public License Register listing all licenses issued and providing holders' names; their Economic Operator Code, statistical code, the head office, the type of activity they can pursue, the date of issuance, the status of the license, the firm, if any, and any other information deemed useful.
2. The Register can be accessed by anyone, for a charge, also through the website of the Ministry for Industry, Handicraft and Trade.

Article 41
(Services Charter)

1. Within 30 days from the publication of this law, the Office of Industry, Handicraft and Trade shall issue and made available to the public a Services Charter for said Office, which besides supplying detailed and clear information on the services provided, shall lay down the procedures to be followed for the provision of these services by identifying the people in charge for the single procedures, how long these will take, the costs and the related forms.

Art. 42
(Annexes)

1. Annexes "A" (Types of individual and handicraft business activities and professional requirements) and "B" (License fees) to this Law can be amended through a delegated decree.

Article 43
(Provisional regulation)[119]

1. By 31 May 2012 every license holder, both natural and legal persons, shall report to the Office of Industry, Handicraft and Trade the activity falling within the business type indicated on the license that has been actually carried on so as to proceed to the reclassification of the license in line with the categories set out by Article 4 of this Law. For reclassification purposes, the activity actually carried out shall be the major criterion. Those who do not comply with this obligation within the time-limits prescribed shall be subject to an administrative sanction of Euro 1,000.00. After 30 additional days from the time-limit previously set, a further sanction of Euro 3,000.00 shall be applied. Upon expiration of this second time limit with no action having been take, the license shall be suspended until the above obligation has not been fulfilled. In all cases, if by 31 December 2012 the Economic Operator has not fulfilled said obligation, the license shall be revoked *ex officio*. As of 31 May 2012 the shareholdings of legal persons, the purpose of which does not meet the criteria set by Article 9 of Law n. 47 of 23 February 2006 and subsequent amending and supplementing acts shall no longer be assignable.
2. For fixed-term licenses, obligations set by law for the issuance of a regular license must be fulfilled by 31 December 2011. Upon expiration of this time-limit, said licenses shall not be renewable.
3. By 31 December 2011, Economic Operators existing at the entry into force of this Law who, despite holding an industrial manufacturing or service license, mostly carry on a trading-intermediary activity, are required to apply for and obtain the conversion of their license, pursuant to Law n. 65 of 25 July 2000, under penalty of the revocation of the license itself.
4. Anyone who was issued a license following the procedures set out by Article 59 of Law n. 165 of 18 December 2003, if within the prescribed 6 months does not file the required documentation, shall have their license suspended and be subject to a fine of Euro 1,000.00. After 2 years of suspension, the license shall be deemed to have been renounced.
5. License holders who, despite having one or more branch offices, do not have one or more employees, as provided for by Article 13 of this Law, must hire the required employees, under penalty of the closing of the branch office, by 31 December 2010.
6. Holders of licenses that were active at the date of the entry into force of this law, are required to comply with the provisions of Article 16 of this Law, by 31 December 2010, under penalty of the application of an administrative sanction of Euro 500.00. In case of suspended license, said obligation must be fulfilled within 30 days form the reactivation of the license.
7. The procedures to be put into place following seizure referred to in the second paragraph of Article 28 of this Law shall be governed by a specific delegated decree.

Article 44
(Abrogated rules)

1. This Law shall abrogate:
Law n. 18 of 8 June 1965;
Articles 22 and 31 of Law n. 10 of 25 January 1990;
Law n. 52 of 1 July 1992;
Law n. 53 of 28 April 1999;
Decree n. 9 of 1 February 2002;
Article 59 of Law n. 165 of 18 December 2003;
Decree n. 179 of 28 December 2004;
Article 14 of Law n. 95 of 18 June 2008.
2. Any law provision not expressly mentioned in this Article and in contrast with a provision of this Law shall be deemed to be abrogated.

Article 45
(Entry into force of this Law)
1. This Law shall enter into force on the fifteenth day following that of its legal publication.
2. Provisions referred to in Articles 11 and 40 shall apply as of the 120th day following that of the publication of this law.

Done at Our Residence, on 23 July 2010

THE CAPTAINS REGENT
Marco Conti – Glauco Sansovini

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[119] As amended by Art.10 of Decree Law n. 179 of 5 November 2010, which ratifies Decree Law n. 162 of 24 September 2010.

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

Annex A

Types of individual and handicraft business activities and professional requirements

Article1

(Details on the issuance procedures for individual handicraft, industrial and service licenses)

1. When submitting the application for the issuance of a license, applicants shall choose only one of the business types listed in Articles 2 and 4 and, if necessary, request to limit this to only some entries for the activities provided for in Article 2 and 4 of this Annex. Business types may not be combined nor is it possible to request, also after the issuance of the license, to have to more types combined.

2. Any application for the issuance of a handicraft license, an individual industrial or service license involving business types different from those listed in this Annex must be authorized by substantiated decision within 60 days from the filing of the application to the Office of Industry, Handicraft and Trade, following the procedures laid down in Law n. 10 of 25 January 1990 for handicraft licenses and through a request for authorization by the Congress of State for individual industrial and service licenses. The type must be licit, feasible, specific, consistent with and related to the actual activity that will be performed.

3.Any denial to grant the authorization referred to in the previous paragraph shall be notified to applicants by a substantiated decision within 60 days from the filing of the application.

4. The authorization referred to in the second paragraph of this Article is not necessary if the holder of the license issued pursuant to this Law intends to change the purpose of the license choosing among the other types provided, on condition that the application to change the purpose is accompanied by a deed of expressed renunciation of the original license purpose by the applicant.

Article 2

(Types of handicraft business activities)

The types of handicraft business activities are the following:

A) HANDICRAFT LICENSES FOR ARTISTIC PRODUCTS

(omissis)

B) HANDICRAFT LICENSES FOR SERVICES

(omissis)

C) HANDICRAFT LICENSES FOR PRODUCTION

(omissis)

Article 3

(Training and professional expertise requirements relating to handicraft activities)

(omissis)

Article 4

(Types of industrial and services business activities)

(omissis)

Article 5

(Amendment to Article 21 of Law n. 10 of 25 January 1990)

(omissis)

Annex B

License fees

(omissis)

Annex C

PROSPECTUS OF DETAILED FUNDING AND USES
(to be kept by the association, foundation or an other non-profit organisation)

Non-profit organisation name's ____________________
Year________

A. FUNDING RECEIVED

A.1 FROM BANKS OR FINANCIAL INTERMEDIARIES

Name of the intermediary	Current account number to which the amount was credited	Amount issued (the amount granted shall be indicated in EUR)

A.2 FROM PUBLIC ADMINISTRATIONS

Name of the administration	Current account number to which the amount was credited	Amount issued (the amount granted shall be indicated in EUR)	Reason

A.3 FROM MEMBERS

Surname and name of the financing member	Current account number to which the amount was credited	Amount issued (the amount granted shall be indicated in EUR)

A.4 FROM DONATIONS

Surname and name of the donor	Current account number to which the amount was credited	Amount issued (the amount granted shall be indicated in EUR)

A.5 FROM OTHER SOURCES

Name of the financial backer	Current account number to which the amount was credited	Amount issued (the amount granted shall be indicated in EUR)

A.6 BANK DETAILS OF THE CURRENT ACCOUNTS HELD

Indicate the accounts – both existing and closed during the year - held by the association, foundation or another reporting non-profit organisation

NAME OF THE INTERMEDIARY	CURRENT ACCOUNT IBAN

B. USES OF FUNDING RECEIVED

B.1 BENEFICIARIES OF FUNDS

Beneficiary of funds (denomination or surname and name)	Purposes of the use	Amount (the amount shall be indicated in EUR)

Annex D

PROSPECTUS "SUMMARY OF FUNDING AND USES"
(to be deposited with the Judge of Supervision)

Non-profit organisation's name ____________
Year ________

A. FUNDING RECEIVED

	Funding received (the amount granted shall be indicated in EUR)
A.1 FROM BANKS OR FINANCIAL INTERMEDIARIES, OF WHICH:	
A.1.1. SAN MARINO	
A.1.2. ITALY	
A.1.3. ABROAD (1)	
A.2 FROM PUBLIC ADMINISTRATION, OF WHICH:	
A.2.1. SAN MARINO	
A.2.2. ITALY	
A.2.3. ABROAD (2)	
A.3 FROM MEMBERS, OF WHICH	
A.3.1. SAN MARINO	
A.3.2. ITALY	
A.3.3. ABROAD (3)	
A.4 FROM DONORS, OF WHICH:	
A.4.1. SAN MARINO	
A.4.2. ITALY	
A.4.3. ABROAD (4)	
A.5 OTHER FINANCIAL BACKERS (to be specified), of which:	
A.5.1. SAN MARINO	
A.5.2. ITALY	
A.5.3. ABROAD (5)	

(1) Specify the Country where the intermediary is established.
(2) Specify the Country where the public administration is established.
(3) Specify the Country where the member is resident.
(4) Specify the Country where the donor is resident.
(5) Specify the Country where the party providing financial support is established, if it is a legal person, or where it is resident, if it is a natural person.

B. USES OF FUNDING RECEIVED

Projects and activities financed, divided into categories	Amount financed (indicate the amount in EUR)
1. Social and social-healthcare assistance	
2. health assistance	
3. charity	
4. education	
5. training	
6. amateur sports	
7. protection, promotion and development of artistic and historical heritage	
8. protection and enhancement of the environment	

9. promotion of culture and art	
10. protection of civil rights	
11. scientific research of particular social interest	
12. other (to be specified)	

Law n. 129/2010 entered into force on **10 August 2010**.

26. DELEGATED DECREE 31 OCTOBER 2008 NO.136 - TRANSITORY REGULATIONS RELATING TO BEARER PASSBOOKS

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

DELEGATED DECREE 31 October 2008 no.136

We the Captains Regent
of the Most Serene Republic of San Marino

Having regard to article 90, paragraph 1, point c), of Law no. 92 of 17 June 2008;
Having regard to the decision no. 3 of the State Congress adopted in the sitting of 29 October 2008;
Having regard to article 22 of Qualified Law no.184 of 15 December 2005;
Having regard to article 5, paragraph 3, of Constitutional Law no. 185/2005 and the articles 8 and 10, paragraph 2, of Qualified Law no.186/2005;
We promulgate and send for publishing the following delegated decree:

TRANSITORY REGULATIONS RELATING TO BEARER PASSBOOKS

Article 1
(Area of application)

1. This delegated decree applies to:
a) bearer passbooks with a balance greater than € 15,000 that have not been closed or regularised by 31 December 2010;
b) bearer passbooks, regardless of the amount of the deposit recorded in them, that are still active on 1 January 2012.

Article 2
(Obliged subject)

1. Obliged subjects within the meaning of these regulations are all the San Marino banks, that is, all subjects authorised to carry on reserved activity identified by letter A of Annex 1 to Law no. 165 of 17 November 2005.

Article 3
(Recording existing statements)

1. The subjects in article 2 above must record, on 31 December 2010 and 31 December 2011, the savings deposit statements that fall under this regulation pursuant to article 1 above.

Article 4
(Ex lege closing)

1. Existing deposits represented by bearer passbooks that have not been closed or regularised by 31 December 2010, where the balance, including interest, is greater than € 15,000, shall be closed for all legal purposes as of 1 January 2011.

2. Existing deposits represented by bearer passbooks that have not been closed by 31 December 2011, regardless of the balance reported in the passbook, shall be closed for all legal purposes as of 1 January 2012.
3. This sums present in the passbooks on the date that are closed ex lege will be accounted for in the appropriate liabilities account up do the date of effective return to the rightful owner.
4. The rules specified by Law no. 92 of 17 June 2008 shall apply, for all purposes, to the operation of payment of the balance of the passbook closed ex lege 92.

Article 5

(Economic conditions of the closed deposit)

1. Closed deposits shall be non-interest bearing from the date of closure; the sum must be returned for the same nominal amount at that date.

Article 6

(Time Limits)

1. The right to the return of sums arising from closed deposits is prescribed within the limits specified by article 149 of Law no. 165 of 17 November 2005, starting from the date on which the book was closed ex lege. Once the time limits have expired, the bank is obliged to pay sums that have not been returned into the special depositors' protection guarantee fund.

Article 7

(Regularisation and conversion)

1. “Regularisation” of bearer passbooks, within the meaning of article 4 of this decree, takes place when the related balance is carried to a sum that does not exceed the threshold provided for by the rules in force.
2. “Conversion” of bearer passbooks as specified by article 31 of Law no. 92 of 17 June 2008, means the making out of an open bearer passbook to a name or to the bearer, ordered by the owner and noted on the passbook, or the opening of a new passbook or other named bank statement, at the same time and as a result of the closing of the bearer passbook.

