

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

2<sup>nd</sup> REGULAR FOLLOW-UP PROGRESS REPORT

# 4<sup>th</sup> ROUND MUTUAL EVALUATION OF SAN MARINO

APRIL 2015



San Marino is a member of MONEYVAL. This progress report was adopted at MONEYVAL's 47<sup>th</sup> Plenary meeting (Strasbourg, 14-17 April 2015). For further information on the examination and adoption of this report, please refer to the Meeting Report of the 47<sup>th</sup> plenary at <http://www.coe.int/moneyval>.

© [2015] Committee of experts on the evaluation of anti-money laundering measures and the financing of terrorism (MONEYVAL).

All rights reserved. Reproduction is authorised, provided the source is acknowledged, save where otherwise stated. For any use for commercial purposes, no part of this publication may be translated, reproduced or transmitted, in any form or by any means, electronic (CD-Rom, Internet, etc...) or mechanical, including photocopying, recording or any information storage or retrieval system without prior permission in writing from the MONEYVAL Secretariat, Directorate General of Human Rights and Rule of Law, Council of Europe (F-67075 Strasbourg or [moneyval@coe.int](mailto:moneyval@coe.int))

## TABLE OF CONTENTS

<b>1. INTRODUCTION</b> .....	5
<b>2. MAIN CONCLUSIONS AND RECOMMENDATIONS TO THE PLENARY ON PROGRESS MADE SINCE THE 4<sup>TH</sup> ROUND MER</b> .....	6
<b>3. OVERVIEW OF SAN MARINO’S PROGRESS</b> .....	9
<b>4. REVIEW OF THE MEASURES TAKEN IN RELATION TO THE CORE RECOMMENDATIONS RATED PC</b> .....	10
<b>Recommendation 5 – Customer Due Diligence</b> .....	10
<b>Special Recommendation II - Criminalise terrorist financing</b> .....	18
<b>5. REVIEW OF THE MEASURES TAKEN IN RELATION TO THE KEY RECOMMENDATIONS RATED PC</b> .....	22
<b>Recommendation 23 - Regulation, supervision and monitoring</b> .....	22
<b>Recommendation 40 - Other forms of co-operation</b> .....	24
<b>Special Recommendation III - Freezing and confiscating terrorist assets</b> .....	26
<b>Special Recommendation I – Ratification and implementation of the UN instruments</b> .....	29
<b>6. ANNEX I OVERVIEW OF THE MEASURES TAKEN IN RELATION TO OTHER RECOMMENDATIONS RATED PC</b> .....	31
<b>R.12 - DNFBP (R.5, 6, 8-11)</b> .....	31
<b>R.15 - Internal controls, compliance and audit</b> .....	34
<b>R.16 - DNFBP (R.13-15 &amp; 21)</b> .....	35
<b>R.18 - Shell banks</b> .....	38
<b>R.24 - DNFBP (regulation, supervision and monitoring)</b> .....	39
<b>R.27 - Law enforcement authorities</b> .....	40
<b>R.30 - Resources, integrity and training</b> .....	41
<b>SR.VI - AML requirements for money/value transfer services</b> .....	45
<b>SR.IX - Cross Border Declaration &amp; Disclosure</b> .....	45
<b>7. ANNEX II - LIST OF RECENT AML/CFT LEGISLATION, REGULATIONS AND GUIDANCE ADOPTED AND IN FORCE:</b> .....	47

This report, submitted by San Marino under the regular follow-up process provides an overview of the measures that San Marino has taken to address the major deficiencies relating to Recommendations rated NC or PC since its last mutual evaluation. The progress shown indicates that sufficient action has been taken to address those major deficiencies, and in particular those related to Recommendations 5, Special Recommendations I, Recommendations 23 and 40 and Special Recommendations I and III. It should be noted that the original rating does not take into account the subsequent progress made by the State or territory.

**LIST OF ACRONYMS**

<b>AML/CFT Law</b>	Law no. 92 of 17 June 2008 on “ Provisions on preventing and combating money laundering and terrorist financing” as amended
<b>CBSM</b>	Central Bank of the Republic of San Marino
<b>CC</b>	Criminal Code
<b>CCP</b>	Code of Criminal Procedure
<b>CDA</b>	Central Depository Agency
<b>CDD</b>	Customer Due Diligence
<b>CETS</b>	Council of Europe Treaty Series
<b>CFT</b>	Combating the financing of terrorism
<b>CPC</b>	Criminal Procedure Code
<b>CRC</b>	Collegio Ragionieri Commercialisti (Association of Accountants of San Marino)
<b>DNFBPS</b>	Designated Non-Financial Businesses and Professions
<b>EC</b>	European Commission
<b>ETS</b>	European Treaty Series [since 1.1.2004: CETS = Council of Europe Treaty Series]
<b>EU</b>	European Union
<b>FATF</b>	Financial Action Task Force
<b>FCA</b>	Financial Companies Association
<b>FIA</b>	Agenzia d’Informazione Finanziaria (Financial Intelligence Agency of San Marino)
<b>FIU</b>	Financial Intelligence Unit
<b>FT</b>	Financing of Terrorism
<b>LEA</b>	Law Enforcement Agency
<b>ISS</b>	Inspection Supervision Service of the CBSM
<b>IT</b>	Information technologies
<b>ML</b>	Money Laundering
<b>MLA</b>	Mutual legal assistance
<b>MoU</b>	Memorandum of Understanding
<b>MVT</b>	Money Value Transfer
<b>NCCT</b>	Non-cooperative countries and territories
<b>NPO</b>	Non-Profit Organisation
<b>OBS</b>	Office of Banking Supervision
<b>ODC</b>	Ordine Dottori Commercialisti (Association of accountants)
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OFAC</b>	Office of Foreign Assets Control (US Department of the Treasury)
<b>PEP</b>	Politically Exposed Persons
<b>SAR</b>	Suspicious Activity Report
<b>SCSM</b>	State Congress San Marino
<b>SR</b>	Special recommendation
<b>STRs</b>	Suspicious transaction reports
<b>UN</b>	United Nations
<b>UNSCR</b>	United Nations Security Council resolution

## Mutual Evaluation of San Marino: 2nd follow-up report

### Application to move from regular follow-up to biennial updates

Note by the Secretariat

#### 1. INTRODUCTION

1. The 4<sup>th</sup> round on-site visit to San Marino took place from from 6 to 11 September 2010. MONEYVAL adopted the mutual evaluation report (MER) of San Marino under the fourth round of assessment visits at its 36<sup>th</sup> Plenary meeting (September 2011). As a result of the evaluation process of San Marino, 4 FATF Recommendations were evaluated as “compliant”, 30 as “largely compliant” and 15 as “partially compliant”. San Marino was rated PC in respect of the following Recommendations:

<b><i>Core Recommendation rated PC (no core recommendation were rated NC)</i></b>
Recommendation 5 ( Customer Due Diligence ) Special Recommendation II (Criminalise terrorist financing)
<b><i>Key Recommendation rated PC (no key recommendation were rated NC)</i></b>
Recommendation 23 ( Regulation, supervision and monitoring) Recommendation 40 (Other forms of co-operation) Special Recommendation I ( Ratification and implementation of the UN instruments ) Special Recommendation III (Freeze and confiscate terrorist assets)
<b><i>9 other Recommendations rated PC (no other recommendation were rated NC)</i></b>
Recommendation 12 (DNFBPs R.5, 6, 8-11) Recommendation 15 (Internal controls, compliance and audit) Recommendation 16 (DNFBP R.13-15 & 21) Recommendation 18 (Shell banks) Recommendation 24 ( DNFBP regulation, supervision and monitoring) Recommendation 27 (Law enforcement authorities) Recommendation 30 (Resources, integrity and training) Special Recommendation VI (AML requirements for money/value transfer services) Special Recommendation IX (Cash Couriers)

2. As a result of the evaluation, San Marino was placed into regular follow-up on the basis of Rule 48 (a) of the Rules of Procedure, and was encouraged to seek removal from the follow-up process within three years after the adoption of the 4th round MER, or very soon thereafter, though the Plenary retains discretion to allow further time where this is necessary.

3. San Marino reported back to the plenary and provided information on actions it had taken or was taking to address the factors/deficiencies underlying any of the 40 + 9 Recommendations that were rated partially compliant (PC) or non-compliant (NC) at the 45<sup>th</sup> Plenary (September 2014). On 13 February 2015, San Marino submitted a full follow-up report and indicated its intention to apply for removal from regular follow-up at the 47<sup>th</sup> Plenary meeting.

4. This paper is drafted in accordance with the procedure for removal from the regular follow-up, following the request formulated by San Marino to consider its application under the Rules of procedure. The paper attached contains a detailed description and analysis of actions taken by San Marino in respect of the core<sup>1</sup> and key<sup>2</sup> recommendations rated partially compliant –PC) in the MER (none of the core and key Recommendations were rated non-compliant –NC).

5. The procedure requires that the country has an effective AML/CFT system in force, under which the State or territory has implemented the core and key recommendations at a level of or at a level essentially equivalent to a compliant (C ) or largely compliant (LC), taking into consideration that there would be no re-rating. The plenary may retain some limited flexibility with regard to those Recommendations listed above that are not core Recommendations if substantial progress has also been made on the overall set of Recommendations that have been rated PC or NC.

6. As prescribed by the mutual evaluation procedures, San Marino has provided the secretariat with a full report on its progress. The Secretariat has drafted a detailed analysis of the progress made for the two core recommendations which were rated PC (R.5 and SR.II) and the four key recommendations which were rated PC (R. 23, R.40, SR.I and SR.III). The secretariat has also prepared an analysis of the 9 other recommendations which were rated PC.

7. As a general note, all applications for removal from regular follow up: the procedure is described as a paper desk based review, and by its nature it is less detailed and thorough than a mutual evaluation report. The analysis focuses on the recommendations that were rated PC (no recommendations were rated NC), which means that only a part of the AML/CFT system is reviewed. Such analysis essentially consists of looking into the main laws, regulations and other material to verify the technical compliance of domestic legislating with the FATF standards. In assessing whether sufficient progress has been made, effectiveness is taken into account to the extent possible in a paper-based review and primarily through a consideration of data provided by the country. It is also important to note that these conclusions do not prejudice the results of future assessments, as they are based on information which was not verified through an onsite process and was not, in every case, as comprehensive as would exist during a mutual evaluation.

## **2. MAIN CONCLUSIONS AND RECOMMENDATIONS TO THE PLENARY ON PROGRESS MADE SINCE THE 4<sup>TH</sup> ROUND MER**

### ***MONEYVAL Core Recommendations***

8. As concerns Recommendation 5 (CDD), the MER had identified 9 deficiencies, out of which three related to effectiveness issues, and 12 recommendations had been made to the authorities to improve compliance with the requirements of R 5 and effectiveness. As detailed in the analysis attached and in the report submitted by the authorities, action has been taken, to remedy the deficiencies identified in the

<sup>1</sup> The core recommendations as defined in the FATF procedures are R.1, SR II, R5, R10, R13 and SR IV.

<sup>2</sup> The key recommendations as defined in the FATF procedures are R.3, R4, R26, R23, R35, R36, R40, SR I, SR III, and SR V.

fourth round report in relation to CDD. The authorities have not yet completed a formal national risk assessment, however they have continued to take measures to implement a risk based approach. Blanket exemptions from CDD have been removed, the AML/FT law now requires obliged parties not to apply simplified customer due diligence measures when there is suspicion of money laundering or terrorist financing; obliged entities are required under the law to adopt risk management procedures in relation to cases where a customer is permitted to utilize the business relationship prior to verification and to conduct ongoing due diligence on the business relationship, regardless of the risk profile of the customer. Measures have also been taken to improve the risk classification for the purpose of application of enhanced CDD and to ensure that appropriate measures are allocated for this purpose by financial institutions. There remain some minor shortcomings as set out in the analysis. Out of the six technical deficiencies, one has been largely addressed, while others have been addressed. Important measures have been taken to address the effectiveness issues, though a comprehensive analysis of their implementation could only be undertaken during an on-site visit and is limited in the context of a desk review. In light of the above, San Marino's current level of compliance with R5 is assessed to be equivalent to LC.

9. For SR.II (Criminalisation of TF), San Marino has addressed the majority of shortcomings identified in the MER, including by adopting legislation on 10 April 2015 to ensure that all offences as required by the conventions annexed to the Terrorist Financing Convention are adequately transposed and criminalised in the Sammarinese legal order; including their financing. Criminal liability for legal persons for FT has also been introduced. Overall, the legal changes are relatively recent and some training has been carried out for practitioners on with respect to the FT legislation and the liability of legal persons for FT. Overall, this Special Recommendation has been sufficiently addressed and the level of compliance has been brought to a level comparable at a minimum to largely compliant.

#### ***MONEYVAL Key Recommendations***

10. On R23 (Supervision of financial institutions), San Marino has generally addressed all issues related to R.23. The FIA has adopted a risk based approach to supervisory activities, improving its risk profiling and off-site supervision activities. The staffing of the FIA supervisory unit has increased by one person. The data provided in respect of financial institutions that have been subject to either general inspections (with or without AML/CFT component) and to specific AML/CFT inspections show that, at least from a desk based review, the supervisory arrangements and the performance of the supervisory authority appear to have substantively improved when compared with the previous situation. The assessment of effectiveness aspects related to the adequacy of the supervisory arrangements and performance is however limited in the context of a desk based review and remains to be demonstrated, in the context of an onsite visit. It also remains to be demonstrated that the supervisory arrangements and performance have led to an efficient implementation of the supervisory function. Subject to these issues, San Marino has so far undertaken sufficient action to address the shortcomings related to R 23 and has reached a satisfactory level of compliance.

11. With regard to R40 (International Co-operation other authorities), the 2011 MER identified two technical issues and one effectiveness issue. The report notes that the legal basis for co-operation between FIA and foreign supervisory authorities which are not financial intelligence units has been clearly established and the scope of information which can be shared is no longer limited to information related to FIU investigations. The CBSM is no longer competent for AML/CFT issues. Some action has also been taken to revisit the co-operation mechanisms in the context of police to police co-operation and data provided indicates that the average time of execution of requests has been shortened. Keeping of statistics has also improved as evidenced by the data provided in the report submitted by San Marino. For these reasons San Marino's current level of compliance with R40 is assessed to be essentially equivalent to Largely Compliant.

12. As concerns SRI (International TF Instruments), compliance was improved to a level equivalent to LC. See the conclusions under SR. II and SR. III for substantive information.

13. In relation to SR III (Freezing of terrorist assets), San Marino has made important progress since the adoption of the MER in order to address the shortcomings identified, and has received legal technical assistance from the UNODC in this context. As noted above, the procedures set out in order to implement the requirements related to UNSCR 1373 continue to suffer from certain shortcomings (i.e. no procedure for de-listing requests under UNSCR 1373) and the Congress of State appears to have a discretionary role and is able to set out limitations for reasons of public order or interest (though this has never occurred in practice). Implementation of SR III requirements is being monitored by the authorities and measures have been taken to increase awareness among obliged entities. There have been no cases of terrorist asset freezing in San Marino to date. Taking into account the progress achieved, from a desk based review, compliance with SR III has improved and can be considered to be at a level equivalent to Largely Compliant.

### **Conclusion**

14. The mutual evaluation follow-up procedures indicate that for a country to have taken sufficient action to be considered for removal from the process, it must have an effective AML/CFT system in force under which it has implemented all core and key recommendations at a level essentially equivalent to C or LC, taking into account that there would be no re-rating.

15. San Marino has made sufficient progress for all core and key Recommendations. Consequently, it is recommended that San Marino is removed from the regular follow-up process, with a view to having it present its first biennial update in April 2017.



