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

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Mutual Evaluation Report – *Annexes*

Anti-Money Laundering and Combating the Financing of Terrorism

THE HOLY SEE (INCLUDING VATICAN CITY STATE)

4 July 2012

The Holy See (including Vatican City State) is evaluated by MONEYVAL pursuant to Resolution CM/Res(2011)5 of the Committee of Ministers of 6 April 2011. This evaluation was conducted by MONEYVAL and the report was adopted as a third round mutual evaluation report at its 39th Plenary (Strasbourg, 2-6 July 2012).

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His Holiness Pope Benedict XVI

Cardinal Secretary of State Cardinal Tarcisio Bertone

President of the Financial Intelligence Authority, His Eminence Cardinal Attilio Nicora

Administration of the Patrimony of the Apostolic See (APSA)

Equestrian Order of the Holy Sepulchre of Jerusalem

FIA Steering Committee

Financial Information Authority (FIA)

Gendarmerie Corps

Governorate (including Departments for Legal Affairs, Accounting, Administration and Legal Persons)

Institute for Works of Religion (IOR)

Pontifical Council Cor Unum

Prefecture for the Economic Affairs of the Holy See

Promoter of Justice

Secretariat of State

Vatican City Judiciary

ANNEX II Designated categories of offences based on the FATF Methodology

Designated categories of offences based on the FATF Methodology	Offence in domestic legislation
Participation in an organized criminal group and racketeering	**Arts. 248-250** of the **Criminal Code** punish the constitution, participation, leading or financing *organized criminal group* and *racketeering*.
Terrorism, including terrorist financing	**a)** **Art. 4** of the **Act. N. CXXVII** (Chapter III) introduced the **Art. 138 bis** of the **Criminal Code**(Book, II, Title I, Chapter IV) punishing the offence of*association for terrorist purposes or subversion*. b) **Art. 4 bis** of the **Act. N. CXXVII**(Chapter III) introduced the **Art. 138 ter** of the **Criminal Code** (Book, II, Title I, Chapter IV) punishing the offence of *terrorist financing*. c) **Art. 5** of the **Act. N. CXXVII**(Chapter III) introduced the **Art. 138 quater** of the **Criminal Code** (Book, II, Title I, Chapter IV) punishing the offence of *recruitment for terrorist purposes or subversion.* **d)** **Art. 6** of the **Act. N. CXXVII** (Chapter III) introduced **Art. 138 quinquies** of the **Criminal Code** (Book, II, Title I, Chapter IV) punishing the offence of*training activities for terrorist purposes or subversion.* *e)* **Art. 7** of the **Act. N. CXXVII** (Chapter III) introduced **Art. 138 sexies** of the **Criminal Code** (Book, II, Title I, Chapter IV) punishing the offence of *attack for terrorist purposes or subversion*. **f)** **Art. 8** of the **Act. N. CXXVII** (Chapter III) introduced **Art. 138 septies** of the **Criminal Code** (Book, II, Title I, Chapter IV) punishing the offence of *acts of terrorism with explosive or other lethal weapons.*
Trafficking in human beings and migrant smuggling	**Art. 14** of the **Act n. CXXVII** (Chapter III) introduced**Art. 145 bis** of the **Criminal Code** (Book II, Title II, Chapter III) punishing the offence of *trafficking in human beings*, including *migrant smuggling*.
Sexual exploitation, including sexual exploitation of children	(a) **Art. 331-334** of the **Criminal Code** punish *sexual violence*, *corruption* and *exploitation*, including cases in which the same crimes are committed *against under-age individuals* and *children* (**Articles 335-339**). *a)* The Holy See signed and ratified the **Convention on the Rights of the Child** of 1989 and the two related **Optional Protocols**: **on the Involvement of Children in Armed Conflict** of 2000; **on the Sale of Children, Child Prostitution and Child**

	Pornography of 2000.
Illicit trafficking in narcotic drugs and psychotropic substances	*a)* **Art. 20** of the **Act n. CXXVII**(Chapter III) introduces **Art. 326 bis** of the **Criminal Code** (Book II, Title VII, Chapter III bis) punishing the offence of*production, trafficking and possession of illicit narcotic drugs or psychotropic substances.* b) **Art. 21** of the **Act n. CXXVII**(Chapter III) introduces**Art. 326 ter** of the **Criminal Code** (Book II, Title VII, Chapter III bis) punishing the offence of *association for the purpose of illicit trafficking of narcotic drugs and psychotropic substances*. c) **Art. 22** of the **Act n. CXXVII** (Chapter III) introduces **Art. 326 quater** of the **Criminal Code** (Book II, Title VII, Chapter III bis) onspecific aggravating circumstances and confiscation for crimes punished by Art. 326 bis of the Criminal Code. d) **Art. 23** of the **Act n. CXXVII** (Chapter III) introduced **Art. 326 quinquies** of the **Criminal Code** (Book II, Title VII, Chapter III bis) punishing the offence of*abusive medical prescriptions*.
Illicit arms trafficking	a) **Art. 460-470** of the **Criminal Code** (Book III, Title II, Chapter I on "*Offences concerning explosive or other lethal weapons"*) punish offences related to arms and explosive materials, including *illicit arms trade*; b) **Art. 16** of the **Act n. CXXVII**(Chapter III) introduced stricter penalties for the offences punished by Artt. 460 ff.; c) The Holy See signed and ratified **all** international conventions in the field of disarmament and arms control, and is taking part to the process toward the international *Arms Trade Treaty* (ATT).
Illicit trafficking in stolen and other goods	a) **Art. 417-420** of the **Criminal Code** (Book II, Title X, Chapter IV) punish the offences related to *misappropriation*. b) **Art. 421** of the **Criminal Code** (Book II, Title X, Chapter V) punishes the offence of *illicit trafficking in stolen and other goods*. c) **Art. 422-423** of the **Criminal Code** (Book II, Title X, Chapter VI) punish the offence of *usurpation*.
Corruption and bribery	**Arts. 171-174** of the **Criminal Code** punish the crime of *corruption* and *bribery*.
Fraud	a) **Arts. 293-299** of the **Criminal Code** (Book II, Title VI, Chapter V) punish the crime of *fraud in trades, industries and auctions*.

	b) **Art. 15** of the **Act n. CXXVII** (Chapter III) introduced stricter penalties for the crime punished by the **Art. 295** of the **Criminal Code** (Book II, Title VI, Chapter V). c) **Arts. 413-416** of the **Criminal Code** (Book II, Title X, Chapter III) punish the offences of *swindle and other frauds*. d) **Art. 9** of the **Act n. CXXVII**(Chapter III) introduced the **Art. 416 bis** of the **Criminal Code** (Book II, Title X, Chapter III), punishing the offence of *embezzlement in prejudice of the State*. e) **Art. 10** of the **Act n. CXXVII**(Chapter III) introduced the **Art. 416 ter** of the **Criminal Code** (Book II, Title X, Chapter III), punishing the offence of *aggravated frauds aimed at obtaining public funds*. f) **Art. 11** of the **Act n. CXXVII**(Chapter III) introduced the **Art. 416 quater** of the **Criminal Code** (Book II, Title X, Chapter III), punishing the offence of *undue reception of funds in prejudice of the State*.
Counterfeiting currency	a) **Arts. 256-263** of the **Criminal Code** (Book II, Title VI, Chapter I) punish the offence of *counterfeiting of currency and letters of credit*. b) On 30 December 2010, the Pontifical Commission for the Vatican CityState adopted the **Act n. CXXVIII** *on fraud and counterfeiting of euro banknotes and coins*, entered into force on the 1° April 2011; a) *c)* The Holy See signed and ratified the **International Convention for the Suppression of Counterfeiting Currency** of 1929 and the related **Protocol** of the same year.
Counterfeiting and piracy of products	**Arts. 295-297** of the **Criminal Code** (Book II, Title VI, Chapter V) punish *counterfeiting* and *piracy* of products and other goods.
Environmental crime	*a)* **Art. 18** of the **Act n. CXXVII**(Chapter III) introduced the **Art. 472 bis** of the **Criminal Code** (Book III, Title II, Chapter II bis), punishing *environmental crimes*. b) **Art. 19** of the **Act n. CXXVII**(Chapter III) introduced the **Art. 472 ter** of the **Criminal Code** (Book III, Title II, Chapter II bis), punishing *the* offence of *organized activities for the illicit trafficking of waste*.
Murder, grievous bodily injury	*b)* **Arts. 364-371** of the **Criminal Code** (Book II, Title IX, Chapter I) punish the offence of *murder*; *c)* **Arts. 372-375** of the **Criminal Code** (Book II, Title IX, Chapter II) punish the offence of both

	bodily and *psychological injury*.
Kidnapping, illegal restraint and hostage-taking	**Arts. 145-156** of the **Criminal Code** (Book II, Title II, Chapter III) punish offences against individual liberty, including *kidnapping*, *illegal restraint* and *hostage-taking*.
Robbery or theft	*a)* **Arts. 402-405** of the **Criminal Code** (Book II, Title X, Chapter I) punish the offence of *theft*. *b)* **Arts. 406-412** of the **Criminal Code** (Book II, Title X, Chapter I) punish the offence of *robbery, extortion and blackmailing)*;
Smuggling	**Art. 17** of the **Act. n. CXXVII** (Chapter III) introduced the **Art. 459 *bis*** of the **Criminal Code** (Book III, Title I, Chapter IX) punishing the offence of *smuggling*.
Extortion	**Art. 407** of the **Criminal Code** (Book II, Title X, Chapter II) punishes the crime of *extortion*.
Forgery	**Arts. 295-297** of the **Criminal Code** (Book II, Title VI, Chapter V) punish the crime of *forgery*.
Piracy	**Art. 23 bis** of the **Act n. CXXVII** (Chapter III) introduced the **Art. 311 bis** (Book II, Title VII, Chapter I) punishing the offence of *piracy*
Insider trading and market manipulation	**Art. 12** of the **Act n. CXXVII** (Chapter III)introduced the **Art. 299 bis** of the **Criminal Code** (Book II, Title VI, Chapter V), punishing the offence of *insider trading*. **Art.12** of the **Act n. CXXVII** (Chapter III) introducedthe **Art. 299 ter** of the **Criminal Code** (Book II, Title VI, Chapter V), punishing the offence of *market manipulation*.

Holy See (Vatican City State)	
Convention for the Suppression of the Financing of Terrorism	**Offence in domestic legislation**
1970 Convention for the Suppression of Unlawful Seizure of Aircraft	*See* Articles *bis*, 138 *quarter*, 138 *quinquies* 138 *sexies*, and 138 *septies* of the Criminal Code (punishing broadly terrorist offenses, including attempt).
1971 Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation	*See* Articles *bis*, 138 *quarter*, 138 *quinquies* 138 *sexies*, and 138 *septies* of the Criminal Code punish broadly terrorist offenses (including attempt).
1973 Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents	*See* Articles 128-130 of the Criminal Code (punishing crimes, including attempt, against protection of internationally *Protected Persons*, including *Diplomatic Agents*).
1979 International Convention against the Taking of Hostages .	*See* Articles 145-156 of the Criminal Code (punishing *crimes against individual liberty*, including *kidnapping*).
1980 Convention on the Physical Protection of Nuclear Material	*See* Articles *bis*, 138 *quarter*, 138 *quinquies* 138 *sexies*, and 138 *septies* of the Criminal Code (punishing broadly terrorist offenses, including attempt).
1988 Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation .	*See* Articles *bis*, 138 *quarter*, 138 *quinquies* 138 *sexies*, and 138 *septies* of the Criminal Code (punishing broadly terrorist offenses, including attempt).
1988 Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation .	*See* Articles *bis*, 138 *quarter*, 138 *quinquies* 138 *sexies*, and 138 *septies* of the Criminal Code (punishing broadly terrorist offenses including the attempt).

1988 Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf .	*See* Articles *bis*, 138 *quarter*, 138 *quinquies* 138 *sexies*, and 138 *septies* of the Criminal Code (punishing broadly terrorist offenses (including the attempt).
1997 International Convention for the Suppression of Terrorist Bombings .	Article. 138 *septies* of the Criminal Code (punishing the offence of *acts of terrorism with explosive or other lethal weapons*).