Done at Our Residence, 31 October 2008/1708 since the Foundation of the Republic

THE CAPTAINS REGENT
Ernesto Benedettini – Assunta Meloni

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

27. DELEGATED DECREE 31 OCTOBER 2008 NO. 137 - REGULATIONS FOR THE SAFEKEEPING, ADMINISTRATION AND MANAGEMENT OF FROZEN ECONOMIC RESOURCES

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

DELEGATED DECREE 31 October 2008 no.137

We theCaptains Regent
of the Most Serene Republic of San Marino

Having regard to article 90, paragraph 1, point a), of Law no. 92 of 17 June 2008;
Having regard to the decision no. 4 of the State Congress adopted in the sitting of 29 October 2008;
Having regard to article 22 of Qualified Law no.184 of 15 December 2005;
Having regard to article 5, paragraph 3, of Constitutional Law no. 185/2005 and the articles 8 and 10, paragraph 2, of Qualified Law no.186/2005;
We promulgate and send for publishing the following delegated decree:

REGULATIONS FOR THE SAFEKEEPING, ADMINISTRATION AND MANAGEMENT OF FROZEN ECONOMIC RESOURCES

Article 1
(Communications of freezing provisions to the Civil Judge)

1. The decision with which the State Congress stipulates the freezing of funds or economic resources is communicated by the Financial Intelligence Agency to the Law Commissioner.
2. The Agency communicates to the Law Commissioner any further provision, data or information relating to the frozen funds or economic resources, as well as to the transactions and dealings that can be linked back, directly or indirectly, to persons, bodies or groups included in the lists drawn up by the relevant United Nations Committees.

Article 2
(Administrator of the funds and resources subject to freezing)

1. The Law Commissioner, should the funds and resources subject to freezing be located in the territory of the Republic, shall declare, with his own decree, the procedure of administration of the assets freezes open and shall nominate an administrator.
2. With this or a subsequent decree, the Law Commissioner shall adopt the provisions that he may deem appropriate for the purposes of safekeeping as specified in article 47 of Law no. 92 of 17 June 2008, including acts aimed at delivery of the material availability of the assets to the administrator.

Article 3
(Administrator of the funds and resources)

1. The administrator has the task of providing for the safekeeping, conservation and administration of the seized assets also during any possible appeal actions, under the direction of the Law Commissioner, also in order not to reduce, where possible, the profitability of the assets.
2. The administrator shall be chosen from among those registered in the rolls of Lawyers and Notaries, Accountants and Tax Advisors.
3. The following may not be nominated as administrators: those against whom the seizure has been ordered, those holding the assets and resources subject to freezing or in any case those to whom they are available, the spouse, relatives, in-laws and persons living with them, or the persons sentenced to a penalty that involves prohibition, even temporary, from public office.

Article 4
(Acts of extraordinary administration)

The administrator may not carry out acts of extraordinary administration without the authorisation of the Law Commissioner.

Article 5
(Administration report)

1. The administrator must, within one month of being nominated, present the Law Commissioner with a detailed report on the status and consistency of the frozen funds and resources and subsequently, with the frequency established by the Law Commissioner, with a periodic administration report, presenting, if requested, the justifying documents.
2. The administrator must also inform the Law Commissioner of the existence of any other funds or resources that can be linked to those against whom freezing was ordered, of which he may become aware.

Article 6
(Duties of the Administrator)
The Administrator must perform tasks of his office diligently and, in the event of failure to observe of his duties, can be revoked by the Law Commissioner at any time and subject to a hearing.

Article 7
(Administration costs)
The costs necessary or useful for the safekeeping and administration of the assets shall be borne by the administrator by withdrawing sums obtained by him from management of the assets. If this is not possible, the costs shall be advanced by the State.

Article 8
(Revocation or exemption from freezing)
1. The administration of the funds and resources ceases in the event of abrogation of the freezing order or acceptance of the request for exemption from freezing in accordance with articles 46, paragraph 4, and 49, paragraph 1, of Law no. 92 of 17 June 2008. 92.
2. In the case of partial abrogation or exemption, the administration shall proceed for the excess.
3. Also in the case of revocation or exemption from freezing, the administration of the funds and resources does not cease where the funds or resources have been subjected to locking in accordance with article 5, letter d) of Law no. 92 of 17 June 2008 or to seizure by the criminal Legal Authority, after the administration procedure has been opened. Revocation of the locking or seizure, or confiscation of the funds and resources shall result in cessation of the administration.
4. The provisions with which the locking or seizure of assets already subject to freezing is ordered are immediately sent to the Law Commissioner with civil functions. In the same way, the provisions for revoking the locking or seizure and the decisions with which confiscation of funds and resources is ordered shall be transmitted immediately.

Article 9
(Closure of administration)
1. The Law Commissioner, where the conditions specified in article 8 apply, shall set the Administrator a term of no more than 30 days for depositing of the management report, and, having assumed the provisions as mentioned in article 10, he shall decree the closing of the administration.

Article 10
(Remuneration for the Administrator and administration expenses)
1. The sums for payment of the administrator's remuneration and for reimbursement of administration expenses are inserted in the management report.
2. The Law Commissioner settles the remuneration owing to the Administrator by decree.
3. If the confiscation of funds and resources is ordered, the sums for the payment of the administrator’s remuneration and for administration expenses are extracted from the confiscated assets. If these assets are not sufficient in order to pay such expenses, the necessary sums shall be advanced, in whole or in part, by the State.

Done at Our Residence, 31 October 2008/1708 since the Foundation of the Republic

THE CAPTAINS REGENT
Ernesto Benedettini – Assunta Meloni

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

28. DELEGATED DECREE 28 NOVEMBER 2008 NO. 146 ON REGULATIONS OF THE FINANCIAL INTELLIGENCE AGENCY

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

DELEGATED DECREE no.146 of 28 November 2008
(Ratification of Delegated Decree no. 135 of 31 October 2008)

We the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Delegated Decree no. 135 of 31 October 2008 "Regulations of the Financial Intelligence Agency" promulgated:
Having regard to article 91 of Law no.92 of 17 June 2008;
Having regard to the decision no. 2 of the State Congress adopted in the sitting of 29 October 2008;
Having considered that the adoption of the decree in question becomes obligatory and bound within the times by Law 92/2008;
Having regard to the amendments made to the aforementioned decree during its ratification by the Great and General Council in the sitting of 25 November 2008;
Having regard to articles 30, paragraph 2, and 31, paragraph 2, of Law no. 31 of 18 February 1998;
Having regard to articles 8 and 9, paragraph 5, of Qualified Law no. 186/2005;
We promulgate and send for publishing the final text of Delegated Decree no. 135 of 31 October 2008, as modified by the amendments approved by the Great and General Council during its ratification:

REGULATIONS OF THE FINANCIAL INTELLIGENCE AGENCY

Article 1
(Logistical independence, custody and protection of data)

1. The Financial Intelligence Agency, established at the Central Bank of the Republic of San Marino, shall operate in separate premises made available by the Central Bank for the exclusive use of the same Agency.
2. The Agency shall avail of the equipment, support services, computer and communication systems made available by the Central Bank for the exclusive use of the Agency in order to ensure the correct, autonomous and efficient performance of the functions assigned by law.
3. The Agency shall adopt suitable measures to guarantee, with maximum effectiveness, that the documents, data, and information acquired, as well as the computer systems, are accessible only to the authorised personnel of the Agency.

Article 2
(Requirements of professionalism for the Director and Vice Director)

1. The Director and the Vice Director, appointed by the State Congress in accordance with article 3 of Law no. 92 of 17 June 2008 must possess following requirements of professionalism:
a. a degree in economic, legal or banking science disciplines;
b. knowledge of the financial system and financial analysis skills gained through appropriate professional experience;
c. knowledge of the systems for preventing and combating money laundering and the financing of terrorism.
2. The Director and the Vice Director must themselves ensure that they remain updated on combating money laundering and the financing of terrorism, also through participation in specific courses.

Article 3
(Requirements of honourability for the Director and Vice Director)

1. Nobody who has been sentenced, even not definitively, for a non-negligent offence to detention or to prohibition from public offices for a period of no less than year may be nominated as Director and Vice Director and, if nominated, the assignment shall be terminated.

2. The Director and the Vice Director, if subject to criminal proceedings for acts inherent to their office or for other acts of serious criminal importance, may be suspended from office by a provision of the State Congress.
3. In the case where the suspension regards both the Director and the Vice Director, the functions assigned to them shall be performed by the official of the highest level and with the greatest seniority.
4. The Director and the Vice Director shall be removed by the State Congress in the cases provided for by article 3, paragraph 2 of Law no. 92 of 17 June 2008, in the cases provided for by article 4, or in the case where they have committed or omitted acts in a situation of conflict of interest, pursuant to article 5, or where they have damaged the reputation of the office or the prestige of the Agency.

Article 4

(Requirements of independence for the Director and Vice Director)

1. The office of Director and Vice Director is incompatible with:
a. the position of partner, director, manager, statutory auditor, official, employee, auditor of the subjects designated by article 17 of Law no. 92 of 17 June 2008 of subjects designated in other States;
b. performing one of the activities specified in articles 18 letters d), e), f), 19 and 20 of Law no. 92 of 17 June 2008;
c. assignments of a political nature;
d. carrying out any other assignment, commitment, professional or advisory activity.
2. From the acceptance of the nomination, all current employment or assignments shall cease.
3. If an employee of the Central Bank is nominated as Director or Vice Director, in exception to the previous paragraph, from the acceptance of the nomination, the functions performed at the same Central Bank shall cease.
4. In accepting the nomination, the Director and Vice Director must declare any interests in companies that carry out any of the activities specified by article 17 of Law no. 92 of 17 June 2008.
5. These interests must be disposed of within 30 days of assuming office.

Article 5

(Conflicts of interest of the Director and Vice Director)

1. In carrying out their functions, the Director and the Vice Director must refrain from initiating acts or making decisions in a situation of conflict of interest.
2. A conflict of interest pursuant to the previous paragraph arises when the Director or the Vice Director, in performing their assigned functions, are called upon to perform acts that have a specific impact on their property, on that one a spouse, relatives or in-laws to the second degree, or on businesses, companies or similar bodies in which they have a direct or indirect interest.
3. The Director who finds himself in a situation of conflict of interest shall immediately inform the Vice Director of this, who shall, exclusively and without hierarchical restriction, assume the jurisdiction to perform the functions assigned to the Agency in relation to the acts or decisions due to which the Director's conflict of interest arises.
4. If a situation of conflict of interest concerns the Vice Director, he shall, regardless of the assignment of delegations, immediately inform the Director of said situation.
5. In the case where the conflict of interest regards both the Director and the Vice Director, the functions shall be performed by the official of the highest level and with the greatest seniority.
6. The provisions of this article do not exclude the application of the civil, criminal or administrative rules in force, whenever they may be applicable.

Article 6

(Regulatory and remunerative framework for the Director and Vice Director)

1. The regulatory treatment provided for by the work contract of the management officials of Central Bank shall apply to the Director and to the Vice Director; the remunerative treatment and framework shall be defined by the nomination measure.

Article 7

(Functions of the Director and the Vice Director)

1. The Director shall be responsible for the operations of the Agency, the activity of which he shall plan, manage and control in full autonomy. The Director shall adopt the provisions relating to the functions assigned to the Agency, with the right to delegate the Vice Director.

2. The Director shall coordinate and controls the operations of the personnel of the Agency, for whom he shall promotes training and updating on matters regarding the prevention and combating of money laundering and the financing of terrorism.
3. The Director shall produce an appropriate report proposing the personnel structure of the Agency and modifications thereto to the Credit and Savings Committee, with due considerations to the specific operational and organisational requirements of the Agency. The Credit and Savings Committee, having heard the Board of Management of the Central Bank, shall establish whether the personnel meets the criteria of economy, proportionality, efficiency and effectiveness and, if the report is approved, shall send it to the Central Bank for so that it can fulfil its obligations.
4. The Director of the Agency shall supervise the personnel and shall present the Board of Management of the Central Bank with the information and assessments regarding personnel for decisions on hiring, promotion and other contractual conditions.
5. The Director shall govern the organisation and operation of the Agency with independent provisions.
6. The Vice Director shall assist the Director in the carrying out his functions. Should the Director be impeded or absent, his functions shall be carried out by the Vice Director.

Article 8

(Employees)

1. The personnel of the Agency shall be hired according to the procedures and with application of the contracts in force at the Central Bank and is structured according to professionalism, level of responsibility and autonomy, functions and duties carried out.
2. Personnel must be selected in such a manner as to guarantee the complete independence of the Agency.
3. Personnel may also be hired on a fixed term contract, in compliance with the rules in force and the provisions specified in the contracts of the personnel of the Central Bank.
4. The transfer of personnel from the Central Bank to the Agency and vice versa is governed by agreement between the Director of the Agency and the General Director of the Central Bank, holding account of the operational and functional requirements of the Agency and the Central Bank.
5. The personnel of the Agency shall report directly and exclusively to the Director and the Vice Director.
6. The personnel of the Agency may not assume any other assignment or employment, carry on any other professional or advisory activity or cover assignments of a political nature.

Article 9

(Personnel from external transfers)

1. The Agency may avail of employed personnel from Public Administrations who possess the skills and requirements of professionalism and experience necessary to carry out the specific functions or duties.
2. The transfer of employees of Public Administrations, compatible with the approved staffing plan, shall be arranged following a justified request from the Director of the Agency, subject to acceptance on the part of the Director of the Public Administration in question.
3. The legal and economic treatment provided for by the contracts of employees and officials of the Central Bank shall be applied to personnel on transfer from Public Administrations for the full duration of their transfer; the burden shall fall on the Central Bank. The service performed at the Agency is equivalent, to the full effect of the law, with that performed at the Administrations of origin. Transferred personnel are entitled to be readmitted to the job that they held before.
4. The service performed by police personnel of police applied at the Agency in compliance with article 51 of Law no. 92 of 17 June 2008is equivalent , to the full effect of the law, to that performed at the respective Headquarters of origin. The related costs shall be sustained by the Administration of origin.