### 3. OVERVIEW OF SAN MARINO'S PROGRESS

#### National Risk Assessment

16. A formal national risk assessment to assess the areas of vulnerability to money laundering and terrorist financing in San Marino, has not yet been undertaken. However, on 3 April 2014, San Marino formally requested technical assistance to the World Bank in this connection. In its decision of 1<sup>o</sup> September 2014, the Congress of State has set out provisions regulating the prospective NRA providing, inter alia, that: the methodology of the World Bank shall be applied in the identification, assessment and understanding of the risks of ML and TF; a Technical Working Group (TCNC) shall be set up to monitor the preparation of the NRA; TCNC and the Financial Intelligence Agency (FIA) will coordinate the implementation of the NRA. The Technical Working Group was due establish itself by 30 September 2014 and its first working meeting has been scheduled for the second week of March 2015.

17. Since the adoption of the fourth round report on San Marino, the TCNC has also carried out sector-specific risk factor analysis and has adopted policies or actions with a view of limiting such risks

#### Legislative developments

18. Since the adoption of the 4th round MER there have been a number of legislative developments, including and not limited to the following: further to the entry into force of Law No 100 of 29 July 2013, self-laundering is now criminalized. Criminal liability of legal persons is now provided for by Law No. 99 of 29 July 2013 and applies in respect of all predicate offences to ML. San Marino has acceded to several international conventions on the suppression of terrorist acts and has transposed into the legal order a number of related offences in order to address the shortcomings identified under SRIL. In order to strengthen cooperation between San Marino authorities and their foreign counterparts, a number of acts have been adopted, the last of which is Congress of State Decision no.10 of 15 January 2013, through which San Marino removed or changed a number of its reservations and declarations to Council of Europe Conventions. Decree-Law 25 July 2013 no. 98 has amended the definition of PEP contained in the Technical Annex of the AML-CFT Law. PEP now refers to individuals [...] who are or have been entrusted, in San Marino or abroad, with prominent public functions”, in line with the 2012 FATF standard.

19. Further to a number of amendments of the AML/CFT law:

- exemptions from CDD requirements when there is a suspicion of money laundering or terrorist financing no longer apply;
- obliged entities are now required to adopt risk management procedures in relation to cases where a customer is permitted to utilize the business relationship prior to verification;
- the law now clarifies that the Credit and Saving Committee is the designating authority for the purposes of both UNSCR 1267 and UNSCR 1373 and that it is competent for subsequent actions such as de-listing and annulment of freezing orders.
- the law now extends the restrictive measures provided under article 46 paragraph 1 a) to persons and entities designated pursuant to UNSCR 1373 and to funds and other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons, terrorists, those who finance terrorism or terrorist organisations.

20. A list of additional AML/CFT legislation, regulations and guidance adopted and in force are set out in the report submitted by the San Marino authorities.

#### 4. REVIEW OF THE MEASURES TAKEN IN RELATION TO THE CORE RECOMMENDATIONS RATED PC

21. This section sets out the Secretariat's detailed analysis of the progress, which San Marino has made in relation to the Core Recommendations rated PC.

##### **Recommendation 5 – Customer Due Diligence**

*Deficiency 1: No domestic ML/TF risk assessment that allows for a proper verification of the adequacy of the risk based approach in place / Recommended action: A domestic ML/TF risk assessment should be conducted in order to have a national understanding of the risks facing the country that allows for a proper verification of the risk based approach in place.*

Measures adopted and implemented: This deficiency has been partially addressed and the recommendation is partially implemented.

22. Important steps have been taken to implement the recommendation to conduct a domestic ML/TF risk assessment and to properly assess the risk-based approach in place. Since the adoption of the fourth round report on San Marino, the Technical Commission of National Coordination (TCNC) has carried out sector-specific risk factor analysis and has adopted policies or actions with a view of limiting such risks. These include, inter alia, the monitoring of the financial flows to/from Asian and Eastern European countries due to the potential use of the banking system for the temporary deposit of proceeds of crime in view of their subsequent transfer abroad through fiduciary transactions used as a front or nominee.

23. San Marino has also initiated the preparation of a National Risk Assessment as required under the revised FATF standards and has formally requested in April 2014 the co-operation of the World Bank in order to undertake this process. In its decision of 1<sup>o</sup> September 2014, the Congress of State has set out provisions regulating the prospective NRA (application of the methodology of the World Bank, establishment of a Technical Working Group to monitor the preparation of the NRA, the coordinating bodies for its implementation, namely the TCNC and the Financial Intelligence Agency (FIA); its regular updates, etc). The first working meeting of the technical working group was scheduled in March 2015.

*Deficiency 2: Rather than providing for minimum CDD (i.e. less detailed CDD), the AML/CFT Law creates blanket exemptions from the CDD requirements / Recommended action: The authorities should address the exemptions for low-risk customers as adopted from the Third EU AML Directive by clarifying that minimum CDD (i.e. less detailed CDD) should nevertheless be accomplished.*

Measures adopted and implemented: This deficiency and recommendation have been addressed.

24. Further to amendments made in 2013, Law No. 92 of 2008 (the AML/FT law) no longer provides for a blanket exemption from CDD requirements for low risk customers. Its Article 26 provides in fact that “*The obliged parties may apply, on their own responsibility and on the basis of an adequate risk assessment, simplified customer due diligence measures...*” for low risk customers, notably where the customer is:

*a) a domestic financial institution (except for financial promoters, insurance intermediaries);*

*b) a foreign institution that mainly carries out banking, granting of loans, fiduciary activity, investment services or collective investment located in a country which imposes equivalent AML/CFT requirements and provides supervision and control of compliance with those requirements*

*c) a foreign party that carries out post office services that require the fulfilment of AML/CFT obligations and which is located in a country which imposes equivalent AML/CFT requirements and provides supervision and control of compliance with those requirements;*

*d) a company listed on a regulated market in a country, as long as this market is subject to regulations consistent with or equivalent to EU legislation;*

*d) a public administration .*

25. The obliged parties may also apply simplified customer due diligence measures in the following cases:

*a) life insurance policies where the annual premium is no more than € 1,000 or the single premium is no more than € 2,500;*

*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 or complementary or similar pension schemes that provide retirement benefits, which contributions are made by way of deduction from wages and the scheme rules do not permit the transfer of beneficiaries' rights if not after the death of the holder.*

26. Furthermore, under Article 26 in the cases described above, the obliged parties shall collect sufficient data and information to establish if the customer falls under such categories.

27. It is noted however that Article 18 of FIA Instruction no.2013-06 on Risk based approach also provides that:

*Article 18 - Simplified Customer Due Diligence measures*

*1. Article 26 of the LAW, in establishing that the recipients **are not required to fulfil the Customer Due Diligence obligations in certain cases**, clarifies that the persons designated must gather the data and information sufficient to establish whether the clients may be included in **the exempted cases**. Consequently, the resort to the simplified Customer Due Diligence procedure may not be intended as an exemption from the duties provided for in the LAW, on the contrary, it simply consists in a Customer Due Diligence 'less detailed' compared to the ordinary one.*

*2. 'Data and information sufficient' to establish whether the clients may be included in the **exempted cases**, means the certifications or the information capable of proving the existence of all the conditions or requirements to be included in one of the categories referred to in article 26, paragraph 1 of the LAW.*

28. The formulation of Article 18 does not appear to be consistent with Article 26 of the AML/CFT law as it reiterates once again, that “*in certain cases obliged entities are not required to fulfil the Customer Due Diligence obligations*” and that *data and information sufficient to establish whether the clients may be included in the exempted cases must be gathered by obliged entities.*

29. This can be explained by the fact that the FIA instruction pre-dates the changes made to article 26 and is based on the former provisions of the law. While the AML/CFT law requirements would prevail, it is however necessary to update accordingly the FIA instruction so as not to create confusion as regards the obligation to carry out simplified DD measures for low risk customers. It is noted that in practice both

provisions require that sufficient data and information be collected to establish whether the clients fall under the above-mentioned category and therefore require obliged entities “to know their customer”.

30. The 4<sup>th</sup> round MER had found at the time that the law did not specify which data and information were to be considered sufficient under Article 26 to establish whether the customer fell under such categories. While Article 18 of FIA Instruction no.2013-06 now provides that “Data and information sufficient to establish whether the clients may be included in the exempted cases, means the certifications or the information capable of proving the existence of all the conditions or requirements to be included in one of the categories referred to in article 26”, this requirement appears to be very generic. The authorities have not referred to any additional guidance which has been provided to obliged entities for the purposes of simplified DD. It was noted though that FIA sanctioned 1 bank with a fine of Euro 3000 for failure to collect adequate information and documents in application of this provision.

*Deficiency 3: The AML/CFT Law allows for the application of simplified due diligence for cases where there is suspicion of ML or TF. / Recommended action: It should be clarified that the exemptions from CDD requirements granted under Article 26 of the AML/CFT Law do not apply when there is a suspicion of money laundering or terrorist financing*

Measures adopted and implemented: This deficiency has been addressed and the recommendation has been implemented.

31. Further to amendments made in 2013, Article 26 of Law No. 92 of 2008 (the AML/FT law) now provides that “obliged parties shall not apply simplified customer due diligence measures when there is suspicion of money laundering or terrorist financing, or in the situations that, by their nature, pose a higher risk of money laundering or terrorist financing”. Moreover, the same principle is also expressed under Article 18 of FIA Instruction no.2013-06 on the Risk based approach.

*Deficiency 4: No requirement to adopt risk management procedures concerning the conditions under which a customer may utilize the business relationship prior to verification./ Recommended action: Financial institutions should be required to adopt risk management procedures concerning the situations where a customer is permitted to utilize the business relationship prior to verification. These procedures should include a set of measures such as limitation of the number, types and/or amount of transactions that can be performed.*

Measures adopted and implemented: This deficiency has been addressed and the recommendation has been implemented.

32. Under Article 23 of the AML/CFT law as amended and Article 21 of FIA Instruction no.2013-06, obliged entities are now required to adopt risk management procedures in relation to cases where a customer is permitted to utilize the business relationship prior to verification. This last provision in particular provides that “the recipients shall adopt risk management procedures regarding the conditions under which the client is allowed to use the ongoing relationship prior to the verification of the identity of the client and of the beneficial owner. These procedures must be comprised of a set of measures, including the limitation of the number, type and/or amount/quantity of transactions that may be executed, and the control of transactions that for their complexity, unusually high amount or for the unusual execution pattern compared with the economic, financial, capital and professional profile of the client, require a concrete verification of compatibility with the profile of such client”.

*Deficiency 5: The risk classification required by FIA Instruction 2009-03 appears not to be adequate as enhanced CDD is only required for customers to whom four or more higher potential risks have been*

assigned. *Recommended action:* Authorities should set significantly higher standards for the risk classification required by FIA Instruction no. 2009-03 so that the application of enhanced to due diligence is not unduly restricted (enhanced CDD measures and enhanced monitoring should at least be required for customers to whom two higher potential risks have been assigned).

**Measures adopted and implemented:** This deficiency has been largely addressed and the recommendation has been implemented to a certain extent.

33. As set out in Article 27 (1) of the AML/CFT Law, financial institutions are required to apply, on the basis of a risk assessment, enhanced CDD measures in higher ML/FT risk situations. Enhanced CDD measures are **mandatory** when (a) the customer is not physically present; (b) the customer is a politically exposed person; (c) the customer or counterpart is located in countries, jurisdictions and territories under strict monitoring by the FATF, MONEYVAL and other international organizations. Furthermore, Art. 25 of the AML/CFT Law introduces a risk-based approach. Accordingly CDD 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. The aspects to be evaluated in this regard are further specified by FIA Instruction no.2013-06 (which has repealed Instruction 2009-03) and provides under its Article 7 for a new risk classification as follows:

Level of riskiness	According to Instruction 2009-03 (repealed)	According to Instruction 2013-06
LIMITED	when <u>no profile</u> has required the assignment of a Higher Potential Risk.	when <u>no profile</u> has required the assignment of a Higher Potential Risk.
LOW	when <u>only two</u> Higher Potential Risks have been assigned;	when <u>only one</u> Higher Potential Risks have been assigned;
MEDIUM	when a <u>maximum of four</u> Higher Potential Risks have been assigned;	when <u>only two</u> Higher Potential Risks have been assigned;
HIGH	when <u>four or more</u> Higher Potential Risks have been assigned and, in any case, when the customer has its residence/registered office or the transaction is executed in States which do not require obligations equivalent to those set forth in Law no. 92/2008, or in States against which the United Nations Security Council has adopted restrictive measures	when <u>three or more</u> Higher Potential Risks have been assigned and, in any case, where the place of residence/registered office of the clients and the place of execution of the transaction are in Countries against which restrictive measures have been adopted by the United Nations Security Council, as implemented with a specific decision of the Congress of State, pursuant to articles 46 of the AML-CFT Law.

34. The amended risk classification now considers as “high risk” a client in respect of whom three or more higher potential risks have been identified (...) against the four or more foreseen under the repealed

instruction. Under the FIA Instruction no.2013-06 obliged entities must *consider* the application of enhanced due diligence also in cases in which a lower level of risk has been identified, regardless of the number of Higher Potential Risks assigned, where the circumstances so require; such as, but not limited to, where the client is not physically present, as provided for in article 27, paragraph 2, letter a) of the Law (article 10).

35. An improvement is noted in relation to the classification of high risk customers when compared with the situation of the fourth round report. Although the action taken does not respond fully to the recommended action to carry out enhanced CDD measures and enhanced monitoring in relation to customers to whom as a minimum two higher potential risks have been assigned, the changes introduced provide for room of manoeuvre of obliged entities to consider the application of enhanced CDD in additional circumstances. While this is a welcome step forward, enhanced DD is mandatory only in the cases provided under Article 27 of the AML/CFT law and under Article 10 (1) of FIA Instruction (where, as specified above, high risk customers are those in respect of whom three or more HPRs apply), whereas in cases of lower identified risk it is a possibility.

*Deficiency 6: Risk classification undertaken and the measures allocated accordingly by some financial institutions appear not to be appropriate. / Recommended action: Authorities should take measures to ensure the appropriateness of risk classifications undertaken and the monitoring measures allocated accordingly by financial institutions.*

**Measures adopted and implemented:** A full assessment of the deficiency is limited in the context of a desk based review. Measures appear to have been taken by the authorities or are underway aimed at addressing this issue. This deficiency is partly addressed.

36. The authorities have indicated that since the adoption of the 4<sup>th</sup> round report, the “Customer Record Card” (“*scheda cliente*”) has been revised in order to improve the way in which factors are weighed in the context of a risk assessment and to better identify the reasoning behind the determination of a certain risk profile. Further to the entry into force of FIA instruction no.2012-01, authorised personnel, in particular compliance officers and the FIA, receive an "Anti-money laundering Information Bulletin" containing additional information on customers, with data extracted from external databases and from third parties. The FIA considered that this information would also be useful for risk classification purposes, in the context of AML/CFT efforts. The authorities have also indicated that they plan to take additional measures to improve the appropriateness of risk classifications and the measures allocated accordingly by obliged parties following the adoption of the National Risk Assessment.

37. While these measures have the potential to better equip obliged entities in assessing the risk profile of a client, the observations made under deficiency 5 have a cascading effect also in this context. Given that the “threshold” to be met in order to qualify as a high risk customer is still higher than the one considered appropriate in the 4th round MER, it raises questions as to whether the ratio of customers classified as high risk adequately reflects the nature of the financial services sector in San Marino (which features a significant number of transactions, customers and business relationships which would be considered as higher risk categories). The assessment of adequacy of measures taken by financial institutions vis-à-vis high risk customers is limited in the context of a desk based review.