* The Holy See is not Part of the above-mentioned Conventions and Protocols. Within the framework of the Vatican City State (that is: the *territorial context* of application of the new laws concerning the prevention and countering of ML and FT), *de facto*, there are no airports, harbors, deposits of nuclear material etc.

At the same time - for example - **Articles 128-130** of the **Criminal Code** punish crimes (including the attempt) against protection of internationally *Protected Persons*, including *Diplomatic Agents*; **Articles 145-156** of the **Criminal Code** punish *crimes against individual liberty*, including *kidnapping*; etc.

ANNEX III APOSTOLIC LETTER IN THE FORM OF A "MOTU PROPRIO"

APOSTOLIC LETTER
IN THE FORM OF A "MOTU PROPRIO" OF
BENEDICT XVI
FOR THE PREVENTION AND COUNTERING
OF ILLEGAL ACTIVITIES
IN THE AREA OF MONETARY AND FINANCIAL DEALINGS

The Apostolic See has always raised its voice to urge all people of good will, and especially the leaders of nations, to commit themselves through a just and lasting peace in every part of the world to the building of the universal city of God which is the goal of the history of the community of peoples and of nations [Benedict XVI, Encyclical Letter *Caritas in Veritate*, (29 June 2009), n. 7].

Unfortunately in our time, in an ever more globalized society, peace is threatened by various causes, including the improper use of the market and of the economy, and the dreadful and destructive violence that terrorism perpetrates, causing death, suffering, hatred and social instability.

Most appropriately the international community is increasingly equipping itself with the juridical principles and instruments that enable it to prevent and to counter the phenomena of laundering of money and the financing of terrorism.

The Holy See approves this commitment and intends to adopt these laws as its own in the utilization of the material resources that serve to carry out the mission and duties of Vatican City State.

In this framework and in implementation of the Monetary Convention between Vatican City State and the European Union of 17 December 2009, for the said State I have approved:

the promulgation of the *Law concerning the prevention and countering of the laundering of proceeds from criminal activities and of the financing of terrorism* of 30 December 2010, which comes into force today.

With this Apostolic Letter in the form of a "*Motu Proprio*":

a) I establish that the above-mentioned Law of Vatican City State and its future modifications apply as well to the Dicasteries of the Roman Curia and for each and every dependent institution or entity in which they carry out their activities, in accordance with Art. 2 of the same Law;

b) I establish the Autorità di Informazione Finanziaria (AIF) indicated in Art. 33 of the *Law concerning the prevention and countering of the proceeds from criminal activities and of the financing of terrorism*, as an Institution connected with the Holy See in accordance with Articles 186 and 190-191 of the Apostolic Constitution *Pastor Bonus*, conferring upon it a public canonical juridical personality and a Vatican civil personality and approving its Statutes, which are attached to this "*Motu Proprio*";

c) I establish that the Autorità di Informazione Finanziaria (AIF) exercise its duties with respect to the Dicasteries of the Roman Curia and of all the entities and institutions as specified in paragraph a).

d) I delegate, in the case of the crimes specified by the above-mentioned Law, the competent judicial Authorities of Vatican City State to exercise penal jurisdiction in regard to the institutions mentioned in paragraph a),

I stipulate that what has been established have full and permanent value from this day forth, anything to the contrary notwithstanding, although it may deserve special mention. I establish that this Apostolic Letter in the form of a "*Motu Proprio*" be published in the *Acta Apostolicae Sedis*.

Given in Rome, at the Apostolic Palace, on 30 December in the Year 2010, the sixth of the Pontificate.

BENEDICTUS PP. XVI

ANNEX IV ACT No. CXXVII (Original AML/CFT LAW)

VATICAN CITY STATE

ACT N. CXXVII CONCERNING THE PREVENTION AND COUNTERING OF THE LAUNDERING OF PROCEEDS RESULTING FROM CRIMINAL ACTIVITIES AND FINANCING OF TERRORISM

30th December 2010

THE PONTIFICAL COMMISSION FOR THE VATICAN CITYSTATE

- *having regard to* the Lateran Treaty between the Holy See and Italy, of February 11, 1929;
- *having regard to* the Fundamental Law of the Vatican CityState of the November 26, 2000;
- *having regard to* the Act on sources of Law n. LXXI of October 1, 2008;

considering that:

- laundering of proceeds resulting from illicit activities and, likewise, exploiting the financial system to transfer assets deriving from criminal activities or also money of licit origin to finance terrorism, undermine the very foundations of civil societies, thus representing a threat for the integrity, regular functioning reputation and stability of financial systems;
- laundering of proceeds resulting from criminal activities and financing of terrorism often take place on the international level, and, as a consequence, measures taken exclusively within single jurisdictions, failing international coordination and co-operation, would result in having limited effects;
- any State and jurisdiction, by reasons of the cross-border peculiarities of the phenomena of money laundering and financing of terrorism, must offer their contributions by introducing into their respective domestic legislations rules and measures consistent with the principles and standards agreed upon on the international and Community levels to fight against money laundering and financing of terrorism;
- the Monetary Convention between the Vatican City State and the European Union of December 17, 2009 (2010/C 28/05) provides, *inter alia*, for the introduction of protective measures in matters of prevention and countering of money laundering and financing of terrorism;

ordered and orders what follows to be observed as Law of the State:

CHAPTER I

Definitions and range of application

Article 1

Definitions

For the purposes of this Law the following terms are to be understood as:

1. «*goods*»: goods of any kind, material or immaterial, movable or non movable, tangible or intangible, and the legal documents or instruments, in any form, including the electronic or digital form, certifying property titles or other interests on such goods;
2. «*beneficial owner*»: the natural person or persons on whose behalf an operation or an activity are carried out, or, in case of legal persons, the natural person or persons who ultimately own or control such entity or are its beneficiaries according to the criteria set out in the Annex to this Act;
3. «*identifying data*»: name and surname, place and date of birth, address and titles of the identification document or, in case of entities other than individuals, name and registered head office; having regard to natural persons and such different subjects belonging to foreign states,

identifying data are also represented, according to the laws of such jurisdictions, by the data relevant to their fiscal positions;

4. «*service providers to companies and trusts*»: any natural or legal person who performs, on a professional basis, one of the following services to third parties: a) creating of companies or other legal agreements; b) being in charge of managerial or administrative functions in a company, membership in a society or a similar position with regard to other legal entities; c) providing a registered head office, a business, administrative or correspondence address and other related services for a company, society or any other legal arrangements; d) exertion of trustee functions in an express trust or a similar legal agreement; e) acting as shareholder on behalf of another person;

5. «*politically exposed persons*»: natural persons who are or have been entrusted with prominent public functions as well as their direct relatives and those with whom said persons notoriously maintain close relationships, identified according to the criteria set out in the Annex to this Act;

6. «*serious offence*»: the offences referred to in Chapter III of this Act and in the Criminal Code under articles 145 – 154 (crimes against individual rights); 171 – 174 (corruption); 248 (organized crime); 256 (forgery of banknotes and credit cards); 295 – 297 (fraud in trades, industries and auctions); 331 – 339 (offences against public morality and the family order); 402 – 404 (theft); 406 – 412 (robbery, extortion and blackmailing); 413 (fraud or swindle); 421 (receiving stolen goods); 460 – 470 (offences concerning weapons and explosive materials) and in any criminal offences punished with the minimum sanction of detention or arrest equal or superior to six months or the maximum sanction of detention or arrest equal or superior to one year of imprisonment;

7. «*narcotic drugs and psychotropic substances*»: any plant whose active constituent may cause hallucinations or serious sensory distortions and all the substances obtained by extraction or chemical synthesis, causing the same typology of effects to the detriment of the central nervous system;

8. «*financing of terrorism*»: any activity for the purposes of collecting, provision, intermediation, deposit, custody and granting, by any means, of funds or assets, obtained in any way, totally or partly earmarked for the purposes of committing one or more crimes with terrorist aims or, in any case, of facilitating the perpetration of one or more crimes with terrorist aims, foreseen by this Act, independently of the actual use of funds and assets for the perpetration of such crimes;

9. «*misconduct for terrorist purposes*»: a conduct which, by its nature or context, may cause serious damage to a country or an international organization and is committed for the purposes of intimidating the population or oblige the public powers or an international organization to perform, or refrain from performing, any action or destabilize or destroy the basic political, constitutional, economic and social structures of a country or an international organization, as well as other conducts defined terrorist conducts or committed with terrorist aims, by conventions or other regulations of international law binding for the state;

10. «*explosive or any other lethal weapons*»: fire arms and all other weapons whose natural destination is personal injury, all of the wounding means, poisonous or blinding gas, corrosive substances;

11. «*shell bank*»: a bank or other entity performing equivalent activities, established in a State where it is not physically present, allowing to exert a effective control and management, that is not connected to a regulated financial group;

12. «*correspondent current accounts*»: accounts held by banks, traditionally on a bilateral basis, for the settlement of inter-bank services (remittance of bills, normal and cashier’s cheques, transfer orders, giro of funds, documented remittances and other operations);

13. «*payment services*»: services allowing the execution of deposits, drawings, payment orders and operations, including money transfer, related to a payment account, or issue and/or acquisition of payment instruments and money remittance;

14. «*operation*»: transmission or movement of means of payment; for the subjects referred to in article 2, letters p) and q), an activity determined or determinable, finalized to an objective of financial or patrimonial nature, modifying the existing legal situation, to be implemented through a professional service;

15. «*connected operation*»: an operation that, though being autonomous, together with another one or other ones represents a unitary operation under the economic aspect, whose value is equal to, or higher than, 15,000 euro, executed at different moments and within a limited period of time. this being established in seven days;

16. «*payable through accounts*»: correspondent cross-border banking relationships maintained by subjects subdued to this law, used to perform operations in one's own name or on behalf of customers;

17. «*means of payment*»: cash, bank and post cheques, cashier's cheques and other similar or comparable cheques, crediting or payment orders, credit cards and other payment cards, any other available instrument allowing to transfer, move or acquire, also by ICT way, funds, values or financial assets;

18. «*electronic money*»: a monetary value represented by a credit towards an issuer stored in an electronic device, issued upon reception of funds of a value not inferior to the monetary value issued and accepted as a means of payment by other subjects than the issuer;

19. «*provider of payment services*»: the natural or legal person whose activities include the performance of money transfer services;

20. «*money transfer*»: a transaction performed on behalf of an ordering person, by electronic way, by a provider of payment services, in order to make funds available to the beneficiary of the payment at a provider of payment services; ordering person and beneficiary of such payment may be the same person;

21. «*cash*»: a) negotiable instruments payable to bearer, including the monetary instruments issued to bearer such as traveller's cheques, negotiable instruments (including cheques, order bills and payment orders) issued to bearer, endorsed without restrictions, for a fictitious beneficiary or otherwise issued in such a form that the relevant title passes on delivery, and incomplete instruments (including cheques, order bills and payment orders) signed but lacking the beneficiary's name; b) cash (banknotes and coins circulating as means of exchange);

22. «*investment services and activities*»: any service or activity (receiving and forwarding orders; execution of orders on behalf of customers; negotiation on one's own account; portfolio management; investment consultancy, procurement and placement of financial instruments) having as an object financial instruments (securities; monetary-market instruments; shares in collective investments funds; options; derivative financial instruments);

23. «*financial instruments*»: securities; monetary-market instruments; shares in collective investment funds; options; derivative financial instruments;

24. «*issuers*»: governmental or foreign subjects issuing financial instruments quoted in the regulated marketplaces of the state;

25. «*privileged information*»: information of an exact character, not yet disclosed to the public, directly o indirectly concerning one or more issuers of financial instruments or one or more financial instruments that, should the information be disclosed to the public, could sensibly influence the prices of such financial instruments;

26. «*insurance business*»: activities consisting of presenting or proposing insurance contracts or stipulating preliminary deeds or deeds relevant to the conclusion of such contracts, or co-operating, especially in case of casualties, for their treatment or execution; are excluded activities performed by insurance companies as well as employees of insurance companies acting under the responsibility of such companies, and also activities of information furnished adjectively within the context of a professional activity, provided that the aim of such activity consists of assisting

customers for the conclusion or execution of insurance contracts or the treatment of casualties for an insurance company on a professional basis or for the activity of adjustment of losses and consultancy in matters of damages;