Article 10

(Central Bank personnel and transfer of functions)

1. Within a month of the nomination, the Director of the Agency, in agreement with the General Director of the Central Bank, shall identify the personnel of the Central Bank that the Agency will use in completing the personnel structure.
2. The General Director of the Central Bank and the Director of the Agency shall ensure the functional and rapid transfer of the functions as specified in article 93 of Law no. 92 of 17 June 2008.

Article 11

(Observance of official secrets)

1. Transferred personnel, in compliance with article 9, are obliged to comply with official secrecy regarding their Administrations and Headquarters of origin.
2. The Director, the Vice Director and the personnel of the Agency are obliged to comply with official secrecy also in regard to the Central Bank.
3. The obligation of secrecy regarding all information that may come to light in the performance of functions or duties carried out at the Agency must be observed even after the assignment or employment is terminated.

Article 12

(Costs estimate document)

1. The cost estimate document pursuant to article 2, paragraph 4 of Law no. 92 of 17 June 2008 shall specify and quantify of the financial and instrumental resources necessary for the subsequent year, established according to criteria of economy, proportionality, efficiency and effectiveness.
2. The Director of the Agency shall present the document to the Credit and Savings Committee.
3. The Credit and Savings Committee, having obtained the opinion of the Board of Management of the Central Bank and having performed the assessments specified by article 2 paragraph 4 of Law no. 92 of 17 June 2008, shall send the document with its resolution to the Central Bank.
4. The Board of Management of the Central Bank, having received the cost estimate document, shall record an appropriate item of expenditure in its Financial Statements.
5. Should any additional financial resources become necessary in order to guarantee the operation of the same Agency, the Director of the Agency may request a change to the cost estimate document in the same manner as described in this article.

Article 13

(Directors' report)

1. The directors' report, signed by the Director of the Agency, contains the overall outline of the financial and instrumental resources used by the Agency in the previous year and illustrates the items of expenditure incurred in detail. The report is sent to the Credit and Savings Committee which, with its resolution, sends it to the Board of Management of the Central Bank.

Article 14

(Operational independence and performance of financial investigations)

1. The Agency performs the tasks assigned to it by Law regarding the prevention and combating of money laundering and the financing of terrorism in full autonomy and independence.
2. The Agency shall perform the investigation functions specified in article 4, paragraph 1, letter b) of Law no. 92 of 17 June 2008, by performing the financial analysis and investigation of reports received and of the data and the information that it has at hand.
3. To perform the financial investigation function, the Agency shall exercise the powers under article 5, paragraph 1, letters a), b), c) and f) of Law no. 92 of 17 June 2008. It shall also enjoy the powers provided for by articles 8, 11, 12, 14 and 16 of Law no. 92 of 17 June 2008.

Article 15

(Assistance to the Judicial Authority)

1. On the delegation of the Judicial Authority, pursuant to article 5, paragraph 4 of Law no. 9o2 of 17 June 2008, the Agency may perform inquiries and evidence taking, availing of Police personnel transferred to the Agency, or other Police personnel specified by the Legal Authority. The reports of the actions carried out shall be immediately sent to the Judicial Authority.
2. The Judicial Authority may request the assistance of the Agency in proceedings relating to crimes of money laundering and financing of terrorism and to the offences and administrative violations provided for by Law no. 92 of 17 June 2008.
3. If the Judicial Authority receives a report pursuant to article 15 of Law no. 92 of 17 June 2008, or a report forwarded by a Police Authority, the Agency, in exception to the provisions of article 7 paragraph 1 of Law no. 92 of 17 June 2008, it shall inform the Judicial Authority of the outcome of the financial investigation carried out, even if no acts of criminal significance emerge.

Done at Our Residence, 28 November 2008/1708 since the Foundation of the Republic

THE CAPTAINS REGENT
Ernesto Benedettini – Assunta Meloni

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

29. DELEGATED DECREE NO. 74 OF 19 JUNE 2009 ON CROSS-BORDER TRANSPORTATION OF CASH AND SIMILAR INSTRUMENTS (AS AMENDED BY DECREE LAW NO. 181 OF 11 NOVEMBER 2010)

DELEGATED DECREE No. 74 of 19 June 2009
as amended by DECREE LAW no. 187 of 26 November 2010 *(Ratifying Decree Law no. 181 of 11 November 2010)*

RATIFICATION OF DELEGATED DECREE NO. 62 OF 4 MAY 2009 - CROSS-BORDER TRANSPORTATION OF CASH AND SIMILAR INSTRUMENTS

UNOFFICIAL TEXT

NOTICE

This document, drawn up by the Financial Intelligence Agency – FIA of the Republic of San Marino, is aimed at facilitating the consultation of Delegated Decree no. 74 of 19 June 2009 and subsequent amendments, as specified below.
This document is not an official text, and the Financial Intelligence Agency of the Republic of San Marino shall not be liable for any errors or omissions.
The official texts of the Laws of the Republic of San Marino are published in the Official Bulletin or on the Internet website, www.consigliograndeegenerale.sm.

DELEGATED DECREE No. 74 of 19 June 2009
as amended by DECREE LAW no. 187 of 26 November 2010 *(Ratifying Decree Law no. 181 of 11 November 2010)*
RATIFICATION OF DELEGATED DECREE NO. 62 OF 4 MAY 2009 - CROSS-BORDER TRANSPORTATION OF CASH AND SIMILAR INSTRUMENTS

Article 1
(Definitions)

1. For the purposes of this Decree, the following definitions shall apply:
a) Financial Intelligence Agency: the Financial Intelligence Agency referred to in Article 2 of Law no. 92 of 17 June 2008 ("Provisions on Preventing and Combating Money Laundering and Terrorist Financing");
b) Police Forces: the Gendarmerie Corps, the Civil Police Corps and the Fortress Guard Uniformed Unit;
c)[120];
d) cash: banknotes and coins in Euro or other currency;
e) similar instruments: bearer-negotiable instruments, including travellers cheques, cheques, bills of exchange and payment orders, issued to the bearer or without endorsement restrictions, instruments issued in a form such that the related title is transferred on delivery as well as signed instruments that do not specify the name of the beneficiary or which specify a fictitious beneficiary.

Article 2
(Transfers of money, securities and stocks and shares to and from foreign Countries)

[120] Letter c) has been repealed by Art. 32 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010).

1. Any natural person entering or leaving the territory of the Republic of San Marino shall be required to declare the transport of cash and similar instruments in Euro or foreign currencies for a total amount exceeding € 10,000 or the equivalent value.
2[121]. The declaration, made in writing, shall be filed in compliance with the model attached to this Delegated Decree; it shall be submitted to the Commands or branch offices of the Police Forces. The declaration, duly completed, shall be carried by the declarant.
A copy of the declaration, with acknowledgement of receipt, shall be returned to the declarant, who shall carry such copy with him.
The obligation to declare shall not have been fulfilled if the information provided is incorrect or incomplete
3. The obligation of declaration shall not apply to transfers by postal orders or promissory notes, or giro cheques, bank cheques or bank drafts, which specify the name of the beneficiary and the clause "non-negotiable" and are drawn on or issued by authorised parties under Law no. 165 of 17 November 2005, or drawn on or issued by foreign parties that mainly carry out an activity falling under the reserved activities indicated in Attachment 1 to Law no. 165 of 17 November 2005, established in a State applying obligations equivalent to those set forth by this Decree and imposing supervision and control over compliance with such obligations for the purposes of preventing and countering money laundering and terrorist financing.
4[122]. The obligation to declare shall also apply to transfers of cash and similar instruments, to and from foreign Countries, carried out by post. Even in such a case, the declaration shall be provided in writing, through the model attached hereto, by delivering it to the Commands or branch offices of the Police Forces within 48 hours of receipt or sending.

Article 3[123]
(Police checks)

1. During regular border controls, Police officers may verify the identity of persons, as well as inspect and search vehicles, luggage and things in order to ensure that the obligations referred to in Article 2 above are complied with.
2. Police authorities shall also subject persons, vehicles and their contents to control measures, if there are reasonable grounds to believe that the transportation of cash or similar instruments is connected with money laundering or terrorist financing.
3. Police authorities shall immediately inform the Financial Intelligence Agency of any cross-border movements of gold, precious stones or metals considered to be suspect.

Article 4
(Administrative violations)

1[124]. Anyone failing to file the declaration or providing inaccurate or incomplete information shall be punished with an administrative sanction up to 40% of the amount transferred or attempted to be transferred, exceeding the equivalent value of 10,000 euro, with a minimum of 200 euro. If a similar instrument, although bearing the drawer's signature, does not contain an indication of the amount, the fixed administrative sanction of 200 euro shall be applied for each instrument.
2. The pecuniary administrative sanction shall be applied even if the facts are envisaged as an offence by another provision of this Decree or other laws.
3. If the administrative violation is connected to an offence, the Financial Intelligence Agency shall separately prosecute the administrative violation.

Article 5
(Omitted and false declaration on the personal details of the beneficiary)

1. Unless the act constitutes a more serious offence, anyone who in making the declaration provided for in Article 2 omits to provide the personal details of the person on whose behalf they are transferring cash or similar

[121] As superseded by Art. 33 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010).
[122] As superseded by Art. 34 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010).
[123] As replaced by Art. 35 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010).
[124] As amended by Art. 36 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010).

instruments to and from foreign Countries or provides false information shall be punished by terms of imprisonment or second degree arrest or with a third degree daily fine.

Article 6
(Seizure)

1. When the provisions envisaged by Article 2 of this Decree are violated, cash and similar instruments transferred or attempted to be transferred exceeding the equivalent value of € 10,000 shall be subject to administrative seizure.
2. Police officers shall draw up an official report on the seizures made and the declarations submitted by the persons involved, who shall be invited to sign the official report and shall be entitled to receive a copy thereof. A copy of the official report shall be forwarded to the Financial Intelligence Agency. Police personnel shall deposit the sums or the assets seized with the Financial Intelligence Agency within the next working day.
3. By means of the official report referred to in paragraph 2, or a separate deed, the violations which can be punished with administrative sanctions shall be claimed and the provisions under Article 33 of Law no. 68 of 28 June 1989 shall be applied.
4. Seizure shall be executed within the limit of 40% of the amount exceeding € 10,000.
5. Seizure shall be executed without the limit specified in paragraph 4 of this Article when the object of the seizure is indivisible.
6. Seizure shall be executed without the limit specified in paragraph 4 also when, owing to the nature and amount of the assets transferred or attempted to be transferred, the related value in Euro cannot be easily assessed at the time of seizure. In such case, seized assets exceeding the limit specified in paragraph 4 shall be returned to the persons entitled within thirty days of the date on which seizure was executed.
7. The interested party may obtain return of cash, instruments and securities seized by depositing collateral equal to the maximum amount of the applicable administrative sanction with the State Treasury. The collateral may be replaced by a guarantee in the same amount provided by a bank operating in the Republic of San Marino.
8. The provisions for return referred to in previous paragraphs shall be established by the Financial Intelligence Agency.
9. The interested parties may lodge an appeal against the seizure order to the Financial Intelligence Agency under Article 12 of Law no. 68 of 28 June 1989.
10. Cash or similar instruments subject to seizure under paragraph 1 of this Article shall be returned to the persons entitled when:
a) the interested party demonstrates that one of the conditions envisaged by Article 2, paragraph 3 of this Decree applies;
b) they are not retained as payment of the administrative sanction provided for by Article 4 of this Decree;
c)[125].
11. Cash and similar instruments seized shall guarantee, with preference over any other credit, the payment of the pecuniary administrative sanctions applied.
12. The Financial Intelligence Agency shall order the return of cash and similar instruments seized, which are not retained as payment of the administrative sanction referred to in Article 4 of this Decree, to the persons entitled requesting them within five years from the date of seizure.

Article 7
(Ascertainment of violations)

1. The Financial Intelligence Agency shall ascertain the administrative violations and apply the sanctions envisaged by this Decree.
2. The provisions referred to in Title VI, Chapter III of Law no. 92 of 17 June 2008 (Provisions on Preventing and Combating Money Laundering and Terrorist Financing) shall be applied.

[125] Letter c) has been repealed by Art. 37 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010).

Article 8
(Voluntary settlement)

1. The person charged with the violation referred to in Article 4 of this Decree, by way of derogation from Article 33, paragraph 1, letter a) of Law no. 68 of 28 June 1989, may exercise the right to voluntary settlement, which consists in the immediate payment equal to 10% of the money or similar instruments exceeding the threshold of € 10,000, with a minimum of € 200.
2. The payment shall be executed, in the modalities specified in the provision for the ascertainment of the violation, within 20 days of its notification. The Financial Intelligence Agency shall order the return of money or similar instruments within ten days following receipt of proof of payment.
3. When the payment of the administrative sanction is made simultaneously with the official report by Police officers, the seizure referred to in Article 6, paragraph 4 of this Decree shall not be executed. Police officers shall deposit the equivalent amount with the State Treasury within the next working day.
4. Voluntary settlement shall not be allowed when cash or similar instruments transferred or attempted to be transferred exceed the value of € 250,000.