*Deficiency 7: FIA Instruction 2009-03 is not in line with the requirement to conduct ongoing due diligence: Recommended action: Authorities should bring the FIA Instruction no. 2009-03 in line with Art. 22 (1) (d) of the AML/CFT Law. It should be clarified that financial institutions are required to conduct ongoing due diligence on the business relationship*

Measures adopted and implemented: The recommendation and the deficiency have been addressed.

38. FIA Instruction no.2013-06 on Risk based now provides under its Article 13 that obliged entities are required to conduct ongoing due diligence on the business relationship, regardless of the risk profile of the customer. The instruction is therefore consistent with Article 22(1)(d) of the AML/CFT law.

*Deficiency 8: No adequate IT systems supporting CDD procedures among financial institutions outside the banking sector. / Recommended action: Promote the implementation of adequate IT systems supporting AML/CFT procedures (in particular the monitoring of transactions) among financial institutions outside the banking sector.*

Measures adopted and implemented: The recommended action has been addressed though a full assessment of this matter is limited in the context of a desk based review.

39. The FIA has held ad hoc meetings with financial institutions outside of the banking sector to promote the implementation of adequate IT systems capable of supporting AML/CFT procedures. As a result, the San Marino authorities consider that all non-banking financial intermediaries have equipped themselves with tools which are useful to carry out CDD procedures and the monitoring of transactions. In particular, the authorities have indicated that some financial and fiduciaries companies use IT computer systems of banking derivation, while others use specific tools developed by Italian financial companies, still others rely on computer systems produced by software house in San Marino. They have reported that the insurance companies sector (which is composed of 2 companies) and the asset management company also use IT systems which in their view comply with AML/CFT requirements.

*Deficiency 9: Effectiveness and efficiency of implementation not fully demonstrated./ Recommended action: Authorities should take measures to strengthen the effective and efficient implementation of CDD requirements across all financial institutions.*

Measures adopted and implemented: A comprehensive analysis of the implementation of this recommended action can only be undertaken in the context of an on-site visit and is limited in the context of a desk review.

40. The authorities have reported that in order to strengthen the effective and efficient implementation of CDD requirements across all financial institutions, several training events and on-site visits have been organized in the reference period. In this last respect, the authorities state that FIA inspectors at the end of every on-site visit indicate and record in minutes the measures needed to improve and enhance the effectiveness and efficiency of CDD measures. Obligated parties are required to inform the FIA within 30 days of the actions taken to give effect to the prescribed measures and the FIA may organise a follow-up on-site visit in order to verify whether such requirements have been implemented. The FIA has also attested to an improvement of the documentation and information acquired by the obliged parties to fulfil their CDD obligations. The scope of improvements that have taken place in respect of the implementation of CDD requirements, and particularly in respect of the could only be verified in the context of an on-site evaluation.

*Recommended action: Authorities should take measures, as appropriate, to ensure that financial institutions are also obliged to implement the new CDD requirements for existing customers within a set timeframe and verify that this has been adequately undertaken.*

Measures adopted and implemented: The recommendation has been addressed.

41. Under Article 25 of Decree-Law no. 98 of 25 July 2013 as amended, financial institutions were required to fulfil CDD requirements for existing customers by 31 December 2013 and to close *ex lege* those business relationships in respect of which the CDD requirements could not be fulfilled by 1 January 2014. The authorities have informed MONEYVAL that in practice: obliged parties have informed the FIA of all of the existing business relationships in respect of which CDD requirements could not be fulfilled as of 31 March 2014; those relationships have been closed *ex lege* as of 1 April 2014. The right to reimbursement of sums deriving from the closure *ex lege* of the above mentioned relationships and bearer passbooks which had not been converted into nominative accounts within the time-limits, extinguished on 1 April 2014 (with respect to bearer passbooks) and on 1 July 2014 (with respect to other banking relationships).

42. The authorities have also specified that: as at 1 July 2014, 1850 business relationships (other than bearer passbooks) had been closed, for a total amount of EUR € 3.594.949.72. The authorities have added that in order to verify that CDD requirements for legacy customers have been adequately carried out, the FIA has performed targeted on-site inspections covering all the financial institutions.

*Recommended action: Authorities should undertake an independent and autonomous risk assessment of the countries qualified as equivalent by the Congress of State decision and should take into account the specific risks for the San Marino environment. The list should also include an express indication that the list constitutes only a refutable presumption, based on risk, for the application of simplified CDD.*

Measures adopted and implemented: The recommendation has been partly addressed.

43. The authorities have not yet undertaken an independent and autonomous risk assessment of the countries qualified as equivalent by the Congress of State decision, taking into account the specific risks for the San Marino environment. They have explained that Congress of State Decision no.15 of 1<sup>o</sup> September 2014 which contains provisions on the prospective NRA (as mentioned above), ensures that Authorities will soon undertake an independent and autonomous risk assessment, focusing, inter alia, on countries representing a higher risk for the San Marino environment.

44. Article 19 of FIA Instruction no.2013-06 and Congress of State Decision no.9 of 18 October 2011 specify, inter alia, that:

- the recipients may use the “List of Countries, Jurisdictions and Territories of which the system for the prevention of and fighting against money laundering and terrorism financing is considered to be equivalent to the international standards”, according to a risk-based approach.
- for the purposes of a correct assessment of the existing risk level, the recipient must always bear in mind that the list represents only a relative presumption (which may, thus, be refuted) and that this is also relevant for the purposes of the application of the Customer Due Diligence requirements in the simplified form.
- the recipients must bear in mind that the inclusion of a Country, Jurisdiction or Territory in such list does not exempt, in case of a higher money laundering or terrorism financing risk, the recipients from applying enhanced DD.

45. Furthermore, the authorities have attached to the FIA instruction a reference to some websites that can assist obliged entities to better qualify the information about a single country, territory or jurisdiction.



46. While the measures taken in order to launch the NRA are an important step forward, this exercise is still in the making and its content, including the possible inclusion of countries representing a higher risk for the San Marino environment, is yet to be defined. In relation to the inclusion of an express indication that the list constitutes only a refutable presumption, based on risk, for the application of simplified CDD, this part of the recommendation has been implemented.

*Recommended action: The reference in FIA Instruction no-2009-03 to the measures to be applied in enhanced risk situations should be more precise. Not all the measures mentioned in Art. 27 AML/CFT law are appropriate to mitigate the risks mentioned in the FIA Instruction.*

Measures adopted and implemented: This recommended action has been implemented.

47. Article 10, para 3 and para 5 of FIA Instruction 2013-06, repealing FIA instruction no.2009-03, now appears to be more precise and appropriate to mitigate the risks stemming from business relationships with high risk clients.

48. Under this article, stricter Customer Due Diligence procedures *means the completion – as far as possible - of the following activities:*

- a) *in case of designated persons organised as companies, to obtain the authorisation from the Director General, of the head of the structure or equivalent, or from a person appointed by them, prior to opening an ongoing relationship or to executing an occasional transaction. Such authorisation shall be obtained also if, after the acceptance, the client or the beneficial owner thereof, becomes or is found to be a politically exposed person.*
  - b) *to adopt every possible measure to establish the source of the funds and of the assets of the client, also through the acquisition of documents supplied by reliable and independent third parties, which certify the economic, capital and income capacity of the client;*
  - c) *to repeat the verifications referred to in the preceding point at least once a year;*
  - d) *to verify the ownership structure of the client, in case of a legal entity, at least once a year by verifying the documents possessed by the client as well as the documents coming from reliable and independent third parties;*
  - e) *to consider the economic profile of the beneficial owner;*
  - f) *to adopt, whenever possible, measures aimed at identifying the destination of the funds;*
  - g) *to obtain a visa from the Corporate Official referred to under letter a) for the transactions, also of a non-occasional nature, in excess of the threshold set in art. 21, paragraph 1, letter b) of the Law;*
  - h) *to acquire the reasons and the supporting documents of the transactions requested and executed;*
  - i) *to ensure the ongoing monitoring of the relationship with the client.*
- 4.(...)
5. *The recipient, on his/her own initiative, will assess on a case by case basis other appropriate countermeasures aimed at mitigating the risks identified.*

**Overall conclusion**

49. The MER had identified 9 deficiencies, out of which three related to effectiveness issues, and 12 recommendations had been made to the authorities to improve compliance with the requirements of R 5 and effectiveness. San Marino made important progress since the adoption of the MER with the aim to address the deficiencies identified. Out of the six technical deficiencies, one has been largely addressed, while others have been addressed. Important measures have been taken to address the effectiveness issues, though a comprehensive analysis of their implementation could only be undertaken during an on-site visit and is limited in the context of a desk review. San Marino’s current level of compliance with R.5 is assessed to be essentially equivalent to LC.

**Special Recommendation II - Criminalise terrorist financing**

*Deficiency 1: FT criminalisation does not comply with the standard in that:*

- the legislation does not criminalise a large majority of acts, as set out under the treaties that are annexed to the FT Convention and this impacts also on the definitions of a terrorist and of a terrorist organisation
- the FT offence does not constitute a complete predicate offence to ML.

*Recommended action: Enact amendments to the Criminal Code to ensure that the FT offence covers the financing of all acts that are within the definition of a ‘terrorist act’ for the purposes of SR.II.*

50. **Measures adopted and implemented:** This deficiency and the related recommendation have been sufficiently addressed.

51. The legal changes introduced by the Sammarinese authorities criminalise terrorism and terrorism financing as required by the conventions annexed to the Terrorist Financing Convention and extend the terrorist financing criminalisation to the financing of acts that constitute offences within the scope of, and as defined in the treaties listed in the annex of the FT Convention. All offences have been introduced in the Sammarinese legal order through separate implementing legislation (see table below). The Criminal Code also sets out a number of articles which implement specific conducts of the offences described in the UN treaties annexed to the TF Convention. The authorities have recently adopted Decree Law no. 47 on 10 April 2015, which in its article 2, clarifies that “terrorism” or “terrorist act” as set out in Law no. 92 of 17 June 2008 should also be understood as any “other conduct foreseen or defined in the international conventions to combat terrorism”, of which the European Convention for the suppression of terrorism and its annexes”. As regards attempt and ancillary offences, the general provisions of the CC (i.e. attempt - article 26 CC- , failed conduct and accomplices) apply to all these offences.

Conventions listed in the Annex of the FT Convention	Ratified on / Offences covered by articles
Convention for the Suppression of Unlawful Seizure of Aircraft, done at The Hague on 16 December 1970	Ratified by Council Decree n.197 of 27 November  implemented by Article 4 ( unlawful seizure of aircraft) of Law 5 September 2014 n. 139 “Provisions for the enhancement of international security in civil aviation and maritime navigation”  and Criminal Code

	(article 195 bis – acts of piracy on ships and aircrafts, article 195 ter – taking possession of a ship or an aircraft, article 239 – risk of disaster [by destruction, failure, interruption or obstruction of ... installations designed for public transport...]).
Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation done at Montreal on 23 September 1971	<p>Ratified by Council Decree n.198 of 27 November 2014.</p> <p>implemented by Article 5 (offences against the safety of civil aviation) of Law 5 September 2014 n. 139 on “<i>Provisions for the enhancement of international security in civil aviation and maritime navigation</i>”</p> <p>and Criminal Code (article 195 bis – acts of piracy on ships and aircrafts, article 195 ter – taking possession of a ship or an aircraft, article 239 – risk of disaster [by destruction, failure, interruption or obstruction of ... installations designed for public transport...]).</p>
Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents, adopted by the General Assembly of the United Nations on 14 December 1973	<p>Ratified by Council Decree n.200 of 27 November 2014.</p> <p>Implemented by Article 5 (Crimes against internationally protected persons) of Decree Law 15 July 2013 n. 83 “<i>Urgent measures of alignment to the global Counter-Terrorism Strategy</i>”.</p>
International Convention against the Taking of Hostages, adopted by the General Assembly of the United Nations on 17 December 1979	<p>Ratified by Council Decree n.201 of 27 November 2014.</p> <p>implemented by article 3 (Hostage taking) of Decree Law 15 July 2013 n. 83 “<i>Urgent measures of alignment to the global Counter-Terrorism Strategy</i>”</p>
Convention on the Physical Protection of Nuclear Material, adopted at Vienna on 3 March 1980	<p>Ratified by Council Decree n. 202 of 27 November 2014 and Council Decree n. 204 of 27 November 2014 in respect of relative amendments).</p> <p>Implemented by Articles 7 (attacks on nuclear facilities), 9 (unlawful possession and use of nuclear material), 10 (appropriation of radioactive material through robbery, extortion, theft and misappropriation), 11 (nuclear threat) and 12 (other radioactive material, chemical or bacteriological incapacitants or material) of Decree Law 15 July 2013 n. 83 “<i>Urgent measures of alignment to the global Counter-Terrorism Strategy</i>”</p>
Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, done at Montreal on 24 February 1988	<p>Ratified by Council Decree n. 199 of 27 November 2014.</p> <p>implemented by Article 5 ( Offences against the safety of civil aviation)</p> <p>Law 5 September 2014 n. 139 “<i>Provisions for the enhancement of international security in civil aviation and maritime navigation</i>”,</p>
Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, done at	<p>Ratified by Council Decree n. 206 of 27 November 2014 and Council Decree n. 207 of 27 November 2014 (its Protocol)</p> <p>Implemented by Law 5 September 2014 n. 139 “<i>Provisions for the enhancement of international security in civil aviation and maritime navigation</i>”</p> <p>Articles 8 (offences against the safety of maritime navigation and against fixed</p>

Rome on 10 March 1988	installations on the continental shelf) Article 9 (Use, unloading and transport on ships of explosives, radioactive material and chemical weapons) Article 10 ( transport on board a ship of persons who have committed terrorism)
Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms located on the Continental Shelf, done at Rome on 10 March 1988	Ratified by Council Decree n. 206 of 27 November 2014 and Council Decree n. 208 of 27 November 2014 (in respect of the additional Protocol).  Implemented by Law 5 September 2014 n. 139 “ <i>Provisions for the enhancement of international security in civil aviation and maritime navigation</i> ”. Article 8 ( offences against the safety of maritime navigation and against fixed installations on the continental shelf)
International Convention for the Suppression of Terrorist Bombings, adopted by the General Assembly of the United Nations on 15 December 1997	Ratified by Council Decree n. 28 of 26 November 2002.  Implemented by Law 10 August 2012 n. 122 amending the CC.  Article 251 CC – manufacture, entry into service, shot, illegally carrying weapons, bombs, explosives and flammable or explosive) Article 252 sexies (detention banned weapons)  Decree law no. 47 of 10 April 2015 amending decree Law of 15 July 2013  Article 13 bis (terrorist attacks using explosive devices)

*Deficiency 2: Criminal liability has not been extended to legal persons. / Recommended action: Amend the existing legislation in order to extend criminal liability to legal persons for FT, as already mentioned under the third evaluation round, and given the absence of fundamental principles of domestic law.*

**Measures adopted and implemented:** This Recommendation has been addressed.

52. Under Article 1 of Law no.99 of 29 July 2013 (repealing Law no. 6 of 21 January 2010) *a legal person<sup>3</sup> shall be liable for:*

- a) intentional offences committed on its behalf or in its interest by a person who had the power to act for the legal person;*
- b) for offences committed in carrying out the activity of the legal person if the offence was possible because of an organisational failure attributable to the legal person, to lack of supervision or control or if the offence was committed upon indication of the organisational or managerial leaders of the legal person.*

*If the offence is committed in the context of an activity subject to the direction or control of another legal person, liability under this Law extends to the legal person exercising the direction or control. Such liability shall continue to apply in case of transformation and merger of the legal person.*

53. Under its Article 4, liability of legal persons does not preclude that of natural persons who committed the offence; and also applies when the offender has not been identified, is not chargeable or is not punishable (...).