27. «*professional service*»: a professional or commercial service related to the activities performed by the subjects referred to in Article 2, that at the outset is supposed to have a certain duration in time;

28. «*continuative relationship*»: a durable relationship giving rise to several deposit, drawing or transfer operations of means of payment and not confined to a single operation;

29. «*business relationship*»: a professional or commercial relationship linked with the professional activities performed by subjects referred to in Article 2, that at the outset is supposed to have a certain duration in time;

30. «*third parties*»: any subject (natural or legal person, body corporate and entity of whatever nature) located in a foreign state, which, pursuant to the provisions of this law, is obliged to comply with mandatory professional legal registration and supervision, applies measures of suitable assessment of customers and mandatory keeping of documents;

31. «*funds*»: financial activities and utilities, available also through an intermediate subject, of any nature, including: a) cash, cheques, pecuniary credits, notes, payment orders and other means of payment; b) deposits at any subject, account balances, credits and obligations of any nature; c) interests, dividends or other revenues and accruals of value generated by activities; d) banking, rights of compensation, guaranties of any kind, bonds and other financial liabilities; e) letters of credit, bills of lading and other titles representing goods; f) documents proving a participation in funds or assets; g) any instrument of financing exportation;

32. «*assets*»: assets of any kind, material or immaterial, movable or non movable, including accessories, appurtenances and yields that are not funds but may be used to obtain funds, goods or services;

33. «*freezing of funds*»: the prohibition to move, transfer, modify, use or manage funds or the access to them in such a way as to modify their volume, amount, placement, ownership, possession, nature, destination or any other change allowing to use the funds, including portfolio management;

34. «*freezing of assets*»: the prohibition to move, transfer, dispose or - to the end of obtaining funds, goods or services by any way - use assets, including sale, rental, lease or the constitution of guaranty rights *in rem*;

35. «*designated subjects*»: natural and legal persons, groups or entities designated as addressees of the freezing;

36. «*land*»: territory, soil, subsoil, built-up areas and infrastructural facilities;

37. «*waters*»: meteoric water, surface and ground waters;

38. «*surface waters*»: internal waters, except for underground water, transition waters;

39. «*underground water*»: all the waters under the land surface within the saturation zone in direct contact with the soil and subsoil;

40. «*atmospheric pollution*»: any modification of atmospheric air due to the emission of one or more substances and subsequent introduction of them into the air in such quantities and with such properties as to cause a nuisance or to represent a danger for human health or the quality of environment or to damage material goods or to jeopardise the legal use of environment;

41. «*emission*»: any solid, liquid or gaseous substance introduced into the atmosphere, that may cause atmospheric pollution;

42. «*waste*»: products not complying with legal standards; expired products; substances contaminated or soiled by voluntary activities; unusable elements; substances no longer usable (for instance,

contaminated acids, contaminated solvents); residues of industrial processes; residues of antipollution processes; residues of processing/shaping; residues of extraction and processing of raw materials; contaminated substances; any material, substance or product whose use is legally prohibited.

Article 2

Subjects obliged to observe the rules concerning the prevention in matters of money laundering and financing of terrorism

1. Any subject, natural or legal person, organisms or entity of any nature, including subsidiaries and branch offices of foreign subjects performing, on a professional basis, an activity consisting of:

    a. receiving deposits or other repayable funds from the public and granting loans for their own account;

    b. insurance business;

    c. acquiring participations;

    d. collecting deposits or other repayable funds;

    e. performing lending business;

    f. performing payment services;

    g. issuing and managing means of payment;

    h. issuing guaranties and signature commitments;

    i. renting safe deposit boxes;

    j. performing change operations for their own account or on behalf of customers;

    k. purchasing and selling or also brokering land property or enterprises;

    l. managing monies and financial instruments;

    m. opening or managing bank accounts or deposits, passbooks or security deposits;

    n. establishing, managing or administering trusts, companies or similar entities as well as rendering related services to companies or trusts;

    o. performing investment services concerning financial instruments;

    p. performing, on a primary, instrumental or subsidiary basis, the profession of auditor, external accountant and tax adviser;

    q. performing, on a primary, instrumental or subsidiary basis, the profession of notary and lawyer, when they render services or take part, on account and behalf of customers, in any financial or real-estate operation or assist customers in planning or implementing specific operations (purchase and sale of land property or companies; managing monies, financial instruments or other goods of customers; opening or managing bank accounts or deposits, passbooks or security deposits; organising the contributions to capital requested for the foundation, management or administration of companies, the foundation, management or administration of trusts, companies or similar entities);

    r. negotiating goods (only when the payment is made in cash for an amount equal or superior to 15,000 euro)

    are obliged to observe the rules governing the customer due diligence, registration of relationships and operations, keeping of the relevant information and reporting of suspect operations; to this end they have to provide for adequate organisational arrangements and procedures, as well as to assure an adequate training of the personnel.

2. The subjects referred to in the preceding paragraph shall adopt, within thirty days beginning with the entry into force of this Act, any provision necessary to assure the accurate and immediate

fulfilment of the foreseen duties. The provisions adopted shall be communicated, within the following ten days beginning with their adoption, to the Financial Intelligence Authority.

CHAPTER II

Criminal provisions in matters of money laundering

Article 3

Money laundering

In book II of "About offences in particular" Title X "About offences against property" Chapter V after the section "About handling stolen goods" follows "about laundering and self-laundering". In the same Chapter, after art. 421 follows article 421 bis, that reads:

421bis

He who, except for the cases foreseen in article 421, replaces or transfers money, goods or other utilities resulting from a serious offence, or performs other operations linked to them, in such a way as to hinder the identification of their criminal source, or uses, in economic or financial activities, money, goods or other utilities resulting from a serious offence, is punished with a detention of four to twelve years and a fine of one to fifteen thousand euro.

In the cases foreseen by the preceding paragraph, the penalty consist of a detention penalty of two to six years and a fine of one to ten thousand euro, if the monies, goods or other utilities result from a serious offence for which a penalty of detention inferior to the maximum of five years is foreseen.

The person who committed the serious offence, shall be sentenced to a detention period of two to six years and a fine of one to ten thousand euro.

In the cases foreseen by the first paragraph, the sanction is increased if the fact is committed within the exertion of a professional activity.

The offence occurs even when the activities that generated such monies, goods or other utilities to be laundered, are performed in another state.

In case of condemnation, the confiscation of the goods representing the product or profit of the criminal activity is mandatory, except for the case that they belong to persons alien to the offence. The judge, if it is not possible to proceed to the confiscation, shall order the confiscation of money, goods or other utilities available to the convict, even through a third person, for an amount equivalent to the value of the product, profit or price of the offence.

CHAPTER III

Other offences

Article 4

Organizations with purposes of terrorist or overthrow, also international

In book II of "About offences in particular" Title I "About offences against the security of the State" after Chapter IV after the section "Provisions shared with the preceding chapters" follows Chapter V "Other measures to prevent and counter the financing of terrorism" containing article 138 bis that reads:

138 bis

He who promotes, create, organises, manages or finances persons or associations intending to commit acts of violence with purposes of terrorism or overthrow, is punished with a detention sanction of five to fifteen years. According to criminal law, the purpose of terrorism occurs also when the acts of violence are committed against a foreign state, an international institution or organisation.

As far as the person sentenced is concerned, the confiscation of goods and other means used or bound to commit the offence and goods that represent its price, product, profit or use, is always mandatory.

Article 5

Recruitment for terrorist purposes, also international

In book II of "About offences in particular" Title I "About offences against the security of the State" after Chapter IV "Provisions shared with the preceding chapters" follows Chapter V "Other measures to prevent and counter the financing of terrorism" containing article 138 ter that reads:

138 ter

He who, except for the cases mentioned in article 138 bis, recruits one or more persons in order to commit acts of violence or sabotage against essential public services, for terrorist purposes, though directed against a foreign state, an international institution or organisation, is punished with a detention sanction of seven to fifteen years.

Article 6

Training to activities for terrorist purposes, also international

In book II of "About offences in particular" Title I "About offences against the security of the State" after Chapter IV "Provisions shared with the preceding chapters" follows Chapter V "Other measures to prevent and counter the financing of terrorism" containing article 138 quater that reads:

138 quater

He who, except for the cases mentioned in article 138 bis, trains or in any case gives directives about preparing or using explosive materials, fire arms or other weapons, chemical or bacteriological noxious or dangerous substances, as well as any other technique or method for committing acts of violence or sabotage against essential public services, for terrorist purposes, though directed against a foreign state, an international institution or organisation, is punished with a detention sanction of five to ten years. The same penalty is applied to the trainee.

Article 7

Attack for purposes of terrorism or overthrow

In book II of "About offences in particular" Title I "About offences against the security of the State" after Chapter IV "Provisions shared with the preceding chapters" follows Chapter V "Other measures to prevent and counter the financing of terrorism" containing article 138 quinquies that reads:

138 quinquies

He who, for purposes of terrorism or overthrow, makes an attempt to the life or safety of a person, is punished, in the first case, with a detention penalty of not less than twenty years, and in the second case, with a detention sanction of not less than six years.

Article 8

Acts of terrorism with lethal or explosive weapons

In book II of "About offences in particular" Title I "About offences against the security of the State" after Chapter IV "Provisions shared with the preceding chapters" follows Chapter V "Other measures to prevent and counter the financing of terrorism" containing article 138 sexies that reads:

138 sexies

He who, for purposes of terrorism, unless it represents a more serious offence, commits any act intended to damage moveable or unmovable goods of third parties, by using explosive or at any lethal weapons, is punished with a detention sanction of two to five years.

Article 9

Embezzlement against the State

In book II of "About offences in particular" Title X "About offences against property" Chapter III "Swindle and other frauds", after art. 416 follows article 416 bis, that reads:

416 bis

He who is not a public officer, after having received from the State or other public bodies or institutions contributions, subsidies or funds aimed at supporting the realisation of works or the performance of activities of public interest, does not use them for such goals, is punished with a detention penalty of six months to four years.

If the facts foreseen are particularly slight, sanctions are diminished.

Article 10

Aggravated fraud aimed to obtain public grants

In book II of "About offences in particular" Title X "About offences against property" Chapter III "Swindle and other frauds", after art. 416 bis follows article 416 ter, that reads:

416 ter

The sanction of detention is of six months to four years, and the relevant procedure is performed *ex officio* if the fact foreseen in article 413 concerns contributions, funding, loan allowances or other facilities of the same kind, independently of their denominations, granted or supplied by the State or other public bodies or institutions.

Article 11

Undue reception of grants to the detriment of the State

In book II of "About offences in particular" Title X "About offences against property" Chapter III "Swindle and other frauds", after art. 416 ter follows article 416 quater, that reads:

416 quater

Unless the fact represents the offence foreseen in Article 413, he who, by using or representing false statements or documents or certifying untrue facts, or by neglecting due information, unduly obtains for himself or third parties contributions, funding, loan allowances or other facilities of the same kind, independently of their denominations, granted or supplied by the State or other public bodies or institutions, is punished with a detention penalty of six months to three years.

If the facts foreseen are particularly slight, sanctions are diminished.

Article 12

Abuse of privileged information

In book II of "About offences in particular" Title VI "About offences against public faith" after Chapter V "About frauds in trades, industries and auctions" follows Chapter V bis "Abuse of privileged information and market manipulation" containing article 299 bis that reads:

299 bis

He who avails himself of privileged information for his membership in administrative, managing or supervisory boards of the issuer, of shareholders of the issuer, or due to the exertion of a working activity, profession or in charge of a function, also public, or office whatsoever, is punished with a detention sanction of one to six years and a fine of twenty thousand to three million euro, if he:

a) purchases, sells or performs other operations, directly or indirectly, for his own account or on behalf of third parties, concerning financial instruments, by using such information:

b) communicates such information to others, apart from the normal exercise of his work, profession, function or office;

c) suggests or induces others, on the basis of such information, to perform one of the operations indicated under letter a).