Article 9
(Communication to the Financial Intelligence Agency)

1[126]. Without prejudice to Article 6, paragraph 2 of this Decree, the Police Forces shall transmit a copy of all declarations received under Article 2 above to the Financial Intelligence Agency.
2. The transmission of declarations to the Financial Intelligence Agency, carried out every month, shall take place within the tenth day following the reference month.
3[127]. By way of derogation from the provision enshrined in paragraph 2 above, the Police Forces shall forward, within the next working day, a copy of the declarations referred to in paragraph 1 of this Article in the event of facts and circumstances from which it is inferred that sums of cash are related to money laundering and terrorist financing.

Article 10
(National and International Cooperation)

1. All data and information acquired by the Financial Intelligence Agency under this Delegated Decree may be exchanged with other competent national Authorities, when facts and circumstances arise from which it is inferred that sums of cash or similar instruments are connected to money laundering and terrorist financing.
2. The Financial Intelligence Agency may also exchange the information acquired with foreign financial intelligence units, under Article 16 of Law no. 92 of 17 June 2008.

Article 11
(Repeals)

1. This Delegated Decree shall completely supersede Delegated Decree no. 138 of 31 October 2008, which is therefore repealed.

Done at Our Residence, on 19 June 2009

THE CAPTAINS REGENT
Massimo Cenci – Oscar Mina

[126] As amended by Art. 38 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010).
[127] As amended by Art. 39 of Decree Law no. 187 of 26 November 2010 (Ratifying Decree Law no. 181 of 11 November 2010).

THE SECRETARY OF STATE FOR INTERNAL AFFAIRS
Valeria Ciavatta

30. DELEGATED DECREE 22 SEPTEMBER 2009 NO. 136 - URGENT PROVISIONS ON BEARER PASSBOOKS

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

DELEGATED DECREE 22 September 2009 no. 136

We, the Captains Regent of the
Most Serene Republic of San Marino

Having regard to the conditions of necessity and urgency referred to in Article 2, paragraph 2, point b) of Constitutional Law no. 183 of 15 December 2005 and in Article 12 of Qualified Law no. 184 of 12 December 2005 and precisely:
- *the need to strengthen the safety and soundness of San Marino economic and financial system and international cooperation provided by the Republic of San Marino in combating money laundering and terrorist financing, as well as in protecting national and international security;*
- *the urgency to implement immediately the relevant rules and provisions, also in view of the forthcoming assessment of San Marino banking and financial system by the Moneyval Assembly ;*

Having regard to Decision no. 1 of the State Congress adopted in its sitting of 22 September 2009;
Having regard to Article 5, paragraph 2 of Constitutional Law no. 185/2005 and Articles 9 and 10, paragraph 2 of Qualified Law no. 186/2005;
Promulgate and order the publication of the following decree-law:

URGENT PROVISIONS ON BEARER PASSBOOKS

Article 1

1. As from the entry into force of this law-decree, new bearer passbooks shall no longer be issued.

Article 2

1. All bearer passbooks, regardless of their balance, shall be closed or converted to nominative accounts by 30 June 2010. In this regard, the provisions set forth in Decree no.136 of 31 October 2008 shall apply.

Article 3

1. As from the entry into force of this law-decree, no deposits on bearer passbooks shall be allowed.

2. Without prejudice to Article 2, bearer passbooks shall be closed or converted to nominative accounts when the first withdrawal transaction is carried out. On that occasion customer due diligence requirements, referred to in Articles 21 and 22 of Law no.92 of 17 June 2008, shall be fulfilled.

Article 4

1. Withdrawals, closure or conversion of bearer passbooks of over € 15,000 shall be reported to the Compliance Officer as potential suspicious transactions, also for the purposes referred to in Article 36 of Law n.92 of 17 June 2008.

Article 5

1. The Financial Intelligence Agency shall carry out specific on-site inspections aimed at verifying the proper fulfilment of the obligations set forth in this law-decree.

Article 6

1. Any violation of the obligations envisaged by paragraph 2 of Article 3 of this decree shall be punished under Article 61 of Law no. 92 of 17 June 2008, as amended by Law no. 73 of 19 June 2009.

2. Any other violation of the obligations set forth in this law-decree shall be punished by terms of an administrative sanction from € 10,000 to € 50,000 imposed by the Financial Intelligence Agency.

Article 7

1. Any provision in contrast with this law-decree is repealed.

Done at Our Residence, on 22 September 2009

THE CAPTAINS REGENT
Massimo Cenci – Oscar Mina

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

31. DELEGATED DECREE 11 NOVEMBER 2009 NO. 154 – URGENT DIRECTIVE ON SAVING DEPOSITS

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

DELEGATED DECREE 11 November 2009 no. 154

We, the Captains Regent of the
Most Serene Republic of San Marino

Having regard to the urgent provisions contained in article 2, paragraph 2, point b) of Constitutional Law 183 of 15 December 2005 and to article 12 of Qualified Law 184 of 12 December 2005 and, more specifically, to the need to strengthen the safety and soundness of San Marino's economic and financial system and to the Republic of San Marino's international cooperation on combating money laundering and the financing of terrorism as well as on safeguarding national and international security and to the urgent need to implement the recommendations issued by the Technical Committee of National Coordination to the Credit and Savings Committee during its sitting on 30 October 2009;
Having regard to the decision 9 of the Congress of State adopted in its sitting on 9 November 2009;
Having regard to article 5, paragraph 2, of Constitutional Law No. 185/2005 and articles 9 and 10, paragraph 2, of Qualified Law 186/2005;

Hereby promulgate and order the publication of the following decree:

URGENT DIRECTIVES ON SAVINGS DEPOSITS

Article 1

1. In order to prevent and combat money laundering, the directives contained in Decree 136 of 22 September 2009 shall be extended to all bearer instruments, other than passbooks, constituting savings deposits.
2. Upon the entry into force of this decree, banks will no longer be allowed to issue new bearer instruments, other than passbooks, constituting savings deposits. The payment of interests upon maturity of the already existing ones for a total value of over Euro 15,000 will have to be reported to the Compliance Officer pursuant to article 4 of Decree 136 of 22 September 2009.

Article 2

1. When interests of bearer instruments, other than passbooks, are paid upon maturity, the obliged party must comply with customer due diligence obligations pursuant to articles 21 and 22 of Law 92 of 17 June 2008.
2. Violations of such obligations are punishable under article 61 of Law 73 of 17 June 2008.

Article 3

1. Any violation of the obligations set forth in the present decree are punishable by means of an administrative fine ranging from Euro 10,000 up to 50,000 imposed by the Financial Information Agency.

Done at Our Residence, today 11 November 2009

THE CAPTAINS REGENT

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS

32. DELEGATED DECREE 16 MARCH 2010 NO. 49 ON OFFICE OF PROFESSIONAL TRUSTEE

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

DELEGATED DECREE 16 March 2010 no. 49

We, the Captains Regent of the
Most Serene Republic of San Marino

Having regard to Article 18, paragraph 2 of Law no. 42 of 1 March 2010;
Having regard to Decision no. 11 of the State Congress, adopted during its sitting of 8 March 2010;
Having regard to Article 5, paragraph 3 of Constitutional Law no. 185/2005 and Articles 8 and 10, paragraph 2 of Qualified Law no.186/2005;
Hereby promulgate and order the publication of the following Delegated Decree:

OFFICE OF PROFESSIONAL TRUSTEE

Art. 1
(Definitions)

1. Any term used in this Delegated Decree and already defined by Law no. 42 of 1 March 2010 (Trust Institution) shall have the meaning assigned to it in the aforesaid Law.

Art. 2
(Professional exercise of the office of trustee in the Republic of San Marino)

1. The professional exercise of the office of trustee in the Republic of San Marino shall be subject to the authorization of the Supervisory Authority. This office shall also be subjected to the Supervisory Authority's control of the maintenance of requirements.
2. The professional exercise of the office of trustee shall mean the holding of the office of trustee in a plurality of trusts.
3. The authorization referred to in paragraph 1 of this Article shall be granted:
   a) to companies exercising the activities listed in Attachment 1 of Law no. 165 of 17 November 2005, having their registered office and administrative seat in the Republic of San Marino, which apply for it and whose ownership structure is identified by the Supervisory Authority;
   b) joint-stock companies, having their registered office and administrative seat in the Republic of San Marino, which apply for it, their ownership structure is identified by the Supervisory Authority and they have taken out a relevant insurance policy as security for third parties with a minimum limit of € 1,000,000.00;
   c) members of the Bar Association (including both lawyers and notaries), or the Accountants' Association (holding a university degree or a high-school certificate) in the Republic of San Marino, who apply for it and have taken out a relevant insurance policy as security for third parties with a minimum limit of € 1,000,000.00.
4. With a view to avoiding conflicts of interest, authorized parties cannot provide advice on the enactment of a trust of which they subsequently hold the office of trustee.
5. The authorization shall be revoked by the Supervisory Authority:
   a) when bogus trusts of which the authorised party is the trustee and takes part in the simulation are recognised by a final judgement;
   b) when the annual hours of professional training are not completed;
   c) when the prohibition referred to in paragraph 4 of this Article is violated.
6. The authorization shall not be granted to companies where one or more members or directors are or were members or directors of companies to which the authorization has been revoked.
7. The Supervisory Authority shall establish, by adopting a relevant measure:
   a) the terms and conditions to grant the authorization;

b) the requirements of good repute and professionalism requested to the parties dealing with the administration, direction and control of joint-stock companies exercising or aiming to exercise the office of professional trustee, referred to in Article 2, paragraph 3, letter b);
c) the requirements of good repute of the parties which hold a shareholding in the capital of companies exercising or aiming to exercise the office of professional trustee referred to in Article 2, paragraph 3, letter b);
d) conditions for the rejection of the authorization;
e) additional grounds for revocation and reasons for the suspension of the authorization;
f) provisions on mandatory annual training;
g) procedures for keeping and consulting the register of authorized trustees.

Art. 3

(Abusive exercise of the office of professional trustee)

1. Anyone exercising the office of trustee without any requirements shall be punished with second-degree arrest and a fine from € 8,000.00 to € 12,000.00.

Art. 4

(Anti-money laundering provisions)

1. Anyone exercising, in any form, the office of professional trustee in the Republic of San Marino shall be an obliged party under Article 19 of Law no. 92 of 17 June 2008, unless they are already obliged parties under Article 18 or Article 20 of Law no. 92 of 17 June 2008.
2. Anyone exercising, in any form, the office of non-professional trustee in the Republic of San Marino shall be required to keep any document relating to the trust of which they hold the office for five years from the termination of the office. Upon request of the Financial Intelligence Agency, this documentation shall be immediately made available to the Agency itself.
3. Anyone exercising, in any form, the office of non-professional trustee in the Republic of San Marino shall also be required to fulfil reporting obligations under Article 36 of Law no. 92 of 17 June 2008.
4. Any trustee that does not comply with the provisions of preceding paragraphs 2 and 3 shall be subject to sanctions under Law no. 92 of 17 June 2008.

Art. 5

(Coordination provisions)

1. Parties already authorized under Law no. 165 of 17 November 2005 and subsequent amendments, listed in the register established under Article 19 of Law no. 37 of 17 March 2005, shall be officially authorized under Article 2 of this Delegated Decree.

DONE AT OUR RESIDENCE, ON 16 MARCH 2010.

THE CAPTAINS REGENT
Francesco Mussoni – Stefano Palmieri

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

33. DELEGATED DECREE 16 MARCH 2010 NO. 50 ON REGISTRATION AND KEEPING OF THE TRUST REGISTER AND PROCEDURES FOR THE AUTHENTICATION OF THE BOOK OF EVENTS

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

DELEGATED DECREE 16 March 2010 no. 50

We, the Captains Regent of the
Most Serene Republic of San Marino

Having regard to Article 8, paragraph 1, and Article 28, paragraph 4 of Law no. 42 of 1 March 2010;
Having regard to Decision no. 12 of the State Congress, adopted during its sitting of 8 March 2010;
Having regard to Article 5, paragraph 3 of Constitutional Law no. 185/2005 and Articles 8 and 10, paragraph 2 of Qualified law no.186/2005;
Promulgate and order the publication of the following Delegated Decree:

REGISTRATION AND KEEPING OF THE TRUST REGISTER AND PROCEDURES FOR THE AUTHENTICATION OF THE BOOK OF EVENTS

CHAPTER I
GENERAL PROVISIONS

Art. 1.
(Definitions)

1. All terms used in this Delegated Decree, already defined by Law no. 42 of 1 March 2010 (Trust Act), shall have the meaning set forth in the aforesaid Law.

CHAPTER II
TRUST REGISTER

Art. 2.
(Trust Register)

1. The Office of the Trust Register of the Republic of San Marino shall be established for the registrations envisaged by law.
2. The Trust Register shall be kept with the Supervisory Authority.
3. Registration in the Trust Register shall certify the existence of the deeds and instruments which, under Law no. 42 of 1 March 2010, shall be registered, thus ensuring their maintenance.
4. The Trust Register shall not be subject to any limitation with respect to searches carried out or ordered by the Judicial Authority, the Financial Intelligence Agency and the Law Enforcement Authorities performing the functions of judicial police.