54. Criminal liability of legal persons therefore applies to all offences, including FT. The sanctions provided for by Law no. 99 (articles 6<sup>4</sup> and 7). appear to be proportionate and dissuasive

---

The term "legal person" refers to companies and associations, as well as public bodies carrying out economic activities; with the exception of the State and independent authorities.

55. The new liability regime for legal persons has never been applied in relation to FT or terrorism, though it has been applied in 2014 and 2015 (arms smuggling; money laundering).

*Effectiveness factor 3: Effectiveness cannot be tested in the absence of FT investigations and prosecutions.*

56. The legal changes which have been introduced are very recent and circumstances have not arisen for their application. There have been no TF related investigations. The authorities have reported that in the course of 2011, the FIA received its first STR related to FT, though ultimately it was unfounded.

*Recommended action: Ensure that adequate training is provided to relevant authorities, in particular law enforcement and judicial authorities, on the application of the newly adopted legislation in respect of the FT offence and recently adopted measures extending administrative liability of legal persons for FT.*

**Measures adopted and implemented:** This Recommendation has been largely addressed.

57. In September 2013, a training on the application of the newly adopted legislation in respect of the FT offence and criminal liability of legal persons for FT was held. While one training cannot be considered as fully satisfying the implementing of the recommendation, this measure is very welcome. The authorities are encouraged to pursue training efforts on these aspects.

## Overall Conclusion

58. San Marino has taken a number of legislative measures in order to improve the overall CFT legal framework. It has also benefited in this context from technical assistance provided by the UNODC and OSCE in 2012. The 2011 MER identified two technical deficiencies and one effectiveness issue. As noted above the enactment of several new pieces of legislation have addressed sufficiently the previously identified deficiencies. Some training has been carried out with respect to the FT legislation and the liability of legal persons for FT. SR II has been sufficiently addressed and the level of compliance has been brought to a level comparable at a minimum to largely compliant.

---

<sup>4</sup> Art. 6 (Decision imposing a conviction)

1. In case the liability of a legal person is established, the Judge shall order that such legal person pay an amount not less than the amount of the gain achieved by the legal person.
2. Moreover, the legal person shall be ordered to pay an administrative pecuniary sanction ranging from 2,000.00 to 100,000.00 euro.
3. When establishing the liability of the legal person, the Judge may also apply a further administrative sanction consisting of disqualification from three months to one year. Disqualification of a legal person shall entail:
  - a) exclusion from facilitations, funding, public contributions or benefits;
  - b) revocation of facilitations, funding, public contributions or benefits already granted;
  - c) impossibility of concluding contracts with the public administration.
4. Legal persons shall be held jointly and severally liable with the offender for damage compensation, payment of the costs of the proceedings, reimbursements and amounts due by the convicted for confiscation of equivalent value.
5. The conditional suspension of penalty execution shall not apply to legal persons.
6. The Judge shall order the dissolution of legal persons exclusively or primarily used to commit offences. The assets remaining after liquidation shall be confiscated.

## 5. REVIEW OF THE MEASURES TAKEN IN RELATION TO THE KEY RECOMMENDATIONS RATED PC

### Recommendation 23 - Regulation, supervision and monitoring

*Deficiency 1: In the absence of a risk assessment, the implementation of adequate risk based supervision is not demonstrated / Recommended action: Conduct a national risk assessment so as to understand and appropriately respond to the threats and vulnerabilities in the system.*

Measures adopted and implemented: This deficiency has been largely addressed.

59. As already indicated under R.5, although San Marino has not yet conducted a national risk assessment, important steps have been taken to implement the recommendation. Pending the finalisation of the NRA, the FIA has adopted a risk-based approach to supervisory activities and has identified potential vulnerabilities and threats to the system by relying on a number of elements, including: STRs, international requests and internal criminal investigations, national cooperation between competent authorities (CBSM, Police, INTERPOL, UCVAE CLO), mutual evaluations report of international bodies (FATF, MONEYVAL, IMF, OECD, etc.) as well as press reports and research from external/open sources. The authorities indicated that the programmatic planning of inspections is therefore carried out in the light of the identified vulnerabilities.

*Deficiency 2: Implementing measures (e.g. the FIA Inspections Manual) do not incorporate all key elements of risk profiling and do not cover off-site surveillance./ Recommended action: Improve implementing measures (such as the FIA Inspections Manual) to incorporate all key elements of risk profiling and to provide for its updating on a regular basis; introduce similar measures for off-site surveillance activities.*

Measures adopted and implemented: The deficiency and the relative recommendation have been addressed.

60. The FIA inspection manual, which articulates business processes for the planning and implementation of supervisory activity, has been amended in order to better reflect all elements of risk-profiling and to cover off-site surveillance. At the same time, the authorities have indicated that the work carried out in respect of risk-profiling procedures is still in progress and will be perfected once the NRA will be in place. The information provided, does not enable to assess whether all elements of risk-profiling, in particular the internal control environment of supervised entities, are taken into account; nor whether risk-profiling procedures are regularly updated. These aspects would however be verified in the context of an on-site visit, as their assessment is limited in the context of a desk based review.

*Deficiency 3: Lack of programmatic approach in off-site surveillance, consistency in the planning and sufficiency in the coverage of on-site inspections./ Recommended action: Improve supervisory practices both in terms of introducing programmatic approach in off-site surveillance, consistency in the planning and sufficiency in the coverage of on-site inspections.*

Measures adopted and implemented: The deficiency and the related recommendation have been largely addressed. The effectiveness factors in this context are limited in the context of a desk based review.

61. San Marino has introduced several changes to its approach relating to off-site supervision. The FIA inspection manual now includes a dedicated section related to off-site surveillance, describing the

off-site initiatives which have been carried out<sup>5</sup>. The FIA’s focus in the reference period of 2011-2013, was on 3 main areas: the movements of funds and customers related to certain Countries and Jurisdictions (so called “World Countries Survey”), implementation of CDD requirements among financial institutions and use/misuse of cash. Detailed data concerning these three main areas have therefore periodically been requested to financial institutions as well as to the Central Bank and have been used to identify entities which should be subject to an inspection.

62. As concerns the sufficient coverage of financial institutions in relation to on-site inspections, the statistics provided show that the percentage of banks which were inspected varied between 100% for general inspections and between 63% and 100% for specific AML/CFT inspections; the percentage of financial and fiduciary companies varied between 60 and 100% for general inspections and between 25 and 90% for specific inspections, for asset management companies, between 0% and 100% for general inspections and between 0 and 100% for specific inspections, for securities investment firms between 0 and 100% for general inspections and between 0 and 50% for specific inspections and for insurance companies between 0 and 100% for general inspections and between 0 and 100% for specific inspections. From this data it appears that the coverage of asset management companies, securities (investment firms) and Insurance companies fluctuates and is nil in certain reference years.

Institutions	General inspections (by FIA or CBSM) with or without AML/CFT component – coverage ratio				Specific FIA led inspections on AML/CFT – coverage ratio			
	2011	2012	2013	2014	2011	2012	2013	2014
Banks	100%	100%	100%	100%	63%	77%	100%	100%
Financial and fiduciary companies	60%	65%	100%	100%	25%	30%	71%	90%
Asset management companies	50%	0%	50%	100%	0%	0%	0%	100%
Securities (investment firms)	0	0%	0%	100%	0%	0%	0%	50%
Insurance companies	0	100%	100%	100%	0%	0%	100%	50%

*Deficiency 4: Supervisory arrangements and performance fail to provide for efficient implementation of the supervision function. / Recommended action: Consider relying on other involved stakeholders, such as the Supervision Department of the CBSM, to provide ready-to-use input for further supervisory action.*

**Measures adopted and implemented:** The recommended action has been implemented.

63. In the course of 2012, the FIA Supervisory Unit employed one additional person.

64. In order to ensure a more efficient implementation of the supervisory function, the FIA and the Central Bank signed on 28 September 2012 a new Memorandum of understanding so as to, inter alia: regulate the terms of reference and arrangements for cooperation; strengthen and improve their respective risk analysis, inspection and control activities; promote operational coordination between the Authorities and the exchange of information in order to avoid duplication of work and or omissions. The authorities

<sup>5</sup> In this respect, they have mentioned in particular, a “World Countries Survey” requiring banks to report to the FIA on i) funds – in aggregated terms - received and transferred to or from a list of indicated countries and territories, ii) number of customers and/or beneficial owners that hold a business relationship in banks in San Marino related to certain identified Countries and Territories. This information is collected, inter alia, for the purpose of strategic analysis by the FIA as well as for the NRA and for on-site inspection.

have added that the FIA annual inspection plan is shared - for the parts relating to the financial obliged parties- with the on- site Inspection Unit of the CBSM, in order to define any possible joint activities or to jointly detect risk factors in addition to those already known individually.

65. Considering the data provided above, it is difficult not to conclude that the supervisory arrangements and the performance of the supervisory authority have substantively improved. It is also well appreciated that AML/CFT inspections have been carried out in all banks in 2013 and 2014, and that 100% of the asset management sector and 90% of the sector of financial and fiduciary companies has been subject to AML/CFT supervision. The coverage of insurance companies, when compared to the figures recorded in the context of the 4<sup>th</sup> round report, has also improved.

### **Overall conclusion**

66. The MER identified 4 deficiencies in relation to R 23, out of which two included effectiveness concerns. San Marino has taken measures which appear to substantively address, though not fully, all 4 deficiencies. The assessment of effectiveness aspects related to the adequacy of the supervisory arrangements and performance is however limited in the context of a desk based review and remains to be demonstrated, in the context of an onsite visit. It also remains to be demonstrated that the supervisory arrangements and performance have led to an efficient implementation of the supervisory function. From a desk based review, San Marino's current level of compliance with R.23 is assessed to be essentially equivalent to LC.

### **Recommendation 40 - Other forms of co-operation**

*Deficiency 1: The basis for co-operation between FIA and foreign supervisory authorities which are not financial intelligence units is not clearly established in the legislation and the scope of information appears to be limited to information related to FIU investigations. / Recommended action: San Marino authorities should clarify the legal basis for co-operation between FIA, in its capacity as supervisory authority, and foreign supervisory authorities, other than FIUs and ensure that in that context, a wide range of assistance can be provided in a timely, constructive and effective manner.*

Measures adopted and implemented: The deficiency and the related recommendation have been remedied.

67. Article 4 of Decree-Law 25 July 2013 no.98 has amended Article 16 of the AML-CFT Law (on Cooperation with foreign authorities) in line with the standards. Article 16 now provides that “the FIA shall cooperate with foreign authorities, performing, wholly or in part, equivalent or similar functions, on the basis of reciprocity and also by exchanging information” whereas in the previous version it only referred to “foreign financial intelligence units”. Furthermore, Article 16 now requires that “the information exchanged may be used by foreign authorities only for the purposes of prevention and combating of money laundering, associated predicate offences and terrorist financing”, the scope of cooperation is therefore no longer unduly restricted.

*Deficiency 2: The legal framework in place does not clearly authorize the CBSM to exchange information spontaneously./ Recommended action: The legislation should provide that the CBSM can exchange information spontaneously.*

Measures adopted and implemented: The deficiency and the related recommendation are no longer applicable.



68. The authorities have informed the Secretariat that further to amendments of the AML/CFT law (by Article 6 of Decree-Law 11 November 2010 n.181), the CBSM is no longer competent for AML-CFT matters. Whenever the Central Bank, in performing its supervision tasks over the financial obliged parties, or in performing its other statutory functions, detects violations of the AML-CFT Law and/or FIA Instructions, or facts or circumstances that might be related to ML or TF, it immediately informs the Agency thereof in written form.

*Recommended action: Detailed statistics should be kept on international co-operation relating to or including AML/CFT by the CBSM, and if possible, the Police forces.*

Measures adopted and implemented: This recommended action has been implemented.

69. As indicated above, the CBSM is no longer competent for AML/CFT issues. Nonetheless, under Article 6 of the MOU signed on 28 September 2012 between the FIA and the Central Bank, a specific provision on the collection of statistic data has been laid down. Specific provisions on the collection of statistical data have also been included in the MOUs signed by the FIA with Fortress Guard, Gendarmerie and Interpol. The Secretariat notes that statistics on incoming and outgoing requests received and sent by law enforcement agencies have been provided, along with the average time of execution. The source of the statistics was the National Central Bureau of Interpol.

*Deficiency 3: The adequacy of co-operation mechanisms and effectiveness of the co-operation with foreign authorities was not demonstrated by the CBSM and the Police forces./ Recommended action:*

*San Marino should take measures, as relevant, to ensure that Police forces and CBSM are capable of providing rapid, constructive and effective assistance to their counterparts, including through keeping information on response times and feedback from its foreign partners on the quality of data provided.*

Measures adopted and implemented: This deficiency has been partly addressed.

70. As already indicated under deficiency No. 2, the CBSM is no longer competent for AML-CFT matters. As concerns the adequacy of cooperation mechanisms and effectiveness of cooperation between law enforcement and foreign authorities, the observations made under the recommended action above also apply in this context. A number of formal agreements have been entered into with Italy, San Marino's main counterpart, in order to improve cooperation with law enforcement authorities of this country (including, The Agreement between the Government of the Italian Republic and the Government of the Republic of San Marino concerning financial collaboration, Agreement on Cooperation for the prevention and combating of crime between San Marino and Italy and a Technical Agreement between the Department of Police of San Marino and the Department of Public Security of the Ministry of the Interior of Italy for strengthening cooperation of the police in the fight against transnational organized crime). The statistics indicate that the average time of execution of requests by the Police has improved over time, from 54 days in 2010 to 7,29 days in 2014.

## **Overall Conclusions**

71. The 2011 MER identified two technical issues and one effectiveness issue. Deficiency 1 has been fully remedied, whereas the second deficiency is no longer relevant due to amendments to the law. While the data provided is insufficient to determine whether the effectiveness issue has been fully addressed, it points into the right direction. For these reasons San Marino's current level of compliance with R40 is assessed to be essentially equivalent to LC.

### Special Recommendation III - Freezing and confiscating terrorist assets

*Deficiency 1: The designating authority for the purpose of UNSCR 1373 and relevant procedures for designation, de-listing, unfreezing, etc in respect of the persons designated under UNSCR 1373 are not clearly set out in legislation. /*

*Recommended action: Clarify in legislation the designating authority for the purposes of UNSCR 1373 and the related designating procedures.*

*Recommended action: Establish effective and publicly known procedures for considering delisting requests and for unfreezing of funds and other assets of delisted persons or entities in a timely manner in respect of persons designated under UNSCR 1373, including for persons inadvertently affected by the freezing mechanisms*

**Measures adopted and implemented:** The deficiency has been largely addressed.

72. Article 22 of Decree-Law 25 July 2013 no.98, amending article 49, para 1 of the AML/CFT Law now clarifies that the Credit and Saving Committee is the designating authority for the purposes of both UNSCR 1267 and UNSCR 1373 and that it is competent for subsequent actions such as de-listing and annulment of freezing orders. The above-mentioned Decree has amended a number of additional provisions of the AML/CFT law, particularly as concerns the *procedures* related to designation and the unfreezing of assets of persons designated under UNSCR 1373. Title IV of the Law applies to the freezing without delay of the funds or other assets so as to ensure that no funds or other assets are made available, directly or indirectly to or for the benefit of any person or entity designated pursuant to UN Res 1373(2001).