The same sanctions, mentioned in the first paragraph, is applied to him who, availing himself of privileged information for preparing or performing criminal activities, accomplishes one of the actions indicated in the same first paragraph.

The judge can increase the fine up to three times or up to an amount equal to ten times the product or profit obtained through the offence, if for the considerable gravity of the fact, the personal qualities of the convict or the magnitude of the product or profit obtained through the offence, the fine seems to be inadequate even if its maximum is decided.

Article 13

Market abuse

In book II of "About offences in particular" Title VI "About offences against public faith" after Chapter V "About frauds in trades, industries and auctions" follows Chapter V bis "Abuse of privileged information and market manipulation" containing article 299 ter that reads:

299 ter

He who disseminates false news or performs sham operations or other deceptions materially apt to cause a notable alteration of the prices of financial instruments, is punished with a detention sanction of one to six years and a fine of twenty thousand to five million euro.

The judge can increase the fine up to three times or up to an amount equal to ten times the product or profit obtained through the offence, if for the considerable gravity of the fact, the personal qualities of the culprit or the magnitude of the product or profit obtained through the offence, the fine seems to be inadequate even if its maximum is decided.

Article 14

Trafficking of human beings

In book II of "About offences in particular" Title VI "About offences against freedom", after Chapter III "About offences against individual freedom" follows article 145 bis that reads:

145 bis

He who commits trafficking of human beings and is in the situation referred to in article 145 or, to the end of committing the crimes referred to in said article, induces them by cheat or coerces them by violence, threats, abuse of authority, or taking advantage of the situation of physical or psychological inferiority or a situation of need, or by a promise or giving sums of money or other advantages to a person having an authority on them, to enter or reside in or leaving the territory of the State or to move into it, is punished with a detention penalty of eight to twenty years.

The sanction is increased by one third to a half if the facts indicated under the first paragraph are committed against a person aged less than eighteen years or are aimed at exploiting prostitution or subjecting the offended person to taking of organs.

Article 15

Sale of industrial products with false signs

In art. 295, paragraphs one and two, the sanction is respectively modified ad follows: «with a detention penalty of up to one year or a fine of up to ten thousand euro» and «with a detention sanction of up to two years or a fine of up to twenty thousand euro».

Article 16

Manufacturing, introduction, sale and possession of weapons in the State

1. In article 460 the sanction is modified as follows: "with an arrest of up to two years and a fine of five hundred to two thousand euro".
2. In article 461 the sanction is modified as follows: "with an arrest of up to two years and a fine of five hundred to two thousand euro".

3. In article 462 the sanction is modified as follows: “with an arrest of up to two years and a fine of five hundred to two thousand euro”.
4. In article 463 the sanction is modified as follows: “with an arrest of up to two years and a fine of five hundred to two thousand euro”.
5. In article 464 the sanction is modified as follows, under the first paragraph: “with an arrest of up to two years and a fine of five hundred to two thousand euro”, under the second paragraph: “with an arrest of up to two years and six months and a fine of one to three thousand euro”, under the third paragraph: “with an arrest of up to three years and a fine of three to five thousand euro”.
6. In article 466 the sanction is modified as follows: “with an arrest of up to two years and a fine of five hundred to two thousand euro”.
7. In article 467 the sanction is modified as follows: “with an arrest of up to two years and a fine of five hundred to two thousand euro”, and “in more serious cases with an arrest of up to two years and six months and a fine of one to three thousand euro”.
8. In article 468 the sanction is modified as follows: “with an arrest of up to two years and a fine of five hundred to two thousand euro”.
9. In article 469 the sanction is modified as follows: “with an arrest of up to two years and a fine of five hundred to two thousand euro”.

Article 17

Smuggling

In book III ”About technical offences in particular” Title I “About technical offences concerning public order” is followed by Chapter X “Smuggling”, containing art. 459 bis that reads:

459 bis

A sanction of arrest up to two years or, as an alternative, a fine of not less than two and not more than ten times the due fees to be paid, is foreseen for him who:

a) introduces foreign goods through the land borders, trespassing provisions, prohibitions and limitations provided for in paragraph two;
b) is surprised with goods hidden on his person or in his luggage or in parcels or furnishings or among goods of other kinds or on nondescript means of transportation, in order to hide them from customs inspection;
c) removes goods from bonded warehouses, without paying the relevant fees or without having guaranteed such payment;
d) carries goods out of customs spaces under the circumstances foreseen under the preceding letters, national or nationalized goods subject to border fees.

Goods are allowed to cross the customs line only at the designated points.

The border with the Italian State represents the customs line.

The territory delimited by the customs line represents the customs space.

The customs space comprises premises where customs services are performed as well as the areas on which customs exert supervision and control by their organs. The delimitation of customs spaces is established by customs authorities, by taking into account the particular situation of every place.

Fees are considered all those fee established by State law.

Customs offices, in order to assure the compliance of provisions established in this article, are entitled to:

a) proceed to the inspection of the means of transportation of any kind, that cross the customs line at the customs spaces or are moved within such spaces;

b) proceed to the inspection of luggage and other objects in possession of the persons crossing the customs line at the customs spaces or move within such spaces;

c) ask all those who for any reason whatsoever move within the customs spaces to exhibit the objects and valuables borne with themselves; in case of refusal to do so and if there are legitimate reasons of suspicion, the customs authority can establish, in a detailed justified written order, that such persons shall undergo a search of person; a protocol of such search has to be drawn up and forwarded, together with the aforementioned written order, within forty-eight hours, to the Promoter of justice at the Court; if the latter acknowledges the measure taken as legitimate, he shall confirm it within the following forty-eight hours:

Article 18

Environment protection

In book III ”About technical offences in particular” Title II “About technical offences concerning public safety” Chapter II “About the ruin and disrepair of buildings” is followed by Chapter 2 bis “About environment protection” containing art. 472 bis that reads:

472 bis

A sanction of arrest of six months to one year or a fine of two thousand six hundred to twenty-six thousand euro are foreseen for him who causes pollution of soil, subsoil, surface waters or underground water.

He who causes atmospheric pollution is subject to the same penalty foreseen in paragraph one.

A sanction of arrest of one to two years and a fine of five thousand two hundred to fifty-two thousand euro are foreseen for him who causes pollution by dangerous substances.

Article 19

Organised activities for illicit trafficking of waste

In book III ”About technical offences in particular” Title II “About technical offences concerning public safety” Chapter II “About the ruin and disrepair of buildings” is followed by Chapter 2 bis “About environment protection” containing art. 472 ter that reads:

472 ter

He who, in order to obtain an undue profit, with several operations and by preparing means and continuative organised activities, transfers, receives, carries, imports or abusively manages huge quantities of waste, is punished with a detention sanction of one to six years.

If such waste is highly radioactive, the sanction of detention of three to eight years is imposed.

Article 20

Production, trafficking and possession of illicit narcotic drugs or psychotropic

substances

In book II ”About offences in particular” Title VII “About offences against public safety” Chapter III “About offences against public health and nutrition” is followed by Chapter III bis “Regulation of narcotic drugs and psychotropic substances”, containing art. 326 bis that reads:

326 bis

He who, without being authorised, grows, produces, processes, extracts, refines, sells, offers or puts on sale, conveys, distributes, markets, carries, supplies to others, forwards, passes or ships in transit, delivers for any purpose narcotic drugs and psychotropic substances, is punished with a detention sanction of six to twenty years and a fine of twenty-six to two hundred and sixty thousand euro.

The same sanction mentioned in paragraph one is imposed to him who, without being authorised, imports, exports, purchases, receives for any purpose or in any case illegally possesses narcotic drugs

and psychotropic substances that by reasons of their quantities seem to be destined to a not exclusively personal use. In the latter case, such sanctions are reduced by a third to a half.

If by reasons of the means, modes or circumstances of the action or the quality or quantity of the substances, the facts foreseen in this article are of a slight entity, the sanctions imposed are a detention period of one to six years and a fine of three to twenty-six thousand euro.

The sanction is increased, if the fact is committed by three or more associated persons.

The sanctions foreseen in this article are reduced by a half to two thirds, for those who endeavour to avoid that the criminal activity is pushed to further consequences, also materially assisting the judiciary authority in diverting considerable resources to be used for committing crimes.

Article 21

Combination for the purpose of illicit trafficking of narcotic drugs and psychotropic substances

In book II "About offences in particular" Title VII "About offences against public safety" Chapter III "About offences against public health and nutrition" is followed by Chapter III bis "Regulation of narcotic drugs and psychotropic substances", containing art. 326 ter that reads:

326 ter

If three or more persons join for the purposes of committing more crimes among those mentioned in article 326 bis, he who promotes, founds, controls, organises or finances such combination, is punished with a detention sanction of not less than twenty years.

He who participates in the combination, is punished with a detention penalty of not less than ten years.

The sanction is increased, if the number of associate members is equal to ten or more or if among the participants there are persons addict to narcotic drugs and psychotropic substances.

If the association is armed, the sanction, in the cases referred to in the first paragraph, cannot be inferior to twenty-four years of detention. An association is considered armed, if its participants have the availability of explosive weapons or materials, even though these are hidden or kept in a deposit.

The sanctions foreseen in this article are reduced by a half to two thirds for those who effectively endeavour to procure the proofs of an offence or to abstract, from the association, resources that are essential to commit crimes.

Article 22

Specific aggravating circumstances and confiscation

In book II "About offences in particular" Title VII "About offences against public safety" Chapter III "About offences against public health and nutrition" is followed by Chapter III bis "Regulation of narcotic drugs and psychotropic substances", containing art. 326 quater that reads:

326 quater

The sanctions foreseen for the offences referred to in article 326 bis are increased by one third to a half

a) in cases in which narcotic drugs and psychotropic substances are delivered or in any case destined to a person under age;

b) for those who induced a person addict to narcotic drugs and psychotropic substances to commit the offence or to participate in the perpetration of such offence;

c) if the fact is committed by an armed or disguised person;

d) if the narcotic drugs and psychotropic substances are doctored or mixed with others in such a way that its noxious potentiality is thus increased.

If the fact concerns huge amounts of narcotic drugs and psychotropic substances, sanctions are increased by a half to two thirds.

The judiciary authority shall order, by a sentence, the seizure of the narcotic drugs and psychotropic substances as well as their destruction.

Article 23

Abusive medical prescription

In book II ”About offences in particular” Title VII “About offences against public safety” Chapter III “About offences against public health and nutrition” is followed by Chapter III bis “Regulation of narcotic drugs and psychotropic substances”, containing art. 326 quinquies that reads:

326 quinquies

The sanctions foreseen in article 326 bis are imposed also to doctors who issue prescriptions of narcotic drugs and psychotropic substances for non therapeutic uses.

The sanctions foreseen in article 326 bis are not imposed to chemists as far as the purchase of narcotic drugs and psychotropic substances is concerned, on the basis of medical prescriptions, for the purchase, sale or cession of such substances in dosages and forms typical of medicaments.

CHAPTER IV

Measures to prevent the financing of terrorism and implement the freezing of funds and assets

Article 24

Measures to counter the financing of terrorism and against the activity of countries that threaten international peace and security

1. In order to enforce measures of freezing of funds and assets for the purposes of countering and repressing the financing of terrorism and the activities of countries that threaten international peace and security, the Financial Intelligence Authority, except for the provisions adopted by the judiciary authority in criminal matters, orders by its own provision the freezing of funds and assets held by natural and legal persons, groups or entities, designated according to the principles and rules in force within the European legal system. By the same provision, exemptions from such freezing are identified on the basis of the principles and rules in force within the European legal system.
2. The Financial Intelligence Authority :
    a) acquires any information suitable for the performance of the tasks indicated under the first paragraph from the competent authorities:
    b) establishes contacts with bodies exerting similar functions in other States, in order to contribute to the necessary international co-ordination;
    c) formulates proposals of designation of natural or legal persons to the competent international authorities in view of adopting the measures indicated in paragraph 1;
    d) examines the applications for exemption from the freezing of funds and assets, submitted by the designated subjects;
    e) formulates proposals of deleting from the lists of designated subjects to the competent international authorities, also on the basis of the applications submitted by the concerned subjects.