Art. 3.
(Registration in the Trust Register)

1. Trusts established under Law no. 42 of 1 March 2010 can be registered according to the procedures, terms and conditions laid down in this Delegated Decree. In accordance with the above-mentioned Law and subject to Article 11 below, the following documents shall be registered in the Trust Register:
   i) under Article 8, paragraph 4 of the aforesaid Law, the abstract of the trust instrument. The registration of the abstract in the Trust Register shall exempt obliged parties from the obligation to register the relevant trust instrument, provided that the latter has been drawn up in the form of a written document with authenticated signature. Otherwise sub-point (i), paragraph 2 of Article 11 shall be applied.

ii) under Article 13, paragraph 3 of the said Law, the amendments to the trust instrument relating to the elements specified in the abstract; as well as
iii) under Article 8, paragraph 6 of the said Law, the request for the cancellation of the trust; finally
iv) any other deed or acts which shall be registered in the Trust Register pursuant to the aforesaid Law.
2. The trust instrument and the relevant abstract which are requested to be registered shall be drawn up in Italian and, if in a foreign language, they shall be accompanied by the relevant sworn translation into Italian.
3. Registration in the Trust Register shall be requested to the parties obliged by law and shall be carried out by the Office of the Trust Register in the five working days following the request. Prior to the registration, the Office of the Trust Register shall check that the conditions requested by the Law are met, including the payment of the sanction referred to in Article 8, paragraph 8 of the said Law if the registration takes place with some delay.
4. The Office shall carry out the registration, by transcribing the authenticated abstract of the trust instrument.
5. The Office shall hand over the certificate confirming the registration of the trust to the party applying for the registration.
6. Refusal to register shall be timely notified by means of a registered letter sent to the applicant. The applicant shall appeal against this decision within thirty days to the Judicial Authority, which shall issue a relevant order.
7. Under and by virtue of Article 56 of the said Law, the Office of the Trust Register shall maintain a relevant section of the Trust Register for foreign trusts administered and managed in the Republic of San Marino. The provisions of this Delegated Decree shall be fully applied to this relevant section, without prejudice to the fact that the parties requested to apply for the registration of the trust shall specify at the time of the request if the trust can be qualified as a foreign trust under above-mentioned Article 56 of the said Law.

Art. 4

(Keeping of the Trust Register)

1. The Trust Register shall be kept in a way ensuring the completeness and accuracy of registrations.
2. The Trust Register shall be kept in a hardcopy format. Subject to special regulatory provisions, the Trust Register can also be kept in an electronic format.
3. The Trust Register, kept in a hardcopy format, shall not contain spacing, transfers to margins and erasures. Any word cancelled shall be readable.
4. The Trust Register, kept in a hardcopy format, shall be authenticated through stamping on each sheet, with progressive numbering on each paper and signed by the person responsible for the Trust Office.
5. If the data of the electronic register are inconsistent with and/or differ from those in the hardcopy format, the latter shall always prevail.

Art. 5.

(Certificates)

1. The Trust Office shall issue certificates on the data and information contained in the Register only to the trustee applying for them.
2. By way of derogation from the preceding paragraph, certificates shall be issued to parties other than the trustee when authorized by the Judicial Authority.
3. Certificates shall be issued, in accordance with the provisions on the stamp duty, within 5 working days from the request. Compliance with the original of the documents transmitted shall be certified by the person responsible for the Office of the Trust Register.
3. When fees, taxes or duties have to be paid, certificates shall be issued upon payment of such fees, taxes or duties and the collection thereof shall be confirmed in the certificate itself.

Art .6

(Amendments and cancellation from the Trust Register)

1. Any amendment referred to in Article 13, paragraph 3 of the aforesaid Law, subsequent to the registration, shall be registered in the Register, in the same forms and according to the same procedures envisaged for the registration of the trust instrument.
2. The resident trustee or the resident agent shall be required to notify in writing such amendments to the Office of the Trust Register, while paying, where necessary, the corresponding fees, duties or taxes. The Office

shall update, in the 5 working days following the notification, the Trust Register, by introducing the amendments specified and issuing the relevant certificate to the notifying party.
3. If one of the events provided by Article 15 of the said Law occurs, the resident trustee or the resident agent shall request the trust to be cancelled from the Register and shall also return the certificate confirming the registration.
4. The Office shall cancel the registration of the trust, requesting the relevant certificate to be returned or, in its absence and for its replacement, the delivery of an authenticated statement by the resident trustee or the resident agent, which shall certify the loss, destruction or stealing of the certificate.

Art. 7.
(Ex officio cancellation)

1. If registration has been made without meeting the conditions requested by law, the Judicial Authority shall order the registration to be cancelled after having heard the parties involved.

Art. 8.
(Appeal of voluntary jurisdiction)

1. An appeal against the measures of voluntary jurisdiction may be lodged with the Judicial Authority.
2. The appeal shall suspend the effectiveness of the measure contested, unless otherwise decided by the Judicial Authority.
3. The document containing the appeal shall be deposited by a lawyer with the Judicial Authority, together with the grounds and the documents proving the interest of the appellant and the grounds of appeal, within thirty days of notification of the measure.
4. The appeal referred to in this Article shall be subject to the tax for appeals of voluntary jurisdiction.
5. Additional or other appeal procedures shall not be allowed for the measures referred to in this Article.
6. Any other contentious litigation shall be regulated by ordinary rules relating to litigation.

Art. 9.
(Tax provisions)

1. The provisions referred to in Article 9 of Law no. 38 of 17 March 2005 shall be applied.

Art. 10.
(Temporary provisions)

1. Until a competent Judicial Authority is established, its powers and functions shall be exercised by the Single Court, by adopting the procedures envisaged in preceding Article 8.

Art. 11.
(Coordination provisions)

1. Under and by virtue of the combined provisions referred to in Article 9 of Law no. 38 of 17 March 2005 and Article 8 of Law no. 42 of 1 March 2010, the registration in the Trust Register, solely for the deeds and instruments subject to it, shall replace the registration provided by Law no. 85 of 29 October 1981 and subsequent amendments to all intents and purposes.
2. The provision set forth by preceding paragraph 1 shall not apply when:
   (i) the trust instrument was drawn up as a public deed, in accordance with Article 6, paragraph 1 of Law no. 42 of 1 March 2010. In this case, the Notary Public or the obliged parties, if the notary fails to provide the service, shall register not only the relevant abstract but also the public deed referred to in Law no. 85 of 29 October 1981 and subsequent amendments in the Trust Register. The registration of the public deed establishing the trust shall not be subject to taxation, in accordance with Article 9, paragraph 2 of Law no. 38 of 17 March 2005;
   (ii) it refers to any other deed, even if produced in the context and/or in execution of the trust, which is different from those referred to in Article 3, paragraph 1 above. In the case of the deeds referred to in Article 3, paragraph 1 above, the provisions mentioned in said Law no. 85 of 29 October 1981 and subsequent amendments shall be fully applied, without prejudice to the application of Article 9, paragraph 2 of Law no. 38 of 17 March 2005 also in this case.
3. The registration in the Trust Register shall not exempt the competent parties from the obligation to disclose actions or deeds of purchase, loss or disposal of rights in rem in immovable property, as specified by

Law no. 87 of 29 October 1981 and subsequent amendments. To this end, the provisions set forth by said Law no. 87 of 29 October 1981 and subsequent amendments, as well as the relevant taxes shall be fully applied.
4. The Trust Register, referred to in Decree no. 86 of 8 June 2005, shall be handed over to the Head of the Supervisory Authority by the Head of the Office of Industry, Handicraft and Trade, within 30 days of the entry into force of this Delegated Decree.

CHAPTER III
BOOK OF EVENTS

Art. 12.
(Book of Events)

1. The resident trustee or the resident agent shall create, update and keep the Book of Events, where he registers any event relating to the trust as envisaged by the law and the trust instrument, as well as any other event relating to the trust the registration of which is considered to be important and relevant.
2. Any event shall be registered in chronological order and a complete and detailed collection thereof shall be kept by the trustee.

Art. 13.
(Authentication of the Book of Events)

1. The Book of Events shall be kept in a hardcopy format, so that the data and information contained therein are complete, accurate and available.
2. The Book of Events shall be authenticated by the notary public, through stamping on each sheet and with progressive numbering on each page. The Notary shall certify the total number of sheets of which the Book of Events is composed on the last authenticated page.

Art. 14.
(Consultation of the Book of Events)

1. The Book of Events shall be made available to the parties mentioned in paragraph 4 of Article 28 of Law no. 42 of 1 March 2010, upon their request.
2. The Book of Events shall also be available to the Financial Intelligence Agency, upon its request.
3. The Book of Events shall also be made available to the parties to which the trust instrument recognises the relevant right and according to the manners and forms envisaged, if any.

CHAPTER IV
FINAL PROVISIONS

Art. 15.
(Repeal)

1. Decree no. 86 of 10 June 2005 shall be repealed.

DONE AT OUR RESIDENCE, ON 16 MARCH 2010

THE CAPTAINS REGENT
Francesco Mussoni – Stefano Palmieri

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

34. DELEGATED DECREE 16 MARCH 2010 NO. 51 ON IDENTIFICATION OF THE METHODS AND PROCEDURES NECESSARY TO KEEP THE ACCOUNTS OF ADMINISTRATIVE FACTS RELATING TO TRUST ASSETS

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

DELEGATED DECREE 16 March 2010 no. 51

We, the Captains Regent of the
Most Serene Republic of San Marino

Having regard to Article 26, paragraph 2 of Law no. 42 of 1 March 2010 n.42;
Having regard to Decision no. 13 of the Congress of State, adopted during its sitting of 8 March 2010;
Having regard to Article 5, paragraph 3 of Constitutional Law no. 185/2005 and Articles 8 and 10, paragraph 2 of Qualified Law no. 186/2005;
Promulgate and order the publication of the following Delegated Decree:

IDENTIFICATION OF THE METHODS AND PROCEDURES NECESSARY TO KEEP THE ACCOUNTS OF ADMINISTRATIVE FACTS RELATING TO TRUST ASSETS

Art .1
(Reporting and inventory)

1. The trustee shall keep the accounts of administrative facts relating to the trust fund. Accounting books shall be kept, separately for each trust, in a systematic manner and according to proper accounts standards, since they are aimed at describing analytically the changes occurred in the economic substance of the trust fund.
2. The trustee shall draw up, on the date on which the trust comes into effect, the inventory of the trust fund, together with a written report containing a summary and a description of the substance and composition of the trust fund.
3. The trustee shall draw up, on 31 December of each solar year, the trust balance sheet and the inventory of the trust fund, as well as a written report containing a summary and a description of the main events changing the substance and composition of the trust fund.
4. To this end, as the cash accounting shall be applied in any case, the trustee shall also keep, for any trust asset, or for any homogeneous category by nature and value under which assets can be classified, a summary containing:
   a) the value that can be assigned to the trust assets on the date on which the trustee becomes holder thereof as a consequence of acts of purchase not made for consideration;
   b) the value of the trust assets on the date on which the trustee becomes holder thereof as a consequence of acts of purchase made for consideration;
   c) net value differentials subsequently accrued but not realized on the trust assets;
   d) net value differentials subsequently realized on the trust assets;
   e) income and fruits deriving from the trust assets, even in damages for loss of earnings.

Art .2
(Appraisal of trust assets)

1. Trust assets shall be appraised on the basis of their just current value. This value shall be established:
   (i) for shares, bonds and other financial assets listed in stock exchanges, on the basis of the arithmetic average price recorded in the last solar month preceding the reference date;
   (ii) for other shares, participations of companies not limited by shares, and for securities or shares representing participations in the capital of entities other than companies, in proportion to the company or entity economic capital or, for newly established companies or entities, to the overall economic value of the contribution of capital. These economic values are determined on the basis of a prudent assessment of the trustee, or on the basis of a sworn appraisal report drawn up, upon request of the

trustee, by an accountant member of the relevant professional association, or by another person registered in the Register of Auditors, including audit firms;

(iii) for bonds and financial assets other than those specified in points (i) and (ii) above, by way of comparison with the normal value of the financial assets with similar features listed in stock exchanges and, where such information is lacking, on the basis of other elements which can be objectively determined;

(iv) for assets other than those specified in preceding points (i), (ii) and (iii) and for services, on the basis of the price or consideration charged on average to assets and services of equal or similar kind, at arm's length and at the same marketing stage, at the time and place the assets and services have been purchased or supplied and, where such information is not available, at the nearest time and place, or if these objective elements cannot be identified, on the basis of a prudent assessment of the trustee, or on the basis of a sworn appraisal report drawn up, upon request of the trustee, by an accountant member of the relevant professional association, or by another person registered in the Register of Auditors, including audit firms.

2. Liabilities that can be referred to individual trust assets or to total trust assets shall be assessed:

(i) In respect of liabilities whose amount and existence are certain, on the basis of the relevant nominal value;

(ii) In respect of liabilities whose amount and existence are uncertain, according to their probable value established by the trustee's prudent assessment, or resulting from a sworn appraisal report drawn up, upon request of the trustee, by an accountant member of the relevant professional association, or by another person registered in the Register of Auditors, including audit firms.