73. Notably, as concerns the designation procedure, Article 46 of the AML/CFT law as amended provides that:

*Article 46*

*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:***

*a) **the freezing of the funds or other assets that are owned or controlled, directly or indirectly, by persons, entities or groups included in the lists drawn up by the ad hoc UN Committees or by persons, entities or groups designated pursuant to UN Security Council Resolution 1373 (2001), as well as the funds or other assets derived or generated from funds or other assets owned or controlled, directly or indirectly, by persons included in the lists, terrorists, those financing terrorism or by terrorist organisations, as well as by persons acting on behalf of, or at the direction of, designated persons or entities;***

74. The designating authority and procedure for designations under UNSCR 1373 are therefore provided for by the law.

75. It should however be noted that paragraph 3 of article 46 sets out that “the decisions of the Congress of State that orders the enforcement of restrictive measures can provide for derogations, in compliance with the UNSC Resolutions, or limitations for reasons of public order or interest.”

76. While the possibility of setting out derogations in line with the UNSCR is acceptable, the authority given to the Congress of State to set out “**limitations for reasons of public order or interest**” is giving a discretionary role that is not, in the secretariat’s view, envisaged under the UNSC resolution, and should be removed.

77. As concerns the procedures to de-list and to un-freeze assets of persons designated under UNSCR 1373, the authorities have referred to the new Articles 47 bis and Article 47 ter of the AML/CFT:

*Article 47 bis (Procedures for the removal from a UN list)*

*1. One of the following procedures may be applied for the removal of a name from a list of the UN Security Council or a Committee thereof, pursuant to Article 45 bis, paragraph 1, letter b):*

*a) through the focal point established within the UN Secretariat,*

*b) through diplomatic channels.*

*2. With reference to paragraph 1 (a) above, persons, groups and entities included in the lists of the UN Sanctions Committees can submit a request directly to the focal point established within the UN Secretariat for the adoption of the necessary de-listing measures.*

*3. With reference to paragraph 1 (b) above, without prejudice to the procedure in the preceding paragraph, persons, groups and entities included in the list, who are San Marino nationals or have their residence or seat in the Republic of San Marino, can submit a written and motivated request to the Credit and Savings Committee, by addressing it to the Secretariat of State for Foreign Affairs or its mission or representation, so that it forwards a specific petition to the focal point for the adoption of the necessary de-listing measures.*

78. Article 47 bis applies to cases where removal is sought from a list of the UN Security Council and consequently, does not seem to be applicable in the Secretariat’s view for the purposes of UNSCR 1373.

79. On the other hand, Article 47 ter (Annulment and review of freezing orders) provides that in relation to freezing measures taken in respect of persons or entities designated pursuant to UNSCR 1373:

*1. The freezing order under Article 46, paragraph 1, letter a) can be annulled at any time by the Congress of State, by means of a specific decision, upon request of at least one of the members of the Credit and Savings Committee or by any interested party, when reasonable grounds no longer exist to believe that the persons, groups and entities affected by the measure may commit or attempt to commit or participate or facilitate the commission of the acts referred to in Article 1, paragraph 1, letters k) and p).*

*The freezing order under Article 46, paragraph 1, letter a) shall be automatically reviewed every 60 days and annulled when reasonable grounds no longer exist to believe that the persons, groups and entities affected by the measure may commit or attempt to commit or participate or facilitate the commission of the acts referred to in Article 1, paragraph 1, letters k) and p).*

80. In short, whereas the procedure for unfreezing assets of persons designated under UNSCR 1373 is provided for by the AML/CFT law, it appears that there is no correspondent procedure for de-listing requests. This matter should be clarified in legislation.

81. As concerns publicly known procedures for unfreezing of funds (in respect of persons designated under UNSCR 1373), including for persons inadvertently affected by the freezing mechanisms, the procedure is provided under Article 47 ter.

82. Freezing orders are automatically reviewed every 60 days. It is noted that the any decision related to restrictive measures adopted by the Congress of State is immediately published and at the Court and in force (article 46 paragraph 5). Upon adoption, FIA shall forward them to the judicial authority, the administrations concerned and the obliged parties (article 46 paragraph 6). The procedure has never been applied.

*Deficiency 2: The scope of the freezing mechanism is more limited than the wider scope under UNSCR 1373 and the shortcomings identified in respect to SR II requirements impact negatively.*

**Measures adopted and implemented:** This deficiency has been addressed.

83. As noted above, Article 46 of the AML/CFT law as amended now provides for “ the freezing of funds or other assets that are owned or controlled, directly or indirectly, (...) by persons, entities or groups designated pursuant to UN Security Council Resolution 1373 (2001), as well as the funds or other assets derived or generated from funds or other assets owned or controlled, directly or indirectly, by persons included in the lists, terrorists, those financing terrorism or by terrorist organisations, as well as by persons acting on behalf of, or at the direction of, designated persons or entities”. The scope of this freezing mechanism would therefore be in line with that of UNSCR 1373. The shortcomings identified in respect of SR II have been addressed, as noted under the analysis of SR II.

*Deficiency 3: The freezing mechanism does not extend to funds or other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons, terrorist, those who finance terrorism or terrorist organisations. / Recommended action: Extend the restrictive measures provided under article 46 paragraph 1 a) to persons and entities designated pursuant to UNSCR 1373 and to funds and other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons, terrorists, those who finance terrorism or terrorist organisations.*

**Measures adopted and implemented:** This deficiency and the related recommendation have been addressed.

84. The AML/CFT law as amended now extends the restrictive measures provided under article 46 paragraph 1 a) to persons and entities designated pursuant to UNSCR 1373 and to funds and other assets derived or generated from funds or other assets owned or controlled directly or indirectly by designated persons, terrorists, those who finance terrorism or terrorist organisations.

*Deficiency 4: Effectiveness issues: limited awareness of the obligations by obliged entities, given the recent adoption of the acts, and the efficiency of implementation is thus not fully demonstrated. / Recommended action: Provide more guidance and outreach to the private sector, especially the non banking financial industry and DNFBPs, on the freezing obligations, including the obligation to check client files and databases against those lists.*

**Measures adopted and implemented:** This deficiency is considered to have been sufficiently addressed.

85. The FIA reported having organised meetings and awareness raising activities for obliged parties in order to improve the general knowledge of AML-CFT legislation and regulations, and that, in that context, the main characteristics of freezing mechanisms have been analysed and explained. They have also added that during on-site inspections, the freezing obligations (including a concrete check of the

obligation to check client files and databases against those lists) are regularly addressed and that guidance is provided. The authorities have also indicated that proof of accrued awareness is the fact that the FIA received in 2011 its first STR for TF. Though it is difficult to demonstrate changes in the level of awareness of obligations by obliged entities in the context of a desk based report, it is assumed that the progress achieved on the legislative side, coupled with the guidance issued, as well as the awareness raising and supervisory activities have contributed to strengthening awareness on these issues.

*Recommended action: Take additional measures as necessary to monitor effectively all financial institutions for compliance with SR III requirements.*

Measures adopted and implemented: This recommendation appears to have been largely addressed.

86. The authorities have reported that the FIA has carried out on-site inspections to assess the internal mechanisms adopted by banks in relation to the sanctions lists and designated persons. These on-site inspections verified whether: i) the financial entities have adopted internal procedures which regulate the verification of the names "listed"; ii) the FI is equipped with IT applications to verify the existence of clients or transactions related to designated persons or sanctions lists; iii) these IT applications are automatically interfaced with the information system of the FI; iv) the FI has adopted an internal procedure in case of a "positive match"; v) the international (sanctions) lists are periodically verified with the customer data of the FIs; vi) the IT application verifies and blocks registrations of customers and the operations requested (but not yet executed) when the customer is (suspected to be) listed.

87. The FIA has also has carried out an ad-hoc supervisory monitoring to verify the ability of the FIs to detect customers or funds related to persons indicated in the lists (not limited to UNSCRs lists). It focused on IT instruments ("Matching list" procedures: designated persons versus list of the customers), the knowledge of the main legal and regulatory procedures as well as the existence of internal mechanism, procedures and internal controls.

88. No information has been provided on measures adopted to monitor other obliged entities of the financial sector, other than banks.

## **Overall Conclusions**

89. The 2011 MER identified three technical deficiencies and one effectiveness issue. San Marino has made important progress since the adoption of the MER in order to address the shortcomings identified, and has received legal technical assistance from the UNODC in this context. As noted above, the procedures set out in order to implement the requirements related to UNSCR 1373 continue to suffer from certain shortcomings (i.e. no procedure for de-listing requests under UNSCR 1373) and the Congress of State appears to have a discretionary role and is able to set out limitations for reasons of public order or interest. Implementation of SR III requirements is being monitored by the authorities and measures have been taken to increase awareness among obliged entities. There have been no cases of terrorist asset freezing in San Marino to date. Taking into account the progress achieved, from a desk based review, compliance with SR III has improved and can be considered to be at a level equivalent to largely compliant.

## **Special Recommendation I – Ratification and implementation of the UN instruments**

*Deficiency 1: Shortcomings remain in the implementation of the FT Convention as outlined in the respective sections of this report (i.e. criminalisation of a large majority of terrorist acts, lack of corporate criminal liability, limitations for confiscation, related gaps in the context of MLA and*

extradition). / *Recommended action: Take additional measures, as relevant to implement fully the CFT Convention, in particular by addressing the shortcomings identified in SR II.*

**Measures adopted and implemented:** These deficiencies have been addressed.

*Deficiencies related to the criminalisation of a large majority of terrorist acts and lack of corporate criminal liability:*

90. As described under the analysis of SR II, legal persons are now criminally liable for all offences, including F, and the legal changes made by San Marino have improved the overall compliance at a sufficient level.

*Deficiencies related to confiscation:*

- *Deficiencies in criminalisation of predicate offences to ML (TF and piracy) and of the FT offence limit the ability to seize and confiscate.*

91. These deficiencies have been largely addressed. Conducts related to piracy have been broadened (Law no. 139/2014). As concerns the deficiencies with respect to the criminalization of TF, the deficiencies analysed under SR II may have a cascading effect on confiscation, though the level of compliance has substantially improved.

- *The list of offences in Article 147 (on confiscation) does not encompass all offences listed as predicate offences to ML or TF.*

92. This deficiency has been addressed. Article 147 on confiscation has been amended by law No. 100 of 29 July 2013 and now provides for mandatory confiscation for all offences in case of a conviction. In other words, confiscation is now available for all offences listed as predicate offences to ML or TF.

*Gaps in the context of MLA and extradition*

- *The money laundering offence still does not cover self-laundering, which could have a negative effect on the execution of mutual legal assistance requests and granting of extradition, in the context of the application of the dual criminality requirement.*

93. Further to the entry into force of Law No 100 of 29 July 2013, self-laundering is now criminalized, therefore the deficiency is deemed to have been remedied.

- *In TF cases, the shortcomings identified under SR II may limit San Marino's ability to provide mutual legal assistance and to extradite.*

94. See SR II analysis.

- *San Marino may, though such circumstances would be limited, refuse to extradite its nationals without undertaking to prosecute the offence for which extradition is sought;*

95. This deficiency appears to have been addressed. A new law on extradition, setting out the modalities and the timeframes within which extradition request are to be dealt with was adopted on 31 March 2014. Article 4 para 6 of the Law provides that “if extradition is refused, San Marino judicial authority shall, at request of the Applicant State, start criminal proceedings for the same facts for which

extradition has been refused and shall inform the requesting State of the start of the proceedings”. Furthermore, in order to improve cooperation between the San Marino authorities and their foreign counterparts, a number of acts have been adopted, including Congress of State Decision no.10 of 15 January 2013, through which San Marino has removed or changed a number of its reservations and declarations to Council of Europe Conventions (Council of Europe Convention on Extradition, COE Convention on Mutual Assistance in Criminal Matters and Convention on laundering, search, seizure and confiscation of the proceeds from crime and on the Financing of Terrorism).

- *Take additional measures, as relevant to implement fully the CFT Convention, in particular by addressing the shortcomings identified in SR II.*

96. Again, measures have been taken and have improved compliance (see SRII).

*Deficiency 2: Shortcomings remain in respect of the implementation of S/RES/1373 as outlined in the respective section of this report as well as in respect of the scope of assets as regards UNSCR 1267./ Recommended action: Address the shortcomings identified in relation to the implementation of UNSCR 1373 and 1267.*

**Measures adopted and implemented:** This deficiency has been largely addressed.

97. While the scope of assets which are subject to freezing is now in line with the requirements under UNSCR 1267, there remain nevertheless certain shortcomings in respect of the implementation of S/RES/1373.

### **Overall conclusion**

98. The MER identified two deficiencies in relation to SR I. The most important deficiency in relation to the implementation of the TF Convention provisions is considered to be largely addressed. The same applies in respect of the spill-over of the deficiencies identified in the context of SR III, though a certain gaps appear to remain. The current level of compliance with SRI has nonetheless improved and is assessed to be essentially equivalent to LC.

## **6. ANNEX I OVERVIEW OF THE MEASURES TAKEN IN RELATION TO OTHER RECOMMENDATIONS RATED PC**

### **R.12 - DNFBP (R.5, 6, 8-11)**

*Deficiency 1: The deficiencies identified in the framework of Recommendation 5 are applicable to DNFBPs*

99. See the detailed analysis under R5.

*Deficiency 2: Concerns whether the identification and verification of beneficial ownership and the clarification of the source of funds (if necessary) are appropriately applied by all DNFBPs. / Recommended action: Authorities should take measures to ensure that the identification and verification of beneficial ownership and the clarification of the source of funds (if necessary) are appropriately applied by all DNFBPs.*

100. On-site inspections have been carried out in order to verify the implementation of the requirement to identify and verify beneficial ownership and clarify of the source of funds by DNFBPs. With respect to real estate brokers, the on-site visits showed a general improvement of the AML-CFT obligations and a proper application of CDD measures. The FIA has also organized meetings and awareness raising events in this connection for DNFBPs, and, in particular, for real estate brokers and dealers in precious metals and stones.

***Deficiency 3: No effective outreach to real estate brokers and dealers in precious metals and stones / Recommended action: Authorities should ensure effective outreach to all real estate brokers and dealers in precious metals and stones.***

101. See the information above. The Foundation of the Central Bank has also organized AML/CFT training for real estate brokers and other categories of obliged entities.

***Deficiency 4: Awareness for the prohibition to accept cash payments above EUR 15 000 not evenly established / Recommended action: Authorities should increase awareness for the prohibition to accept cash payments above EUR 15'000.***

102. San Marino reports that it has raised DNFBP's awareness on the prohibition to accept cash payments above EUR 15'000, through training, meetings and inspections. The trainings of the Foundation of the Central Bank have also addressed this issue. A public notice in this respect has also been posted on the FIA website.

***Deficiency 5: The concerns expressed under R. 6 regarding financial institutions apply equally to DNFBPs (i.e. PEP definition is not fully in line with the FATF standard).***

103. Decree-Law 25 July 2013 no. 98 has amended the definition of PEP contained in the Technical Annex of the AML-CFT Law. PEP now refers to individuals [...] who are or have been entrusted, in San Marino or abroad, with prominent public functions", in line with the 2012 FATF standard and Article 52 of the United Nations Convention against Corruption (UNCAC). It encompasses foreign, domestic and international organizations categories of PEPs, as well as "senior politicians" and "important political party officials".

***Deficiency 6: Concerns remain in respect of the adequate and effective implementation of the PEP related requirements, and whether PEP-checks are adequately carried out by all non-financial parties / Recommended action: The adequate application of PEP checks by all DNFBPs should be strengthened and reviewed***

104. San Marino reports that it has raised DNFBP's awareness (with particular reference to real estate brokers and dealers in precious metals and stones) in respect of the adequate application of PEP checks, through training, meetings and inspections. No violations of the legislative provisions concerning PEPs have been identified in the course of inspections.

