Strasbourg, 9 July 2008

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EUROPEAN COMMITTEE ON CRIME PROBLEMS
(CDPC)

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

SAN MARINO
FIRST COMPLIANCE REPORT[1]

Memorandum
prepared by the MONEYVAL Secretariat
Directorate General of Human Rights and Legal Affairs

[1] Adopted by MONEYVAL at its 27th Plenary meeting (7-11 July 2008).

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FIRST COMPLIANCE REPORT

I. INTRODUCTION

1. MONEYVAL adopted the mutual evaluation report of San Marino under the third round of evaluation at its 26th Plenary meeting (31 March – 4 April 2008).

2. Following the adoption of the report, and in accordance with rules 41 and 45(1) of MONEYVAL's Rules of Procedures, the authorities of San Marino were required under Step 1 of the Compliance Enhancing Procedures to provide a report on measures that it has or is taking to address the deficiencies underlying the recommendations which were rated Non-Compliant (NC) or Partially Compliant (PC).

3. San Marino was rated NC on 19 Recommendations and PC on 22 Recommendations, including on several core recommendations, as indicated in the table below:

Non Compliant		Partially compliant	
R.5	Customer due diligence	**R.2**	Criminalisation of ML (mental element and corporate liability)
R.6	Politically exposed persons	**R.3**	Confiscation and provisional measures
R.7	Correspondent banking	**R.4**	Secrecy laws consistent with the Recommendations
R.10	Record keeping	**R.8**	New technologies & non face-to-face business
R.12	DNFBP (R.5, 6, 8-11)	**R.11**	Unusual transactions
R.13	Suspicious transaction reporting	**R.14**	Protection & no tipping-off
R.16	DNFBP (R.13-15 & 21)	**R.15**	Internal controls, compliance & audit
R.19	Other forms of reporting	**R.17**	Sanctions
R.21	Special attention for higher risk countries	**R.18**	Shell banks
R.22	Foreign branches & subsidiaries	**R.27**	Law enforcement authorities
R.24	DNFBP (regulation, supervision and monitoring)	**R.30**	Resources, integrity and training
R.25	Guidelines & Feedback	**R.31**	National co-operation
R.26	The FIU	**R. 32**	Statistics
R.34	Legal arrangements – beneficial owners	**R.33**	Legal persons – beneficial owners
SR.IV	Suspicious transaction reporting	**R.35**	Conventions
SR.VI	AML requirements for money/value transfer services	**R. 36**	Mutual legal assistance (MLA)
SR.VII	Wire transfer rules	**R. 39**	Extradition
SR.VIII	Non-profit organisations	**R. 40**	Other forms of co-operation
SR.IX	Cross Border Declaration & Disclosure	**SR.I**	Implementation of United Nations instruments
		SR.II	Criminalisation of terrorist financing
		SR.III	Freezing and confiscating terrorist assets
		SR.V	International co-operation

4. San Marino submitted its first compliance report its MONEYVAL's 27th Plenary meeting (7-11 July 2008), and the Plenary, when examining the report, requested San Marino to provide additional specific information and clarifications concerning:

a) the powers and functions of the future Financial Intelligence Agency (FIA);
b) the measures to safeguard the autonomy of the Financial Intelligence Agency from the Central Bank;
c) the relationship of the future Financial Intelligence Agency with the Central Bank and arrangements in place to ensure the full independence of the Financial Intelligence Agency;
d) the staffing situation of the Anti-Money Laundering Service (hereinafter AML Service) and the Financial Intelligence Agency;
e) the steps taken to modify the procedure of communication of suspicious transaction reports (STRs) by reporting entities and further details on the breakdown of STRs per reporting entity as well as details of on-site and off-site inspections, and any follow up taken to apply sanctions;
f) the procedure of nomination of head and vice-head of the FIA and the role of the Central Bank in this procedure;
g) any concrete measures taken to improve implementation of Recommendation 19, SR. VIII and SR. IX;
h) co-operation with foreign financial intelligence units: clarifications as to obstacles to communication of information and regarding the procedure within the Financial Intelligence Agency to conclude protocols of agreement.

5. The objective of this paper is to summarise the measures taken by San Marino since the adoption of the report, including the additional information on the issues raised by the Plenary and to determine whether sufficient progress has been made. It assesses the measures taken by the San Marino authorities to address the deficiencies noted above. The written responses of the San Marino authorities are enclosed in the Annex to this paper.

II. SUMMARY OF THE PROGRESS MADE BY SAN MARINO

6. From the outset it should be pointed out that since the adoption of the evaluation report, in a very short period, the Great and General Council (Parliament) of San Marino adopted the Act no. 92 of 17 June 2008 regarding provisions on preventing and combating money laundering and terrorist financing. This act modifies extensively the current institutional and legal AML/CFT framework.

7. The act was published on 23 June 2008 and will enter into force 3 months after its publication, that is on 23 September 2008.

8. Furthermore, the Central Bank issued on 12 June 2008 the Instruction no. 2008/01 on the fight against money laundering and financing of terrorism which introduces several operational rules for credit and financial institutions. The instruction came into force on 30 June 2008. Its status, according to the Methodology, is 'other enforceable means'.

1. Legal system and related institutional measures

Laws and regulations

9. **R. 2, SR.II, R. 3** – The Act no. 92/2008 will introduce, upon entry into force, several changes to the current legal framework which will address several identified deficiencies:

- it sets out sets out an administrative joint liability of the person and legal entity (article 70);
- increases the imprisonment penalty for money laundering (ML) by two degrees (from 6 months- 3 years as originally prescribed to 4-10 years) (article 77(2));

- Amends article 337bis of the Criminal Code on Associations for the purpose of terrorism or overthrowing the constitutional order and introduces article 337ter on Financing of terrorism (FT);
- modifies the provisions of the Criminal Code regarding the confiscation regime to make it mandatory for several selected criminal offences and to extend value based confiscation to other offences (sale of stolen property, usury, insider trading, associations for the purpose of terrorism or subversion of the constitutional order, financing of terrorism, embezzlement by public officials, bribery, corruption acceptance of an undue advantage for an act already performed; embezzlement, extortion, corruption and instigation to corruption of officials from foreign counties and international organisations) (article 76(4));
- grants the new financial intelligence agency the power to freeze assets, funds or other economic resources whenever there are reasonable grounds to believe that these assets, funds or economic resources are derived from ML or TF or may be used to commit such offences (article 5(d));
- introduces provisions enabling to void contractual actions when the person involved know or should have known that it related to object assets, funds or resources constituting directly or indirectly the price, product or profit of an offence.

10. **SR.III** – The new AML/CFT act sets out new procedures to cover the implementation of SR.III (articles 46-50). It provides that the Congress of State, upon proposal by the Secretary of State for Foreign Affairs and the Secretary of State for Finance and Budget, shall adopt *without delay* a decision outlining restrictive measures in accordance with the UNSC resolutions and any additional measures, as well as any derogations or limitations for reasons of public order or interest. The Committee for Credit and Savings is the designating authority. The act includes provisions regarding the listing, de-listing and unfreezing procedures, the access to frozen funds, remedies and criminal and administrative sanctions. These measures clarify the existing framework, however their implementation remains subject to the adoption by the Congress of State of the relevant decision following the entry into force of the act and subsequent measures.

Authorities

11. **R. 26** – San Marino is so far the only MONEYVAL member which was rated NC for Recommendation 26 (FIU). New measures in place as of 30 June 2008 include a revised procedure for the notification of suspicious transactions (article 7 of Instruction 2008-1) which now requires that the AML Service shall receive notifications by post directly, as opposed to the previous situation when such notifications were sent to the Secretariat of the Central Bank which was forwarding a copy to the AML Service. Also, a reporting form (annex A of the Instruction) has been introduced for credit and financial institutions. The revised organigramme of the Central Bank (16 June 2008) modifies the position of the AML Service, which is no longer under the Supervision Department but linked to the Supervision Committee (which is composed of the Head of Supervision Department, Head of AML Service and the Director General).

12. The new AML/CFT act will modify the current institutional framework. It provides for the establishment of the Financial Intelligence Agency at the Central Bank and includes several provisions covering budgetary aspects, the nomination procedures for its head, the functions and powers, access to information, official secrecy, reporting, national and international co-operation, etc. Within one month from the publication of the act (that is by July 2008), the Congress of State is required to regulate through delegate decree the selection requirements for the Director and Vice-Director of the Agency, their functions, the legal status and pay of the personnel, and the organisational, functional and financial structure of the Agency.

13. Upon entry into force of the AML/CFT act, the functions and powers assigned to the Agency are carried out by the Central Bank until the Congress of State is informed officially that the Agency is operational and a number of transitional measures are foreseen regarding the transfer of functions on the financial analysis activity from the Central Bank to the Financial Intelligence Agency.

14. *Additional information requested by the Plenary concerning the functions and powers of the FIA*: the new Agency has more functions than the previous FIU (receiving, analysing and disseminating disclosures of STRs; AML/CFT supervision; issuing AML/CFT instructions; participation in national and international bodies on AML/CFT; promoting and participating in professional training of police personnel). The Plenary questioned the capacity of the Agency to carry out efficiently all these new functions (analysis, supervision, investigation), particularly considering the previous conclusions on the staffing situation, the level of analysis of STRs carried out currently and the effectiveness of the AML Service. Until the staffing of the Agency will be completed, the Agency will use the personnel and officials of the Central Bank. It was stressed that these issues should be monitored with attention.

15. Additional information requested by the Plenary concerning the operational independence and autonomy of the Financial Intelligence Agency and protection of information. This criterion was one of the major concerns when adopting the report. The issue was raised again to clarify the arrangements which will be put in place to guarantee the full independence of the Agency from the Central Bank, both upon establishment of the Agency and during the transitional period. In particular, concerns were raised and further clarifications were asked regarding future arrangements to prevent any undue influence of staff of the Agency from the Central Bank which may arise from the legal status and pay of Agency personnel if it were to depend on the Central Bank (Governing Body), the rules to appoint the Director and Vice Director and the involvement of the Central Bank in this process, how to secure the budgetary autonomy of the Agency, and to protect information held by the Agency (through separation of premises, database and IT system, etc). These issues have only been partly addressed at the level of primary legislation and will have to be further detailed through secondary legislation in the forthcoming period. Moreover the conflict of interest is an issue of continuing concern.

16. Additional information requested by the Plenary on inspections and sanctions applied and on the breakdown of STRs received by the Central Bank. Statistics provided by San Marino on suspicious and unusual transaction reports received from reporting entities did not include information on the breakdown of STRs per type of reporting entity. As regards details on inspections and sanctions, the Plenary was referred to a report of the Central Bank which will be issued in the next weeks.

17. *Additional information requested by the Plenary on exchange of information and cooperation with foreign FIUs* - There remained concerns regarding whether the AML Service (and thereafter the Agency) would be in a position to obtain and provide to foreign FIUs certain types of information (eg. bank and financial institutions shareholders). The authorities replied that nothing prohibited divulging such information however no concrete examples enabled to substantiate that statement. This issue should be addressed. Also, additional information on the conditions of confidentiality of information guaranteed by the Agency would be required.

18. **R. 27** – The deficiencies identified do not appear to have been addressed in practice. The new act contains an explicit provision requiring police to conduct, also of their own initiative, ML and TF investigations and provides that the Agency may rely on police personnel in its functions.

19. **SR.IX** –With the adoption of the new AML/CFT act, the Great and General Council entrusted the Government to regulate by delegated decree “the controls on the transport of cash and analogous instruments across transnational borders” (Article 90). The act does not specify any timescale. It is acknowledged that this measure demonstrates a clear commitment to address cross-border transportation of currency and other instruments. However it remains to be seen whether this measure will enable San Marino to address all requirements of Special Recommendation IX and to follow up on progress on this issue.

2. Preventive measures – Financial institutions

20. Instruction 2008/01 of the Central Bank for credit and financial institutions, which is in force, provides for several definitions and minimum requirements of information and documentation to be requested from physical and legal persons, public administration, existing clients upon entering into a continuous relationship or on performance of occasional transactions. It also sets out registration of data, information and documents for at least 5 years. These requirements are set out in other enforceable means. However, specific requirements covering preventive measures have been introduced in the new AML/CFT act. They will be applicable as of 23 September 2008 and will be further complemented by the required instructions to be issued by the Agency later on.

21. **R. 4, R. 5 to 8** – The new AML/CFT act contains provisions to limit the ceiling of bearer passbooks to 15.000 Euros and as from 1 January 2012, banks will no longer issue new bearer passbooks. CDD measures cover only identification and verification of customers' identity and identification of the beneficial owner of bearer passbooks. Financial entities are prohibited from maintaining anonymous accounts or accounts in fictitious names with the exception of provisions set out regarding bearer passbooks (article 30). The new act also extends the list of activities and persons to be subject to AML/CFT requirements (article 18). The new legislation sets out for new CDD requirements, identification and verification of the identity of the customer and beneficial owner, a risk based approach, simplified and enhanced CDD, enforceable measures regarding PEPs, provisions on correspondent banking, non face to face businesses(Chapter II). The regulation of the Central Bank no. 2007/17 also sets out that it is not possible to enter into contractual relationship through use of long-distance communication technologies. The Agency is required to issue several specific instructions within 6 months from the moment it is declared operational on the application of CDD measures and the risk based approach (article 95).

22. **R. 10 & SR.VII** – The deficiencies appear to be addressed by the provisions set out in the new AML/CFT act (articles 21, 34, 33) however the Agency is required to issue specific instructions on these aspects within 6 months from the moment it is declared operational (article 95).

23. **R. 11 & R. 21** – The new AML/CFT act introduces some measures to address the deficiencies identified however it remains unclear whether financial institutions will be required to set forth in writing their findings from the examination of the background and purpose of all complex, unusual large transactions, or unusual patterns of transactions that have no apparent or visible economic or lawful purpose and to keep such findings for at least 5 years. The Central Bank also informed the Plenary that it had recently adopted an instruction on enhanced procedures for CDD in relation to customers resident or located in particular jurisdictions subject to close monitoring by the FATF, however the Plenary was not in a position to consider it in the absence of a text.

24. **R. 13 and SR.IV, R. 14, R. 19, R. 25 –** Instruction no. 2008-01 of the Central Bank provides that credit and financial institutions should check the lists communicated periodically by the Central Bank and where relevant notify promptly the Central Bank. It also provides for a standard notification form. The new AML/CFT act sets out reporting requirements which will be further covered by instructions to be issued by the Agency (articles 36 & 95). Provisions protecting reporting entities and tipping off are introduced in articles 39, 40 and 56. The report does not contain detailed information regarding Recommendation 19. Instruction no. 2008-01 sets out a basis enabling the AML Service of the Central Bank to inform the reporting entities when they disseminate the report to the judicial authorities. Whether this could amount to constitute adequate and appropriate feedback remains to be seen.