Article 25

Effects of the freezing of funds and assets

1. The funds subjected to freezing cannot be the object of transfer, disposal or use.

2. The assets subjected to freezing cannot be the object of transfer, disposal or use to the end of obtaining funds, goods or services, use in whatever way.
3. Any deed brought about by infringing the prohibitions referred to in paragraphs 1 and 2, is void.
4. It is forbidden to make funds or assets directly or indirectly available to the designated subjects or to budget them to their advantage.
5. The knowing participation in activities aimed at, or directly or indirectly resulting in, avoiding the freezing measures, is forbidden.
6. Freezing does not jeopardise the effects of possible orders of seizure or confiscation adopted in the course of criminal or administrative proceedings concerning the same funds or the same assets.
7. The freezing of funds and assets or the failure or refusal of rendering financial services, considered a bona fide complying with this Act, do not entail any kind of responsibility of the natural or legal person, group or entity, nor for its managers or employees.

Article 26

Reporting duties

The subjects referred to in article 2, within thirty days from the date of issue of the order mentioned in article 24, paragraph 1, shall report to the Financial Intelligence Authority:

a) measures enforced according to this Chapter, indicating the subjects involved, the amounts and the nature of funds or assets;

b) operations, reports as well as any other information available concerning the designated subjects ;

c) operations and reports on the basis of the information furnished by the Authority, and any other information available concerning the subjects eligible for designation.

Article 27

Custody, administration and management of the assets subjected to freezing

1. The Financial Intelligence Authority provides for the custody, administration and management of the assets subjected to freezing, also when the latter is ordered by a measure taken by the judiciary authority.
2. The Financial Intelligence Authority provides, directly or by the appointment of a custodian or administrator, for the performance of the activities indicated under the preceding paragraph. It is entitled to issue directives, request information and retract or replace the custodian and administrator.
3. The administrator and custodian act under the supervision by the Financial Intelligence Authority .

CHAPTER V

Customary due diligence

Article 28

Cases of application

The subjects referred to in article 2 shall perform the customer due diligence:

a) when they establish a continuative or business relationship;

b) when they perform occasional operations whose amount is equal to, or higher than, 15,000, euro independently of the fact that they are performed by a single operation or different connected operations;

c) for the professional services of an indeterminate or indeterminable nature and in cases of creating, managing or administering a company, trust or similar legal arrangements;

d) in cases of suspicion of money laundering or financing of terrorism, independently of applicable derogations, thresholds or exemptions:

e) in case of doubt about the truthfulness or adequacy of the data relevant to the identification of the subjects with whom relationships are established.

Article 29

Content of the customer due diligence and abstention

1. Customer due diligence consists of what follows:

   a) identification of the subject establishing the continuative or business relationship or performing an operation, on the basis of documents, data or information received from a reliable and independent source;

   b) individuation and identification of the possible beneficial owner ;

   c) acquisition of information concerning the purpose and nature of the continuative or business relationship or operation;

   d) ongoing supervision of the continuative relationship or business relationship.

2. The verification of the identity mentioned in the preceding paragraph shall take place before the continuative or business relationship is established or the transaction is performed. The subject with whom the relationship is established, undertakes to communicate under his own responsibility, to the subjects referred to in article 2, all the data requested by him in view of fulfilling the customer due diligence.

3. Notaries, lawyers, auditors, external accountants and tax advisers shall meet the requirements relevant to the customer due diligence during the assessment of the positions of their customers.

4. The customer due diligence is assessed on the basis of the risk associated to the kind of continuative or business relationship, operation, customer and product.

5. The subjects referred to in article 2, if they are not in a position to observe the customer due diligence, cannot establish the continuative or business relationship nor perform operations; if the relationship is already established, the subjects shall interrupt the relationship and examine the need to report the suspect operation to the Financial Intelligence Authority.

6. The customer due diligence extended to subsidiaries, as the case may be, of the subjects referred to in article 2, located in other States.

7. The customer due diligence are applicable on the basis of the assessment of the existing risk.

Article 30

Simplified duties and exemptions

1. The customer due diligence is not applicable if the subject with whom the relationship is established, is a financial or banking institution located in a foreign country that imposes equivalent requirements to those of the State.The Financial Intelligence Authority identifies the States whose regime is deemed to be equivalent.

2. The subjects referred to in Article 2 may be authorised by the Financial Intelligence Authority not to apply the customer due diligence in respect of particular contract typologies and subjects, other than those referred to in paragraph 1, that are characterised, according to the criteria referred to in the Annex to this Act, by a low risk of money laundering or financing of terrorism.

3. The subjects referred to in article 2 shall undertake to collect adequate information in order to devise whether the mandatory simplified system may be adopted and maintained.

4. The simplified customer due diligence is not applicable if the subject is suspected of money laundering or financing of terrorism or if there are reasons to deem that the identification made is not reliable or does not allow to acquire the necessary information.

Article 31

Enhanced duties

1. The subjects referred to in article 2 shall enhance the customer due diligence on the basis of the assessment of the existing risk in situations which, by their nature, may involve a higher risk of money laundering or financing of terrorism.
2. When the subject with whom they establish a relationship, is not physically present for the purposes of identification, they shall apply one or more of the following measures:
    a) verify the identity of the subject with whom a relationship is established, by means of documents, additional data or information;
    b) adopting additional measures to check or certify the documents produced or to ask for a confirmatory certification by a banking or financial institution on the matters of countering money laundering and financing of terrorism, and measures equivalent to those adopted by the State;
    c) making sure that the first payment concerning the operation is made through an account in the name of the subject with whom the relationship is established at a bank.
3. The identification requirements, also when the subject is not physically present, are considered fulfilled if:
    a) the identification was already made in respect of an existing relationship, provided that the existing information is updated;
    b) operations are performed through automated systems, by mail or through subjects who exert the high-value transportation trade, through payment cards; such operations are referred to the subject in whose name the relationship exists, to which they refer:
    c) the identifying data of the subject with whom the relationship is established, and any other information to be acquired result from adequate legal act;
4. The subjects referred to in article 2, in case of correspondent accounts with correspondent bodies of foreign States shall:
    a) collect sufficient information on the correspondent body to fully understand the nature of its activities and determine, on the basis of the information available to the public, its reputation and the quality of supervision it is subjected to;
    b) assess the standard of the legal system concerning controls related to countering of money laundering and financing of terrorism;
    c) obtain, before opening an account, the authorisation of the Director general or the subject exerting an equivalent function:
    d) define in writing the terms of the respective obligations;
    e) make sure that the correspondent body has verified the identity of the customers having direct access to payable through accounts, has constantly fulfilled the customer due diligence of customers and, upon request, is in a position to furnish the data collected through the fulfilment of such duties.
5. As far as the operations, continuative relationships and business relationships with politically exposed persons residing in a foreign State are concerned, the subjects referred to in Article 2 shall:
    a) arrange, in case of risky situations, to apply suitable procedures to determine whether the subject with whom the relationship is established, is a politically exposed person;

b) obtain, before starting an operation or a continuative relationship or a business relationship with such subjects, the authorisation of the Director general or the subject exerting an equivalent function;

c) adopt any measure apt to ascertain the origin of the assets or funds employed in the operation or in the continuative or business relationship;

d) assure a continuous and enhanced control on the continuative relationship or business relationship.

6. It is prohibited to open or keep correspondent accounts with a shell bank or to open or keep correspondent accounts with a bank that notoriously allows a shell bank to utilise its accounts.

7. It is prohibited to open or keep anonymous or ciphered deposits or passbooks, or opened to fictitious or fancy names.

CHAPTER VI

Recording and record-keeping duties

Article 32

Content of duties

1. The subjects referred to in Article 2, in respect of the continuative or business relationships established and the operations performed, shall keep, for a period of five years after the termination of the relationship or the performance of the operation, the copy of the required documents, information acquired, entries and records made to comply with the customer due diligence, in order that they may be used for any inquiry or examination on possible operations of money laundering or financing of terrorism.

2. The subjects referred to in Article 2 shall adopt systems allowing to fully and rapidly responding to any request of information from the Financial Intelligence Authority with regard to the operations and continuative or business relationships maintained by them during the last five years.

3. The recording and record-keeping duties are extended to possible branches of the subjects referred to in Article 2, located in other States.

CHAPTER VII

Authority and reporting duties

Article 33

Financial Intelligence Authority (FIA)

1. The Financial Intelligence Authority (FIA), established by the Supreme Pontiff in order to effectively prevent and counter money laundering and financing of terrorism, exerts its functions in full autonomy and independence. It is assigned sufficient financial means and resources to assure the effective pursuit of its institutional goals.

2. The Authority has access, also directly, to financial, administrative, investigative and judicial information, required to perform its tasks in countering money laundering and financing of terrorism. It has the power to perform inspections at the subjects referred to in Article 2 and to impose administrative pecuniary sanctions on the responsible subjects, in the cases foreseen in this Act.

3. The Authority performs financial analysis on the reported cases by examining and investigating the modalities of execution and constitutive elements of suspect operations, also by availing itself of the information possessed or, as the case may be, acquired from other subjects and Organs of the State that are obliged to furnish them, and communicates the Promoter of justice at the Tribunal the facts that, on the basis of their features, entity, nature and any other known

circumstance, integrate possible offences of money laundering, self-laundering or financing of terrorism.

4. The Authority dismiss the communications deemed unfounded end keeps record for ten years beginning on the date of dismissal. It also keeps record for ten years the communications referring to suspect operations forwarded by the Promoter of justice.

5. The Financial Intelligence Authority :

   a) supervises the observance of the duties established in matters of prevention and countering of money laundering and financing of terrorism and issues provisions for the implementation of the rules contained in this Act, except for those contained in Chapters II and III; furthermore, it has the power to issue guidelines and particular directives with reference to the subjects on which the duties foreseen in this Act are imposed;

   b) issues and periodically updates indicators of anomalies in order to facilitate the identification of suspect operations;

   c) receives the communications referring to suspect operations and provides for the performance of the required investigations in view of possibly reporting them to the Promoter of justice at the Tribunal;

   d) authorises the subjects referred to in Article 2 for the cases foreseen in this Act;

   e) assesses the effectiveness of the systems adopted by the subjects obliged to fight against money laundering and financing of terrorism and, as the case may be, suggests the modifications or integrations to be introduced into such systems:

   f) proposes possible integrations and changes of the legislation in matters of prevention and countering of money laundering and financing of terrorism;

   g) prepares, after hearing the obliged subjects, programmes of training of the personnel to let them aware with the law into force and the activities that could be connected with money laundering or financing of terrorism;

   h) draws up statistics concerning the application and effectiveness of the administrative and organisational measures of prevention and repression of money laundering and financing of terrorism;

   i) carries out studies in matters of prevention and countering of money laundering and financing of terrorism and develop and disseminate models and format descriptive about unusual behaviours on the economic and financial level, referable to possible activities of money laundering or financing of terrorism;

   j) forwards to the Secretary of State, within March 31, of every year, a report on the activities carried out;

   k) may suspend, for a maximum of five working days, unless this could jeopardise the course of investigations, suspect operations of money laundering, self-laundering or financing of terrorism, immediately informing the Promoter of justice at the Tribunal;

   l) maintains the relationships with international and European organisations entitled to define policies and standards in matters of prevention and countering of money laundering and financing of terrorism.

Article 34

Reporting of suspicious operations

1. The obliged subjects shall care, also by establishing adequate organisational arrangements, for any activity which by its nature is particularly suitable to be connected to money laundering, self-laundering or financing of terrorism; they shall undertake to timely respond to requests on such matters from the Financial Intelligence Authority .

2. The subjects referred to in Article 2 shall undertake to promptly inform the Financial Intelligence Authority, upon request of the latter or on their own initiative, when they know, suspect or have reasonable grounds to suspect that operations of money laundering, self-laundering or financing of terrorism are under way or have been accomplished or attempted. The suspect is derived, provided that the subject has a sufficient economic basis and carries out a suitable activity, from the features, entity and nature of the operation or any other circumstance known by reasons of the functions exerted.