***Deficiency 7: The concerns expressed under R. 8 regarding financial institutions apply equally to DNFBPs (i.e. it is not specified which supplementary measures are considered to be adequate to verify the identity of a customer who is not physically present).***

105. Article 22 of FIA Instruction no.2013-06 (art.27, para 3, letter b of AML-CFT Law) now specifies –both for financial institutions and for DNFBPs- which supplementary information or



documents are considered to be adequate to verify the identity of a customer who is not physically present. This includes “further documentation containing the identification data that may be obtained by the client in the country of residence or of the registered office only after having produced an identification document”.

*Deficiency 8: The concerns expressed under R. 9 regarding financial institutions apply equally to DNFBPs (i.e. no requirement for financial institutions to take adequate steps to satisfy themselves that copies of identification data or other relevant documentation will be made available from the third party upon request without delay).*

106. The authorities have explained that the concerns expressed under R. 9 were of a terminological nature and that they have been addressed by amending Article 29, para 3.

*Deficiency 9: Concerns remain in respect of the adequate and effective implementation of the record keeping requirements by DNFBPs, in particular real estate agents, auction houses, dealers in precious metals and stones.*

107. San Marino reports that it has raised the awareness of real estate brokers, dealers in precious metals and stones and auction houses in respect of the implementation of the record keeping requirements, through training, meetings and inspections. The on-site inspections performed have shown improved awareness by DNFBPs of CDD measures and the obligation of the record keeping requirements.

*Deficiency 10: Lack of requirement to pay special attention to complex and unusually large transactions, as well as to unusual patterns of transactions, which have no apparent or visible economic or lawful purpose./ Recommended action: Provide for the obligation of DNFBP-s to pay special attention to complex and unusually large transactions, as well as to unusual patterns of transactions, which have no apparent or visible economic or lawful purpose.*

108. The obligation of DNFBP-s to pay special attention to complex and unusually large transactions, as well as to unusual patterns of transactions, which have no apparent or visible economic or lawful purpose, is provided for by FIA Instruction 2013-05, issued on 29 April 2013 and in force since 20 May 2013.

*Deficiency 11: Concerns remain in respect of the adequate and effective implementation of the requirements by DNFBPs.*

109. San Marino reported that legal and regulatory measures have been implemented and that educational and awareness raising initiatives for DNFBPs have been launched recently (see above).

*Recommended action: The recommendations made under R. 5, 6, 8-11 regarding financial institutions should be applied as well to DNFBPs.*

110. The recommendations made under R. 5, 6, 8-11 regarding financial institutions now apply also to DNFBPs further to the entry into force of Decree-Law 25 July 2013 no. 98 and FIA Instructions issued in 2013 and 2014.

*Recommended action: Authorities should continue their efforts to update Professionals and non-financial parties on sector specific AML/CFT risks.*

111. San Marino reports that it has provided training on an on-going basis in this respect to DNFBPs. The FIA has published typologies, methods and trends of ML and FT on its web-site which contain indices of anomalies which should be taken into consideration for the fulfilment of CDD and suspicious transaction reporting requirements. The FIA has also issued Instruction no.2013-01, containing sector specific AML/CFT Index and schemes of anomalies for obliged parties. The training courses organized by the Foundation of the Central Bank also include practical examples related to sector specific AML/CFT risks. The NRA will also play an important role in this respect.

*Recommended action: Provide for sufficient frequency and coverage of on-site inspections to satisfactorily ascertain compliance and implementation of relevant requirements by DNFBP-s.*

112. The authorities report that the number of on-site inspections in this connection has increased, particularly in 2011 to 2013.

### **R.15 - Internal controls, compliance and audit**

*Deficiency 1: Definition of the requirement on internal procedures, policies and controls needs improvement./ Recommended action : Introduce additional requirements (in the law, regulation or other enforceable means) for financial institutions to adopt procedures, policies and controls as defined under Criterion 15.1, since the current language of the law seems to limit them to cover only certain types of high-risk activities and customers.*

113. Decree-Law 25 July 2013 no. 98 , which amends Article 44 of the AML-CFT Law requires that financial institutions (and more generally, all obliged parties) adopt additional procedures, policies and controls on CDD, record retention, the detection of unusual and suspicious transactions and reporting obligations. FIA Instruction no.2012-02 on Appointment, requirements and functions of the AML Officer and his/her substitute also contains some provisions on internal controls.

*Deficiency 2: Lack of requirement to designate compliance officers at management level./ Recommended action: Establish a requirement that compliance officers are to be designated at management level.*

114. FIA Instruction no.2012-02 on Appointment, requirements and functions of the AML Officer and his/her substitute now requires in its Article 8, para 2 that compliance officers are designated at management level.

*Deficiency 3: Lack of requirement that financial parties, which are not incorporated businesses, assume the responsibilities and perform the duties of the compliance officer.*

*Recommended action: Establish a requirement that financial parties which are not incorporated businesses, assume the responsibilities and perform the duties of the compliance officer.*

Article 14 of Decree-Law 25 July 2013 no. 98 has amended Article 42, para 1 of the AML-CFT Law and deleted the reference to “incorporated business”. Consequently, all financial parties (regardless whether they are incorporated businesses or not), will assume the responsibilities and perform the duties of the compliance officer.

**Deficiency 4: Lack of requirement for financial institutions (other than banks, management companies and insurance undertakings) to have an adequately resourced and independent audit function.**

*Recommended action: Establish a requirement for financial institutions (other than banks, management companies) and insurance undertakings to have an adequately resourced and independent audit function.*

115. The requirement for financial institutions (other than banks, management companies and insurance undertakings) to have an adequately resourced and independent audit function is provided for by the following CBSM Regulations: CBSM Regulation 2011-03 (for Financial companies, CBSM Regulation 2008-01 (for Insurance undertakings), CBSM Regulation 2011-03 (for Investment firms and fiduciary companies).

*Deficiency 5: Lack of terms of reference specifying the focus, coverage, and topics of employee training*

*Recommended action: Introduce terms of reference specifying the focus, coverage, and topics of employee training in accordance with Criterion 15.3.*

116. Article 16 of Decree-Law 25 July 2013 no. has amended Article 44, para 3 of the AML-CFT Law, in order to further specify the focus, coverage, and topics of employee training. Further to the amendment, obliged subjects are required to promote ongoing employee training including on: customer due diligence and reporting of suspicious transactions obligations; new developments in the field of money laundering and terrorist financing; and new techniques, methods and trends.

*Recommended action: Provide for practical implementation of employee screening requirement (by way of introducing relevant instructions/ best practices/ other guidance).*

117. The FIA has issued guidelines in September 2014, in order to provide obliged subjects with practical information on good practices in pre-employment screening, including on the verification of the identity; confirmation of the employment history and qualifications; the verification of criminal records and on-line reputation of the applicant.

#### **R.16 - DNFBP (R.13-15 & 21)**

*Deficiency 1: Effectiveness issues: low level or no reporting by DNFBPs raises questions on the quality of reporting and the effective implementation of the reporting requirement*

*Recommended action: Take measures for enhancing the efficiency of reporting and the quality of STR-s, by means of, inter alia, better outreach and guidance aimed at reducing “defensive” reporting patterns and at ensuring conduction of comprehensive analyses and submission of substantiated suspicions by DNFBP-s.*

118. On 31 January 2013, the FIA issued Instruction no.2013-01 containing sector specific AML/CFT Index and schemes of anomalies for obliged parties, in order to better assist obliged subjects in the activity of STR comprehension and detection. The authorities report that there has been an improvement in the quality of reporting and a reduction in the number of STRs received.

*Deficiency 2: The requirement on internal procedures, policies and controls needs improvement.*

*Recommended action: Introduce additional requirements (in the law, regulation or other enforceable means) for DNFBPs to adopt procedures, policies and controls as defined under Criterion 15.1, since the current language of the law seems to limit them to cover only certain types of high-risk activities and customers.*

119. This Recommendation has been implemented by Article 17 of Decree-Law 25 July 2013 no. 98. See the information provided under deficiency 1 of R15.

*Deficiency 3: Lack of requirement that DNFBPs which are not incorporated businesses assume the responsibilities and perform the duties of the compliance officer*

*Recommended action: Establish a requirement that DNFBPs, which are not incorporated businesses, assume the responsibilities and perform the duties of the compliance officer.*

120. Article 15 of the Decree-Law 25 July 2013 no. 98, amending Article 43 of the AML-CFT Law now provides that DNFBPs, which are not incorporated businesses, assume the responsibilities and perform the duties of the compliance officer.

*Deficiency 4: Lack of requirement to develop appropriate compliance management arrangements (i.e. designate duly empowered compliance officers).*

*Recommended action: Establish a requirement that all DNFBP-s should develop appropriate compliance management arrangements, i.e. designate duly empowered compliance officers.*

121. (See the information under deficiency 3). FIA Instruction no.2012-02 already contained provisions in this regard.

*Deficiency 6: Lack of requirement to put in place screening procedures to ensure high standards when hiring employees.*

*Recommended action: Establish a requirement for DNFBP-s to put in place screening procedures to ensure high standards when hiring employees.*

*Article 44, para 7 of the AML-CFT, as amended by Article 17 of Decree-Law 25 July 2013 no. 98, now requires that DNFBP-s put in place screening procedures to ensure high standards when hiring employees. The FIA has also issued guidelines providing good practices on employee screening.*

*Deficiency 7: Lack of requirement to pay special attention to transactions with persons from or in countries covered by Recommendation 21.*

*Recommended action: Establish a requirement for DNFBPs to pay special attention to transactions with persons from or in countries covered by Recommendation 21.*

122. The requirement for DNFBPs (and more generally, for all obliged subjects) to pay special attention to transactions with persons from or in countries covered by Recommendation 21, is provided for by the following Instructions: FIA Instruction 2013-03 related to countermeasures for those Countries, jurisdictions or territories against which the international organisations involved in preventing and combating money laundering and terrorist financing, issue public statements or other measures; and FIA

Instruction 2013-06 requiring obliged parties to pay special attention to persons from or in “higher risk” Countries.

*Deficiency 8: Lack of requirement to examine the background and purpose of transactions with persons from or in countries covered by Recommendation 21, if such transactions have no apparent economic or visible lawful purpose*

*Recommended action : Establish a requirement for DNFBPs to examine the background and purpose of transactions with persons from or in countries covered by Recommendation 21 and to make written findings of the analysis available to assist competent authorities and auditors.*

123. This requirement is provided for by FIA Instruction 2013-05, on “the identification, verification and assessment of critical transactions” (i.e. transactions that due to their complexity or unusually large amount or due to their unusual pattern of execution and given the professional profile of the customer, require an assessment of their compatibility with the customer’s profile) and by FIA Instruction 2013-06, requiring obliged parties to pay special attention to persons from or in “higher risk” Countries.

*Deficiency 9: Lack of appropriate countermeasures in respect of countries covered by Recommendation 21.*

*Recommended action : Introduce appropriate countermeasures to be applied in respect of countries covered by Recommendation 21.*

124. FIA Instruction 2013-03 extends to DNFBPs countermeasures in relation to those countries, jurisdictions or territories against which the international organisations involved in preventing and combating money laundering and terrorist financing, issue public statements or other measures, that were previously already in place for financial subject. The FIA also informs obliged entities of the content of every FATF statement.

*Recommended action: Take measures to ensure the effective implementation of relevant requirements by DNFBP-s, also through additional guidance on “black” and “white” lists of countries and the practical application thereof.*

125. The San Marino authorities report that obliged parties are required to use the list of foreign jurisdictions the AML/CFT system of which is considered equivalent to that envisaged by international standards according to a risk-based approach; shall pay special attention to any risk of money laundering or terrorist financing related to instruments, transactions, type of customers and services which may favour anonymity, by adopting any necessary measures to prevent them from being used for money laundering or terrorist financing purposes; may apply in certain cases simplified customer due diligence requirements; in case of a higher risk of money laundering or terrorist financing, shall apply enhanced measures. Furthermore, the list of Countries, Jurisdictions and Territories referred to above may be updated regularly. Under FIA Instruction 2013-03 all obliged entities must adopt enhanced CDD for those Countries, jurisdictions or territories against which the international organisations involved in preventing and combating money laundering and terrorist financing, issue public statements or other measures. The Congress of State, identifies, jurisdictions that benefit from the presumption (refutable) of equivalence to European and international standards.

**R.18 - Shell banks**

*Deficiency 1: The definition of “shell bank” does not comprise the element of “be subject to effective consolidated supervision”*

*Recommended action: Revise the definition of “shell bank” to incorporate the notion that, for qualifying as a non-shell bank, the subjects of the definition should “be subject to effective consolidated supervision”.*

126. Article 1 of Decree-Law 25 July 2013 no. 98, amending Article 1, para 1, letter d) of AML-CFT Law, now provides that in order to qualify as a non-shell bank, the subjects of the definition should “be subject to effective consolidated supervision”.

*Deficiency 2: Lack of direct requirement on prohibiting approval of establishment or acceptance of continued operations of shell banks*

*Recommended action: Introduce an explicit requirement on prohibiting approval of establishment or acceptance of continued operations of shell banks.*

127. Article 11 of Decree-Law 25 July 2013 no. 98, amending article 28, para 1 of the AML-CFT Law prohibits financial parties to enter into or maintain business relationships with shell banks (or with foreign financial parties that are known to permit their accounts to be used by shell banks). The authorities also state that San Marino’s regulatory framework does not allow foreign shell banks to provide banking and financial services in the territory. Similar requirements to those which apply for a domestic bank are equally pertinent when setting up a branch (or in case of provision of services without establishment).

*Deficiency 3: The notion of terminating relationships with entities that are found to be shell banks “at the earliest convenience” lacks explicitness and provides space for different interpretations and implementation*

*Recommended action : Redefine the notion of “at the earliest convenience” so as to provide for a proactive and immediate termination of relationships with entities that are found to be shell banks.*

128. Article 28, paragraph 3 of the AML-CFT Law (as amended by Art.11 of DL 98/2013) now states that existing relationships with entities that are found to be shell banks shall be terminated immediately. Article 31, paragraph 1 of Decree-Law 25 July 2013 no. 98 furthermore requires all financial parties to review all existing relationships within two months from the entry into force of the Decree and inform the FIA of the results. The latter review showed, with one exception, that there are no business relationships with shell banks or with foreign financial parties that are known to permit their accounts to be used by shell banks.

*Deficiency 4: Exceptions from the rule for financial institutions “to satisfy themselves” that their respondent institutions comply with the requirement not to permit the use of their accounts by shell banks.*

129. Article 28, paragraph now clarifies that financial institutions “must satisfy themselves” that their respondent institutions comply with the requirement not to permit the use of their accounts by shell banks.

*Recommended action: Remove the exceptions from the rule to use the AML/CFT Questionnaire in the case of countries, jurisdictions and territories included in the Decision No 9 (2009) of the Congress of State, and when establishment of business relationships is initiated by foreign counterparts.*

130. The authorities report that the exceptions have been removed. The scope of the FIA Instruction has been redefined according to Moneyval's recommendation and any reference to countries, jurisdictions and territories included in the Decision No 9 (2009) of the Congress of State has been deleted.

**R.24 - DNFBP (regulation, supervision and monitoring)**

*Deficiency 1: FIA lacks adequate resources to perform its supervisory functions in addition to its numerous further functions./ Recommended action: The staffing of the supervisory authority should be increased significantly in order to enable the FIA to adequately perform its supervisory functions, in addition to its numerous further functions.*

131. The authorities report that two persons (representing an increase of 16.6% of the staff), were hired in April 2012 and assigned to the Financial Intelligence Unit and the On-site Supervision Unit. Furthermore, with the entry into force of Decree-Law 25 July 2013 no.98, the FIA is no longer responsible for training police officers and monitoring financial activities carried out on a limited basis.