25. **R. 15 & 22, R. 18, R. 17, SR. VI** – Several provisions are introduced by the new AML/CFT act and designated persons and entities are required to adopt policies and procedures in line with the obligations set out in the act and the instructions issued by the Agency and develop and organise adequate internal controls. There appeared to be no action taken in relation to the deficiency noted regarding the absence of requirements to put in place screening procedures to ensure high standards when hiring employees. The new AML/CFT act also addresses concerns in relation to R. 22 and R. 18. There is no updated information on the application of sanctions. The new AML/CFT act sets out several criminal and administrative sanctions available to deal with natural persons covered by the FATF recommendations however their effectiveness will only be ascertained when they will be in force and applied. There are no sanctions for legal persons with the exception of the joint liability provision which was referred to above. It remains to be seen whether the new provisions will address fully the requirements of SR.VI.

3. Preventive measures – designated non financial businesses and professions

26. **R. 12, R. 16, R. 24, R. 25 –** The mutual evaluation report had grave concerns that although DNFBPs were covered by the scope of the AML act, in practice nothing had been done to implement the provisions as the Central Bank had not adopted the relevant implementing legislation. From the report received, it appears that the situation has not changed in practice and that existing obligations are still not applied. Consequently DNFBPs continue not be obliged to comply with AML/CFT requirements. The authorities focused in their report on the new provisions which are set out in the AML/CFT act and cover identified deficiencies, however, considering the timeframe for entry into force of the act, its full application, issuance of subsequent instructions and implementation, subsequent supervision, it appears that the period in which DNFBPs will not comply with AML/CFT requirements will most likely be extended to several months or year(s).

4. Legal persons and arrangements and non profit organisations

27. **R. 33 & 34** – Most of the information provided in the report was already part of the description in the mutual evaluation report. New measures taken, which are not yet in force, do not appear to cover fully the identified deficiencies.

28. **SR. VIII** – The report indicated that the authorities are reviewing the non-profit sector in order to prepare draft legislation, however no details were provided.

5. National and international co-operation

29. **R. 31** – No mechanisms are yet in place. The new AML/CFT act provides that the Agency will be responsible for proposing any measures aimed at improving the effectiveness of the AML/CFT regime to the Congress of State (articles 10 & 95) and a mechanism covering co-operation at national level is foreseen (article 85).

30. **R. 35 & SR.I** – San Marino has not yet ratified the Palermo Convention and additional protocols. The newly enacted legislation, though not yet in force, will address some of the concerns raised.

31. **R. 36 & 39** – The report provides some data and statistics. As regards concerns for the efficiency of the process for execution of mutual legal assistance requests and possible delays, the authorities reported that rogatory letters are examined and accepted on average 12 days after being received by the San Marino Court. The new AML/CFT act sets out the application of the extradition provisions of the International Convention for the repression of terrorism for cases

of extradition for terrorist offences and the conditions to authorise the transfer abroad of a person in preventive detention or sentenced in TF cases.

32. **R. 40 & SR V** – there are no changes to the current situation in force. The provisions of the new AML/CFT will modify the framework for international co-operation and the roles of the various institutions, however it is not fully ascertained that these changes, when they will be in force, will address all deficiencies raised.

6. Other issues – Resources and statistics

33. **R. 30** – As regards resources, 1 additional staff member was recruited in the AML Service since January 2008. Five additional staff were recruited by the Central Bank (Supervision Department) and in February 2008, the Committee for Credit and Savings approved a plan which foresees the recruitment of further 16 staff, 8 of which have already been recruited. It is expected that these recruitments will reinforce the capacity of these structures. The situation regarding the experience and expertise of law enforcement authorities and training remains unchanged. The new AML/CFT act refers to training of police personnel.

34. **R. 32** – The authorities have provided certain statistics on seizures, confiscations, ML cases, seizures and confiscation orders executed based on rogatory letters. They reported that no requests for extradition have been received from foreign judicial authorities nor sent. No information was provided on international police cooperation and exchange of information between supervisory authorities.

III. CONCLUSION AND NEXT STEPS

35. As mentioned earlier, San Marino has taken very promptly legislative action aimed at remedying several deficiencies identified in the mutual evaluation report. Most of the information provided to report on progress made refers to the newly adopted AML/CFT act. Considering the time of receipt of the new legislation and the scope of modification, it has not been possible to fully assess the detail of all measures covered by the new legislation.

36. In any case, at the time of examination of this report, the new AML/CFT act had not entered into force. This legislation will require a significant number of additional implementing delegated decrees, which are provided for in Title VIII on transitory and final provisions of the act. The transitional period will end when the newly appointed director of the Agency will inform the Congress of State of the beginning of operations of the Agency. Until then all functions and powers assigned to the Agency will be carried out by the Central Bank. Furthermore, once operational, the Agency is required by law to issue within 6 months several specific instructions. At this stage, this transitional process raises a number of unanswered questions and concerns on how this will be achieved.

37. The limited information provided as regards progress in implementing the AML/CFT measures which are in force does not make it possible to assess their effectiveness. However, considering the large scope of changes introduced by the new legislation, it is evident that the authorities' efforts have focused on the elaboration of the new AML/CFT legislation and it is very likely that this will also be the focus of their work in the period to come.

38. The report submitted indicated that the authorities are envisaging measures to address the deficiencies identified in relation to Recommendations 19, SR. VIII and SR. IX. The requests for clarification in relation to several of the above-mentioned recommendations did not produce any further additional information on concrete actions taken by specific bodies or institutions in this respect. The Parliament delegated the Government to regulate through a decree the

requirements under SR. IX. Therefore it appears that work to address the deficiencies identified in these recommendations is very much in its early stages.

39. Considering the above-mentioned aspects, and the significant number of additional implementing regulations which are to be adopted in the forthcoming period, it appears premature to lift the current procedures before ascertaining how that progress will be in line with what has been recommended in the mutual evaluation report. It would be reasonable that San Marino remains in the compliance enhancing procedure and reports back to the next Plenary on additional progress that has been made, not only in relation to the subsequent secondary legislation issued in relation to Act no. 92 but also on the implementation of current AML/CFT measures in force and on the effectiveness of the current AML/CFT system.

IV. San Marino authorities' response

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.2	**ML offence (mental element and corporate liability)**	**PC**	**No criminal, civil or administrative liability of legal persons**	Law No.92 of 17 June 2008 (hereafter, Law No.92/2008)	San Marino authorities envisage to implement a legislative provision concerning the administrative liability of legal persons. However, the Law No. 92/2008 provides for a joint liability of the entity for the administrative violations committed by its representatives or employees. This joint liability integrates the one established in civil law for the unlawful acts committed by the representative or employee of a legal person.
			Serious concerns about the sanctions applicable to money laundering in the absence of an established case law on money laundering	Article 77 para 2 of the Law No. 92/2008	Imprisonment penalty has been increased by two degrees: currently, imprisonment from 4 to 10 years is applied. Old legislation Before the adoption of the Law, money laundering offence (199bis of the CC) was punished accordingly by terms of 2nd degree imprisonment (6 months-3 years) and a 2nd degree daily fine (10-40 days), as well as 3rd degree disqualification (1-3 years) from public offices and political rights. Punishment may be reduced by one degree (3 month-1 year imprisonment, 1-20 day fine, 9 month-2 year disqualification) depending on the amount of money and nature of transactions. Punishment may be increased by one degree (2-6 year imprisonment, 20-60 daily fine, 2-5 year disqualification) if the offence was committed in the exercise of an economic or professional activity which is subject to licensing by the competent public authorities, or if the offender is a usurer. New legislation Article 77 para 2 of the Law No.92/2008 inserts the following para 4 within article 199bis (Money laundering Offence) of the Criminal Code: ""*Anyone who commits the offences provided for in this article shall be punished by terms of fourth degree imprisonment, a second-*

degree daily fine and a third-degree disqualification from public offices and political rights.
The penalties may be decreased by one degree based on the amount of money or goods equivalent to them and by nature of the transactions carried out. They may be increased by one degree when the facts were committed in the exercise of an economic or professional activity subject to the authorization or licensing by the competent Public Authorities.
The judge shall apply the penalty corresponding to the penalty imposed for the predicate offence, if this one is lower."

	OLD LEGISLATION	NEW LEGISLATION
imprisonment	2° degree (6 months-3 years)	4° degree (4-10 years)
daily fine	2° degree (10-40 days)	2° degree
disqualification from public offices and political rights	3° degree (1-3 years)	3° degree

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.3	**Confiscation and provisional measures**	**PC**	**Gaps identified in relation to confiscation in Article 147: paragraph 1 exclusively permits confiscation when property subject to confiscation belongs to the defendant.**	Article 76 para 3-4 of the Law No. 92/2008 Article 83 para 1 that inserts the para 3 bis and para 3 quater in the Law 24 February 2000 No. 22 Article 77 para 2 of the Law 25 July 2000 No. 65 "Regulations on Trade and Rules governing the Development of the Commercial and Distributing Network"	Confiscation regime has been changed in order to extend value-based confiscation to the most serious offences constituting predicate offences, even when confiscation cannot be ordered since the property does not belong to the defendant: Receiving of stolen goods, money laundering, usury, insider trading, terrorist association, terrorist financing, bribery, corruption. Value-based confiscation is also applicable to smuggling of migrants and commercial offences. The "Procuratore del Fisco" can order the preventive seizure of the sums which may be subject to value-based confiscation under articles 145 and 140 no. 6 of the Criminal Code. Under article 147 of the CC, in case of conviction the judge may order the confiscation of the defendant's property or assets that served or were destined to commit the offence, and of the things being the price, product or profit thereof (para 1). Regardless of a previous conviction, confiscation is mandatory whereby the offence consists in the illicit manufacture, use, carriage, possession, transfer or trade in property (para 2). Where confiscation is not possible, the judge imposes an obligation to pay an amount of money equal to the value of the instrumentalities and things referred to above (para 4 introduced by Law No. 28/2004). Confiscated assets or equivalent sums are allocated to the inland revenue or, where appropriate, destroyed (para 5). Para 4 of article 76 of the Law No. 92/2008 modifies para 3 of article 147 of the CC: "*In case of conviction, the confiscation of the instrumentalities that served or were destined to commit the crimes referred to in articles 199 paragraph 1, 199 bis, 207, 305 bis, 337 bis, 337 ter, 371, 372, 373, 374 paragraph 1, 374 ter paragraph 1 and crimes for the purposes of terrorism or subversion of the constitutional*

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<td>order as well as of the things being the price, product or profit thereof, shall always be mandatory. Where confiscation is not possible, the judge shall impose an obligation to pay a sum of money equal to the value of the instrumentalities and things referred to above”.

This new provision extends the list of the criminal offences for which confiscation is always mandatory, including the following offences:

<table>
<tr><th>Article</th><th>Offence</th></tr>
<tr><td>199 para 1</td><td>Sale of stolen property</td></tr>
<tr><td>207</td><td>Usury</td></tr>
<tr><td>305 bis</td><td>Insider trading</td></tr>
<tr><td>337 bis</td><td>Associations for the purpose of terrorism or subversion of the constitutional order</td></tr>
<tr><td>337 ter</td><td>Financing of terrorism</td></tr>
<tr><td>371</td><td>Embezzlement by public official</td></tr>
<tr><td>372</td><td>Bribery</td></tr>
<tr><td>373</td><td>Corruption</td></tr>
<tr><td>374 para 1</td><td>Accepting an undue advantage for an act already performed.</td></tr>
<tr><td>374 ter para 1</td><td>Embezzlement, extortion, corruption and instigation to corruption of officials from foreign countries and international public organizations</td></tr>
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Article 77 para 2 of the Law 25 July 2000 No. 65 states that

«2.In the cases referred to in the previous paragraph, confiscation of assets and goods is consequent to the conviction for an offence. Instead of confiscation, a special pecuniary sanction may be applied, equal to the value of the property or proceeds of an illegal activity and, however, not exceeding Lira 100,000,000. This special pecuniary sanction can also be applied in case of services. »</td>
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<td>Article 147 does not provide for value-based confiscation for offences other than ML or FT.</td>
<td>Article 76 para 4 of the Law No. 92/2008</td>
<td>As mentioned above, article 76 para 4 of the Law No. 92/2008 extends the list of the offences for which value-based confiscation shall be applied. This paragraph modifies para 3 of Article 147 of the CC.</td>
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<tr><td></td><td></td><td></td><td></td><td></td><td>According to the new provision of Article 147 para 3 of the CC, the offences leading to a value-based confiscation are:
<table>
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<tr><td>374 ter para 1</td><td>Embezzlement, extortion, corruption and instigation to corruption of officials from foreign countries and international public organizations -</td></tr>
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<tr><td></td><td></td><td></td><td>In accordance with article 16 of Law No. 28/2004, the FIU powers to block or freeze only apply to money, assets or business relationships existing within the financial or banking sectors.</td><td>Article 5, para 1 letter d) and Article 6 para 2. of the Law No. 92/2008</td><td>Under of the Law No. 92/2008, the competent authorities shall block assets, funds or financial resources being the proceeds of money laundering or terrorist financing or which may be used to commit these offences. The measure is applied regardless of whether the assets, funds or resources are held in a financial institution or elsewhere. The shortcomings and gaps identified have been completely addressed.

According to article 5 para 1 letter d) of the Law No. 92/2008, the Agency has the power to “order the block of assets, funds or other financial resources when there are reasonable grounds to believe that these assets, funds or financial resources originate from money laundering or terrorist financing or may be used to commit such offences”

The blocking procedure is described in article 6 of the Law No. 92/2008: in para 2 it’s clearly mentioned that the provision shall be applied to the person having disposal of the assets, funds or financial resources” and not only to financial intermediaries.</td></tr>
<tr><td></td><td></td><td></td><td>There is no measure that would</td><td>Article 75 of the Law No.</td><td>The FIU can stop, also upon request of the criminal judicial</td></tr>
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allow for the voiding of contracts or actions	92/2008	Authority, suspicious transactions related to money laundering and terrorist financing for a maximum of 5 working days, provided that it does not hamper investigations. Moreover, a civil procedure is envisaged, with the reversion of the burden of evidence, to void the actions involving assets, funds or resources being the proceeds from an offence. These instrumentalities can be subject to confiscation. The offenders are sentenced to allocate the assets, funds or financial resources to the inland revenue or, if that is not possible, to pay an equivalent sum o money. Article 75 of the Law No. 92/2008 introduces a specific provision to prevent and counter money-laundering and terrorist financing concerning the voiding of any action to have access to instrumentalities which may be subject to confiscation The article 75 states that: *(Nullity of the acts of disposition of assets susceptible to confiscation)* *1. Any act of disposition, fulfilled in any capacity, having as object assets, funds or resources that constitute directly or indirectly the price, product or profits from a felony, whenever the person who has received such assets, funds or resources knew or shall have known that they derived from a felony is null.* *2. “I Sindaci di Governo” (*authorities dealing with acts and deeds involving the State*) shall cite in judgment the assignor, assignee and any subsequent assignees that are found jointly guilty to the devolution of assets, funds or economic resources to the Ecc.ma Camera [State], or, whenever this is not possible, to the payment of an equivalent amount in money.* *3. The assignee and any subsequent assignees have the onus of proving their good faith in accordance with the first paragraph of this article.*