3. The content, modalities of identification, also through indicators of anomaly, and the way of forwarding suspicious operations, are defined by the Financial Intelligence Authority .

Article 35

Duty of abstention

1. The subjects referred to in Article 2 shall refrain from carrying out the operations which they suspect to have any connection with money laundering, self-laundering or financing of terrorism, and immediately forward a communication of suspicious operations to the Financial Intelligence Authority.

2. If abstention is not possible or could hinder investigations, the obliged subjects shall inform the Authority immediately after having completed the operation.

Article 36

Prohibition of disclosure

1. The *bona fide* communication of suspicious operations to the Financial Intelligence Authority and relevant information do not entail any form of liability for the obliged subjects nor their employees or managers for any grounds, nor does it represent an infringement of the confidentiality obligation inherent in restrictions of the communication of information imposed by contracts or legislative, regulatory or administrative provisions.

2. The obliged subjects, as well as their directors, employees, consultants and collaborators, bound by a relationship whatsoever shall not disclose the information about the report of suspicious operations nor related elements nor the existence of administrative or criminal proceedings in matters of money laundering or financing of terrorism to the subject concerned or third parties.

3. The reports to the Financial Intelligence Authority and the Judiciary Authorities, both inquiring and adjudicatory, are exempted from the prohibition expressed in the preceding paragraph with regard to the performance of institutional duties.

4. The dismissal of the repost shall be communicated to the reporting subject by the Financial Intelligence Authority .

5. The Promoter of justice shall inform the Financial Intelligence Authority about the reports of suspicious operations that do not entail any inquiring.

Article 37

Protection measures

The Financial Intelligence Authority shall adopt, also on the basis of agreement protocols with the Judiciary Authority, both inquiring and adjudicatory, and with any authority whatsoever, adequate measures to assure the maximum confidentiality with regard to the identity of the subjects that report suspect operations.

CHAPTER VIII

Data related to money transfers

Article 38

Duties related to money transfers

1. The provisions of this Chapter, established by having regard to the principles and rules in force in the European legal system, apply to the transfers of funds in any currency, transmitted or received, by a provider of payment services. They aim to prevent, investigate and identify cases of money laundering and financing of terrorism.
2. Rules are established in matters of duties of providers of payment services on the ordering person and beneficiary, and the intermediary providers of payment services as well.
3. With regard to the transfer of funds, the customer due diligence concerning the completeness of the ordering person information data, recording and keeping remain in force.
4. The Financial Intelligence Authority, in compliance with the principles set out in Regulation (CE) 15th November 2006, n.1781/2006, issues provisions concerning the implementation of the provisions contained in this Chapter.

CHAPTER IX

Controls of cash entering or leaving the State.

Article 39

Duties of declaration, recording and record-keeping

1. Any natural person entering or leaving the State, carrying cash up to the amount established by the regulation in force in the Community, shall declare such sum in writing to the Financial Intelligence Authority .
2. The declaration under paragraph 1 shall contain:
    a) identifying data of the declaring person, owner and beneficiary of such cash;
    b) amount of cash and its origin;
    c) itinerary followed.
3. The information contained in the aforesaid statement shall be recorded and kept for a period of five years.
4. The Financial Intelligence Authority shall perform inspections for the observance of the duties foreseen in this Chapter and impose administrative pecuniary sanctions in case of infringement.

CHAPTER X

Confidentiality protection

Article 40

Secrecy

Any news, information and data possessed, by reasons of their activity, by the subjects referred to in article 2, their managers, employees, consultants and collaborators, bound by whatever relationship, are covered by secrecy in respect of everyone, except for the Financial Intelligence Authority and the Judiciary Authority, both inquiring and adjudicatory, if, for the latter, the information requested is necessary for investigation purposes or proceedings relevant to violations subject to criminal punishment.

CHAPTER XI

International co-operation

Article 41

Co-operation in matters of prevention and countering of money laundering and financing of terrorism

1. The Financial Intelligence Authority shall exchange information under reciprocity agreements and, normally, on the basis of memoranda of understanding, in matters of suspicious operations

and co-operate with the Authorities of foreign States pursuing the same goals of prevention and countering of money laundering and financing of terrorism.

2. Secrecy and restrictions to the report of classified information stemming from contract obligations or legislative, regulatory or administrative provisions, shall not hinder the performance of the duties under the preceding paragraph.

3. The Financial Intelligence Authority shall regulate, according to the Decision 2000/642/GAI and other international legal sources, the scope of utilisation of the information received by the Financial Intelligence Units (FIU) of other States.

CHAPTER XII

Sanctions

Article 42

Administrative pecuniary sanctions

1. In cases of infringement of the duties under articles 2, paragraph 2, 25, paragraphs 1, 2, 4 e 5, 26, 27, 28, 29, 30, 31, 32, 34, 35, 36, 38, 39, 40 and those contained in general or particular provisions of implementation, the Financial Intelligence Authority shall impose an administrative sanctions penalty of 10.000 to 250.000 Euro.

2. The sanction, according to the procedure foreseen by the Act of December 14, 1994, n.CCXVII, is applied to the subjects on which the duties foreseen in this Act are imposed, be they natural or legal persons, bodies corporate or organisations of whatever nature.

3. The sanctioned subject, if it is not a natural person, has the duty to recourse against the author of the offence.

CHAPTER XIII

Publication and entry into force

Article 43

Entry into force

This Act shall enter into force on April 1, 2011.

The text of this Act has been submitted to the consideration by the Supreme Pontiff on December 20, 2010.

The original of the Act itself, provided with the State seal, shall be deposited in the Archives of Acts of the Vatican City State and the relevant text shall be published in the Supplement of the Acta*ApostolicaeSedis*, with the order that all those who are concerned observe it and have it observed.

Vatican City, December 30, 2010

GIOVANNI Card. LAJOLO, President

Seen

The Secretary-General of the Governatorate
+ Carlo Maria Viganò

ANNEX

Article 1

Beneficial owner

1. Beneficial owner means what follows:

    1. in case of companies:

        1) the natural person or persons who, ultimately, own or control a legal entity through the possession or direct or indirect control of a portion higher than 25 percentage of shares in the joint stock or voting rights inside such legal entity, also through shares to bearer;

        2) the natural person or persons who otherwise exert the control of the management of a legal entity;

    2. in case of legal entities such as foundations, and legal arrangements such as trusts, managing and distributing funds:

        1) if the future beneficiaries have already been determined: the natural person or persons enjoying 25 percentage or more of the assets of a legal entity or agreement;

        2) if the persons possessing the legal entity or arrangement have not yet been determined: the class of persons in whose main interest such legal entity or arrangement is created or operate;

        3) the natural person or persons exerting the control on 25 percentage or more of the assets of a legal entity or arrangement:

Article 2

Politically exposed persons

1. By natural persons covering or having covered prominent political offices the following are meant:

    a) Heads of State, Heads of government, Ministers and Under-Secretaries:

    b) Members of Parliament;

    c) Members of the Supreme Court, Constitutional Courts and other highranking Organs of the judiciary, whose decisions are generally not subject to further appeal:

    d) Members of state auditors' courts and board of directors of central banks;

    e) Ambassadors, Chargés d'affaires and high-ranking officers of the Army Forces;

    f) Members of Boards of Directors, management or supervisory Organs of State-owned enterprises.

Medium or low-ranking executives do not belong to any of the aforementioned classes. The classes listed under letters a) to e) comprise, as the case may be, the positions on the European and international levels.

2. By family members the following are meant:

    a) the spouse;

    b) the children and their spouses;

    c) relatives who during the last five years cohabited with the subjects mentioned under the preceding letters;

    d) the parents.

3. In order to identify the subjects with whom the persons referred to in paragraph 1 notoriously maintain close relationships, the following are referred to:

a) any natural person notoriously sharing the role of beneficial owner of legal entities and arrangements or any other close business relationship with a person referred to in paragraph 1;

b) any natural person being a single beneficial owner of legal entities or arrangements notoriously created de facto to the benefit of the person referred to in paragraph 1.

4. Without prejudice to the application, depending upon the risk, of the enhanced customer due diligence, if a person has been no longer holding prominent public offices for a period of at least one year, the subjects targeted by this Act are not obliged to consider such person politically exposed.

Article 3

Simplified procedures of customer due diligence of the counter-part

1. The subjects referred to in Article 2 of this Act are not subject to customer due diligence, if the subject with whom a relationship is established, is a credit or financial institution located in a foreign State that imposes duties similar to those foreseen in this Act and foresees the supervision of the observance of such duties.

2. The Financial Intelligence Authority may authorise the subjects referred to in Article 2, obliged comply whit this Act, not to observe the customer due diligence, with reference to:

a) listed companies. having their head offices in foreign States, whose securities are admitted to negotiation in a market regulated according to Directive 2004/39/CE or are subjected to the duty of communication complying with the European legal system;

b) the beneficial owner of pooled accounts managed by notaries public or other legal professionals of a foreign State, provided that they are subject to duties in matters of combating money laundering and financing of terrorism, complying with the international standards, and to the supervision of the observance of such duties, and that information about the identity of the beneficial owner is accessible, upon request, to the bodies acting as depositaries of said pooled accounts;

c) national public authorities;

or any other counter-part characterised by a low risk of money laundering or financing of terrorism, meeting the technical criteria established according to Article 40, paragraph 1, letter b), of Directive 2005/60/CE.

3. In the cases referred to in paragraphs 1 and 2, the subjects referred to in Article 2 shall in any case collect sufficient information to assess whether the subject with whom a relationship is established, may be eligible for an exemption mentioned in such paragraphs.

4. The Financial Intelligence Authority may authorise the subjects referred to in article 2 of this Act, not to apply the customer due diligence, with reference to:

a) life insurance contracts whose yearly premium does not exceed 1000 euro or single premium amount does not exceed 2500 Euro;

b) electronic money, in cases in which, if the device is not rechargeable, the maximum amount stored on the device does not exceed 150 Euro, or in which, if the device is rechargeable, a limit of 2500 Euro is imposed for the total amount used during a calendar year period, except for the case that an amount equal to, or higher than, 1000 Euro is repaid to the holder during the same calendar year, according to Article 3 of Directive 2000/46/CE; or any other product or transaction characterised by a low risk of money laundering or financing of terrorism, complying with the technical criteria established according to Article 40, paragraph 1, letter b), of Directive 2005/60/CE.