Art. 3.
(Repeal)

1. Decree no. 83 of 8 June 2005 shall be repealed.

DONE AT OUR RESIDENCE, ON 16 MARCH 2010

THE CAPTAINS REGENT
Francesco Mussoni – Stefano Palmieri

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

35. DELEGATE DECREE NO. 96 OF 27 MAY 2010 - ADOPTION OF THE ORGANISATIONAL MODEL REFERRED TO IN ARTICLE 1 PARAGRAPH 4 OF LAW NO. 6/2010 ON LIABILITY OF LEGAL PERSONS FOR OFFENCES

REPUBLIC OF SAN MARINO

The Italian text shall be legally binding

DELEGATED DECREE NO. 96 OF 27 MAY 2010

We the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 1, paragraph 4 of Law no. 6 of 21 January 2010;
Having regard to Decision no. 48 of the Congress of State, adopted during its sitting of 17 May 2010;
Having regard to Article 5, paragraph 3 of Constitutional Law no. 185/2005 and to Articles 8 and 10, paragraph 2 of Qualified Law no. 186/2005;
Promulgate and order the publication of the following Delegated Decree:

ADOPTION OF THE ORGANIZATIONAL MODEL REFERRED TO IN ARTICLE 1, PARAGRAPH 4 OF LAW NO. 6/2010 "LIABILITY OF LEGAL PERSONS FOR OFFENCES"

Art. 1
(Persons holding senior positions and organizational models of legal persons)

1. Legal persons shall be liable for administrative offences resulting from the offences referred to in Article 2, paragraph 2 of Law no. 6 of 21 January 2010, committed on their behalf or for their benefit by any of their bodies or by any person performing representative, management and administration functions within such legal persons.
2. If the offence is committed by the persons referred to in the preceding paragraph, a legal person shall not be liable if it proves that:
a) before the offence was committed, it has adopted and effectively implemented an appropriate organizational and management model designed to prevent offences of the type in question;
b) the persons have committed the offence, by fraudulently circumventing the organizational and management model.
3. If the model referred to in paragraph 2, letter a) is adopted and implemented subsequent to the perpetration of the offence, but prior to the beginning of the fist-instance proceedings, legal persons may obtain a reduction by half of the pecuniary administrative sanction referred to in Article 8 of Law no. 6 of 21 January 2010.

Art. 2
(Autonomous responsibilities of the Supervisory Board)

1. Compliance and functional oversight, as well as updating in respect of the model shall be entrusted to the supervisory board of the legal person. In addition to the requirement of independence, the aforesaid board shall be vested with autonomous powers of initiative and control.
2. The above-mentioned board shall be appointed by the administrative body of the legal person.
3. The supervisory board referred to in the preceding paragraph shall not be required to control the activity of the legal person, but it shall verify that the organizational model is appropriate and effective to prevent offences.

Art. 3

(General principles and criteria of the organizational model)

1. The organizational model shall be established as a real code of conduct with which the members of the legal person shall comply. The model shall also codify protective rules the violation of which shall entail negligence of the legal person.
2. The model shall also provide for a risk management system to identify the activities in the context of which offences may be committed. In particular the model shall envisage:
a) the adoption of an effective control and management system;
b) the identification of at-risk activities;
c) timeliness of reports when potential critical situations arise, by defining, where possible, adequate indicators for single types of risk in relation to the perpetration of offences on behalf or for the benefit of the legal person;
d) an analysis of the business environment to identify in which business area/sector and how offences or, in any case, events detrimental to the objectives specified by Law no. 6 of 21 January 2010 may occur.
3. The model shall provide for specific control protocols aimed at planning staff training and attendance, mandatory course attendance, controls over attendance and the quality of the program content, as well as the implementation of the decisions of the legal person with respect to the offences to be prevented. In addition thereto, the model shall have a clear section on the assignment of responsibilities, reporting lines and description of tasks.
4. Staff training shall be different for employees, from employees working in specific risk areas to those belonging to the Supervisory Board and performing control functions.
5. A code of ethics shall be adopted and the model shall provide for a proper disciplinary system to apply sanctions to the Board referred to in Article 2 for negligence, incompetence or because it has not been able to identify and, consequently, remove violations of the model and, in the most serious cases, the perpetration of offences.

Art. 4

(Composition and grounds for removal of a member of the Supervisory Board)

1. In case of medium and large-sized companies, the Supervisory Board shall be made up of more than a member and it shall be composed of at least three members, including an expert in the field of law, one in economics and an expert in the business area. Small-sized companies may decide to have a Supervisory Board constituted of a single member.
2. As regards the obligation to appoint a Supervisory Board composed of more than a single member, reference shall be made to paragraph 2 of Article 58 of Law no. 47/2006 and subsequent amendments and supplements.
3. The members of the Supervisory Board shall:
a) have specific skills regarding supervisory and consulting activities;
b) satisfy specific requirements of professionalism.
4. The position of member of the Supervisory Board cannot be held by a person who has been sentenced, even without a definitive sentence, for one of the offences envisaged by Law no. 6 of 21 January 2010. In addition thereto, a member of the Supervisory Board of the parent company cannot hold the office of member of the Board of Directors within subsidiaries.
5. In order to fulfil its tasks, the Supervisory Board shall rely on competent services, as well as the Internal Audit function and the company's operating units. Only with respect to financial and non-

financial parties referred to in Law no. 92 of 17 June 2008, the Board shall be informed by the Compliance Officer referred to in Article 42 of the aforesaid Law of the type of suspicious transactions reports relating to money laundering.

Art. 5
(Reporting obligations)

1. Any act, conduct or event that may entail a violation of the model shall be timely reported to the Supervisory Board, through an appropriate internal communication system.
2. Reporting obligations in relation to conducts, if any, that are contrary to the provisions of the model shall be considered as part of the employee's general duty of care and loyalty envisaged by law.
3. The proper fulfilment of the reporting obligation on the part of employees cannot give raise to the application of disciplinary sanctions.

Done at Our Residence, on 27 May 2010/1709 since the Foundation of the Republic

THE CAPTAINS REGENT
Marco Conti – Glauco Sansovini

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

36. DELEGATED DECREE NO. 62 OF 27 APRIL 2011 – PROCEDURES FOR THE RE-REGISTRATION OF SHAREHOLDINGS FOLLOWING THE WITHDRAWAL FROM A FIDUCIARY MANDATE UNDER ARTICLE 3 OF THE LAW NO. 98 OF 7 JUNE 2010 (PROVISIONS FOR THE IDENTIFICATION OF THE BENEFICIAL OWNERSHIP STRUCTURE OF COMPANIES UNDER SAN MARINO LAW)

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

DELEGATED DECREE no. 62 of 27 April 2011

We the Captains Regent
of the Most Serene Republic of San Marino

Having regard to Article 7, paragraph 2, subparagraph 2 of Law no. 98 of 7 June 2010;
Having regard to Decision no. 29 of the Congress of State, adopted in its sitting of 19 April 2011;
Having regard to Article 5, paragraph 3 of Constitutional Law no. 185/2005 and to Articles 8 and 10, paragraph 2 of Qualified Law no. 186/2005;
Promulgate and order the publication of the following Delegated Decree:

PROCEDURES FOR THE RE-REGISTRATION OF SHAREHOLDINGS FOLLOWING THE WITHDRAWAL FROM A FIDUCIARY MANDATE UNDER ARTICLE 3 OF LAW NO. 98 OF 7 JUNE 2010 (PROVISIONS FOR THE IDENTIFICATION OF THE BENEFICIAL OWNERSHIP STRUCTURE OF COMPANIES UNDER SAN MARINO LAW)

Art. 1
(Modalities for transmitting the notification of withdrawal)

The notifications of withdrawal referred to in Article 3, paragraph 3 of Law no. 98/2010 shall be sent to the addressees as follows:

a) to the settlor by registered letter with acknowledgement of receipt – or by any other suitable means to provide equivalent confirmation of receipt – sent to the address for service specified in the agreement or, if absent, to the registered residence;
b) to the legal representative of the controlled company by registered letter with acknowledgement of receipt – or by any other suitable means to provide equivalent confirmation of receipt – sent to the registered office of the company itself, resulting from the Register of Companies referred to in Article 6 of Law no. 47/2006 and subsequent amendments. If the addressee cannot be found, the fiduciary company shall be released from additional reporting obligations for the purposes of this Article;
c) to the Commercial Registry of the Single Court by registered letter with acknowledgement of receipt or by any other suitable means to provide equivalent confirmation of receipt or by filing the notification with the aforesaid Registry.

Art. 2
(*Deadlines for sending the notification of withdrawal*)

The notification of withdrawal shall be sent in accordance with the following deadlines:

a) in the cases covered by Article 3, paragraph 1, letter a) of Law no. 98/2010, within 15 days from the time at which the fiduciary company has found that the suitability requirements are no longer met;
b) in the cases covered by Article 3, paragraph 1, letter b) of Law no. 98/2010, within 15 days of the expiry of the deadlines set out by the Central Bank to verify that the suitability requirements are maintained.

Art. 3
(*Co-registration of the fiduciary mandate*)

If the fiduciary mandate is registered in the name of more than one settlor, the withdrawal obligations and rights referred to in Article 3 of Law no. 98/2010 apply even if only one of the settlors in whose name the fiduciary mandate is registered no longer meets the suitability requirements.

Art. 4
(*Lack of correspondence between the settlor and the beneficial owner – multiple beneficial owners*)

If the settlor is different from the beneficial owner, the withdrawal obligations referred to in Article 3 of Law no. 98/2010 apply even if only one of the mentioned persons no longer meets the suitability requirements.
Similarly, in the event of multiple beneficial owners, the withdrawal obligations referred to in Article 3 of Law no. 98/2010 apply even when only one of them no longer meets the suitability requirements.

Art. 5
(*Transitional provision*)

The fiduciary companies which, after the entry into force of Law no. 98/2010, have unilaterally withdrawn in compliance with Article 3 of the above-mentioned Law, may send a notice confirming the withdrawal with the contents and in the manner laid down in Article 1 of this Decree with a view to improving the re-registration procedure.

Art. 6
(*Entry into force*)

The provisions referred to in this Decree shall apply from 1 May 2011.

Done at our Residence, on 27 April 2011

THE CAPTAINS REGENT
Maria Luisa Berti – Filippo Tamagnini

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
(*Valeria Ciavatta*)

37. DECREE-LAW NO. 65 OF 14 MAY 2009 ON INTERMEDIATION OF THE CENTRAL BANK FOR THE PURPOSES OF INTERBANK DATA TRANSMISSION BETWEEN SAN MARINO AND ITALY

The Italian text shall be legally binding

REPUBLIC OF SAN MARINO

DECREE-LAW NO. 65 OF 14 MAY 2009

We the Captains Regent
of the Most Serene Republic of San Marino

Having regard to the conditions of necessity and urgency referred to in Article 2, paragraph 2, point b) of Constitutional Law no. 183 of 15 December 2005 and in Article 12 of Qualified Law no. 184 of 12 December 2005 and, more precisely, the necessity and urgency to implement an efficient information exchange system between San Marino and Italian banks in suitable times to continue, without interruption, to have access to the Italian payment system;
Having regard to Decision no. 2 of the Congress of State, adopted in the sitting of 11 May 2009;
Having regard to Article 5, paragraph 2 of Constitutional Law no. 185/2005 and Articles 9 and 10, paragraph 2 of Qualified Law no. 186/2005;
Promulgate and order the publication of the following decree-law:

INTERMEDIATION OF THE CENTRAL BANK FOR THE PURPOSES OF INTERBANK DATA TRANSMISSION BETWEEN SAN MARINO AND ITALY

Art. 1
(Purposes and definitions)

1. This Decree shall be adopted in order to allow Italian intermediaries to continue providing payment services to San Marino banks, considering the need for Italian counterparts to fulfil customer due diligence requirements in relation to customers of San Marino banks who carry out transactions settled in the Italian payment system.
2. For the purposes of this Decree, the following meanings shall be applied to the expressions used herein:
a. "Customer Database": a computer database created, managed and maintained by the Supervisory Authority and containing the identification data of customers of San Marino banks;
b. "banking activity": the activity referred to in section A of Attachment 1 to Law no. 165/2005;
c. "Supervisory Authority": the Central Bank of the Republic of San Marino;
d. "intermediary banks": Italian banks having an agreement with the Supervisory Authority, which provide, on an agreement basis, payment services to San Marino banks and customers thereof;
e. "Implementing Regulation": a regulation issued by the Supervisory Authority to implement the provisions enshrined in this Decree;
f. "payment services": transmission and execution of payment orders by means of money transfers, checks, direct debit, as well as issue of bank drafts and payment cards on the Italian payment system;
g. "customer due diligence": due diligence conducted under Article 18 and, when the conditions apply, under Article 28 of Italian Legislative Decree no. 231 of 21 November 2007.

Art. 2
(Scope)

1. The provisions of this Decree shall apply to the parties authorised to undertake banking activity in the Republic of San Marino.