					4. Every other reciprocal action between the assignor, assignee and any subsequent assignees is guaranteed. *5. All actions are guaranteed to the person damaged by the felony from which the assets, funds, or resources are derived.* *6. This article shall apply in derogation to the general regulations in force regarding matters of contractual invalidity, with the aim of rendering the prevention and combating money-laundering and terrorist financing more effective.* According to this provision, the voiding of actions such as contracts for assets or funds related to ML or TF enables San Marino Authorities to recover the property subject to confiscation
			Lack of data raises concerns as to the effective application of the current seizure and confiscation provisions		Please see Annex 1 and Annex 2 of this document

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.4	**Secrecy laws consistent with the Recommendations**	**PC**	**The AML Law lifts bank secrecy only for STRs in respect of money laundering;**	Article 36 and Article 39 of the Law No. 92/2008	STRs and disclosures made in respect of money laundering and terrorist financing constitute neither a violation of any restriction on disclosure of information imposed by contractual, legislative, regulatory or administrative provisions, nor a breach of the requirements of confidentiality and professional, official or bank secrecy, referred to in article 36 of Law No. 165 of 17 November 2005. STRs and disclosures do not entail any kind of liability if they are made in good faith. Bank secrecy does not limit the actions of the San Marino Authorities to prevent and combat ML or FT. Reporting system The Law No. 92/2008 clearly introduces provisions to exempt persons from responsibility. Under these provisions, the reporting obligations laid down in article 36 do not constitute any violation of any restriction on disclosure of information imposed by contractual, legislative, regulatory or administrative provisions (see article 39 of the Law No. 92/2008) The same provision is applied not only to the reporting system but also to any other communication sent to the Agency. Bank secrecy As mentioned above, bank secrecy shall be lifted to report suspicious transactions and shall not be opposed to the Agency "*in the exercise of its functions of preventing and combating money laundering and terrorist financing*", as stated in Article 86 of the Law modifying article 36 (bank secrecy) of the Law No. 165 of 17 November 2005. (LISF, Law on companies and banking, financial and insurance services)

					<u>Professional and official secrecy</u> In general, paragraphs 3 and 4 of article 38 of the Law No.92/2008 state that professional and official secrecy shall not be invoked against the Judicial Authority, the Agency, and the Police Authorities in the exercise of their functions to prevent and counter money laundering and terrorist financing, except in the case described in para 1 of the same article referring to legal professionals who are subject to professional secrecy during a judicial proceeding.
			Given the fact there is no legal provision excluding liability for STRs related to FT, submitting a report even in good faith constitutes a violation of bank secrecy.	Article 36 and Article 39 of the Law No. 92/2008	Under article 39 of the Law No.92/2008 reporting suspicious transactions related to ML or for FT, as described in Article 36 of the same Law, does not constitute any violation of confidentiality or secrecy rules and the legislation does not entail any kind of liability . According to article 39 of the Law: *(Exemption from responsibility)* *“1. The reports and notifications carried out under this law do not constitute violation of any restriction to the communication of data or information resulting from contracts or legislative, statutory, regulatory or administrative provisions, nor of obligations of confidentiality and of professional, official or bank secrecy referred to in article 36 of Law no. 165 November 17, 2005. Reports and notifications involve no responsibility whatsoever if made in good faith.”*
			Official secrecy only allows the Central Bank to share information with the judicial authority, in the course of a criminal proceeding, and does not seem to allow any kind of sharing of relevant documents and data with other domestic authorities outside the course of a criminal proceeding.	Articles: 11, 12, 14, 15 of the Law No. 92/2008	The Agency can exchange information with Public Administrations, Police Authorities, the Central Bank, professional associations and the Judicial Authority. <u>General Principle for domestic cooperation and collaboration</u> The Law No. 92/2008 contains specific provisions regulating the cooperation between Public Administrations, the Police Authority, the Central Bank, professional associations and the Agency. A general provision is set forth in article 11 para 1 of the mentioned Law. According to it, the entities mentioned above shall provide, upon motivated request by the Agency, the data and information in their possession, which are deemed to be useful for

					the purposes of preventing and combating money-laundering and terrorist financing under para 2 of the same article. Cooperation between the Agency and the Police Authorities Article 12 of the Law No. 92/2008 provides for the cooperation between the Agency, the Police Authorities and the National Central Office of Interpol. Cooperation between the Agency and the Central Bank As regards the financial sector, the Central Bank, while performing its functions of supervision over financial institutions, shall inform the Agency without delay about violations of the provisions of the law or any facts or circumstances that might be related to money laundering and financing of terrorism (see para 1 of article 14 of the Law No.92/2008). Moreover, according to para 2 of article 14 of same Law, the Central Bank shall provide the Agency with data on financial institutions as well as any information considered to be useful to carry out financial investigations following reports of suspicious transactions and to analyse financial movements. Cooperation between the Agency and the Judicial Authority According to article 5 para 4 of the Law No.92/2008, the Agency can be delegated by the Judicial Authority to carry out investigations related to proceedings involving money-laundering and terrorist financing as well as offences and administrative violations prescribed by the law. In this case, the Agency shall operate as judicial police. The investigations carried out upon delegation from the Judicial Authority shall be documented in reports. Moreover, article 15 of the Law No. 92/2008 states that when the Judicial Authority has reasonable grounds to suspect that money laundering or terrorist financing have been committed through transactions carried out in the premises of the designated entities, it shall inform the Agency.

			Article 103 of the LISF allows the CB to share information with foreign supervisory authorities only subject to a previous cooperation agreement and subject to very strict cumulative conditions.	Article 16 of the Law No. 92/2008	The conditions for the cooperation between the Agency and foreign FIUs are laid down in article 16: the Agency can conclude Memoranda of Understanding, but signing these agreements is not binding. Information exchange may occur on a basis of reciprocity and it can regard any investigation related to ML or FT International cooperation As regards international cooperation between FIUs, the Law refers to it in article 16 : *Article 16*- (Cooperation with foreign financial information units) 1. The Agency shall cooperate with foreign financial intelligence units on the basis of reciprocity including the exchange of information. The foreign financial intelligence units shall guarantee the same conditions of confidentiality for the information, as assured by the Agency. 2. The Agency, with the aim of regulating the cooperation activity referred to in paragraph 1, may stipulate appropriate protocols of agreement that will be notified to the Committee for Credit and Savings. 3. The information exchanged may be used by the foreign financial intelligence units for investigations aimed exclusively at combating money-laundering and terrorist financing. Furthermore, the information may not be sent to third parties without prior written consent by the Agency and is covered by official or professional secrecy. 4. The information exchanged cannot be used to initiate or continue administrative, police or judicial investigations without prior written consent by the Agency. 5. The protocols of agreement or conditions of reciprocity shall provide that the foreign financial intelligence unit notify the Agency if international judicial assistance procedures have been initiated in relation to a fact that is the object of request for information. In this case, the Agency shall not exchange the information, unless otherwise ordered by the judicial authority of San Marino. "
			Sharing of information between financial institutions where this is required by SR VII limited to cases where the client consents	Article 40 para 7 and Article 33 of the Law No. 92/2008	When customers are identified through other financial institutions, the relevant documentation shall immediately be at disposal and transmitted upon request. Financial institutions are required to exchange information if funds are transferred through electronic

					means. When a suspicious transaction is reported, exchange of information may be conducted between the financial institutions established in the Republic of San Marino, belonging to the same group or having business relationships with the same customer or with which the transactions reported have been executed. As regards sharing of information between financial institution for compliance with the FATF Recommendations No. 7, 9 and Special Recommendation VII, the Law contains the following provisions: As regards "correspondent banking relationships" (Rec.7), San Marino financial institutions apply: a) simplified CDD as described in article 26 para 1, under the conditions described in paragraphs 4 and 5 of Article 27. They "shall *collect data and information being sufficient to establish if the customers falls into an exempted category";* b) enhanced CDD as described in article 27 para 5 As regards "introduced business relationships" (Rec.9), San Marino financial institutions apply article 29 of the Law, according to which San Marino financial institutions may rely on third party to conduct CDD. Responsibility and conditions for being considered a third party are described in article 29. As regards "wire transfer rules" (Special Rec. VII), San Marino financial institutions shall apply specific provisions to be issued by the Agency under Article 33 para 1 of the Law. The provisions shall indicate the information and data to be included in wire transfers, as described in the above-mentioned paragraph. The procedure applied by San Marino financial institutions to counterparts which do not provide correct information on transfers is set forth in para 2 of Article 33. *"2. The financial institutions shall deny the transfer of funds when they are not provided with the information referred to in the previous paragraph. When the financial institution that has received the transfer order omits to provide the information, the financial entity to whom the transfer order is addressed shall request the information in writing. If the request is not satisfied, it*

					shall activate the enhanced measures prescribed in article 27 and evaluate whether to suspend relations with the financial institution that has received the transfer order. The financial institution shall forward to the Agency, without delay, a copy of the request for information sent to the counterpart.” In addition, article 40 para 7 of the Law allows financial institutions belonging to the same “group” to inform each other on customers in case of STRs reported to the Agency.

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.5	**Customer due diligence**	**NC**	**Existence of Bearer Passbooks – while there is regular identification of the bearer upon issuance, conduct of transactions and closure of passbooks, the facility to transfer such passbooks anonymously poses a significant challenge for banks to ensure that they conduct ongoing due diligence on these passbooks throughout the business relationship with the person presenting themselves as the bearer.**	Article 31 of the Law No. 92/2008	According to Article 31 para 3 of the Law, since the entry into force of the Law, the balance of bearer passbooks is limited to 15,000 euros. The bearer passbooks issued before the entry into force of the law whose balance exceeds 15,000 euros shall be closed or converted by 31 December 2010. (see para 4 of Article 31). As from January 1, 2012 banks shall not issue new bearer passbooks and should close or convert those bearer passbooks issued before that date (para 5 of Article 31) Moreover, under para 6 of article 31, banks shall comply with customer due diligence requirements for any deposits and withdrawals from bearer passbooks as well as extinction or conversion of the same, regardless of the amount of the transactions.
			Certain categories of financial institution are not covered by the identification obligations set out in the Law yet as implementing provisions had not been issued by the CBSM: - **Post Offices (which are State-owned);** - **Credit recovery on behalf of third parties;** - **Financial promoters and insurance promoters;** - **Agencies of Italian insurance companies and insurance brokers selling solely insurance policies based on Italian law.**	Article 18 of the Law No. 92/2008	The Law includes the lists of the activities and persons mentioned in article 8 of Law No. 28/2004 and therein described. According to the Law, these activities and persons are considered as “designated persons and entities” to the AML/CFT requirements: CDD requirements, record keeping requirements and reporting requirements and other obligations i.e. internal controls. The Agency is the authority in charge of regulating these requirements under Article 5 of the Law No.92/2008, by issuing so called “Instructions” (see also Article 1, para 1 letter l). Within six (6) months from the communication that the Agency has started operating (article 92), the Agency shall issue Instructions for some specific matters (article 95)

R.5	**Customer due diligence**	**NC**	**No requirement in law or regulation to carry out CDD when:** **1. there is a suspicion of money laundering or terrorist financing regardless of any exemptions or thresholds that are referred to elsewhere under the FATF Recommendations or** **2. the financial institution has doubts about the veracity or adequacy of previously obtained customer identification data.** **3. carrying out occasional transactions that are wire transfers in the circumstances covered by the IN to SR.VII**	Article 21 para 1 of the Law No. 92/2008	Article 21 of the Law requires "designated persons and entities" to carry out CDD measures in the cases indicated in letters a), b), c) and d) of para 1 and in the cases indicated in para 2 and 3 of the same article. The case indicated in letter c) of the article 21 para 1 requires "designated persons and entities" to carry out CDD when "*there's a suspicion of money laundering or terrorist financing*". The case indicated in letter d) of the article 21 para 1 requires "designated persons and entities" to carry out CDD when these persons or entities have "*doubts about the veracity or adequacy of the previously obtained customer identification data*". The case indicated in para 2 of article 21 requires "designated persons and entities" to carry out CDD when they conduct transactions or are involved in transactions exceeding € 15,000.
			The threshold applied to transactions is €15,500 rather the €15,000 limit set out in the recommendations.	Article 21 para 1 and para 2 of the Law No. 92/2008	Article 21 para 1 and para 2, refers to transactions exceeding € 15,000.
			While there are requirements in place to identify customers when establishing business relationships, there are no requirements in law or regulation to:		
			1. verify the customer's identity using reliable independent source documents, data or information or to the other elements of the CDD measures (e.g. beneficial ownership, where necessary the source of funds);	Article 22 para 1 letter a) of the Law No. 92/2008.	Article 22 para 1 letter a) requires "designated persons and entities" "*verifying the customer's identity on the basis of a valid identification document or, where this is not possible, on the basis of documents, data or information obtained from a reliable and independent source*";

R.5	Customer due diligence	NC	**2. verify that any person purporting to act on behalf of the customer (for customers that are legal persons or legal arrangements) is so authorised and to identify and verify the identity of that person;**	Article 23 para 2 of the Law No. 92/2008 CBSM Instruction No. 2008-1 of 12 June 2008	According to article 23 para 2, in case of customers that are not natural persons, "designated persons and entities" shall verify that the natural person acting on behalf of the customer is so authorized. "Designated persons and entities" are also required to identify and verify the identity of that natural person. Under article 3 of CBSM Instruction No. 2008-01, Financial Institutions shall identify and verify the identity of the persons authorized to act on behalf of the customer and also obtain documents in order to verify that they have been granted the authorization to act. In particular, Financial Institutions shall obtain copies of the decisions taken by the shareholders, the board of directors or other equivalent bodies concerning the appointment and any change of the person representing the customer or being delegated to act on behalf of the customer.
			3. identify the beneficial owner and take reasonable measures to verify the identity of the beneficial owner using relevant information or data obtained from a reliable source such that the financial institution is satisfied that it knows the beneficial owner;	Article 22 para 1 letter b) and Article 23 para 3 of the Law No. 92/2008	According to article 22 para 1 letter b), the "designated persons and entities" shall identify the beneficial owner take risk-based and adequate measures to verify the identity. Moreover article 23 para 3 of the Law states that the identification and the verification of the identity of the beneficial owner are carried out contextually to the identification of the customer and they require, for customers that are not natural persons, the adoption of adequate and risk-based measures so that beneficial ownership and control of the customer are known. In order to identify and verify the identity of the beneficial owner, the "designated persons and" may : a) consult public registers, lists, deeds and documents accessible to anyone containing information on the beneficial owner; b) request pertinent data and information from their customers; c) obtain information in any other way. Article 1 para 1 letter r) of the Law No.92/2008 contains the definition of "beneficial owner". "Beneficial owner" is *(I) the natural person who ultimately owns or controls the*

					customer, when the latter is a legal person or entity without a legal nature; *(II) the natural person on whose behalf the customer acts. In any case, the following are considered beneficial owners:* *1) the natural person or persons that, directly or indirectly, own more than 25% of the voting rights in a company or, at any rate, because of agreements or other reasons, are able to control voting rights equal to said percentage or have control over the management of the company, provided that it is not a company listed on a regulated market, and subject to disclosure requirements consistent with or equivalent to EU legislation;* *2) the natural person or persons who are beneficiaries of more than 25% of the property of a foundation, trust or other entity with or without legal nature that administer funds; in other words, whenever the beneficiaries have not been determined, the natural person or persons in whose principal interest the entity is established or acts;* *3) the natural person or persons that are able to control more than 25% of the property of an entity with or without a legal nature.*
			4. determine whether the customer is acting on behalf of another person, and take reasonable steps to obtain sufficient identification data to verify the identity of that other person;	Article 22 and Article 23 of the Law No. 92/2008 CBSM Instruction No. 2008-01 of 12 June 2008	Articles 22 and 23 of the Law and the definition of “beneficial owner” clearly contain provisions under which the “designated persons and entities” are obliged to identify and verify the identity of the customer and the beneficial owner. Moreover, the CBSM Instruction No. 2008-01 clearly requires Financial Institutions to determine if the customer acts on behalf of other persons. In this case, Financial Institutions shall identity and verify the identity of these persons.
			5. Conduct ongoing due diligence on the business relationship, which includes scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the institution’s knowledge of the customer, their business and risk profile, and where necessary, the source of funds.	Article 22 para 1 letter d) of the Law No. 92/2008	According to article 22 para 1 letter d), “designated persons and entities” shall conduct ongoing monitoring on the customer’s business relationship, verifying that the transactions undertaken by the customer are consistent with the data and information which the “designated person and entity” has on the customer, their business and risk profile including, where necessary, the source of funds. The documents, data and information obtained during the CDD should be kept up-dated as required by article 22 para 1 letter e).