*Deficiency 2: Very low level and limited coverage of on-site inspections. No comprehensive analysis of the quality of the CDD measures applied by DNFBPs./ Recommended action: Authorities should carry out a comprehensive analysis of the quality of CDD measures with regard to an adequate number of professionals and non-financial parties.*

132. The authorities report that in recent years the FIA has focused its supervisory activities on certain categories of DNFBPs which pose a higher risk and has imposed sanctions for breach of CDD and record keeping obligations. The FIA has organized meetings with representatives of DNFBPs (including Professionals) in order to discuss CDD requirements and the main challenges encountered in the performance of these obligations. The FIA has also promoted the creation of DNFBP associations (auction houses, real estate brokers) in order to have a dedicated channel of dialogues with these categories. The CBSM has also organized training for DNFBPs (other than professionals) in order to increase awareness of the AML/CFT requirements.

*Deficiency 3: No measures taken to identify whether there are any San Marino residents/citizens who own or operate: (1) an internet casino; (2) a company that runs an internet casino; or (3) a server that is located in the Republic of San Marino and which hosts an internet casino./ Recommended action: San Marino should take measures to identify whether there are any San Marino residents/citizens who own or operate: (1) an internet casino; (2) a company that runs an internet casino; or (3) a server that is located in the Republic of San Marino and which hosts an internet casino.*

133. The Postal Police Unit at Gendarmerie, through the Industry and Commerce Office has inquired into whether there are legal entities based in San Marino that carry out the above-mentioned activities. The San Marino Police with the assistance of telecommunication companies has also looked into internet servers and domains for the same purpose. It appears that there are no San Marino citizens or residents, nor servers which own or operate internet casinos.

*Recommended action: Ensure supervisory arrangements and performance to provide for fully ascertaining efficiency of implementation of applicable AML/CFT requirements by DNFBPs.*

134. The authorities report that this Recommendation is implemented through activities that FIA performs on a regular basis.

**R.27 - Law enforcement authorities**

*Deficiency 1: Though the number of ML investigations is increasing, there are very few police generated ML investigations*

*Recommended action: take measures as appropriate to ensure that the San Marino police officials start playing an active role in AML/CFT efforts.*

135. The authorities report that eight police officers skilled in financial matters have been recruited and assigned to work in the field of fraud, tax fraud and distortions in trade. As a result, it is expected that more ML investigations will be generated. Congress of State Decision no.4 of 10 April 2013 now requires the Board of the Department of Police Forces to identify police officers who are qualified to carrying out financial investigations and to train them so that they are capable of conducting parallel investigations on predicate offences and ML and TF as well as identifying, tracing, freezing and seizing illicit funds or funds which could be subject to confiscation. The Agreement on cooperation for the prevention and combating of crime between San Marino and Italy has also entered into force and provides for closer cooperation between the Police Forces of the two States, direct exchange of information, bilateral cooperation on police training, and joint operations.

*Deficiency 2: Effectiveness: (1) the effectiveness and efficiency of the role of the Police in the investigation phase is not demonstrated; (2) it was not demonstrated that the Police has the ability to carry out autonomously (complex) financial investigations without the support of other authorities.*

136. See the information above.

*Recommended action: The authorities should consider placing an emphasis on the development of case law on standalone money laundering, based on evidence collected in San Marino.*

137. The authorities report that most judgments related to ML have been cases of standalone ML, based on evidence collected in San Marino. The reversal in the trend is due to the new reporting requirements, the monitoring activity of supervisors and the new policy to strengthen the coordination between the investigating judges and encouraging the Judicial Police to investigate financial proceeds-generating crimes.

*Recommended action: make full use of the provisions of the AML/CFT Law and delegate decree to second Police officers to the FIA, as this could in the medium and long term impact positively on the capacity of the law enforcement agencies to develop their own pool of expertise to pursue complex financial crime investigations, rather than rely on another agency for a key aspect of the investigation;*

138. See the information provided under deficiency one. The authorities report that four persons have been identified as being particularly qualified to conduct financial investigations and apt to being seconded to the FIA to develop expertise and pursue complex financial crime investigations. The anti-fraud Squad of the Civil Police in recent years has worked closely with FIA and CBSM on complex financial investigations related to domestic PEPs, corruption, organized crime etc. There are examples of investigations in which interdisciplinary teams were set up (made up of FIA analysts and officials from the Fraud Squad) and have conducted financial investigations according to the FATF methodology, under the coordination of the Investigating Judge. Important results were achieved, namely, seizures (also of corresponding value) of substantial sums and property for considerable amounts.



**R.30 - Resources, integrity and training**

*Deficiency 1: It was not demonstrated that FIA has adequate capacities and resources to undertake its core functions, considering its workload and numerous functions.*

*Recommended action: San Marino authorities should ensure that FIA is adequately resourced so that it can focus its work primarily on the core FIU functions, as opposed to other additional functions, so that this does not impact on the timeliness of analysis and dissemination of reports to the Judicial Authority.*

139. As concerns the increase in the number of FIA staff and the increased focus on core functions, see R24, deficiency one. The judicial authority now relies mainly on the Police in relation to MLA requests and domestic criminal procedures; the FIA's role is limited to assisting with the financial analysis of MLA documents. The FIA continues to provide support to the Police and to the judicial authority when the cases under investigation are familiar to the FIA or might include information held by FIA, but it mainly provides support on financial analysis. See also the information under R27 deficiency 2. The authorities also report that there has been an increase in the percentage of cases which were reported to the judicial authorities.

*Deficiency 2: Training of FIA staff on operational and strategic analysis, financial investigations, economic crime, etc appears to be rather limited.*

*Recommended action: San Marino should ensure that FIA has the adequate technical resources and that its staff is participating in trainings on a regular basis, to enable it to enhance the quality of its STR operational and tactical analysis and conduct strategic analysis.*

140. The authorities report that four financial analysts have attended two training workshops abroad on strategic analyses and that on-going training on financial analysis/investigations and on economic, general and organized crime are offered to FIA staff. The FIA has also integrated new IT tools to be used for operational and strategic analysis.

*Deficiency 3: No policy or requirement to update the fit and proper checks during the period of employment to ensure high integrity of staff.*

*Recommended action: existing policies should be review to ensure that integrity checks are updated periodically during employment periods.*

141. Article 8 of Delegated Decree 28 November 2008 n.146 as amended now provides that the FIA must adopt policies and internal procedures aimed at verifying that staff maintains requirements of professionalism, integrity and honour. Furthermore, The Central Bank adopted a code of conduct for employees on 19 December 2012 which contains provisions on ethical standards for its employees. The Code of conduct for public officials also contains provisions on the integrity and conduct of public officials. FIA periodically carried out integrity checks during employment periods.

*Deficiency 4: The skills of law enforcement and judiciary need further enhancement as the training of the judiciary and law enforcement on ML and financial crimes investigations appears to be insufficient*

*Recommended action: continue to take measures as appropriate, to ensure that law enforcement officials and judges can develop their skills and expertise, in particular through a regular participation in specialized trainings in San Marino or abroad, in particular as regards financial investigation, handling*

*of complex criminal investigations of financial and banking offences, techniques for tracing proceeds and evidence gathering.*

142. As of June 2013 each San Marino judge can attend at least two training courses per year (on confiscation, international cooperation, corruption, financial crimes, etc), organized by the school of the judiciary. Law enforcement officials and judges have also attended a number of trainings organized by the US Department (on financial analyses and financial investigation techniques), by UNODC and OSCE, Moneyval (on ML typologies), FBI, and the CUFIS (on special Investigative techniques in the context of financial investigations).

*Deficiency 5: Law enforcement authorities do not have the necessary equipment to be able to make use of special investigative techniques.*

*Recommended action: ensure that the law enforcement authorities have the necessary equipment and are trained to make use of it so as to have the ability to make full use of the special investigative techniques allowed by the legal framework.*

143. Police Forces have recruited staff skilled in financial matters and in using special investigative techniques. Notably, six persons specialized in IT and accountancy have been recruited by the Civil Police Anti-Fraud Group and the Interforce Group and two have been recruited by the Office of Control and Supervision over Economic Activities and the Central Liaison Office (CLO). See also the information provided under R27 deficiency 1. The equipment needed to carry out wiretaps has been installed and training in this connection has been provided to investigating judges and police officers. Special investigative techniques may now be applied in the investigation of all crimes to which compulsory confiscation applies under Article 147 of the Criminal Code, as well as of other offences mentioned in Title IV, Chapter IV of the Criminal Code, in accordance with Article 5 of Decree-Law no. 90 of 16 June 2014.

*Deficiency 6: Limited information to assess whether there are adequate requirements in place to ensure that the Fortress Guard is required to maintain high professional standards and that there are adequate measure covering integrity aspects;*

*Recommended action: ensure that the Police forces, including the Fortress Guard officials, are required to maintain high professional standards and that there are adequate measures covering integrity aspects.*

144.

145. Delegated Decree of 11 February 2015 no.13 provides for a Code of Conduct for members of Police Forces (including the Gendarmerie, the Fortress Guard, the Civil Police and the National Central Bureau of Interpol). The decree specifies the requirements of civil and moral integrity (article 3) that the Police members must satisfy and provides that the latter shall be subject to periodic verification. Article 6 of the Delegated Decree provides for general principles of integrity, respect towards citizens and non-discrimination, while articles 7 and 8 regulate the prevention and combating of corruption as well as the avoidance of Conflict of interest and incompatibility.

*Deficiency 7: The adequacy of the resources of the Court remains to be demonstrated.*

146. The authorities report that measures have been taken to address the lack of resources and training on investigations, as well as the lack of coordination between the judicial authorities and the judicial police.

147. Following the adoption of Law no.100 of 29 July 2013, the organizational structure of the Court has partly been modified so as to ensure that more than one judge can conduct investigations for complex

crimes. Two vacancy notices for the recruitment of magistrates have been advertised and there has been a significant reduction of the backlog, an increase in the indictments, convictions, confiscations and seizures.

*Deficiency 8: It was not demonstrated that Fortress Guard officials have received adequate training to develop technical expertise and capacity to detect cash movements.*

*Recommended action: ensure that comprehensive training is provided regularly to law enforcement authorities, and in particular to the Fortress Guard, on detection of cash couriers and further guidance on trends/risks/patterns associated with cross border transportation of cash and other instruments, as well as typologies are available.*

148. The authorities report that over the years, the staff responsible for cross-border controls has received theoretical and practical training on cash movements. The Fortress Guard has also concluded agreements with the FIA in order to share information relevant for cross-border controls. A system for the collection of information has been set-up in order to monitor cash transactions alongside the cross-border declaration provided for by the law. The Agreement between Italy and San Marino on financial collaboration is now in force and provides, inter alia, for cooperation in the area of controls on cross-border movements of cash and equivalent values between the territory of Italy and San Marino

*Deficiency 9<sup>6</sup>: The lack of adequate human resources appears to be a major hindrance for the FIA to properly perform its functions, particularly its supervisory function.*

*Recommended action: Take appropriate measures aimed at enhancing the capacities of the FIA in its supervisory function (including through recruiting additional staff) so as to ensure that it is able to adequately fulfil this function.*

149. See the information under deficiency one. Certain supervisory arrangements have been reviewed and reinforced and a new Memorandum of Understanding between the FIA and the Central Bank was signed on 28 September 2012, inter alia in order to strengthen and improve risk analysis, inspection and control activities and in order to better coordinate their respective work.

*Deficiency 10: Competent authorities for sending/receiving and executing mutual legal assistance/extradition requests are not sufficiently staffed, resourced – including with necessary technical resources – and trained to effectively perform their functions.*

*Recommended action: continue to ensure that the judicial authority is adequately funded and staffed to fully and effectively perform its functions in respect of MLA and extradition requests, through regular reviews of its resources and workload, as well as of the allocation of tasks among relevant judges.*

*Recommended action: review in due course the resources of the Court and the judges' workload, taking into consideration the specific case workload and complexity of pending cases, as well as the respective*

---

<sup>6</sup> As regards the resources of the CBSM, the IMF FSAP report published in October 2010 concluded that “The assessment of the observance of Basel Committee Core Principles (BCP) showed that the Central Bank of San Marino (CBSM) will need substantially strengthened independence and resources [...]”. The Central Bank has informed the evaluation team after the visit that it had recruited 4 additional staff members for the Supervision units (2 junior staff, 1 insurance expert and 1 senior staff member).

*workload derived from mutual legal assistance requests, and take remedying measures as appropriate to ensure an efficient treatment of cases.*

150. In September 2012 one magistrate from the single court took part in a workshop on the International Conventions on Terrorism and on judicial cooperation organized by UNODC and OSCE. Another judge participated in the Joint Moneyval-EAG workshop on the new FATF Standard. The Executive Magistrate of the Single Court conducts on a regular basis a review of the resources of the Court and of the judges' workload (also with respect to extradition and mutual legal assistance). Statistics show that further to training there has been a decrease in the number of MLA requests received, an improvement in the timeliness of the cooperation provided and a decrease in the number of outgoing letters rogatory.

*Recommended action: ensure that judges who are involved in MLA and extradition requests are adequately trained through on-going internal training but also external training in order to develop their expertise and know-how in handling international legal requests.*

151. In addition to the information under deficiency No. four, a judge attended a Conference of the Parties training (CETS No 198) organized in Armenia, and San Marino judges attended a course on international cooperation organized by the Italian School for the Judiciary in 2013.

*Recommended action: review and take appropriate measures to ensure that proper technical means and equipment (e.g. ICT equipment, equipment for video/telephone conference, technical means required for special investigative measures) are available for competent authorities enabling them to adequately respond to mutual legal assistance requests.*

152. The authorities report that there has never been any difficulty in responding to mutual legal assistance requests due to lack of technical devices. Nonetheless, wiretap equipment and other special investigative techniques are now available and video conferencing equipment will be available in early 2015.

*Recommended action: The authorities should consider making full use of the provisions under the AML/CFT Law and delegate decree so as to associate Police officers to the FIA, so that the current approach of overreliance on the FIA management in the context of investigations, collection and seizing of financial documentation in connection with ML and other banking and financial crimes is reviewed and does not constitute an additional burden on FIA's performance in relation to its core functions.*

153. See the information under deficiency one of R27.

*Recommended action: review the impact on the workload of the FIA and of the Central Bank management derived from the execution of the mutual legal assistance requests, to ensure that this does not affect negatively the performance of their core functions and their relationship with the supervised entities;*

154. See the information provided under deficiency one.

*Recommended action: The Technical Commission of National Coordination should analyze the overall effectiveness of the AML/CFT system on a regular basis (i.e. bi-annually), including by reviewing the statistics available and the results achieved by the competent authorities, in order to evaluate the adequacy of the preventive and other measures that were implemented and develop proposals which would form the basis for further improvements of the system.*

155. The Technical Commission of National Coordination analyzed the overall effectiveness of the AML/CFT system and reviewed the statistics available and the results achieved on 18 December 2014.

Following this analysis, some proposals for further improvements of the system have been addressed to the Committee for Credit and Savings (CCS). The NRA will play an important role in this respect.

#### **SR.VI - AML requirements for money/value transfer services**

*Deficiency 1: No licensing/ registration requirements for post offices in relation to money and value transfer services provided by them.*

*Recommended action: Establish licensing/ registration requirements for post offices in relation to money and value transfer services provided by them.*

156. As of 1st January 2013, San Marino Post is a public entity with legal personality with organisational, administrative, accounting and regulatory autonomy. For postal financial services Ente Poste will therefore be considered an obliged party under anti-money laundering legislation and will be subject to supervision pursuant to banking legislation. Ente Poste will be required to obtain an authorization from the Central Bank in order to provide money and value transfer services.