Art. 3
(Establishment and management of the Customer Database containing identification data)

1. The Supervisory Authority shall be responsible for the management of a Customer Database containing the identification data of customers, their beneficial owners (if they are different from the customers), and any delegated parties which request San Marino banks to provide payment services relying on the Italian payment system for amounts exceeding the threshold specified in the Implementing Regulation issued by the Supervisory Authority under following paragraph 3. The Customer Database shall also contain identification data regarding any party to be qualified as a mere bearer of the above-mentioned requests.
2. The service shall consist in establishing the Customer Database, obtaining identification data from San Marino banks, updating the database, keeping the data recorded for a period of ten years and sending such data to the intermediary banks requiring them to fulfil customer due diligence obligations.
3. By issuing the Implementing Regulation, the Supervisory Authority shall regulate the organisation and functioning of the service referred to in this Decree. The issued provisions shall be aimed at ensuring the proper acquisition, management, consultation, maintenance and security of data, as well as the traceability of data corrections made by San Marino banks.
4. The San Marino bank having sent the data shall be the only responsible for the correctness, completeness and timeliness of the information forwarded to the Supervisory Authority.

Art. 4
(Obligations of data transmission)

1. Beginning from 20 May 2009, San Marino banks shall be required to send to the Supervisory Authority all data referred to in paragraph 1 of the preceding Article, in compliance with the procedures and time limits laid down by the Implementing Regulation.
2. San Marino banks shall be required, however, to directly provide intermediary banks with any additional information and/or document requested by intermediary banks themselves to supplement the identification data contained in the Customer Database, provided that the request is consistent with the fulfilment of customer due diligence obligations and in line with what established in the agreements and convention concluded between intermediary banks and the Supervisory Authority.
3. The Supervisory Authority may carry out on-site inspections and checks in order to ascertain San Marino banks' compliance with this Decree and the Implementing Regulation.
4. Failure to comply with these provisions and the Implementing Regulation shall be punished in accordance with Law no. 165/2005 and subsequent implementing acts.

Art. 5
(Transmission of data from the Supervisory Authority to intermediary banks)

1. The Supervisory Authority shall forward to intermediary banks the identification data received by San Marino banks. Data shall be transmitted in compliance with the specific techniques agreed between the Supervisory Authority and intermediary banks.
2. If data are incomplete or they have not been received within the time limits envisaged in the Implementing Regulation, without prejudice to Article 4, paragraph 3, the Supervisory Authority shall inform the San Marino bank, which shall make the relevant corrections.

Art. 6
(Costs)

1. The Implementing Regulation shall set forth the criteria for the reallocation of the costs due to the establishment and management of the Customer Database to San Marino banks, within the limits of the direct costs borne by the Supervisory Authority.

Art. 7
(Outsourcing of functions)

1. For the technical IT part being instrumental to the management of the Customer Database, the Supervisory Authority may rely on qualified computer suppliers who shall meet the necessary professional requirements and be able to ensure adequate levels of service and confidentiality of the identification data contained in the Customer Database.

Art. 8
(Performance of functions)

1. The Supervisory Authority shall not stop the service referred to in this Decree unless previously decided by the Committee for Credit and Savings.

Art. 9
(Final provision)

1. All activities involving the collection, processing, transmission – even outside the territory of the Republic of San Marino – and keeping of personal data, which are carried out by San Marino banks, the Supervisory Authority and intermediary banks and are related to the implementation of this Decree, shall be excluded from the application of the provisions referred to in Law no. 70 of 23 May 1995.

Done at Our Residence, on 14 May 2009

THE CAPTAINS REGENT
Massimo Cenci – Oscar Mina

THE SECRETARY OF STATE
FOR INTERNAL AFFAIRS
Valeria Ciavatta

38. COUNCIL OF THE TWELVE DECISION N. 30 OF 27 MAY 2009

The Italian text shall be legally binding

DECISION No.30

27 May 2009

Adoption of measures aimed at preventing and countering money laundering and terrorist financing for associations, foundations and other organisations subject to the supervision of the Council of the Twelve

Their Excellencies the Captains Regent inform that the Recommendations of the FATF (Financial Action Task Force) on countering terrorist financing and focusing on the *non-profit* sector - considered in the Republic of San Marino as the sector where associations, foundations and other organisations subject to the supervision of the Council of the Twelve operate, attach great importance to adequate awareness, coordination and monitoring of the aforesaid entities;

in addition, they inform that the Moneyval Committee of the Council of Europe has recommended many times, during the various evaluation rounds and in the reports consequently adopted, that such measures should also be introduced in the Republic of San Marino, thus negatively evaluating the current lack of basic regulations;

finally, they inform that the Financial Intelligence Agency, recently established, has submitted concrete proposals in order to implement the aforesaid Recommendations of the FATF and Moneyval and avoid, as far as possible, that such negative assessments are reported again.

THE COUNCIL OF THE TWELVE

Sharing what is expressed above

decides

- to contact the Council of Associations and the most representative volunteer associations in order to promote, together with the Financial Intelligence Agency, an awareness-raising and information campaign on the risk of money laundering and terrorist financing associated to the non-profit sector, addressed to all San Marino associations, foundations and other organisations;
- to adopt a Protocol of Understanding between the Council of the Twelve, the Judge of Supervision and the Financial Intelligence Agency in order to introduce coordination mechanisms to ensure the national and international exchange of information on money laundering and terrorist financing in relation to San Marino associations or foundations;
- to carry out a study on the funding sources of associations, foundations and other organisations in cooperation with the Financial Intelligence Agency;
- to prepare a questionnaire to be sent to all associations, foundations and other organisations, in cooperation with the Financial Intelligence Agency, in order to analyze the risks of abuse of the non-profit sector and its vulnerability to money laundering and terrorist financing, with the possibility to conduct regular controls;

mandates

the Bureau of the Great and General Council to arrange anything necessary to implement the points decided above, in agreement with the Financial Intelligence Agency, and to report regularly to the Council of the Twelve;

also orders

- that associations, foundations and the other organisations shall register data and information regarding funding and funds received and the use thereof. Data, information and relevant documents shall be kept for at least 5 (five) years from the date on which funds were granted or the transaction relating to the use of funds was conducted. These data and information shall be kept by associations, foundations and the other non-profit organisations and be provided, upon written request, to the Judge of Supervision for supervisory functions and to the Financial Intelligence Agency to perform the functions assigned by

Law no. 92 of 17 June 2008. To this end, associations, foundations and the other organisations shall fill in the prospectus “Detailed Funding and Uses”, Attachment no. 1 to this Decision;

- that every year associations, foundations and the other non-profit organisations shall also deposit with the Judge of Supervision the balance sheet and the prospectus “Summary of Funding and Uses”, Attachment no. 2 to this Decision.

39. CONGRESS OF STATE DECISION NO. 2 OF 6 OCTOBER 2008 - PROVISIONS FOR IMPLEMENTING THE MEASURES ADOPTED BY THE UNITED NATIONS SECURITY COUNCIL AGAINST PERSONS AND ORGANISATIONS LINKED TO OSAMA BIN LADEN, TO THE "AL -QAÏDA" GROUP OR TO THE TALEBAN

CONGRESS OF STATE

Secretary of State for Internal Affairs

Sitting of: 6 OCTOBER 2008 Decision No. 2

Subject: Provisions for implementing the measures adopted by the United Nations Security Council against persons and organisations linked to Osama Bin Laden, to the "Al -Qaïda" group or to the Taleban

THE CONGRESS OF STATE

having heard the references of the Secretary of State for Foreign Affairs, Foreign Policies and Economic Planning, of the Secretary of State for Finance and the Budget, the Postal Service and Relationships with the AASFN, regarding the measures adopted through the Resolutions from the United Nations Security Council in order to combat terrorism, the financing thereof and the activity of countries that threaten international peace and security;

confirming the commitment to pursue and strengthen international cooperation in order to combat terrorism, to prevent and suppress the financing thereof, to safeguard national and international security as well as the integrity and solidity of San Marino's economic and financial system;

having regard to decree no. 125 of 10 December 2001, which enforces the International Convention for the Suppression of Financing of Terrorism, established in New York on 9 December 1999;

having regard to the Resolutions of the United Nations Security Council, in particular Resolutions no. 1267 (1999), no. 1333 (2000), no. 1373 (2001), no. 1390 (2002), no. 1455 (2003), no. 1526 (2004), no. 1617 (2005), no. 1735 (2006) and no. 1822 (2008), recorded in the acts of the current sitting, regarding persons and organisations linked to Osama Bin Laden, to the "Al-Qaïda" group or to the Taleban;

having regard to article 46 of Law no. 92 of 17 June 2008 "Provisions for preventing and combating money laundering and the financing of terrorism";

having considered the necessity of updating the provisions adopted with decision no. 1 of 5 November 2001,

orders

the following restrictive measures:
- freezing of the funds and the economic resources held or controlled, directly or indirectly, by persons, bodies or groups included on the list based on the decisions of the Sanctions Committee (Resolution no. 1267 of 1999) regarding Al-Qaïda/Taleban, as specified in Annex 1 to this decision, in the full and updated version as at 26 September 2008;

- prohibition on transferring funds, giving financial assistance or, directly or indirectly, making funds or economic resources available to the natural persons or legal entities, to the groups or the organisations specified in Annex 1;

- prohibition on entry and stay in the San Marino territory for those persons included in the list in Annex 1;

- prohibition on the supply, sale and mediation of armaments of any type, including weapons and ammunition, vehicles and equipment, paramilitary equipment as well as of related accessories and replacement parts to the physical persons and legal entities, or to the groups and organisations included in Annex 1;

- prohibition on the supply of assistance or technical consultancy linked to military activities to the natural persons and legal entities, or to the groups or organisations included in Annex 1.

Charges

the designated authorities and public administrations to comply and ensure compliance with the provisions of this decision and to make sure that they are carried out. Failure to observe the provisions of this decision shall be punished pursuant to Articles 57 and 60 of Law no. 92 of 17 June 2008.

Mandates

the Executive Secretariat of the Congress of State to see to the immediate publication of this decision, in the manner specified by article 46, paragraph 5 of Law no. 92 of 17 June 2008.

THE SECRETARY OF STATE
(signed Valeria Ciavatta)

Extract from the summary of proceedings issued for the use of: the Most Excellent Regency, the Secretaries of State, the Central Bank, the Single Court, the Gendarmerie Headquarters, the Guards of the Fortress Headquarters, the Civil Police Headquarters, the National Central Interpol Office, the Tax Office Directorate, the Financial Intelligence Agency.

<u>The Italian text shall be legally binding</u>

40. CONGRESS OF STATE DECISION NO. 3 OF 6 OCTOBER 2008 - PROVISIONS FOR IMPLEMENTING THE MEASURES ADOPTED BY THE UNITED NATIONS SECURITY COUNCIL AGAINST THE ISLAMIC REPUBLIC OF IRAN

CONGRESS OF STATE

Secretariat of State for Internal Affairs

Sitting of: 6 OCTOBER 2008 Decision No.3

Subject: Provisions for implementing the measures adopted by the United Nations Security Council against the Islamic Republic of Iran

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THE CONGRESS OF STATE

having heard the references of the Secretary of State for Foreign Affairs, Foreign Policies and Economic Planning, of the Secretary of State for Finance and the Budget, the Postal Service and Relationships with the AASFN, regarding the measures adopted through the Resolutions from the United Nations Security Council in order to combat the activity of countries that threaten international peace and security;

having regard, in particular, to Resolutions no. 1737 (2006), no. 1747 (2007) and no. 1803 (2008) of the United Nations Security Council adopted against the Islamic Republic of Iran, an Italian translation of which is attached to this decision, and reconfirmed with Resolution no. 1835 adopted on 27 September 2008;

having regard to article 46 of Italian Law no. 92 of 17 June 2008 "Provisions for preventing and combating money laundering and the financing of terrorism";

having considered the necessity of strengthening international cooperation in order to combat the activity of countries that threaten international peace and security and of safeguarding the integrity and solidity of San Marino's economic and financial system;

having considered the necessity of updating the provisions adopted with decision no. 8 of 3 August 2007,

orders

the following measures in implementation of the aforementioned Resolutions no. 1737 (2006), no. 1747 (2007) and no. 1803 (2008) of the United Nations Security Council adopted against the Islamic Republic of Iran:
- prohibition on the supply, sale, mediation or transfer, directed or indirect, of goods, equipment or any other material including technologies and software intended for the Islamic Republic of Iran, which may be useful, in whole or in part, to Iranian activities in the area of enrichment of uranium, resumption of the preparation of uranium, of heavy water or the development of transport systems for nuclear weapons;

- prohibition on the supply of services of any kind, including financial assistance, mediation services and technical consultancy, as well as the granting of financial means and investments related to the supply, sale, transit, manufacture or use of goods for the purposes specified above;

- freezing of the funds and economic resources held or controlled by the persons and entities included in the complete list updated at September 2008, as provided in Annex 1 to this decision;

- prohibition on entry and stay in the San Marino territory for those persons included on the list in the previously mentioned Annex 1, in compliance with decisions of the competent Committee of the United Nations Security Council.

Charges

the designated authorities and public administrations to comply and ensure compliance with the provisions of this decision and to make sure that they are carried out.
Failure to observe the provisions of this decision shall be punished pursuant to Articles 57 and 60 of Law no. 92 of 17 June 2008.