			No provisions in law, regulation or other enforceable means that address circumstances where there is a failure to satisfactorily complete CDD.	Article 24 and Article 61 of the Law No. 92/2008	When the “designated persons and entities” are not able to fulfil the CDD requirements, they shall refrain from establishing ongoing business relationships or carrying out occasional transactions, interrupt them, if already initiated, at the earliest opportunity and evaluate if the situation should be reported to the Agency (San Marino FIU) Under article 61 of the Law, the failure to comply with the CDD requirements shall be punished by an administrative sanction of a minimum of € 2,000 to a maximum of € 40,000.
			No provisions in law, regulation or other enforceable means that require financial institutions to perform enhanced due diligence for higher risk categories of customer, business relationship or transaction.	Article 25 and Article 27 of the Law No. 92/2008	Under article 25 of the Law “designated persons and entities” shall apply CDD measures to all customers by adopting a risk based approach. Enhanced Customer Due Diligence is performed in the cases where the risk of money laundering or terrorism financing is considered higher (see article 27 para 1). The Law prescribes specific cases where ECDD are required: 1) when the customer is not physically present; 2) when the customer is a politically exposed person; 3) when the customer is a financial institution established in a country that does not impose requirements equivalent to those envisaged in the San Marino AML/CFT Legislation See Article 27 para 2, 3, 4 and 5.
			Existing customers - it is not clear if there is any explicit requirement to apply customer identification requirements to those customers that had opened accounts prior to the entry into force of the AML Law No.123/1998.	Article 25 and Article 30 of the Law No. 92/2008	Article 25 para 1 requires “designated persons and entities” to apply CDD to all customers including existing customers. Moreover, according to article 30 of the Law, Financial Institutions shall not keep anonymous accounts or accounts in fictitious names.

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.6	**Politically exposed persons**	**NC**	**San Marino AML/CFT system does not contain any enforceable measures concerning the establishment of business relationships with politically exposed persons (PEPs).**	Article 1 letter n), Article 27 para 4 and Article 1 of the Technical Annex of the Law No. 92/2008	The Law No. 92/2008 requires "designated persons and entities" to apply enhanced customer due diligence requirements to the customers who are considered to be politically exposed persons. When the customer is a politically exposed person, the "designated persons and entities" shall: 1) adopt adequate procedures in relation to the activities carried out by the designated persons, to determine whether the customer is a politically exposed person; 2) obtain the authorisation of the General Director ,an equivalent persons or a person delegated by him to establish business relationships or to undertake the transactions 3) take adequate measures to establish the source of funds which are involved in the business relationship or in the transaction; 4) conduct ongoing enhanced control of the business relationship. (see article 27 para 4 of the Law No.92/2008) The definition of politically exposed persons (PEP) is included in the article 1 of the Technical Annex to the Law No.92/2008. Under the Definition of PEP contained in article 1 of the Technical Annex to the Law, PEP means: *Article 1* *(Politically exposed persons referred to in article 1, paragraph 1, letter n)* "*A) a natural person, citizen of a foreign country, who occupies or has occupied abroad during the year preceding the establishment of the relationship, execution of the transaction or service, important public offices, including the following even if the name of the office is:* 1) head of state, head of government, minister, deputy minister,

					secretary of state, member of Parliament; 2) member of judiciary organs whose decisions are not generally subject to further appeal; 3) member of the board of directors of central banks or supervisory authorities; 4) ambassador, chargé d'affaires, a high-ranking officer in the Armed Forces; 5) member of the board of directors, management or supervisory bodies of State-owned enterprises; B) the immediate family members of the persons indicated in the previous letter or those persons who maintain well-known close relations, including the following persons: 1) the spouse or partner considered equivalent to the spouse, 2) the children and their spouses; 3) the parents; *C) the natural person who is known to have the joint beneficial ownership of legal entities or companies with a person referred to in letter A);* *D) the natural person that is the sole beneficial owner of a legal entity or company or legal arrangement which is known to have been set up for the benefit of one of the persons referred to in the letter A)".*

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.7	**Correspondent banking**	**NC**	**San Marino has not implemented any enforceable AML/CFT measures concerning establishment of cross-border correspondent banking relationships.**	Article 26, 27 para 5 of the Law No. 92/2008	The Law contains several provisions about cross-border banking activities. San Marino banks shall apply CDD to any customer, including foreign banks. In line with the "risk-based approach", the Law No.92/2008 contains appropriate cases where simplified or enhanced due diligence requirements need to be applied. <u>Simplified Customer Due Diligence</u> According to article 26 para 1 letter b), banks are required to apply Simplified Customer Due Diligence measures when they start business relationships with a customer which is a bank established in a Country imposing requirements equivalent to those laid down in this Law and providing for the supervision and control of compliance with the requirements to prevent and counter money laundering and financing of terrorism. Banks shall, in any case, collect sufficient data and information to establish if the customer can be identified in the above-mentioned cases. <u>Enhanced Customer Due Diligence</u> Under article 27 para 5, banks shall apply Enhanced Customer Due Diligence requirements when they start business relationships with a customer being a bank established in a Country which does not impose requirements equivalent to those laid down in this Law and does not supervise or monitor the compliance with the requirements to prevent and counter money laundering and financing of terrorism. In these cases Banks shall: a) gather sufficient information about a respondent foreign institution to understand fully the nature of the respondent's business and to determine from publicly available information, the reputation of the institution and the quality of supervision;

					b) assess the adequacy and effectiveness of controls applied by the respondent institution regarding matters of preventing and combating money laundering and terrorist financing; ; c) obtain authorization by the General Director or equivalent figure, or by a person authorized by the General Director, before establishing a business relationship or carrying out an occasional transaction; d) specify in writing the respective obligations and responsibilities regarding matters of preventing and combating money laundering and terrorist financing.

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.8	**New technologies & non face-to-face business**	**PC**	**At the time of the on-site visit, there were no direct requirements for financial institutions to have policies in place to prevent the misuse of technological developments in ML/FT schemes or to have policies and procedures in place to address the specific risks associated with non-face to face business relationships or transactions.**	Article 27 para 2, 3 and para 7 of the Law No. 92/2008 CBSM Regulation No. 2007-07 for bank of 27 September 2007 CBSM Instruction No. 2008-01 of 12 June 2008	According to the article 27 of the Law, when the customer is not present, the law requires "designated persons and entities" to apply Enhanced Customer Due Diligence. In order to compensate the higher risk of ML or TF, the "designated persons and entities" shall apply one or more of the following measures: a) ensuring that the first transfer of funds related to the establishment of a business relationship or the execution of a transaction, is carried out through an account opened in the customer's name; b) verifying the identity of the customer through supplementary information or documents in addition to those requested for a customer that is physically present; c) taking supplementary measures to verify the documents supplied; d) obtaining certification in relation to the information or documents supplied; e) obtaining a confirmatory certification from a financial institution established in San Marino or in a Country imposing requirements equivalent to those laid down in the Law and monitoring the compliance with the requirements to prevent and counter money laundering and financing of terrorism. that has already applied customer due diligence for the customer in question. Moreover, CBSM Instruction No. 2008-01 for banks and financial/fiduciary companies shall be complied with the general principle set forth in the article X.V.1 of the CBSM Regulation No. 2007-07 according to which it's not possible to enter into contracts with customers through recourse of long-distance communication technologies

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.10	**Record keeping**	**NC**	**No requirement in law or regulation to specify the obligation that identification data, account files and business correspondence should be kept for at least five years (i) after the closure of the account or (ii) termination of the business relationship.**	Article 34 of the Law No. 92/2008	Under article 34 para 1 of the Law, “designated persons and entities” shall record data and information obtained to comply with CDD requirements and keep the records and copies of the documents obtained for at least five years after the termination of the business relationship or the execution of the occasional transaction. Under article 34 para 2 of the Law, as regards business relationships and transactions, the “designated persons and entities” shall record and keep the records of the original documents or copies admissible in court proceedings as supporting evidence for a period of at least five years after the closure of the business relationship or the execution of the transaction. According to para 3 of the same article, data and information shall be recorded within five (5) days following their acquisition.
			No requirement in law or regulation that requires financial institutions to ensure that customer and transaction records and information are available on a timely basis to the competent authorities.	Article 34 of the Law No. 92/2008	Article 34 para 4 states that all the data, information and documents recorded and kept recorded by the “designated persons and entities” shall be made available to the Agency’s disposal without any delay, for the carrying out of its functions of preventing and combating money laundering and terrorist financing.

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.11	**Unusual transactions**	**PC**	**Financial institutions are not explicitly required to pay special attention to all complex, unusual large transactions or unusual patterns of transactions that have no apparent or viable economic or lawful purpose.**	Article 22, 42 and 34 of the Law No. 92/2008	According to the provisions of the Law, financial institutions are required to apply CDD. The measures required to fulfil CDD include the on-going monitoring of the business relationship with the customer, verifying that the transactions executed during the entire business relationship are consistent with the data and information which the designated person or entity has on the customer, its economic activity and risk profile, taking into consideration the source of funds, if necessary.(see article 22 para 1 letter d)) In addition, financial institutions shall acquire information on the purpose and nature of the business relationship or occasional transactions (see article 22 para 1 letter c)) These provisions clearly imply that financial institutions shall scrutiny the transactions of customers and verify that they are consistent with their knowledge of customers, including the economic and lawful purpose for the transactions requested. According to article 34 of the Law, all the information, data and documents as well as records on transactions shall be recorded and be kept for at least five years from the closure of the business relationship or the execution of the transaction. All the data, information and documents recorded and kept by financial institutions shall be made available to the Agency without delay to perform its functions of preventing and combating money laundering and terrorist financing. (article 34 para 4 of the Law)
			Although there is some reference in Circular no. 33 of 12/02/2003 to report suspicious transactions on the basis of objective features of transactions, including the customers' background, there are no explicit requirements to:		Please see the reply above.

			- **examine as far as possible the background and purpose of unusual transactions and to set forth findings in writing and** - **there is no explicit requirement to keep written findings available for competent authorities and auditors for at least five years**		
R.12	**DNFBP (R.5, 6, 8-11)**	**NC**	**The implementing regulations for DNFBPs have not been adopted, thus the requirements of R. 12 are not being applied to DNFBPs currently**		
			Existing CDD requirements have the same deficiencies as applied to financial institutions	Articles 19 and 20 of the Law No. 92/2008	DNFBPs are listed in articles 19 and 20 of the Law. These "designated persons and entities" are required to apply CDD measures, as provided for in articles 21, 22 and 23. According to article 4 of the Law No.92/2008, the Agency is the authority in charge of issuing "instructions" which are implementing regulations on the CDD requirements of the AML/CFT Law. The CDD requirements set forth in the Law contain all the obligations established in the FATF 40 + 9 Recommendations.

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.13	**Suspicious transaction reporting**	**NC**	**The reporting requirement which should be in law or regulation does not clearly cover all predicate offences**	Article 36 of the Law No. 92/2008	Reporting requirements The "designated persons and entities" shall report to the Agency (San Marino FIU) without delay: a) any transaction, even if not executed, which, because of its nature, characteristics, amount, or in relation to the economic capacity and activity or for any other known circumstance, leads to the conclusion that the economic resources, money or assets involved in the same transaction may be derived from crimes of money laundering or terrorist financing or may be used to commit such offences; b) anyone or any fact which, because of any known circumstance related to the activity carried out, may be connected to money laundering or terrorist financing. As required by MONEYVAL experts, the Law No.92/2008 modifies and introduces thee offences contained in the list of the predicate offence designated by FATF: • *Associations for the purpose of terrorism or subversion of the constitutional order* (Article 78 para 1 amends Article 337bis of the Criminal Code); • *Financing of terrorism* (Article 78 para 2 introduces Article 337ter of the Criminal Code*);* • Smuggling *of migrants* (Article 83 para 1 introduces Article 3bis of the Law No. 22 of 24 February 2000*)*
			There is no explicit legal requirement to report funds suspected to be linked or related to financing of terrorism as required by criterion 13.2	Article 36 of the Law No. 92/2008 CBSM Instruction No. 2008-01 of 12 June 2008	Please see above. The reporting form contained in the CBSM Instruction No.2008-01 is used by the reporting entities for suspicious of TF as well as for ML.
			Attempted transactions are not	Article 36 of the Law No. 92/2008	According to article 36 of the Law, "designated persons and entities" shall report transactions which have not been executed

			explicitly covered in law or regulation		yet, that is attempted transactions (see article 36 para 1 letter a)).
			Very low level of reports, including from outside the banking sector, raises concerns in relation to the effectiveness of the reporting system		Please see the Annex 3 of this document
R.14	**Protection & no tipping-off**	**PC**	**There is no law provision protecting reporting entities from responsibility for violating restrictions on disclosure of information imposed by contractual, legislative, regulatory or administrative provisions in relation to STRs on FT.**	Article 39 and 40 of the Law No. 92/2008	Article 39 of the Law protects "designated persons and entity" from responsibility for violating restrictions. According to the article 39: *(Exemption from responsibility)* *"1. The reports and disclosures carried out under this law do not constitute violation of any restriction to the communication of data or information resulting from contracts or legislative, statutory, regulatory or administrative provisions, nor of obligations of confidentiality and of professional, official or bank secrecy referred to in article 36 of Law no. 165 November 17, 2005. Reports and notifications involve no responsibility whatsoever if made in good faith."*
			There is no explicit nor direct provision in the law prohibiting the disclosure of a STR being reported to the FIU.	Article 53 of the Law No. 92/2008	Criminal sanctions shall be applied in case of violations of the secret concerning STRs. *Article 53* *(Violation of secrecy of reports)* *1. Except when the fact constitutes a more serious offence, whoever reveals, outside the cases prescribed by the law, that a report has been made or is ongoing or an investigation might be initiated for money laundering or terrorist financing, shall be punished with first-degree imprisonment and a second-degree penalty calculated in days.* *2. The same penalty applies to anyone who, knowing that a report made on a suspicious transaction has been filed in compliance with article 7, informs the party involved or third party of the fact.*