*Deficiency 2: Lack of implementing regulations (the FIA Instructions) for post offices.*

*Recommended action: FIA should issue implementing regulations post offices.*

157. The authorities report that at the time of Moneyval's fourth round visit a number of FIA Instructions already applied in respect of Ente Poste. Nevertheless, all the relevant Instructions which apply to the financial sector are now also applicable to Ente Poste.

*Deficiency 3: Effectiveness concerns (also in relation to only recent appointment of a formal compliance officer).*

*Recommended action: Take measures to strengthen the effective and efficient implementation of the obligations under the AML/CFT Law by post offices.*

158. With Decision n.28 of 12 March 2013 the Congress of State has appointed a new AML Officer within "Ente Poste" in line with the provisions of FIA Instruction no.2012-02. A number of measures have been adopted, including training, in order to strengthen the effective and efficient implementation of the obligations under the AML/CFT Law by Ente Poste.

#### **SR.IX - Cross Border Declaration & Disclosure**

*Deficiency 1: Though the administrative sanctions applicable have been increased and may appear substantial, the voluntary settlement rule substantially reduces the level of sanctions and may undermine the deterring scope of the sanction.*

*Recommended action: Take stock of the sanctions applied and analyse whether the voluntary settlement provisions undermine the effectiveness and deterrent scope of the sanctions, and if appropriate, reconsider the statutory sanctions to ensure that these are proportionate.*

159. The authorities report that the analysis undertaken has not shown that the voluntary settlement rule undermines the deterring scope of the sanction. Furthermore, the array and the entity of the sanctions available seem adequate to differentiate the treatments according to the seriousness of the offence.

Nonetheless, in order to improve the system of the cross-border transportation of cash and similar instruments currently in place in San Marino meetings have been held on this issue.

*Deficiency 2: Effectiveness issues: (1) the declaration system has been recently introduced, while it was not demonstrated that the authorities responsible for overseeing its implementation were provided with sufficient training to effectively perform their functions, (2) the implementation of the declaration requirement at the time of the on-site visit was not very effective, considering that the declaration could be (and was) submitted to financial institutions<sup>7</sup> (3) no indication of undertaking risk assessment exercises at the border specifically targeting cash movements.*

160. The staff responsible for cross-border controls has received theoretical and practical training in order to identify violations. The Fortress Guard has entered into an agreement with the FIA in order to share information which is useful to perform cross-border controls. As of November 2010, further to the entry into force of Decree Law no. 187, the declaration can only be submitted to the Police Forces. Pending the drafting of the NRA activities aimed at risk assessment targeting cash movements have been carried out. In order to improve the effectiveness of the system, meetings have been organized at international level on this topic.

MONEYVAL Secretariat

---

<sup>7</sup> This possibility has been abrogated by the amendments introduced after the visit through Ratifying Decree Law no. 181 of 11 November 2010 (subsequently Decree Law no. 187 of 26 November 2010).

## **7. ANNEX II - LIST OF RECENT AML/CFT LEGISLATION, REGULATIONS AND GUIDANCE ADOPTED AND IN FORCE:**

LAW NO. 92 OF 17 JUNE 2008: PROVISIONS ON THE PREVENTION AND COMBATING OF MONEY LAUNDERING AND TERRORIST FINANCING (CONSOLIDATED TEXT)

LAW NO. 146 OF 19 SEPTEMBER 2014 - AMENDMENTS TO LAW NO. 174 OF 20 DECEMBER 2013 AND ADJUSTMENTS TO THE BUDGET OF THE STATE AND OF THE ENTITIES OF THE OVERALL PUBLIC SECTOR FOR THE FINANCIAL YEAR 2014

LAW NO. 141 OF 5 SEPTEMBER 2014 - CODE OF CONDUCT FOR PUBLIC OFFICIALS  
ANNEX 4: LAW NO. 139 OF 5 SEPTEMBER 2014 (PROVISIONS FOR THE ENHANCEMENT OF INTERNATIONAL SECURITY IN CIVIL AVIATION AND MARITIME NAVIGATION)

LAW NO.41 OF 31 MARCH 2014 - EXTRADITION PROVISIONS

LAW NO.166 OF 16 DECEMBER 2013 -GENERAL INCOME TAX (EXTRACT ARTICLES FROM 135 TO 147)

LAW NO. 101 OF 29 JULY 2013 - COLLECTION OF PROVISIONS ON BANKNOTES AND COINS

LAW NO. 99 OF 29 JULY 2013 - LIABILITY OF LEGAL PERSONS

LAW NO. 100 OF 29 JULY 2013 - AMENDMENTS TO THE CRIMINAL CODE AND THE CODE OF CRIMINAL PROCEDURE AND PROVISIONS ON CIVIL PROCEDURE AND ON JUDICIAL MATTERS

LAW NO. 54 OF 21 MAY 2012 - LAW ESTABLISHING "ENTE POSTE" OF THE REPUBLIC OF SAN MARINO

LAW NO. 51 OF 11 MAY 2012 – PROVISIONS TO COMBAT ORGANIZED CRIME

DELEGATED DECREE NO. 13 OF 11 FEBRUARY 2015 - CODE OF CONDUCT FOR MEMBERS OF POLICE FORCES

DELEGATED DECREE NO. 178 OF 3 NOVEMBER 2014 - PROVISIONS RELATING TO THE STATUS OF POLITICALLY EXPOSED PERSON

DECREE-LAW NO. 176 OF 27 DECEMBER 2013 - AMENDMENT TO ARTICLE 25 OF DECREE-LAW NO. 98 OF 25 JULY 2013 "EXTINCTION OF THE RIGHT TO REIMBURSEMENT RELATIVE TO RELATIONSHIPS FOR WHICH CUSTOMER DUE DILIGENCE REQUIREMENTS HAVE NOT BEEN FULFILLED AND TO BEARER PASSBOOKS"

DELEGATED DECREE NO. 169 OF 28 OCTOBER 2014 - IDENTIFICATION AND REGULATION OF GAMES ADMITTED UNDER LAW NO. 67 OF 25 JULY 2000 AND SUBSEQUENT AMENDMENTS

DELEGATED DECREE NO. 152 OF 30 SEPTEMBER 2014 - PROVISIONS RELATING TO THE STATUS OF POLITICALLY EXPOSED PERSON

DELEGATED DECREE NO. 175 OF 27 DECEMBER 2013 - PROVISIONS ON POSTAL FINANCIAL SERVICES

DECREE - LAW NO. 90 OF 16 JUNE 2014 (URGENT PROVISIONS ON THE PREVENTION AND CONTRAST TO THE CRIMES OF CORRUPTION)

DECREE - LAW NO. 89 OF 11 JUNE 2014 (PROVISIONS ON THE TASKS AND FUNCTIONING OF THE NATIONAL CENTRAL BUREAU OF ICPO-INTERPOL)

DELEGATED DECREE NO.24 OF 4 MARCH 2014 (PROVISIONS ON ADMINISTRATIVE SANCTIONS APPLIED BY THE CENTRAL BANK OF THE REPUBLIC OF SAN MARINO AND THE FINANCIAL INTELLIGENCE AGENCY AND ON LIABILITIES OF CORPORATE BODIES)

DECREE-LAW NO. 21 OF 27 FEBRUARY 2014 (PROVISIONS CONCERNING COOPERATION IN ASSET RECOVERY IN THE FIELD OF TRACING AND IDENTIFICATION OF PROCEEDS FROM, OR OTHER PROPERTY RELATED TO, CRIME)

DECREE - LAW NO. 36 OF 24 FEBRUARY 2011 - URGENT PROVISIONS TO CONFORM TO INTERNATIONAL STANDARDS ON TRANSPARENCY AND EXCHANGE OF INFORMATION

DECREE - LAW NO. 83 OF 15 JULY 2013 - URGENT MEASURES OF ALIGNMENT TO THE GLOBAL COUNTER-TERRORISM STRATEGY

DECREE - LAW NO. 98 OF 25 JULY 2013 - URGENT PROVISIONS AMENDING THE LEGISLATION ON THE PREVENTION AND COMBATING OF MONEY LAUNDERING AND TERRORIST FINANCING

DECREE LAW NO. 47 of 10 April 2015 - URGENT PROVISIONS TO COMBAT TERRORISM

COUNCIL - DECREE NO. 196 OF 27 NOVEMBER 2014

COUNCIL - DECREE NO. 197 OF 27 NOVEMBER 2014

COUNCIL - DECREE NO. 198 OF 27 NOVEMBER 2014

COUNCIL - DECREE NO. 199 OF 27 NOVEMBER 2014

COUNCIL - DECREE NO. 200 OF 27 NOVEMBER 2014

COUNCIL - DECREE NO. 201 OF 27 NOVEMBER 2014

COUNCIL - DECREE NO. 202 OF 27 NOVEMBER 2014

COUNCIL - DECREE NO. 203 OF 27 NOVEMBER 2014

COUNCIL - DECREE NO. 204 OF 27 NOVEMBER 2014

COUNCIL - DECREE NO. 205 OF 27 NOVEMBER 2014

COUNCIL - DECREE NO. 206 OF 27 NOVEMBER 2014

COUNCIL - DECREE NO. 207 OF 27 NOVEMBER 2014

COUNCIL - DECREE NO. 208 OF 27 NOVEMBER 2014

CONGRESS OF STATE DECISION NO.39/2014: SPECIALIZED TRAINING OF POLICE OFFICERS IN THE FIELD OF CORRUPTION

CONGRESS OF STATE DECISION DATED 1 SEPTEMBER 2014 NO. 15 PROVISIONS OF THE GOVERNMENT WITH RESPECT TO THE NATIONAL RISK ASSESSMENT OF MONEY LAUNDERING AND TERRORIST FINANCING

CONGRESS OF STATE DECISION NO.28/2013 - DESIGNATION OF THE AML OFFICER PURSUANT TO ART . 42 OF THE LAW JUNE 17, 2008 N . 92 " PROVISIONS ON PREVENTING AND COMBATING MONEY LAUNDERING AND THE FINANCING OF TERRORISM " FOR THE POST OFFICE



CONGRESS OF STATE DECISION NO.10/2013 - CHANGE OR WITHDRAWAL OF RESERVATIONS AND DECLARATIONS NOTIFIED AT THE TIME OF DEPOSIT OF THE INSTRUMENTS OF RATIFICATION OF SOME CONVENTIONS COUNCIL OF EUROPE

CONGRESS OF STATE DECISION NO. 4 OF 10 APRIL 2013 - ACTIVITIES PERTAINING TO THE PREVENTION AND COMBATING OF MONEY LAUNDERING AND TERRORIST FINANCING

CONGRESS OF STATE DECISION NO.1/2012 : RECRUITMENT FIGURE FOR THE STRENGTHENING OF CONTROL ACTIVITIES IN THE ECONOMIC AND FINANCIAL

CONGRESS OF STATE DECISION NO. 9 OF 18 OCTOBER 2011 - LIST OF COUNTRIES, JURISDICTIONS AND TERRITORIES, THE AML/CFT SYSTEM OF WHICH IS CONSIDERED EQUIVALENT TO INTERNATIONAL STANDARDS

REGULATION 24 OCTOBER 2014 NO.7 - REGULATION CONTAINING PROVISIONS ON THE PREVENTION AND COMBATING OF MONEY LAUNDERING AND TERRORIST FINANCING IN RELATION TO LAW NO. 146 OF 19 SEPTEMBER 2014 AND TO VOLUNTARY TAX COMPLIANCE PROGRAMMES

FIA INSTRUCTION NO.2014-04 -'POLITICALLY EXPOSED PERSONS - PREVENTIVE MEASURES'

FIA INSTRUCTION NO.2014-03 - IMPLEMENTING PROVISIONS WITH RESPECT TO "VOLUNTARY TAX COMPLIANCE PROGRAMMES" AND THE TRANSITIONAL TAX PROCEDURE REFERRED TO IN LAW NO. 146 OF 19 SEPTEMBER 2014

FIA INSTRUCTION NO.2014-02 EXTENSION OF THE OBLIGATIONS SET FORTH IN INSTRUCTION NO. 2008-04 TO THE FINANCIAL PARTIES REFERRED TO IN ARTICLE 18, PARAGRAPH 1, LETTER C)

FIA INSTRUCTION NO.2014-01 ON FIA'S CONTROL INSTRUMENTS AND QUESTIONS

FIA INSTRUCTION NO. 2013-06 - PROVISIONS ON RISK ASSESSMENT AND OVERVIEW OF THE CUSTOMER DUE DILIGENCE

FIA INSTRUCTION NO. 2013-05 - IDENTIFICATION, VERIFICATION AND ASSESSMENT OF 'CRITICAL TRANSACTIONS'

FIA INSTRUCTION NO. 2013-04 - EXTENSION OF THE OBLIGATIONS PROVIDED FOR IN DIRECTION NO. 2010-07 TO THE FINANCIAL ENTITIES REFERRED TO IN ARTICLE 18, PARAGRAPH 1, LETTER D)

FIA INSTRUCTION NO. 2013-03 - 'ENHANCED CUSTOMER DUE DILIGENCE PROCEDURES FOR RESIDENT CUSTOMERS OR CUSTOMERS LOCATED IN COUNTRIES, JURISDICTIONS OR TERRITORIES SUBJECT TO STRICT MONITORING'

FIA INSTRUCTION NO. 2013-02 - PROVISIONS ON BUSINESS RELATIONSHIPS ESTABLISHED WITH FOREIGN FINANCIAL INSTITUTIONS

FIA INSTRUCTION NO. 2013-01 - ANOMALY INDEXES AND PATTERNS FOR THE PERSONS DESIGNATED PURSUANT TO THE LAW NO. 92 DATED 17 JUNE 2008

FIA INSTRUCTION NO. 2012-02 APPOINTMENT, REQUIREMENTS AND FUNCTIONS OF THE AML OFFICER AND HIS/HER SUBSTITUTE

FIA INSTRUCTION NO. 2012-01 - "DATA AND INFORMATION TO BE RECORDED AND RETAINED UNDER ARTICLES 34 AND 35 OF LAW NO. 92 OF 17 JUNE 2008

FIA INSTRUCTION NO. 2011-01 - TYPOLOGIES OF SUSPICIOUS TRANSACTIONS AND PROCEDURES FOR THE EXAMINATION OF TRANSACTIONS REFERRED TO IN ARTICLE 36 OF LAW NO. 92 OF 17 JUNE 2008 AND SUBSEQUENT AMENDMENTS

CBSM REGULATION NO. 2014-01 ON FINANCIAL PROMOTION AND COLD-CALLING

CBSM REGULATION NO. 2013-02 - REGULATION ON THE PREPARATION OF THE FINANCIAL STATEMENTS OF INSURANCE UNDERTAKINGS EXERCISING LIFE INSURANCE

ANNEX 61: CBSM CIRCULAR NO. 2012-01 - RULES FOR THE PERIODIC COLLECTION OF INFORMATION ON THE USE OF PAYMENT INSTRUMENTS

CBSM REGULATION NO. 2011-03 - FOR FINANCING OPERATIONS (FINANCIAL ENTERPRISES)  
447

CIRCULAR LETTER - TRANSITIONAL TAX PROCEDURE REFERRED TO IN ARTICLES 20, 21 AND 22 OF LAW NO. 146 OF 19 SEPTEMBER 2014.

TECHNICAL COMMISSION FOR NATIONAL COORDINATION - MINUTES OF THE MEETING OF 18 DECEMBER 2014, AT 12 P.M.