Mandates

the Executive Secretariat of the Congress of State to see to the immediate publication of this decision, in the manner specified by article 46, paragraph 5 of Law no. 92 of 17 June 2008.

THE SECRETARY OF STATE
(signed Valeria Ciavatta)

Extract from the summary of proceedings issued for the use of: the Most Excellent Regency, the Secretaries of State, the Central Bank, the Single Court, the Gendarmerie Headquarters, the Guards of the Fortress Headquarters, the Civil Police Headquarters, the National Central Interpol Office, the Tax Office Directorate, the Financial Intelligence Agency.

The Italian text shall be legally binding

41. CONGRESS OF STATE DECISION NO. 9 OF 26 JANUARY 2009 - LIST OF COUNTRIES, JURISDICTIONS AND TERRITORIES WHOSE SYSTEM TO PREVENT AND COMBAT MONEY LAUNDERING AND TERRORIST FINANCING IS CONSIDERED EQUIVALENT TO INTERNATIONAL STANDARDS

CONGRESS OF STATE

Secretariat of State for Internal Affairs

Sitting of: 26 JANUARY 2009 Decision no. 9

Subject: List of Countries, Jurisdictions and Territories whose system to prevent and combat money laundering and terrorist financing is considered equivalent to international standards

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THE CONGRESS OF STATE

Having heard the reference of the Secretary of State for Finance and the Budget and Relations with the Philatelic and Numismatic State Corporation;

Having considered that, under Article 95, paragraph 5 of Law no. 92 of 17 June 2008, the Congress of State, by decision, shall identify foreign Jurisdictions whose system for preventing and combating money laundering and terrorist financing is equivalent to that set forth in international standards;

Having regard to Note no. 09/0062 of the Financial Intelligence Agency dated 20 January 2009;

Having heard the opinion of the members of the Committee for Credit and Savings;

Having acknowledged the guidelines recently adopted at international level by the Committee on the Prevention of Money Laundering and Terrorist Financing established within the European Union;

Under Article 95, paragraph 5 of Law no. 95 of 17 June 2008 (Provisions on Preventing and Combating Money Laundering and Terrorist Financing),

identifies

the following list of foreign Countries, Jurisdictions and Territories whose system for preventing and combating money laundering and terrorist financing is considered equivalent to that set forth in international standards:

Member Countries of the European Union

- Austria
- Belgium
- Bulgaria
- Cyprus
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Poland
- Portugal
- United Kingdom

- Czech Republic
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- Hungary

Member Countries of the European Economic Area

- Iceland
- Liechtenstein
- Norway

Countries which are not members of the European Union

- Argentina
- Australia
- Brazil
- Canada
- Japan
- Hong Kong
- Mexico
- New Zealand
- Russian Federation
- Singapore
- United States of America
- Republic of South Africa
- Switzerland

Other Countries/Jurisdictions/Territories

- Dutch Antilles (Dutch overseas territory)
- Aruba (Dutch overseas territory)
- Mayotte (French overseas collectivity)
- New Caledonia (French overseas collectivity having a special statute)
- French Polynesia (French overseas collectivity)
- Wallis and Futuna (French overseas collectivity)
- Jersey
- Guernsey
- Isle of Man

specifies

that the list of Countries, Jurisdictions and Territories indicated above may be regularly updated, upon proposal of the Financial Intelligence Agency, on the basis of the information available at international level or according to the decisions taken in this regard within the European Union

entrusts

the Financial Intelligence Agency with the task of releasing this Decision, as far as possible, to all obliged parties referred to in Article 17 of Law no. 92 of 17 June 2008.

THE SECRETARY OF STATE

Extract from the summary of proceedings issued for the use of: Their Excellencies the Captains Regent, the Secretaries of State, the Central Bank – the Financial Intelligence Agency, the Committee for Credit and Savings

The Italian text shall be legally binding

42. CONGRESS OF STATE DECISION NO. 55 OF 2 FEBRUARY 2009 - AMENDMENT TO THE "REGULATION GOVERNING THE KEEPING OF THE ELECTRONIC REGISTER OF LEGAL PERSONS" REFERRED TO IN ARTICLE 63 OF LAW NO. 165 OF 18 DECEMBER 2003

CONGRESS OF STATE

Secretariat of State for Internal Affairs

Sitting of: 2 FEBRUARY 2009 Decision no. 55

Subject: Amendment to the "Regulation governing the keeping of the electronic Register of Legal Persons" referred to in Article 63 of Law no. 165 of 18 December 2003

THE CONGRESS OF STATE

having heard the references of the Secretary of State for Justice, Information, Research and Relations with the Township Councils;
having regard to its previous Decision no. 55 of 25 October 2004 and the attached "Regulation governing the keeping of the electronic Register of Legal Persons";
having considered that under Article 26 of Law no. 47 of 23 February 2006, as amended by Decree no. 130 of 11 December 2006, which requires that the deeds of transfer of holdings and shares shall be filed with the Registrar's office of the Single Court, the examination of the folder allows to verify the corporate structure; furthermore, at present the Registrar shall issue the relevant certifications in compliance with the provisions and measures taken by the Chief Magistrate on 3 February 2003, Ref. no. 34/D/03;
having considered that the Secretariats of State and the Public Offices involved, the Judicial Authority, the Supervising Authorities of the Central Bank and over economic activities, the Financial Intelligence Agency, as well as the Police Forces performing the functions of judicial police need to have timely access to the data concerning the company structure;
having considered that Article 6 of Law no. 47 of 23 February 2006 (regulating the contents of the public Register of Companies) does not indicate the members' names among the data which shall be entered in the public register,

authorises

the Registrar's Office of the Single Court to indicate the data related to the members of limited liability companies and joint-stock companies in a special section of the Register of Companies, to which only the above-mentioned Authorities shall be granted access;

orders

that the following paragraph is added to Article 4 of the "Regulation governing the keeping of the electronic Register of Legal Persons": "No restriction shall be applied to the investigation activities and inquiries carried out or ordered by the Secretariats of State and the Public Offices involved, the Judicial Authority, the Supervising Authorities of the Central Bank and over economic activities, the Financial Intelligence Agency and the Police Forces performing the functions of judicial police."

Acknowledges

that separate databases on members shall also be created for all registers related to legal persons (associations, foundations, cooperatives, consortiums, etc.), which are kept at the Registrar's Office of the Single Court. These databases shall be set up with the same characteristics and consultation modalities as the ones for companies.

Mandates

the Office of Economic Planning, Data Processing and Statistics and the Chief Magistrate of the Single Court to take any necessary action falling within their competence.

THE SECRETARY OF STATE

Extract from the summary of proceedings issued for the use of: Their Excellencies the Captains Regent, the Secretaries of State, the Department Coordinators, the Control and Supervision Commission referred to in Article 15 of Law no. 53 of 28 April 1999, the Office for Control and Supervision of economic activities and the Central Liaison Office referred to in Law no. 95 of 18 June 2008, the Supervision Division of the Central Bank of the Republic of San Marino, the Financial Intelligence Agency, the Guarantor for the Protection of Personal Data, the Public Institution for Gaming Activities, the Office for International Economic Relations, the Single Court, the Office of Economic Planning, the Office of Industry, the Tax Office, the Registration Office, the Direction of the Labour Office, the State Lawyers' Office, the Gendarmerie Headquarters, the Civil Police Headquarters, the Fortress Guard Headquarters.

The Italian text shall be legally binding

43. CONGRESS OF STATE DECISION N. 1 OF 20 APRIL 2009 - REPLACEMENT OF THE CONSOLIDATED LIST ATTACHED TO THE DECISION N. 2 OF 6 OCTOBER 2008

CONGRESS OF STATE

Secretariat of State for Internal Affairs

Sitting of: 20 April 2009/1708 d.F.R. Decision n.1 File n.1165

Subject: Replacement of the consolidated list attached to the decision n. 2 of 6 October 2008

THE CONGRESS OF STATE

having heard the references of the Secretary of State for Foreign Affairs, Foreign Policies and of the Secretary of State for Finance and the Budget;
view the previous Congress of State Decisions n. 2 of 6 October 2008 'Provisions for implementing the measures adopted by the United Nations Security Council against persons and organisations linked to Osama Bin Laden, to the "Al -Qaïda" group or to the Taleban';
having considered that on 15 April 2009 the United Nation Security Council amended and updated the list of persons and organisations linked to Osama Bin Laden, to the "Al -Qaïda" group or to the Taleban,

Mandates

the list attached in the annex of the afore mentioned decision is replaced by the attached list

Mandates

Competent Authorities to observe and make observe this decision.

Requests

The State Administrations that keep public registries and the obliged parties under Law 17 June 2008, n.92 to consult, on a regular basis, the Consolidated List and for purpose of notice on the following official United Nations website: http://www.un.org/sc/committees/1267/consolist.shtml.

Mandates

the Executive Secretariat of the Congress of State to provide for the immediate publication of this decision, in the manner specified by article 46, paragraph 5 of Law n. 92 of 17 June 2008.

THE SECRETARY OF STATE

Extract from the summary of proceedings issued for the use of: the Most Excellent Regency, the Secretaries of State, the Central Bank, the Single Court, the Gendarmerie Headquarters, the Guards of the Fortress Headquarters, the Civil Police Headquarters, the National Central Interpol Office, the Tax Office Directorate, the Financial Intelligence Agency, The Office for Control and Supervision of economic activities, Central Liaison Office, Office Register and Mortgages, Automobile Register, Handicraft Industry and Commerce Office, Patent and Trademark Office, Civil Aviation and shipping Authority

The Italian text shall be legally binding

44. CONGRESS OF STATE DECISION NO. 17 OF 11 MAY 2009 - COOPERATION OF LAW ENFORCEMENT AUTHORITIES IN PREVENTING AND COUNTERING MONEY LAUNDERING AND TERRORIST FINANCING

CONGRESS OF STATE

Secretariat of State for Internal Affairs

Sitting of: 11 May 2009 Decision no. 17

Subject: Cooperation of Law Enforcement Authorities in Preventing and Countering Money Laundering and Terrorist Financing

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THE CONGRESS OF STATE

Having heard the reports by the Secretary of State for Foreign Affairs, Political Affairs, Telecommunications and Transport, the Secretary of State for Internal Affairs and Civil Protection, and the Secretary of State for Finance and the Budget and the Relations with the Philatelic and Numismatic State Corporation on the activities implemented by the enlarged Committee for Credit and Savings;

Having regard to FATF Recommendation no. 27, under which States should ensure "that designated law enforcement authorities have responsibility for money laundering and terrorist financing investigations";

Having considered that the Government is resolved to take steps to ensure that the Republic of San Marino will receive a positive assessment in September with regard to compliance with recommendations and International standards relating to the prevention and the fight against money laundering and terrorist financing;

Having considered the need to implement the provision referred to in Article 12, paragraph 2 of Law no. 92 of 17 June 2008, in the part stating that "the Police Authority, in the fulfilment of its statutory role, may also conduct activities of preventing and combating money laundering and terrorist financing on its own initiative";

Having heard the report by Mrs. Rita Vannucci, in her capacity as Judge belonging to the Committee for Credit and Savings;

Having regard to the note which the Commanders of Police Forces have sent to Mrs. Rita Vannucci, where they agree with the identification of the personnel chosen for the functions indicated below.

appoints

as members of the Police Forces cooperating with the Investigating Judge, to whom they shall exclusively respond in the prevention and suppression of money laundering, terrorist financing and financial crimes:

- for the GENDARMERIE: Vice-Brigadier Gianluca Menicucci; Corporal Graziano Valli;
- for the CIVIL POLICE: Inspector Paolo Francioni and Inspector Paolo Morri;
- for the GUARDIA DI ROCCA (FORTRESS GUARD): Sergeant Major Livio Lettoli and Sergeant Giuseppe Simoncini.

In order to conclude investigations rapidly and effectively, the Investigating Judge may rely on the aforesaid officials; furthermore, he may rely on any other person belonging to Police Forces if necessary to carry out the tasks and investigations assigned. Priority shall be given to these investigations rather than duties or tasks concerning other issues and the designated officials shall exclusively respond to the Investigating Judge in this regard.

Furthermore, all personnel of the Law Enforcement Authorities shall have the duty to conduct investigations of their own initiative, aimed at preventing and countering money laundering and terrorist financing:

1. when, in the exercise of ordinary functions, they suspect that proceeds are generated from an offence. In this case, they may also ask for the cooperation of the Financial Intelligence Agency in order to obtain any relevant financial analysis;

2. when they carry out investigations related to offences which might constitute predicate offences for money laundering. In this event, they shall conduct their investigations not only to identify the offender and the offence itself, but also to search for the location of illicit proceeds and to establish whether the illegal proceeds have been used to commit other offences.

Mandates

the Commanders of Law Enforcement Authorities to give the relevant implementing orders.

THE SECRETARY OF STATE

Extract of minutes for use by: Their Excellencies the Captains Regent, the Secretaries of State, the Secretariat of State for Foreign Affairs, Secretariat of State for Internal Affairs, the Secretariat of State for Finance, to the Commanders of Law Enforcement Authorities, the Single Court, the Judge being a member of the Committee for Credit and Savings and of the Financial Intelligence Agency