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.15	**Internal controls, compliance & audit**	**PC**	**There are no legislative or other enforceable obligations to ensure that compliance staff have timely access to CDD and transaction information.**	Articles 42, 55 and 56 of the Law No. 92/2008	According to article 42 of the Law, financial institutions shall appoint, among the members of its staff, an Official (i.e. Compliance Officer) in charge of receiving, analyzing internal reports on STRs and reporting them to the Agency. Even in absence of internal reports on STRs, the Compliance Officer shall analyse the transactions carried out, seek and obtain information and, in the cases laid down in article 36, report them to the Agency. The Compliance Officer shall have adequate professional skills and be vested with adequate powers to carry out, autonomously and independently, the functions mentioned above, including the power to have access to any information or document without needing prior authorization. The Compliance Officer seeks and obtains information also through employees and assistants who, in any capacity, come into contact with customers or, however, know about the relationships with customers or the execution of transactions on their behalf. The Law contains specific sanctions for failure to report. In particular, article 55 states that anyone failing to comply with the reporting obligations provided for by article 36 shall be punished with first-degree imprisonment and a second-degree daily fine. Actions aimed at preventing compliance with the reporting requirements are also punished according to article 56 of the Law. This provision aims at protecting the Compliance Officer and all the persons involved in the reporting system.
			There are no legislative or other enforceable obligations to require	Articles 41, 44 and 45 of the Law No. 92/2008	General Requirement Under article 41 of the Law, the “designated persons and entities”

			that financial institutions maintain an adequately resourced and independent audit function to test compliance.		shall implement an internal control system in order to: a) fulfil the prescribed obligations of this law; b) make arrangements for and verify the fulfilment of said obligations on the part of employees and collaborators <u>Internal Control and audit</u> According to article 44 of the Law, “designated persons and entities” shall adopt policies and procedures in line with the obligations of the law and the instructions issued by the Agency in order to prevent and combat money laundering and terrorist financing. In particular, they shall adopt policies and procedures aimed at preventing that technological developments related to the activity carried out are used for the purposes of money laundering and terrorist financing. “Designated persons and entities” shall develop and organize adequate internal controls to prevent and deter the involvement in relationships or transactions which may be related to money laundering or terrorist financing. <u>Staff training</u> The “designated persons and entities” shall also inform their staff about: 1) the obligations established by the law and the instructions issued by the Agency; 2) the measures and procedures adopted for the purposes of preventing and combating money laundering and terrorist financing. The “designated persons and entities” shall promote the ongoing training of their staff also through the participation in specific training programs on preventing and combating money laundering and terrorist financing. <u>IT System</u> Designated entities shall be equipped with an IT system and data communication instruments deemed to be suitable to ensure the prompt, confidential reception of reports and disclosures from the Agency. The communications sent by the Agency shall be accessible only to the designated entities. Under para 6 of article 44, financial institutions shall also extend the obligations referred to in this article to their foreign subsidiaries.

			There are no legislative or other enforceable obligations that require screening procedures for hiring employees	Article 44 para 2 and 3 of the Law No. 92/2008	Under article 44 para 2 and 3, “designated persons and entities” shall educate and train their staff. In particular, “designated persons and entities” shall also inform their staff about: 1) the obligations established by the law and the instructions issued by the Agency; 2) the measures and procedures adopted for the purposes of preventing and combating money laundering and terrorist financing. “Designated persons and persons” shall promote the ongoing training of their staff also through the participation in specific training programs on preventing and combating money laundering and terrorist financing.

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R.16	**DNFBP (R.13-15 & 21)**	**NC**	**Although DNFBPs are covered by the scope of the AML law, in practice nothing has been done to implement the provisions as the Central Bank has not adopted the relevant implementing regulations. This raises serious concerns due to lack of effectiveness of measures in place.**		
			Similar deficiencies in the AML legislation relating to Recommendations 13 -15 & 21 that apply to financial institutions also apply to DNFBPs (see comments and ratings in sections 3.6, 3.7 & 3.8)	Article 25, 26, 27, 36, 38, 39, 41-45, 53 of the Law No.92/2008	The Law overcomes the deficiencies identified in the former legislation as far as DNFBPs are concerned : - Recommendation 13 on STRs is covered by Article 36; - Recommendation 14 on: a) protection from criminal and civil liability is covered by article 38 and 39 and b) prohibition from disclosing ("tipping-off") is covered by article 53; - Recommendation 15 on programs against ML & TF is covered by article 41 -45; - Recommendation 21 on countries which do not or insufficiently apply the FATF Recommendations is covered by articles 25, 26 and 27.

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R.17	**Sanctions**	**PC**	**There are a range of criminal, civil or administrative sanctions available to deal with natural persons covered by the FATF Recommendations, however, the effectiveness of these powers has not been fully tested to date**	Articles 53-67 of the Law No.92/2008	Criminal Sanctions Article 53 (Violation of secrecy of reports) punishes anyone disclosing that a report has been made or that an investigation in underway or might be initiated. Article 54 (Omissions or false statements regarding customers) punishes anyone omitting or providing false information on customers Article 55 (Failure to comply with the reporting obligations) punishes anyone failing to comply with the reporting obligations Article 56 (Actions aimed at preventing reporting) punishes anyone aiming at preventing STRs to the Agency or to the Judicial Authority, using violence, threatening or giving, offering or promising any benefits. Article 57 (Violation of the orders and provisions issued by the Agency and the Congress of State) punishes anyone who, without any justified reason, fails to comply with, delays or hinders the execution of an order, request or provision issued by the Agency in compliance with article 5 of the Law or disregards the restrictive measures adopted through a decision of the Congress of State, under article 46 of the Law. Article 58 (False or omitted declarations to the Agency) punishes anyone making false declarations or withholding entirely or in part what he knows about facts for which he has been summoned by the Agency to testify in order to provide data or information useful for the investigation. Article 59 (False information in documents to be transmitted to the Agency) punishes anyone indicating or providing false data in acts or documents to be sent to the Agency by terms of second-degree imprisonment. Article 60 (Evading measures for freezing funds) punishes anyone carrying out actions aimed at circumventing the freezing measures referred to in article 46, paragraph 1, letter a) of the Law.

					<u>Administrative Sanctions</u> Article 61 (Violation of customer due diligence and registration) punishes the violation of the CDD measure. Article 62 (Violation of the registration and conservation obligations) punishes the violation of the obligation of registration and conservation of data, information and documents. Article 63 (Violation of the prohibition to keep anonymous accounts and violation of the limits on the use of cash and bearer bonds) Article 64 (Violation of the provisions on freezing funds) and Article 65 (Violation of the obligation of disclosure on frozen funds and resources) punishes the violations of the provisions referred to in article 47, paragraph 1 and article 48 concerning the restrictive measures for the implementation of UN resolutions. Article 66 (Other violations) and Article 67 (Violation of instructions) punishes the violations of the other provisions contained in the law and in the instructions of the Agency.
			No sanctions for legal persons		San Marino authorities envisage to implement a legislative provision concerning the administrative liability of legal persons. However, the Law No. 92/2008 provides for a joint liability of the entity for the administrative violations committed by its representatives or employees. This joint liability integrates the one established in civil law for the unlawful acts committed by the representative or employee of a legal person.
			Effectiveness concerns		

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R.18	**Shell banks**	**PC**	**There is no prohibition on financial institutions from entering into, or continuing correspondent banking relationships with shell banks.**	Article 28 of the Law No.92/2008	According to article 28 of the Law, designated financial institutions are prohibited from establishing business relationships or carrying out occasional transactions with a shell bank or with a foreign institution that is known to permit its accounts to be used by a shell bank. The relationships that already exist on the date that this law enter into force should be closed at the earliest opportunity.
			Financial institutions are not required to satisfy themselves that respondent institutions in a foreign country do not permit accounts to be used by shell banks	Article 28 of the Law No.92/2008	Please see above.
R.19	**Other forms of reporting**	**NC**	**San Marino has not considered the feasibility and utility of implementing a system whereby financial institutions report all transactions in currency above a fixed threshold to a centralised agency with a computerised database.**	Article 19 of the Law No.92/2008	San Marino Authorities are considering whether to introduce a reporting system whereby a central Authority is informed about all currency transactions exceeding a fixed amount by "designated persons and entities".

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R.21	**Special attention for higher risk countries**	**NC**	**There is no requirement to examine and monitor transactions from countries, other than countries listed on the NCCT list published by the FATF that insufficiently apply FATF Recommendations, or transactions from countries located in drug-trafficking or smuggling areas (no list of such countries issued), that have no apparent economic or lawful purpose, or to make these findings available to competent authorities.**	Article 27 para 5, 95 para 5 and 22 para 1 letter c) and d) of the Law No.92/2008	Under para 5 of article 27 of the Law, when establishing business relationships and transactions with foreign counterparts located in Countries which neither apply obligations equivalent to those envisaged by this law and nor require the supervision and monitoring of said obligations, San Marino designated financial institutions shall adopt the following enhanced customer due diligence measures: a) gather sufficient information about a respondent foreign institution to understand fully the nature of the respondent's business and to determine from publicly available information, the reputation of the institution and the quality of supervision; b) assess the adequacy and effectiveness of controls applied by the respondent institution regarding matters of preventing and combating money laundering and terrorist financing; c) obtain authorization by the General Director or equivalent figure, or by a person authorized by the General Director, before establishing a business relationship or carrying out an occasional transaction; d) specify in writing the respective obligations and responsibilities in preventing and combating money laundering and terrorist financing. The countries having a system to prevent and counter money laundering and terrorist financing equivalent to that one established by international standards are listed by the Congress of State (the Government of San Marino) upon proposal of the Agency, according to the procedure set forth in article 95 para 5 of the Law. Transactions and any other operation made to the country which are not considered to be equivalent in terms of compliance with international standard shall be monitored by the "financial designated persons" and handled with special attention.

					The purpose and nature of the business relationship as well as of occasional transactions are information which shall be kept according to article 22 para 1 letter c) All the information, data and documents obtained in order to identify and verify the identity of customers shall be used to scrutiny transactions under article 22 para 1 letter d).
			No specific requirements on reviewing the background and purpose of such findings and the documentation of findings.		Please see the reply above.
			No specific provisions (or practice) on application of counter- measures where a country continues not to apply or insufficiently applies the FATF Recommendations	Article 24, 27 para 5 and 33 of the Law No.92/2008	<u>Failure to apply CDD requirements</u> If the designated persons and entities are not able to fulfil the obligations of customer due diligence indicated in article 22, paragraph 1, letters a), b) and c), they shall refrain from establishing business relationships or carrying out occasional transactions, and interrupt them, if already initiated, at the earliest opportunity and evaluate if the situation should be reported to the Agency (see Article 24 para 1). <u>Enhanced CDD for financial counterparts</u> The financial institutions which maintain or intend to establish business relationships or carry out occasional transactions with foreign financial counterparts in countries that do not require obligations equivalent to those prescribed by this law and do not require supervision and control on these obligations shall adopt the following enhanced CDD measures: a) gather sufficient information about a respondent foreign institution to understand fully the nature of the respondent's business and to determine from publicly available information, the reputation of the institution and the quality of supervision; b) assess the adequacy and effectiveness of controls applied by the respondent institution regarding matters of preventing and combating money laundering and terrorist financing; c) obtain authorization by the General Director or equivalent figure, or by a person authorized by the General Director, before establishing a business relationship or carrying out an occasional transaction; d) specify in writing the respective obligations and responsibilities in

					preventing and combating money laundering and terrorist financing. (see article 27 para 5) <u>Requirements for wire transfers</u> When a San Marino designated financial institution receives or executes wire transfers from/to financial counterparts, special attention shall be paid to the information accompanying the order of transfer. In case of lack of information, the San Marino financial institution shall refuse the transfer and request appropriate information and data. If the request is not satisfied, it shall adopt the enhanced measures envisaged in article 27 para 5 (see above) and evaluate whether to suspend relations with the counterpart receiving the transfer order. The San Marino financial institution shall immediately send a copy of the request for information to the Agency (see article 33).

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R.22	**Foreign branches & subsidiaries**	**NC**	**Notwithstanding that at this time no financial institutions have established operations abroad and that in order to do so a series of agreement would need to be put in place, in the event that a financial institution applied to the Central Bank to establish operations abroad there are currently no specific requirements in place to cover the following areas:** **1. the need to ensure that foreign branches and subsidiaries observe AML/CFT measures consistent with home country requirements and FATF Recommendations,**	Articles 44 para 6 and 45 of the Law No.92/2008	According to article 44 para 6 of the Law, designated financial institution shall extend the obligations concerning internal procedures and controls to their foreign subsidiaries. According to article 45 of the Law, designated financial institutions shall ensure that their foreign branches or their foreign subsidiaries comply with obligations equivalent to those provided for by the San Marino AML/CFT legislation.
			2. the need to pay particular attention that this principle is observed with respect to their branches and subsidiaries in countries which do not or insufficiently apply the FATF Recommendations,	Article 44 para 6 and 45 of the Law No.92/2008	In cases where the legislation of the foreign country does not apply requirements equivalent to those envisaged in the San Marino AML/CFT legislation, designated financial institutions shall inform the Agency and the Central Bank and adopt supplementary measures to effectively address the risk of money laundering or terrorist financing (see article 45 para 2).
			3. provisions that where minimum AML/CFT requirements of the home and host countries differ branches and subsidiaries in host countries should be required to apply the higher standard and the need to inform the home country supervisor when a foreign branch or subsidiary is unable to observe appropriate AML/CFT measures.	Article 44 para 6 and Article 45 of the Law No.92/2008	Please see above.

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R.24	**DNFBP (regulation, supervision and monitoring)**	**NC**	**There is no supervision or monitoring for AML/CFT requirements in place for DNFBPs, except for casinos, which anyway are not allowed in San Marino and therefore this recommendation is not applicable for casinos.**	Articles 19, 20 and articles 4, 5 of the Law No.92/2008	DNFBPs are listed in articles 19 and 20 of the Law. As far as AML/CFT requirements are concerned, these designated persons are regulated and supervised by the Agency under articles 4 and 5 of the Law.
			The implementing regulations on AML/CFT for DNFBPs will need to be brought into effect so that there are requirements that can be monitored	Article 95 of the Law No.92/2008	Under article 95 of the Law, the Agency shall issue instructions on the requirements of the Law within six month after communicating that it has started to operate.
R.25	**Guidelines & Feedback**	**NC**	**Lack of adequate and appropriate feedback to reporting entities by competent authorities**	Article 7 of the Law No.92/2008 CBSM Instruction No. 2008-01 of 12 June 2008	Under Article 7 para 2 of the Law, the transmission of documents and acts to the Judicial Authority or their filing shall be communicated by the Agency to the designated entity presenting the report, unless the communication might prejudice the outcome of the investigation or the confidentiality on the identity of the person reporting the transaction. The Central Bank issued Instruction No. 2008-01 on 12 June 2008; under this instruction, the Central Bank shall report back the result of the analysis carried out to the reporting entities.
			No comprehensive and updated guidance to assist financial institutions to comply with AML/CFT requirements		
			No guidelines were developed to assist DNFBP to implement and comply with their respective AML/CFT requirements, either by the CB or by the SROs.	CBSM Instruction No. 2008-01 of 12 June 2008	CBSM Instruction indicates the specific information, data and documents that banks and financial companies shall require in order to identify and verify the identity of customers.