ANNEX V Decree No. CLIX – (REVISED AML/CFT LAW)

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

25 January 2012

The President of the Governorate of the Vatican City State

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

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

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

Has promulgated the following:

Decree

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

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

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

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

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

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

THE PONTIFICAL COMMISSION FOR THE VATICAN CITY STATE

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

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

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

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

considering:

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

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

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

having regard that :
in the State a regime of public monopoly in the financial, economic and professional sectors is in place;
for the purposes of:
adapting the domestic legal system to the international standards on the prevention and countering of money laundering and the financing of terrorism;
promoting the transparency and integrity of the financial, economic and professional sectors;
fostering the active cooperation among the various competent authorities and the subjects bound to observe the duties set forth in this law for the prevention and countering of money laundering and the financing of terrorism;
favoring the active cooperation among the domestic and international competent authorities for the prevention and countering of money laundering and the financing of terrorism;
has ordered and orders that the following be observed as Law of the State:

CHAPTER I

Definitions, general principles and scope

Article 1

(Definitions)

Solely for the purposes of this law:

1. "*activity conducted professionally*": an organized economic activity, conducted regularly, for the production or exchange of goods and services, for and on behalf of a third party;
2. "*Public Authority*": a body or entity that, on the basis of the domestic legal system, performs, directly or indirectly, an institutional activity inherent to the sovereign authority;
3. "*legal person*": any legal person, regardless of its nature and activity, including foundation and trusts, that do not fall within the definition of Public Authority;
4. "*money laundering*":

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

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

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

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

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

a) intimidate a population;

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

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

8. "*financing of terrorism*":

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

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

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

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

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

10. "*currency*":

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

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

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

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

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

14. " *freezing*":

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

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

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

16. "*identification data*": the name, surname, place and date of birth, address, and the number and date of the identification document or, in the case of legal persons, the legal name and registered office;
17. "*providers of services related to companies or legal persons*": any natural or legal person that conducts professionally one of the activities listed in article 2, paragraph 1, letter b), subsection ii), of this law;
18. "*politically exposed persons*": persons who are or who have been entrusted with prominent public functions, as well as their immediate family members and those with whom they publicly maintain a close association, as determined pursuant to the criteria set forth in the Annex to this law;
19. "*narcotic drugs or psychotropic substances*": any agent or substances, natural or synthetic, whose active principles may provoke hallucinations, states of grossly altered perception, or similar effects upon the central nervous system;
20. "*shell bank*": a bank, or a credit institution that conducts similar activities, that has been incorporated in a State where it has no physical presence and which enables it to be directed and managed effectively without being connected to any regulated financial group;
21. "*correspondent accounts*": the accounts held by banks, normally on a bilateral basis, for the provision of inter-bank services (remittance of drafts, cashier's and bank cheques, credit orders, transfer of funds, remittance of documents and other transactions);
22. "*payment services provider*": the natural or legal person whose activities include the provision of payment services or wire transfers;
23. "*payment services*": services to execute deposits, withdrawals, transactions and payment orders, including the transfer of funds to a payment account, or to issue and/or acquire payment instruments and currency remittances;
24. "*wire transfer*": a transaction carried out, by electronic means, by a provider of payment services on behalf of an originator person with a view to make an amount of funds available to a beneficiary person at another payment services provider; the originator and the beneficiary may be the same person.
25. "*relationship*": a business relationship, that is, relationship of a professional or commercial nature linked to activities conducted professionally by the subjects referred to in article 2, paragraph 1, and that, at its outset, is expected to be protracted in time;
26. "*service*": a professional or commercial service linked to one of the activities carried out by the subjects referred to in article 2, paragraph 1;
27. "*transaction*":
    a) the transfer or movement of means of payment;
    b) for the subjects referred to in article 2, paragraph 1, letter c), a determined or determinable activity with a financial or patrimonial scope, to be conducted through a professional service, that modifies the preexisting legal situation;
28. "*linked transaction*": a transaction that, even if autonomous in itself, forms, from an economic point of view, a unitary transaction with one or more operations conducted at different moments within a seven working days period, for a total value of 15.000 euro or more;
29. "*means of payment*": currency, bank and postal cheques, cashier's cheques and other similar or comparable instruments, credit or debit orders, credit cards and other payment cards, as well as any other existing instrument to transfer, move or acquire, even through electronic means, funds, titles, or other assets;
30. "*financial instruments*": securities; money-market instruments; shares in investment funds; options; derivative financial instruments;

Article 1 *bis*

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

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

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

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

c) to open casinos.

Article 1 *ter*

(General legal system and the right of privacy)

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

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

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

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

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

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

Article 2

(Scope of application)

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

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

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

ii. lending;

iii. financial leasing;

iv. wire transfers;

v. issuing and managing means of payment;

vi. issuing financial guarantees and commitments;

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

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

ix. management of individual or collective portfolios;

x. safekeeping and management of currency and other securities;

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

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

xiii. currency exchange;

b) the following professionals:

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

ii. Trust and company service providers when:

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

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

c) the following subjects:

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

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

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

Article 2 *bis*

(Branches, subsidiaries and controlled institutions)

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

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

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

Article 2 *ter*

(Organization and Personnel training)

1. The subjects referred to in paragraph 2, subparagraph 1, shall adopt adequate policies, organization, measures and procedures to prevent and counter money laundering and the financing of

terrorism, on the basis of the development of new technologies and of the phenomena of money laundering and the financing of terrorism.

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

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

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

Article 2 *quater*

(Registration of legal persons)

1. Legal persons having their registered office in the State, regardless of their nature and activity, shall register, pursuant to the legal system in force, before the Governorate, where information regarding their nature, activities, organization, organs of administration, direction and control, shall be kept and updated.

2. The registry referred to in paragraph 1 shall be accessible to the competent authorities for the prevention and countering of money laundering and financing of terrorism.

CHAPTER I *bis*

Competent Authorities

Article 2 *quinquies*

(The Secretariat of State)

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

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

Article 2 *sexies*

(The Pontifical Commission for the Vatican City State)

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

Article 2 *septies*

(The Financial Intelligence Authority)

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

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

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

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

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

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

c) issues guidelines and enforceable measures regarding:

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

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

iii. wire transfers.

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

a) receive the reports of suspicious transactions;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. With the *nihil obstat* of the Secretariat of State, the Financial Intelligence Authority shall conclude Memoranda of Understanding with similar authorities of other States for the exchange of information regarding transactions suspected of money laundering or financing of terrorism.
8. By the 31th March of every year, the President of the Financial Intelligence Authority shall submit to the Secretary of State a report on the activities pursued by the Authority during the previous solar year.
A detailed account of the resources used by the Authority in the fulfillment of its own tasks and connected activities shall be attached to the report.
9. The guidelines and other enforceable measures issued by the Financial Intelligence Authority shall be published in the Supplements to the *Acta Apostolicae Sedis*.

Article 2 *octies*

(The Gendarmerie)

1. The Gendarmerie shall conduct investigations for the prevention and countering of criminal activities, including money laundering and the financing of terrorism, within the limits of the competences entrusted to it by the laws in force.
2. The Gendarmerie shall promote the ongoing professional formation of all its members, officers and agents, on money laundering and the financing of terrorism, and it shall adopt advanced investigative techniques to further its capacity to prevent and counter money laundering and the financing of terrorism.
3. With the *nihil obstat* of the Secretariat of State, the Gendarmerie may conclude Memoranda of Understanding with similar authorities from other States to prevent and counter criminal activities, money laundering, and the financing of terrorism.

CHAPTER II

Criminal provisions on money laundering

Article 3

(Money laundering and self-laundering)

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

421 *bis*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 3 *bis*

(Use of proceeds from criminal activities)

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

421 *ter*

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

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

CHAPTER III

Other forms of criminal activity

Article 4

(Associations for terrorist or subversive purposes)

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

138 *bis*

1. Whomever promotes, creates, organizes, or directs associations that intend to commit acts for a terrorist purpose or for the purpose of subversion, shall be punished with five to fifteen years of imprisonment.
2. The terrorist purpose is present even when the violent acts are directed against another State, or an international institution or organization, or when they are committed in another State.
3. Regarding the person convicted, the confiscation of the goods used or intended to be used to commit the offence, their value, proceeds, profits, and other benefits, is always mandatory, without prejudice to the *bona fide* rights of third parties.
4. Whenever it is not possible to confiscate the goods referred to in paragraph 3, the judge shall order the confiscation of currency, funds or other assets of an equivalent value among those owned or possessed, directly or indirectly, exclusively or jointly with others, by the convict, without prejudice to the *bona fide* rights of third parties.
5. The goods confiscated pursuant to paragraphs 3 and 4 are acquired by the Holy See and are destined, bearing in mind any international agreements on the sharing of confiscated proceeds, to the charitable and religious works of the Roman Pontiff to be dedicated, at least in part, to provide assistance to the victims of terrorism and their families.
6. The judge shall adopt precautionary measures, including the seizure of the currency, funds or other assets likely to be confiscated, to prevent their sale, transfer or disposition, as well as other measures that permit identifying, tracing, and freezing the currency, funds or other assets likely to be confiscated, without prejudice to the *bona fide* rights of third parties.

Article 4 *bis*

(Financing of terrorism)

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

138 *ter*

1. Whomever by any means, unlawfully and willfully, directly or indirectly, collects, provides, deposits or holds currency, funds or other assets, however obtained, with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to commit one or more acts for a terrorist purpose or to abet the commission of one or more acts for a terrorist purpose, regardless of whether those funds or assets are used to commit or to attempt to commit those acts, shall be punished with five to fifteen years of imprisonment.
2. The crime exists whether the acts are directed to finance associations or whether they are directed to finance one or more natural persons.
3. The terrorist purpose is present even when the violent acts are directed against another State, or an international institution or organization, or when they are committed in another State.
4. Regarding the person convicted, the confiscation of the goods used or intended to be used to commit the offence, their value, proceeds, profits, and other benefits, is always mandatory, without prejudice to the *bona fide* rights of third parties.
5. Whenever it is not possible to confiscate the goods referred to in paragraph 4, the judge shall order the confiscation of currency, funds or other assets of an equivalent value among those owned or possessed, directly or indirectly, exclusively or jointly with others, by the convict, without prejudice to the *bona fide* rights of third parties.
6. The goods confiscated pursuant to paragraphs 4 and 5 are acquired by the Holy See and are destined, bearing in mind any international agreements on the sharing of confiscated proceeds, to the charitable and religious works of the Roman Pontiff and, at least in part, to provide assistance to the victims of terrorism and their families.
7. The judge shall adopt precautionary measures, including the seizure of the money, goods or assets likely to be confiscated, to prevent their sale, transfer or disposition, as well as other measures that permit identifying, tracing, and freezing the money, goods or assets likely to be confiscated, without prejudice to the *bona fide* rights of third parties.

Article 5

(Recruitment for terrorist or subversive purposes)

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

138 *quater*

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

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

Article 6

(Training activities for terrorist or subversive purposes)

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

138 *quinquies*

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

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

Article 7

(Attack for terrorist purposes or subversion)

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

138 *sexies*

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

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

Article 8

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

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

138 *septies*

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

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

Article 9

(Embezzlement in prejudice of the State)

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

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

Article 10

(Aggravated fraud aimed at obtaining public funds)

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

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

Article 11

(Undue reception of Funds in prejudice of the State)

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

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

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

Article 12

(Insider dealing)

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

299 bis

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

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

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

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

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

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

Article 13

(Market manipulation)

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

299 *ter*

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

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

Article 14

(Trafficking in human beings)

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

145 *bis*

1. Whomever traffics with a person in the manner referred to in article 145, and he who, in order to commit the offense set forth in that article, induces through deception or coerces, through violence, threat, abuse of power, or abuse of a situation of physical or psychical vulnerability or need,

or through the offer or conferral of money or other benefits, a person over whom he has control, to enter, sojourn, or exit the territory of the state or to transfer within its territory, shall be punished with eight to twenty years of imprisonment.

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

Article 15

(Sale of industrial products with false labels)

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

Article 16

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

1. In article 460, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro".
2. In article 461, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro".
3. In article 462, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro".
4. In article 463, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro".
5. In article 464, paragraph 1, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro"; in paragraph 2 "with up to two years and a half of imprisonment and with a fine ranging from 100 to 3.000 euro", and in paragraph 3, "with up to three years of imprisonment and with a fine ranging from 100 to 3.000 euro".
6. In article 466, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro".
7. In article 467, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro" and "in the most serious cases, with up to two years and a half of imprisonment and with a fine ranging from 1000 to 3.000 euro.
8. In article 468, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro".
9. In article 469, the penalty is amended as follows: "with up to two years of imprisonment and with a fine ranging from 500 to 2.000 euro".

Article 17

(Smuggling)

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

459 *bis*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article 18

(Environmental crimes)

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

472 *bis*

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

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

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

Article 19

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

In book III of the Criminal Code: "Wrongdoings in particular", Title II "Wrongdoings against public safety," after Chapter II "On the collapse and lack of repair of buildings" is added the

following Chapter II bis *"On environmental protection", where the following article 472* ter *is inserted:*

472 ter

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

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

Article 20

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

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

326 *bis*.

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

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

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

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

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

Article 21

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

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

326 *ter*

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

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

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

3. In case of armed association, the penalty set forth in paragraph 1 shall be of no less than twenty-four years of imprisonment. An association shall be deemed armed if the participants have access to explosives or other lethal weapons or devices, even if concealed or stored.
4. The penalties set forth in this article shall be reduced by one-half to two-thirds for whomever has operated effectively to obtain evidence of the crime or to deprive association of resources necessary to the commission of the crimes.

Article 22

(Aggravating circumstances and confiscation)

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

326 *quater*

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

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

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

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

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

2. If the crime involves large quantities of narcotic drugs or psychotropic substances, the penalties shall be increased from one-half to two-thirds.
3. The judicial authorities shall order the confiscation and destruction of the narcotic drugs or psychotropic substances.