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R.26	**The FIU**	**NC**	**The institutional set up of the Central Bank as the FIU is not considered in line with the requirements of R. 26 and should be reviewed**	Articles 2-15 and 91 of the Law No.92/2008.	Establishing FIU According to Article 2 para 1 of the Law, the Agency, which is the Financial Intelligence Unit of San Marino, shall be established at the Central Bank. The Agency shall perform the functions assigned to it by the law in full autonomy and independence as provided for by para 2 of the same article. Financing of the Agency The costs for personnel, structures, organization and functioning of the Agency shall be paid for by the Central Bank. The Agency shall use the resources according to criteria of cost effectiveness and efficiency. In order to control the use of the resources, the Agency shall prepare an annual report within the month of May regarding the management of the resources received by the Central Bank during the previous year and a budget document outlining the expenses for the following year within the month of September. The report and budget document shall be sent to the Committee for Credit and Savings that shall evaluate whether the resources have been programmed and managed according to the criteria of cost effectiveness and efficiency and then transmit the relevant documentation to the Central Bank for the fulfilment of its obligations. Functions of the Agency According to Article 4 of the Law, the following functions are attributed to the Agency: a) receiving reports from designated persons and entities; b) carrying out financial investigations on received reports or, on its own initiative, on the data and information at its disposal;

					c) reporting to the criminal judicial authority any facts that might constitute money laundering or terrorist financing; d) issuing instructions regarding the prevention and combating of money laundering and terrorist financing; e) supervising compliance with the obligations under this law and the instructions issued by the Agency; f) taking part in national and international bodies involved in the prevention of money-laundering and terrorist financing; g) promoting and taking part in the professional training of police personnel on matters regarding the prevention of money-laundering and terrorist financing. Moreover, according to Article 5 para 4, the Judicial Authority can delegate the Agency to carry out investigations related to proceedings regarding money-laundering and terrorist financing as well as offences and administrative violations prescribed by this law. In this case, the Agency shall operate as judicial police. The actions carried out upon delegation from the Judicial Authority shall be documented by reports. Powers of the Agency In order to fulfil the functions attributed by this law, the Agency, through a written act justified in relation to the purposes of preventing and combating money laundering and terrorist financing , has the powers to: a) order the designated entities to exhibit or hand over documents, also in original copy, or to communicate any data and information, according to the methods and terms established by it; b) ask the Central Bank or the Public Administration to disclose data or information or to exhibit or hand over acts or documents ,according to the methods and terms established by the Agency; c) carry out on-site inspections of the designated entities. If the designated entity, for the fulfillment of the obligations prescribed by this law, makes use of external persons, the inspections may also be conducted in the premises of said persons; d) order the freezing of assets, funds or other economic resources whenever there are reasonable grounds to believe that these assets, funds or economic resources come from money laundering or terrorist financing or may be used to commit such

					offences; e) suspend, also upon request of the criminal judicial authorities, suspicious transactions related to money laundering or terrorist financing for a maximum of five working days, whenever this does not prejudice any ongoing investigations; f) make inquiries about persons that may refer circumstances useful to investigations regarding money-laundering and terrorist financing as well as offences or administrative violations provided for by this law. Staff of the Agency The Director and the Vice Director of the Agency are appointed by the Congress of State upon proposal by the Committee for Credit and Savings, following consultation with the Central Bank. They are chosen among people fulfilling the necessary requirements of professionalism, independence and respectability. The mandate of the director and vice director shall last five years and is renewable only once. The Director and Vice Director can be removed from their offices with the same procedure required for their nomination only if they no longer satisfy the conditions required for the fulfilment of their functions or are guilty of dereliction of duty. The staff of the Agency, in the exercise of the functions laid down by this law, are public officials and are bound by official secrecy. According to para 2 of article 5 of the Law, the Agency may make use of police personnel in the exercise of the powers prescribed in the Law. According to Article 91 of the Law, the Congress of State (the Government of San Marino) shall regulate by delegated decree: a) the requirements of professionalism, independence, and honourable conduct referred to in article 3, as well as the hypothesis of non-compatibility; b) the legal status and pay of the Agency personnel; c) the functions of the Director and Vice Director of the Agency; d) the organizational, functional and financial structure of the Agency.

					Procedures and access to information Article 6 of the Law indicates the procedure for freezing (“*blocco*”) assets and funds related to ML or TF. Article 8 of the Law disciplines the Agency’s access to information in order to perform its functions. The information obtained or acquired by the Agency is covered by official secrecy with the exception of the cases of disclosure or exchange of information provided for by this law. Official secrecy cannot be opposed to the criminal judicial authority.(see article 9) Article 7 of the Law regulates the procedure to disclose the results of the analysis executed by the Agency to the Judicial Authority in case of suspicion of money-laundering or terrorist financing as well as its filing. The archiving of the case does not prevent the carrying out of further investigations should new information be obtained Para 2 of the same article provides for feedbacks to the reporting entities or persons. Annual Report and collection of statistic data According to article 10 of the Law, the Agency report annually to the Great and General Council (Parliament of San Marino) on its activities; to this aim, the Agency collects information and data. Consultation with the government In order to ensure the efficiency of the AML/CFT framework of San Marino, the Agency proposes to the Congress of State (Government of San Marino) to adopt specific measures (see article 10 para 3 of the Law) and designate countries or jurisdictions in line with international standards as far as the correct implementation of the preventive measures is concerned. National and International cooperation The national cooperation between the Agency and other authorities (i.e. the Central Bank, the Judiciary and the Police Authorities) as well as with professional orders is prescribed in articles 11, 12, 13, 14 and 15 of the Law The international cooperation between the Agency and foreign FIUs is prescribed in article 16 of the Law.

					Implementing the restrictive measures of the UN Resolutions The Agency is also involved in the implementation of the restrictive measures contained in the UN Resolutions under article 46 and the subsequent ones of the Law. Up to now, the new organizational charter of the Central Bank entered into force on 16 June 2008. Due to the changes occurred, the AML Service (the operative office of the CBSM dealing with AML/CFT issues) is not longer under the aegis of the Supervision Department. (see annex 4 of this document)
			FIU is not analysing STRs related to FT as there is no legal obligation to report to the FIU such STRs	Article 36 of the Law No.92/2008	Article 36 of the Law requires “designated persons and entities” to report transactions and facts related to ML and FT.
			Guidance issued is not comprehensive and up to date, furthermore it does not cover all reporting entities, and reporting forms and procedures have not been issued for all reporting entities	CBSM Instruction No.2008-01 of 12 June 2008	CBSM Instruction contains a new reporting form and specific provisions for the reporting procedure.
			No direct or indirect access to some administrative information. Information with regard to bearer shares cannot be obtained.	Articles 5, 8 and 11-15 of the Law No.92/2008	In order to perform the functions prescribed in article 4 of the Law, the powers assigned to the Agency are listed in article 5 of the Law. As regards access to information to counter ML and FT, this power is established in article 8. The same article prescribes the modalities according to which the Agency shall have access to the administrative information . The cooperation – including the exchange of information - between the Agency and other authorities and professional associations is prescribed in article 11 and the following ones. Specific provisions refer to the information exchanged between the Agency and the Police Authority (article 12), the Central Bank (article 14) and the Judicial Authority (article 15).
			Lack of implementing measures to ensure that the access to information held by all reporting entities can be obtained by the FIU.	Article 5 of the Law No.92/2008	On the basis of the powers indicated in article 5, para 1, letter a), the Agency can obtain the information necessary to perform its functions from all reporting entities and persons.

			The autonomy, functions, responsibilities, powers and identity of the FIU needs reviewing and the identity of the FIU should be established clearly in the legislation and other implementing provisions	Article 2 of the Law No.92/2008	Please see the first reply to this Recommendation
			Restricted or sensitive information may accidentally reach unauthorised persons.	Article 3 para 3 and Article 9 of the Law No.92/2008	According to Article 3 para 3 of the Law, the Agency's staff, in the exercise of the functions set forth by this law, are public officials and are bound by official secrecy. Official secrecy is also clearly established in article 9 of the Law stating: *Article 9* *(Official secrecy)* *"1. All data and information acquired by the Agency are covered by official secrecy even in relation to the Public Administration. This is true except in cases of disclosure or exchange of information prescribed by this law. Official secrecy cannot be opposed to the criminal judicial authority.* *2. The Agency shall implement suitable measures, also through IT tools, to ensure that the data and information acquired are not accessible by third parties,. "*
			No periodic reports issued with statistics, typologies, trends and information on FIU activities	Article 10 of the Law No.92/2008	<u>Public Reports</u> According to article 10 of the Law, the Agency shall: 1) collect annually the data concerning the activity carried out to prevent and combat money laundering and terrorist financing; 2) submit a report, through the Secretariat of State for Finance and Budget, to the Great and General Council every year. The report shall be focused on the activity carried out to prevent and counter money laundering and terrorist financing. <u>Trends and Typologies in STRs and CDD</u> According to article 4 para 2, the Agency analyzes and studies financial transactions, trends and patterns of transactions in order to identify and prevent money laundering and terrorist financing. It also examines the indexes of anomalies with reference to certain activities or economic sectors in order to issue adequate indexes

					of suspiciousness for reporting entities. As regards the risk-based approach in relation to CDD measures, the Agency issues instructions on categories of entities or products presenting low or high risk of money laundering or terrorist financing under articles 25, 26 and 27 of the Law.
			The lack of staff impacts on the effectiveness of the FIU		Since January 2008 the staff of the AML Service of the Central Bank has been composed of 3 people, including the Head of the Service.

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.27	**Law enforcement authorities**	**PC**	**The law enforcement system is response based and there does not appear to be an adequate proactive inquiry in money laundering matters. There were no ML investigations initiated by the police at their own initiative after 2003**	Articles 12 para 2, 51 and 52 of the Law. No.92/2008	According to para 2 of Article 12 of the Law, the Police Authority, in the exercise of its competences, shall conduct, also of its own initiative, the activity of preventing and combating money laundering and terrorist financing. Moreover, under para 2 of article 5, the Agency may rely on police personnel. The Law extends the traditional cooperation between the Police Authorities and the Judicial Authority to the Agency: the Agency itself shall contribute to the training of the police personnel on matters of financial investigations. (see article 52)
			Low number of investigations and prosecutions raises effectiveness issues		

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.30	**Resources, integrity and training**	**PC**	***FIU*** **Lack of sufficient staff to ensure that the FIU fulfils its tasks at the desired level**		Since January 2008 the staff of the AML Service of the Central Bank has been composed of 3 people, including the Head of the Service.
			Law enforcement **Reservations about the practical experience and expertise on ML/FT issues of law enforcement authorities**		According to para 2 of Article 12 of the Law, the Police Authority, in the exercise of its competences, shall conduct, also of its own initiative, the activity of preventing and combating money laundering and terrorist financing. Under para 2 of article 5, the Agency may rely on police personnel.
			Limited training provided to law enforcement agents, both upon recruitment as well as on an ongoing basis regarding AML and CFT.	Article 51 and Article 52 of the Law. No.92/2008	In order to increase the experience of Police Authorities in the field of financial investigation, the Law envisages the possibility for the Agency to rely on police officials for limited periods of time, not less than one year (see article 51). The training provided to law enforcement agents is also indicated in article 52 of the Law. For this purpose, the Agency shall promote training through courses and internships lasting no longer than six months, according to specific agreement protocols signed with the Commanders of the Corps to which they belong.
			Supervisory authorities **The level of resources available to the CBSM is not adequate to enable it to fully and effectively perform its functions**		Compared to the report of March 2007, during 2007 further 3 juniors and 2 experts employees have been recruited at the Supervision Department. The need to reinforce the Central Bank's staff has been recently submitted to the attention of the Committee for Credit and Savings, which approved such requirements (in February 2008). The plan foresees the recruitment of further 16 staff units within 2009, of which 15 at the Supervision Department. Complying with such plan, in April 2008 the Governing Council decided to employ an expert on insurance sector for supervision function and to seek 2 banking supervision experts, 2 financial economists and 4 junior staff. The first expert has already taken up his duties; the hiring of the remaining 8 personnel is forecasted within the next month of October.

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.31	**National co-operation**	**PC**	**There is no mechanism facilitating a regular and joint review of the AML/CFT system and its effectiveness by competent authorities**	Articles 10 and 95 of the Law No.92/2008	As regards the mechanism of the Agency to assist policy makers, article 10 para 3 of the Law requires the Agency to propose to the Congress of State (Government of San Marino) the adoption of measures aimed at improving the effectiveness of the prevention and combating of money laundering and terrorist financing. The Agency also presents to the Congress of State a list of countries whose AML/CTF systems are in line with AML/CFT international standards in order to correctly implement the CDD requirements (see article 95, para 5 of the Law).
			Policy level co-ordination and co-operation is lacking on AML/CFT matters	Article 85 of the Law No.92/2008	Co-ordination on AML/CFT matters between national authorities and the private sector is prescribed in article 85 of the Law introducing paragraphs 4, 5 and 6 to article 48 of the Statutes of the Central Bank (Law No. 96 of 29 June 2005) according to which: *"4. For the purpose of promoting national and international cooperation for effectively combating money laundering and terrorist financing, the Committee for Credit and Savings shall meet periodically.* *5. A Magistrate appointed by the Judicial Council in an ordinary session, the director of the Financial Information Agency or one his delegates, and a representative appointed by the Commanders of the Corps of police shall attend the meetings referred to in the previous paragraph.* *6. The President of the Committee, according to the items on the agenda, can invite to the meeting representatives of Professional Associations, Public Administrations, and persons designated by the law regarding matters of preventing and combating money laundering and terrorist financing."* These provisions are enforced in order to ensure an on-going dialogue between the authorities involved in AML/CFT matters.

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R. 32	Statistics	PC	*32.1* No review of the effectiveness of the system for combating ML and FT on a regular basis		
			STRs and other reports - Statistics kept are incomplete and lack the data required to draw up a comprehensive picture of the effectiveness and efficiency of the unit		Please see the annex 3 of this document
			- No statistics on STRs or other disclosures concerning physical cross-border transportation or currency of bearer negotiable instruments		Please see the annex 3 of this document
			ML and FT investigations, prosecutions and convictions and on property frozen, seized and confiscated - No annual comprehensive statistics maintained in relation to money laundering cases - No statistics maintained relating to the number of cases, amounts and property frozen, seized, confiscated related to ML, FT, criminal proceeds or underlying predicate offences - Limited information and data available do not demonstrate the effectiveness and efficiency of the law enforcement and prosecuting		Please see the annex 1 and 2 of this document

			authorities' action		
			Mutual legal assistance **- Statistics do not include information about the predicate offence(s) and the average time of response.** **- No statistics available on outgoing requests for MLA.**		Please see the annex 1 and 2 of this document
			Extradition **No comprehensive statistics are kept related to incoming and outgoing requests for ML, the predicate offences and FT, including the nature of the request, whether it was granted or refused and the time required to respond.**		No request for extradition has been forwarded by foreign judicial authorities nor by San Marino judicial ones.
			Other forms of international co-operation **No statistics provided on international police cooperation, exchange of information between supervisors**		

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.33	**Legal persons – beneficial owners**	**PC**	**The Register of Companies does not contain information on the beneficial owners**	Article 6 para 1 of the Law No. 47 of the 23 February 2006 (Company Law)	The Article 6 para 1 of the Law No.47/2006 indicates the information contained in the Register of Companies: *"1. The data which is entered in the Register for each company is as follows :* - *the details of the memorandum of association* - *the Congress of State's authorisation, where required by special legislation, and any subsequent license granted or withdrawn;* - *the registered office and any subsequent changes thereof;* - *the issued and paid-up capital stock and any changes therein;* - *the corporate purpose and any subsequent changes therein;* - *the name of the legal representative or representatives, directors, auditors, external auditors or auditing firms where appointed, liquidators, specifying their relevant powers;* - *the date of balance sheet approval;* - *any formal business transformation, merger or splitting;* - *any order issued by the judicial authority concerning winding-up, granting of a moratorium, starting of bankruptcy proceedings and any other order the judicial authority deems useful to have reported;* - *the presence of a single shareholder where the company has not issued bearer shares;* - *the existence of pledged shares;* - *the seizure or foreclosure of shares or stakes."* The definition of Beneficial Owner is contained in the Law, for this reason all the designated persons and entities shall apply CDD identifying the Beneficial Owner of the client.

			There is no full transparency of the shareholders, in particular with reference to anonymous companies, and the requirement to identify shareholders when establishing a company does not refer to natural persons owning or controlling the legal person buying shares in a company.	Article 19, para 1, number. 7 of Law No. 47 of 23 February 2006 Article 21, 87 and 88 of the Law No.92/2008	Under article 19, para 1, number. 7 of Law No. 47 of 23 February 2006, the memorandum of association shall indicate the name and surname, date and place of birth, domicile and nationality of all individuals having taken part as members or on whose behalf the memorandum of association has been drafted. This rule is applied to all companies, including anonymous companies. Article 21, para 3 of Law specifies that the establishment and management of companies, trusts or other entities having acquired or not legal personality integrate, in any case, a transaction the value of which cannot be assessed, with consequent requirement to identify the customer and the beneficial owner under article 22, as well as to record the relevant data under article 34. With specific reference to anonymous companies (article 87 Law), the notary shall identify all shareholders, the participation in the capital of a company and he shall keep the data for 5 years after the closure of the business relationship. However, the notary shall comply with CDD requirements (article 44 bis, para 5), identifying the beneficial owner when the shareholder is not a member of the company. Data can be used also to enable other designated persons to fulfil CDD requirements. When the notary does not disclose the information to other designated persons, these are required, however, to identify the beneficial owner and, if it is not possible, to refrain under article 24 of Law. In all cases, designated entities and persons shall adopt enhanced CDD measures towards anonymous companies, under article 27, para 7.
			There are no appropriate measures to ensure transparency in cases of transfers of bearer shares	Article 87 and 88 of the Law No.92/2008	Please see the reply above.

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R.34	**Legal arrangements – beneficial owners**	**NC**	**There is no clear definition of beneficial ownership of trust in San Marino.**	Article 1 para 1 letter r) of the Law No.92/2008 Article 6 of the Law No. 37 of 17 March 2005 on Trust	Under the provisions of the Law on Trust (No.37/2005), the notary public is the person in charge of enacting the trust with a written act which shall contain several information, including the identity of the settlor and the beneficiary (article 6 of Law No.37/2005 on Trust). Moreover, as established in the San Marino Trust legislation, trustees shall be only banks and financial companies duly authorized by the Central Bank. According to the provisions of the Law on Trust, the trustee shall draw up an abstract of the trust act enacted by the notary public in order to deposit it for its publication on the Trust Register. Under the procedure mentioned above, the financial institutions authorized to operate as trustees as well as the notary public are the only persons/entities having information on trusts. They are subject to the AML/CFT legislation and therefore apply the definition of Beneficial Owner herein contained. This information can be obtained by the Agency in order to perform its functions, as indicated in article 5 of the Law. Article 1 para 1 letter r) of the Law No.92/2008 contains the definition of "beneficial owner". "Beneficial owner" is *(I) the natural person who ultimately owns or controls the customer, when the latter is a legal person or entity without a legal nature;* *(II) the natural person on whose behalf the customer acts. In any case, the following are considered beneficial owners:* *1) the natural person or persons that, directly or indirectly, own*

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<tr><td></td><td></td><td></td><td></td><td></td><td>more than 25% of the voting rights in a company or, at any rate, because of agreements or other reasons, are able to control voting rights equal to said percentage or have control over the management of the company, provided that it is not a company listed on a regulated market, and subject to disclosure requirements consistent with or equivalent to EU legislation;
2) the natural person or persons who are beneficiaries of more than 25% of the property of a foundation, trust or other entity with or without legal nature that administer funds; in other words, whenever the beneficiaries have not been determined, the natural person or persons in whose principal interest the entity is established or acts;
3) the natural person or persons that are able to control more than 25% of the property of an entity with or without a legal nature.</td></tr>
<tr><td></td><td></td><td></td><td>The Register of Trust does not contain information on beneficiaries or settlors.</td><td>Article 8 of the Law No.37/2005 on Trust</td><td>The information to be contained in the Trust Register is set forth in article 8 of Law No.37/2005 on Trust.

The information on beneficiaries and settlors is held by the notary who enacted the written act of the trust and by the trustee.</td></tr>
<tr><td></td><td></td><td></td><td>At the time of the visit, there were indications that the legislation had not yet been implemented; there were doubts that the Register was physically in place and whether the established trusts had been registered.</td><td>Article 8 of Law No.37/2005 on Trust

Decree No.86/2005 on Trust Register</td><td>Under Article 8 of Law No.37/2005 on Trust and Decree No.86 /2005 on Trust Register, the Trust Register is kept at the Office for Industry, Handicraft and Commerce under the supervision of a Judge appointed by the Executive Magistrate.

<table><tr><td>Year</td><td>Number of registered Trust</td></tr><tr><td>2005</td><td>0</td></tr><tr><td>2006</td><td>4</td></tr><tr><td>2007</td><td>2</td></tr><tr><td>2008 May</td><td>3</td></tr></table></td></tr>
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Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R.35	**Conventions**	**PC**	**Reservations about certain aspects of the implementation of the Vienna Convention and of the TF Convention**	Law No.92/2008	The provisions related to the definitions of terrorism (article 1, letter p), purposes of terrorism (article 1, letter j), terrorist financing (article 1, letter k), terrorist (article 1, letter q), as well as the new types of terrorist association (article 337 bis of the Criminal Code), terrorist financing (article 337 ter of the Criminal Code), extradition procedure (article 81 of Law), transfer of terrorists abroad (article 82 of Law), freezing of funds (articles 5 and 46) represent integrating measures adopted in compliance with international conventions.
			Palermo Convention not ratified and implemented	Law No.92/2008	The amendment to article 199 of the Criminal Code (Sale of stolen property) aims at ensuring full compliance with article 6 of the Palermo Convention, stating that purchasing or receiving criminal proceeds constitutes an offence (see article 77 of the Law). With respect to the previous text, the reference to the profit making purposes has been abolished. Furthermore, the offences against the public administration have been changed to make them in line with article 8, and the offence related to smuggling in migrants has been introduced, as envisaged in the relevant additional Protocol. The Republic of San Marino will ratify the Palermo Convention as soon as the domestic constitutional order is adjusted to and complies with all the provisions set forth in the Convention. Moreover, the Law (article 1, para 2) clarifies the notion of money laundering for the purposes of the AML legislation in order to better interpret it and bring together distinct provisions of the Criminal Code (money laundering, sale of stolen property, aiding and abetting).

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R. 36	Mutual legal assistance (MLA)	PC	Concerns about the efficiency of the process for execution of MLA requests and possible delays		The rogatory letter are examined and admitted on average of 12 days after being received by the San Marino Court.-
			The evaluators could not clarify, with the exception of the situation of lawyers, wqhether there are grounds for refusal of MLA requests in the context- of secrecy or confidentiality requirements for DNFBPs	Article 38 of the Law No.92/2008	No secrecy can be opposed to the Judicial Authority, with the exception of professional secret under article 38 of Law.
			No consideration of a mechanism for determining the best venue for prosecutions in cases that are subject to prosecution in more than one country		
			Deficiencies in ML and FT may negatively impact on dual criminality		
R. 39	Extradition	PC	Reservations about extradition due to the limitations in the extradition of ML/FT offences	Article 81 and 82 of the Law No.92/2008	The Law contains specific provisions regarding the extradition and transfer of persons held or subject to preventive detention for crimes of terrorism.
			Need to clarify the extradition procedures and to ensure that requests and proceedings can be effectively handled without undue delay	Article 81 and 82 of the Law No.92/2008	Please see the reply above.

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
R. 40	**Other forms of co-operation**	**PC**	**Legal framework for cooperation on AML/CFT matters needs reviewing to eliminate concerns regarding the scope of cooperation**	Article 12 para 1 of the Law. No.92/2008	The international cooperation on AML/CFT matters is also performed via Interpol as the San Marino joined the Criminal Police Organization in September 2006. According to the article 12 of the Law, the Agency cooperates with the National Central Office of Interpol.
			Requests for cooperation can be refused on the grounds of laws that impose secrecy on DNFBP	Article 38 of the Law. No.92/2008	According to the article 38 of the Law, no professional confidentiality may be invoked in regards to the Judicial Authority, Agency, and Police Authorities in the performance of their functions related to the prevention and combating of crimes of money laundering and terrorism financing, except for lawyers who are ascertaining the legal position of a client or representing a client in legal proceedings.
			Central Bank (FIU) may not be in a position to obtain information concerning ultimate beneficiaries since at times banks do not have the details of ultimate beneficiaries of companies due to bearer shares.	Article 103 para 1 and 2 of the Law No.165/2005 (Law on companies and banking, financial and insurance services-LISF)	As regards cooperation with supervisory authorities, the Central Bank may conclude agreements with the competent authorities under the following conditions: a) the information communicated is covered by the guarantees as to official secrecy equivalent to those laid down in article 29 of the Central Bank Statute b) the exchange of information shall be for the purpose of contributing towards the performance of the supervisory task by the said authorities c) the competent authority receiving the confidential information may use that information only in the exercise of its functions (for the prevention of the crimes of money laundering and financing of terrorism) the information received may not be disseminated without the explicit written consent of the competent authorities by which it has been provided, and in that case, only for the purposes for which the said authorities have given their consent.
			Effectiveness issues		

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<tr><th colspan="2">Recommendation</th><th>Rating</th><th>Summary of factors underlying rating</th><th>Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date</th><th>Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation</th></tr>
<tr><td>SR.I</td><td>Implementation of United Nations instruments</td><td>PC</td><td>Deficient implementation of the TF Convention and of UN resolutions</td><td>Articles of the Law No.92/2008</td><td>As regards the implementation of the Conventions related to TF this is the current situation regarding their signatures and ratifications:
<table>
<tr><th>Conventions</th><th>Signature</th><th>Ratification</th></tr>
<tr><td>Vienna Convention</td><td>10 Oct. 2000</td><td>8 January 2001</td></tr>
<tr><td>TF Convention 1999</td><td>10 Dec 2001</td><td>11 April 2002</td></tr>
<tr><td>Palermo Convention</td><td>14 Dec 2000</td><td>Not yet.</td></tr>
<tr><td>European Convention on Suppression of Terrorism</td><td>27 Jan 1977</td><td>4 Oct. 1978</td></tr>
<tr><td>Protocol amending the European Convention on the Suppression of Terrorism</td><td>15 May 2003</td><td>Not yet.</td></tr>
<tr><td>Council of Europe Convention on the Prevention of Terrorism</td><td>16 May 2005</td><td>1 June 2007</td></tr>
<tr><td>Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism</td><td>16 May 2005</td><td>1 May 2008</td></tr>
</table>

As regards the implementation of the requirements established in the UN Conventions and the UNSC Resolutions on FT, these provisions are implemented through several articles of the Law.</td></tr>
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SR.II	**Criminalization of terrorist financing**	**PC**	**The FT offence does not cover all offences defined as terrorist offences in the annex to the FT convention**	Articles 1, 5, 46, 78, 81 and 82 of the Law No.92/2008	Article 78 of the Law amends article 337bis (*Associations for the purpose of terrorism or overthrowing the constitutional order*) and introduces article 337ter (*Financing of terrorism)* to the Criminal Code. With the entry into force of the Law terrorist acts are mainly punished by the following provisions: Art 337 bis of the Criminal Code: ""*Associations for the purpose of terrorism or overthrowing the constitutional order – Anyone who promotes, establishes, organizes, directs or finances associations aimed at carrying out violent actions for the purpose of terrorism or overthrowing the constitutional order directed against public or private institutions or bodies of the Republic, of a foreign State or international, is punished with sixth-degree imprisonment and fourth-degree disqualification from public offices and political rights.* *Anyone who takes part in these associations is punished with fourth degree imprisonment and with third degree disqualification from holding public offices and from exercising political rights.* *Anyone, beyond the cases of aiding and abetting or complicity, provides any form of assistance or aid to the participants of the associations indicated in the previous sub-sections, is punished with imprisonment and second degree disqualification from holding public offices and from exercising political rights.* *He or she who commits the fact envisaged by the third sub-section in favour of a near relative, is not punishable*" Article 337 ter of the Criminal Code "*Financing of terrorism* - *Anyone who, with any means, also through a third-party, receives, collects, detains, holds, transfers or conceals goods or assets destined to be used, entirely or in*

					part, to carry out one or more terrorist acts or to provide economic aid to terrorists or terrorist groups, or provides them with financial or related services shall be punished with sixth-degree imprisonment and fourth-degree disqualification from public offices and political rights." The provisions related to the definitions of Article 1, letter p defines "terrorism" or "terrorist act" as : *any conduct, in violation of the constitutional order, international law and statutes of international organizations, intended to cause serious harm to people or things, which is carried out to force the institutions of the Republic, a foreign country or international organization to carry out or refrain from carrying out any act, or to intimidate the population or part of it, or to destabilize or destroy political, constitutional, economic or social institutions of the Republic, a foreign country or international organization*" Article 1, letter j defines "purposes of terrorism" as "*the proposition to influence institutions or intimidate the population or part of it, to destabilize or subverse political, constitutional, economic, or social institutions of the Republic, of a foreign state or of an international organization, in contrast with the constitutional order, international law and statutes of international organizations*; Article 1, letter k defines "terrorist financing" as "with the exception of what is provided in article 337 ter of the criminal code, any activity intended, by any means, to collect, provide, intermediate, deposit, keep or disburse funds or economic resources, regardless of how they were obtained, destined to be used , in part or entirely, to commit or favour the commission of one or more felonies with the scope of terrorism, regardless of the actual use of the funds or economic resources for the commission of the indicated felonies" Article 1, letter q defines "terrorist" as: "(I) *a person who commit or attempts to commit an act as defined under letter p) of this paragraph;* *(II) a group established in the form of organisation as defined*

					by article 337 bis of the criminal code; *(III)* *any entity that acts in the name of or under the guidance of said persons or groups into which capital amounts have flowed, also partially, coming from or generated by assets owned by or controlled directly or indirectly by said persons or groups";* Extradition procedure is prescribed in the article 81 of Law, while a transfer of terrorists abroad is prescribed in article 82 of Law. The freezing of funds is prescribed in the articles 5 and 46 of the Law defined as "the prohibition to move, transfer, modify, dispose, use or manage funds or economic resources, to have access to them in such a way as to modify the entity, amount, location, entitlement of rights, ownership, nature, destination or cause any other change that might permit the use of funds or economic resources, including, for mere illustration purposes, portfolio management, sales, leasing, renting or establishment of real rights of guarantee".
			Concerns regarding whether the concept of "financing " would include for instance the fact of collecting funds or of transferring or concealing assets as well as whether all types of funds and assets which can serve the purpose of financing terrorism are covered;	Article 78 of the Law No.92/2008	Article 337 ter of the Criminal Code clearly establishes that the concept of "financing" includes the fact of collecting, transferring and concealing assets. Please see also the reply above.
			Criminal, civil or administrative liability of legal persons for FT is not provided for		

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SR.II	**Criminalisation of terrorist financing**	**PC**	**Legal persons are not subject to effective, proportionate and dissuasive criminal, civil or administrative sanctions for FT**	Law No.92/2008	San Marino authorities envisage to implement a legislative provision concerning the administrative liability of legal persons. However, the Law No. 92/2008 provides for a joint liability of the entity for the administrative violations committed by its representatives or employees. This joint liability integrates the one established in civil law for the unlawful acts committed by the representative or employee of a legal person.
SR.III	**Freezing and confiscating terrorist assets**	**PC**	**No designating authority for UNSCR 1373**	Articles 46-50 and 85 of the Law No.92/2008 Articles 3 and 48 of Law No.96 of 29 June 2005 (Statute of the Central Bank)	The restrictive measures enshrined in the UNSC Resolutions are implemented in the Republic of San Marino according to the procedures set forth in articles from 46 to 50. The designating authority for UNSCR is the Committee for Credit and Saving under article 49 and article 85 para 8 of the Law. The latter integrates article 48 and article 3 of Law No.96 of 29 June 2005. The Committee for Credit and Saving is an administrative body chaired by the Secretary of State for Finance (Minister of Finance). As far as AML/CFT matters are concerned, the Law indicates that : *“4. For the purpose of promoting national and international cooperation for effectively combating money laundering and terrorist financing, the Committee for Credit and Savings shall meet periodically.* *5. A Magistrate appointed by the Judicial Council in an ordinary session, the director of the Financial Information Agency or one his delegates, and a representative appointed by the Commanders of the Corps of police shall attend the meetings referred to in the previous paragraph.* *6. The President of the Committee, according to the items on the agenda, can invite to the meeting representatives of*

					Professional Associations, Public Administrations, and persons designated by the law regarding matters of preventing and combating money laundering and terrorist financing." (see article 85 para 8)
			Absence of guidance on obligations and procedures		
			There are no clear publicly known provisions for considering de-listing and unfreezing	Articles 49 and 50 of the Law No.92/2008	De-listing procedures are established in article 49 of the Law. Actions against measures taken by the San Marino authority are described in article 50 of the Law.
			There is no appropriate procedure authorizing access to frozen funds for necessary basic expenses, payment of certain fees, service charges or extraordinary expenses	Articles 46 and 49 of the Law No.92/2008	The procedure authorizing access to frozen funds is established in articles 46 and 49 of the Law In particular, para 3 of article 49 states: "*The Committee for Credit and Savings can authorize, subject to completion of the procedure referred to in the following paragraph 4, that the frozen assets be destined to satisfy the fundamental need of the entities included in the list referred to in article 46 or one of their relatives, including payment of food, medicines, housing, medical and legal assistance expenses. Analogous authorization may be granted when the use of frozen assets is necessary for the payment of taxes, duties, obligatory insurance premiums, bank account maintenance fees."*
			The legal framework for imposing administrative sanctions should be reviewed	Articles 57-67 of the Law No.92/2008	*Criminal and Administrative sanctions are provided in the Law No.92/2008.* *There are specific sanctions which can be applied to restrictive measures and financing of terrorism. In particular:* *Article 57* *"Disregard of the orders and provisions issued by the Agency and the Congress of State";* *"1. Except when the fact constitutes a more serious offence, whoever, without justification, disregards, delays or hinders the execution of an order, request or provision issued by the Agency in compliance with article 5 shall be punished with imprisonment and second-degree disqualification.*

					2. The same penalty shall be applied to whoever disregards the restrictive measures adopted by decision of the Congress of State in compliance with article 46. " *Article 60* *(Evading measures for freezing funds)* *1. Whoever carries out acts intended to evade measures for freezing funds (referred to in article 46, paragraph 1, letter a) shall be punished with imprisonment, penalty calculated in days and third-degree disqualification. Moreover, pecuniary administrative sanctions up to double the value of the funds or economic resources object of the freezing shall be applied."* *Article 64* *(Violation of the provisions on matters of freezing funds)* *1. Except when the fact constitutes a more serious offence, the violation of the provisions referred to in article 47, paragraph 1 shall be punished with a pecuniary administrative sanction up to double the value of the funds or economic resources object of the transfer, disposition or use.* *2. Except when the fact constitutes a more serious offence, the violation of the provisions referred to in article 47, paragraph 2 shall be punished with a pecuniary administrative sanction up to double the value of the funds or economic resources made available directly or indirectly to persons, entities or groups included in the list drawn up by the appropriate Committee of the United Nations or allocated in favour of such persons, entities or groups.*
			No checks of compliance made		
SR.IV	**Suspicious transaction reporting**	**NC**	**No explicit obligation to report any suspicions of terrorist financing**	Article 36 of the Law No.92/2008	Article 36 explicitly covers the requirements for reporting entities to transmit to the Agency STRs related to FT.
			Requirements under 13.3* not covered in law or regulation and 13.4 not covered	Article 36 of the Law No.92/2008	Article 36 of the Law covers attempted transactions.

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SR.V	International co-operation	**PC**	**Reservations about the possibility of rendering MLA for all offences related to terrorist financing**		Article 337 ter of the Criminal Code eliminates any residual doubt
			Reservations about the possibility of extradition for all offences related to terrorist financing	Articles 81 and 82 of the Law No.92/2008	The Law contains specific provisions regarding the extradition and transfer of persons held or subject to preventive detention for crimes of terrorism.
			Terrorist financing is not covered in AML law	Article 337 ter of Criminal Code (article 78 para 2 of the Law No.92/2008)	The Article 78 para 2 of the Law introduces the offence of FT as article 337ter of the Criminal Code. *“Article 337 ter. Financing of terrorism - Whoever by any means, also through a third-party, receives, collects, details, cedes, transfers or conceals goods destined to be used, entirely or in part, to carry out one or more terrorist acts or to provide economic aid to terrorists or terrorist groups or provides them with financial or related services shall be punished with sixth-degree prison and fourth-degree disqualification from public offices and political rights.”*
			No practice in information exchange in relation to FT.		No request received or made in relation to FT.
SR.VI	**AML requirements for money/value transfer services**	**NC**	**Lack of implementing measures on provisions of money transfer services by San Marino post offices**	Article 18 letter c), article 21 para 2 of the Law No.92/2008	Post offices shall apply CDD measures when they establish business relationships or carry out occasional transactions and when they act as an intermediary or are at any rate part of the transfer of currency or bearer negotiable instruments, in euros or foreign currency, carried out in any capacity among different entities for a total amount that exceeds 15,000 euros.
			There is no provision for the application of administrative, civil or criminal sanctions	Article 53-60 (criminal sanctions) and 61-67 (administrative sanctions) of the Law No.92/2008	Please see the reply to Recommendation 17

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
SR.VII	**Wire transfer rules**	**NC**	**There are only some very limited references in circulars to wire transfers.**		
			There are no legal or other enforceable means that require financial institutions to ensure that complete originator information is included in outgoing wire transfers and that beneficiary financial institutions based in San Marino adopt effective risk-based procedures for identifying and handling wire transfers that are not accompanied by complete originator information.	Articles 21 para 3 and 33 of the Law No.92/2008	As regards wire transfers, article 21 para 3 of the Law establishes that designated entities, executing transfers of funds, shall apply CDD measures according to the risk-based approach described in the Law. A specific provision, in application of SR VII, is contained in article 33 of the Law: Article 33 (Special measures for the electronic transfer of funds) "1.The Agency regulates the following with its own instructions: a) the data and information that the financial institutions, authorized to carry out reserved activity referred to in letter l) of Annex 1 of Law no. 165 November 17, 2005, are required to obtain about those entities that order the electron transfer of funds; b) the methods of registration and maintenance of these data and information. 2. The financial institutions shall deny the transfer of funds when they are not provided with the information referred to in the previous paragraph. When the financial institution that has received the transfer order omits to provide the information, the financial entity to whom the transfer order is addressed shall request the information in writing. If the request is not satisfied, it shall activate the enhanced measures prescribed in article 27 and evaluate whether to suspend relations with the financial institution that has received the transfer order. The financial institution shall forward to the Agency, without delay, a copy of the request for information sent to the counterpart.

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
SR.VII	Wire transfer rules	NC	No measures in place to monitor compliance with SR.VII		
			No specific sanctions with regard to the provisions of SR.VII	Articles 61-67 of the Law No.92/2008	Violation of CDD measures is punished under article 61 and the subsequent ones. Violation of the provisions of the Law and the Agency's Instructions referred to in article 33, is punished according to articles 66 and 67 of the Law.
SR.VIII	Non-profit organisations	NC	San Marino has not yet reviewed the adequacy of domestic laws and regulations that relate to non profit organisations vis à vis FT nor has conducted periodic reviews of the sector for FT vulnerabilities		San Marino Authorities are reviewing the non-profit sector in order to submit a draft law regulating the activity related to non profit organizations in compliance with international standards.
			No review of the risks in the NPO sector has been undertaken, though there is some transparency.		
			It is unclear whether there is an adequate legal basis to implement measures to ensure accountability and transparency		
			No outreach to the NPO sector with a view to protecting the sector specifically from FT abuse		
			No requirement for the NPO sector to keep detailed records or to keep them for a period of at least 5 years		
			No specific points of contact and procedures have been identified to respond to international request for information regarding particular NPOs.		

Recommendation		Rating	Summary of factors underlying rating	Relevant provision adopted and/or measures implemented (if any) to address the identified deficiencies and date	Description of measure(s) taken or being taken to address the deficiency identified and implement the recommendation
SR.IX	**Cross Border Declaration & Disclosure**	**NC**	**Absence of a cross border declaration or disclosure system – currency and bearer negotiable instruments can enter and leave San Marino without any controls**	Article 90 of the Law No.92/2008	The Parliament has delegated the Government to regulate, through a relevant decree, the controls on the cross-border transportation of currency and similar instruments.
			The authorities have not undertaken an analysis of potential measures which could be taken to comply with SR.IX criteria, thus its requirements are not met	Article 90 of the Law No.92/2008	Please see the reply above.

ANNEX 1

PROSECUTIONS

SEIZURES

(Executed from 1st April 2007 to 18 June 2008)

Offence	Year	Value (Euro)	Comment
Insider trading	2007	758.024,77	
Usury	2007	250.000,00	
Falsehood in deeds	2007	67.827,24	
	2008	116.000,00	
Counterfeiting of credit cards	2007	1.464,47	
	2008	5.600,00	
Theft	2007	2.020,00	
	2008	38.348,00	
Robbery	2008	20.000,00	
Misappropriation	2007	427.300,00	
		112.500,00	
Arms	2007	720.50,00	
	2008	2.150,00	
Sexual exploitation	2007	65.000,00	
Money Laundering	2007	1.919.747,90	
	2008	672.941,20	
Possession of Narcotic drugs	2007	2.250,00	
	2008	10.320,00	
Other serious offences (fraud cases are included)	2007	4.717.771,26	Swindling, fraud in the execution of contracts, unauthorised games, illegal trade, counterfeiting of marks of intellectual works and trademarks, etc.
	2008	3.158.496,54	
TOTAL AMOUNT		**12.348.531,38**	

CONFISCATION

(executed from 1st April 2007 to 18 June 2008)

Offence	Year	Value (Euro)	Comment
Offences in commercial matters	2007		
	2008	11.803,50	

MONEY LAUNDERING OFFENCES

Predicate offence	Year	Number of detected cases	Seizure Value (Euro)	Mutual legal assistance
Misappropriation – Insider trading	2007	1	1.919.747,90	1
Money Laundering	2008	1	672.941,20	1
Sexual exploitation	2008	1		1
Total amount			**2.592.689,10**	

ANNEX 2

ROGATORY LETTTERS

SEIZURES

(executed from 1st March 2007 to 16 June 2008)

Offences	Year	(Euro)
Fraudulent Bankruptcy	2007	194.220,00
Fraud	2007	640,43
	2008	10.293,39
Fraud to the detriment of the State, association to commit offences	2008	2.746.593,80
Money Laundering **	2007	54.795,59
Total amount		**3.006.543,21**

** Predicate offences: drug trafficking

The Letters Rogatory are examined and admitted by the Judge in charge, on average, within 12 days from receipt at the Court.

CONFISCATIONS

(executed from 1st March 2007 to 16 June 2008)

Offences	Year	Valore (Euro)
Other serious offences (fraud cases are included)	2007	707.304,76
	2008	2.141.375,54
Total amount		**2.848.680,30**

ANNEX 3

SUSPICIOUS TRANSACTION REPORTS

(executed from 2003 to 30 May 2008)

	2003	2004	2005	2006	2007	2008*
STRs and UTRs received	**19**	**20**	**20**	**17**	**44**	**47**
of which STRs	**14**	**15**	**14**	**9**	**21**	**34**
STRs sent to the Court	2	2	1	1	3	**2**
STRs closed by the Supervision Committee	12	13	10	4	5	**8**
STRs under analysis of the AML Service	0	0	3	4	13	**37**

* as of 30 May 2008

ANNEX 4

Charter of the Central Bank of the Republic of San Marino

(as of 16 June 2008)

GOVERNING COUNCIL

BOARD OF AUDITORS

AML

SUPERVISION COMMITTEE

DIRECTORATE GENERAL

Internal Auditing

Supervision
- Credit and Financial Statistics Supervision
- Inspection Supervision
- Banking and Financial Regulation
- Supervision on Investment
- Supervision on Insurance Activity Service
- Data Flows and Methods
- Economic Research and special projects

State Treasury

Payments System
- Accounting
- Financial Settlements
- Payment Systems and Financial Intermediaries
- San Marino Monetary Authority
- Accounting
- Management Control

Internal Resources
- General Affairs
- Finance
- Organization and Logistics
- Human Resources
- Legal Affairs
- External Relations
- Secretariat
- Organization
- Logistics

Overdue Tax Collection

Statutory Bodies
Department
Service
Office