Article 23

(Abusive medical prescriptions)

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

326 *quinquies*

1. The penalties set forth in article 326 *bis* shall also apply to the surgeon who writes prescriptions for narcotic drugs and psychotropic substances when they are not be used for therapeutic purposes.
2. The penalties set forth in article 326 *bis* do not apply to pharmacies insofar as the purchase of narcotic drugs and psychotropic substances, and to their acquisition, sale and delivery, in the form and dosage of medicines, on the basis of medical prescriptions.

Article 23 bis

(Piracy)

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

311 *bis*.

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

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

CHAPTER IV

Measure to prevent and counter the financing of terrorism

Article 24

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

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

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

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

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

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

3. The Secretariat of State shall:

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

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

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

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

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

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

Article 25

(Effects of the freezing of funds and assets)

1. The frozen funds may not be transferred, disposed of, or used in any way.
2. The frozen assets may not be transferred, disposed of, or used in any way to obtain, through any means, goods and services.
3. Any legal act performed in violation of the prohibitions set forth in paragraphs 1 and 2 shall be null and void.
4. It shall be forbidden to provide, directly or indirectly, funds or other assets to the designated persons, or devote those funds and assets to their benefit.
5. The intentional cooperation in activities aimed at circumventing, or directly or indirectly, the freezing measures, shall be forbidden.
6. The freezing of funds shall be without prejudice to effects of any eventual seizure or confiscation orders adopted, regarding the same funds or other assets, in the course of a judicial or administrative procedure.
7. Unless there is gross negligence, the good faith freezing of funds and other assets as well as the failure or refusal to render financial services pursuant to this law shall not entail any responsibility for the acting natural or legal person who implements them nor for its legal representatives, administrators, directors, employees, consultants, and collaborators on any grounds.

Article 26

(Reporting requirements)

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

a) the measures applied pursuant to this Chapter, indicating the subjects concerned as well as the amount and the nature of the frozen funds or other assets;
b) any available information regarding the relationship, services and transactions, as well as any other intelligence available, related to the designated persons or to those persons who, on the basis of the indications that may have been received, are in the process of being designated.

Article 27

(Custody, administration and management of the frozen assets)

1. The Administration of the Patrimony of the Apostolic See provides, either directly or through the appointment of a custodian or administrator, for the custody, administration and management of the frozen funds and other assets.
APSA may perform, either directly or through a custodian or administrator, all acts of ordinary administration. For acts of extraordinary administration, the *nihil obstat* of the Prefecture for the Economic Affairs of the Holy See shall be required.
2. Whenever, in the course of a judicial or administrative proceeding, the seizure or confiscation of the funds and other assets referred to in paragraph 1 of this article is ordered, the authority that has ordered their seizure or confiscation shall provide for its administration.
3. The custodian or administrator shall operate under the direct control of the Administration of the Patrimony of the Apostolic See.
The custodian or administrator shall conduct their activity in conformity with the directives of the Administration of the Patrimony of the Apostolic See, and shall present periodic reports and a final accounting at the conclusion of their activity.
4. The expenses of custody or administration, including compensation of the custodian or administrator, shall be deducted from the funds or other assets in custody or administration, or from any funds or other assets produced by them.

5. The Administration of the Patrimony of the Apostolic See shall present periodic reports to the Secretariat of State on the situation of those funds and other assets as well as on the acts of administration executed.
6. When a person is delisted, or when the freeze is annulled by the Tribunal, the Secretariat of State shall request the Gendarmerie to notify all those entitled pursuant to articles 170 and following of the Criminal Procedure Code.
That notification shall invite all those entitled to take possession, within six months of its date, of the funds and other assets in question and it shall inform them of the acts of administration conducted pursuant to paragraph 8.
7. Regarding real property or registered mobile goods, a similar notification shall be made to the public authorities with the view to strike out the freeze from the public registries.
8. After the freeze has ceased, and before the funds or other assets have been transferred to the entitled person, the Administration of the Patrimony of the Apostolic See shall provide for their custody and administration as set forth in paragraphs 1, 2, 3, 4, and 5.
9. If the person entitled to, does not request the funds or other assets within six months after the notification foreseen in paragraph 6, those funds and assets shall be acquired by the Holy See and shall be destined, bearing in mind any international agreements on the sharing of confiscated proceeds, to the charitable and religious works of the Roman Pontiff to be dedicated, at least in part, to provide assistance to the victims of terrorism and their families.
10. The order enjoining the acquisition shall be communicated to the person entitled to those funds or assets and shall be communicated to the competent authorities as set forth in paragraph 7.

CHAPTER V

Customer due diligence requirements

Article 28

(Scope of application)

1. The subjects referred to in article 2, paragraph 1, subparagraphs a) and c), shall fulfill customer due diligence requirements:
   a) when they establish a relationship;
   b) when they carry out occasional transactions equal to or in excess of 15.000 euro, regardless of whether it is conducted in a single transaction or in various transactions connected one to the other;
   c) when they transfer funds for an amount equivalent to or in excess of 1.000 euro;
   d) when money laundering or the financing of terrorism are suspected, regardless of any derogations, exemptions, or applicable thresholds;
   e) when there are doubts about the veracity or adequacy of the previously obtained counterpart's customer identification data;
2. The subjects referred to in article 2, paragraph 1, subparagraph b), shall undertake customer due diligence measures:
   a) when the professional services have, as their object, means of payment, funds or other assets equal to or in excess of 15.000 euro;
   b) when they provide occasional professional services involving the transfer or movement of means of payment equal to or in excess of 15.000 euro, regardless of whether it is conducted in a single transaction or in various transactions connected one to the other;
   c) every time that the transaction is of an indeterminate or of an indeterminable value. For the purposes of customer due diligence requirements, the constitution, management or administration of a corporation or other legal persons shall always be deemed to involve a transaction of an indeterminate value;

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

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

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

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

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

Article 28 *bis*

(Risk based approach)

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

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

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

Article 28 *ter*

(Duties of the counterpart)

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

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

Article 29

(Content of customer due diligence requirements)

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

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

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

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

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

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

Article 29 *bis*

(Beneficial owner)

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

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

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

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

Article 29 *ter*

(Delegates)

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

Article 30

(Simplified requirements and exemptions)

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

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

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

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

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

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

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

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

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

d) beneficial owners of pooled accounts managed by foreign notaries or professionals that conduct similar activities in another State, provided that they are subject to requirements regarding the prevention and countering of money laundering and the financing of terrorism equivalent to those set forth in this law;

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

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

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

Article 31

(Enhanced requirements)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

e) ascertain that the correspondent institution has verified the identity of any counterpart having direct access to payable-through accounts performed ongoing customer due diligence, and that it is able to provide, upon request, the relevant data obtained while fulfilling those same requirements.

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

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

b) before establishing a relationship, providing a service, or conducting a transaction, obtain the approval of the responsible superior or director or from his delegate. If the counterpart subsequently acquires the status of a politically exposed person, such an approval shall be required in order to maintain the relationship;

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

d) conduct an enhanced and ongoing monitoring.

CHAPTER VI

Records and record-keeping requirements

Article 32

(Records and record-keeping requirements)

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

Article 33

(Subject matter of the requirements)

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

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

kind of relationship, service or transaction, and the means of payment used. Regarding relationships, the subjects referred to in article 2, paragraph 1, shall record also the purpose.

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

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

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

6. The subjects referred to in article 2, paragraph 1, shall adopt record-keeping mechanisms that ensure that data and information gathered while observing customer due diligence requirements are kept updated, particularly regarding those categories of counterparts and those typologies of relationships, services and transactions that involve high level risks.

CHAPTER VII

Reporting duties

Article 34

(Reporting of suspicious operations)

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

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

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

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

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

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

Article 35

(Duty to refrain)

1. The subjects referred to in article 2, paragraph 1, shall not provide services or conduct transactions when they know, suspect, or have reasonable grounds to suspect that the currency, funds or other assets are the proceeds of criminal activities, or when money laundering or the financing of terrorism is being or has been committed, or has been attempted.
2. When it is not possible to avoid conducting the transaction or when doing so would disrupt investigation by the Judicial Authority, the entities bound to report the suspicious transaction shall do so without delay after having provided the service or executed the transaction.

Article 36

(Prohibition of disclosure)

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

Article 36 *bis*

(Analysis and referral of the suspicious transactions reports)

1. Regarding the suspicious transactions reports, the Financial Intelligence Authority:
   a) makes the financial analyses;
   b) requests additional information from the reporting parties;
   c) archives the suspicious transactions reports that it deems to be unfounded, while maintaining the evidence for ten years using systems that guarantee the security of the information and that permit the Judicial Authorities to investigate in case criminal proceedings are initiated;
   d) transmits to the Promoter of Justice that information that it deems sufficiently grounded and which may constitute incidents of money laundering or financing of terrorism. The evidence regarding those reports that have been referred to the Promoter of Justice shall be maintained for ten years using systems that guarantee the security of the information and that permit further inquiries as well as investigation and activity by Judicial Authorities in case of a criminal proceeding;
   e) communicates to the reporting party the fact that the report has been archived.
2. The Promoter of Justice informs the Financial Intelligence Authority of the suspicious transactions reports that have been archived.
3. The [suspect] transactions reports and the subsequent communications shall be subject to the various prohibitions regarding disclosure set forth in article 36.

Article 37

(Safeguarding confidentiality)

1. The subjects bound to report suspicious transactions shall adopt adequate measures to ensure the highest level of confidentiality regarding the identity of the persons who effectuate the report. The records and documents that reveal their identity of said persons shall be safeguarded under the direct responsibility of the legal representative or of his delegate.
2. The transmission of suspicious transactions reports, as well as any possible requests for and exchanges of information between the Financial Intelligence Authority and the Judicial Authority,

shall be conducted by manner and means proper to safeguard the security and integrity of the information and its use within the limits set forth by this law and the legal order in force.

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

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

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

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

Article 37 *bis*

(Financial secrecy)

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

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

CHAPTER VIII

Wire Transfers

Article 38

(Wire Transfers)

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

a) name and surname;
b) date and place of birth;
c) address;
d) account number;

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

CHAPTER IX

Currency

Article 39

(Declaration of physical cross-border transportation of currency)

1. Every person entering or exiting the State carrying an amount of currency equal or exceeding the pre-set maximum threshold established by the Pontifical Commission for the Vatican City State, on the basis, *inter alia*, of the European norms in force on this matter, shall make a written declaration to the Financial Intelligence Authority.
2. The declaration referred to in paragraph 1 shall contain:
    a) the identifying data of the declarant, of the proprietor and of the recipient of such currency;
    b) the amount of currency and its origin;
    c) the itinerary followed and its intended use;
3. The information contained in the declarations referred to in paragraph 2 shall be recorded and preserved for five years by the Financial Intelligence Authority.
4. The Gendarmerie Corps shall make inquiries and inspections to ensure the compliance of the requirements set forth in paragraph 1, within its own competences and the limits established by the laws in force.

Article 39 *bis*

(Use of Currency)

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

CHAPTER X

Official Secrecy and exchange of information

Article 40

(Exchange of Information)

1. All information held by the competent authorities shall be subject to official secrecy, without prejudice to the activities of the Judicial Authorities in case of criminal proceedings.
2. The competent authorities shall cooperate actively and exchange relevant information for the prevention and countering of money laundering and the financing of terrorism.
3. All data, information and documents held by the competent authorities shall be preserved using systems that ensure their security and integrity.
4. The preceding provisions shall be applied without prejudice to the norms in force regarding Pontifical Secret and State Secret.

Article 41

(International exchange of information)

1. The Financial Intelligence Authority exchanges information regarding suspicious transactions in matters of money laundering and the financing of terrorism with similar authorities of other States, on the condition of reciprocity and on the basis of Memoranda of Understanding.
2. Official secrecy and any eventual restrictions on the communications shall not inhibit the international exchange of information.
3. Any information received or provided shall be used exclusively for the prevention and countering of money laundering and the financing of terrorism.

CHAPTER XI

Administrative sanctions

Article 42

(Pecuniary administrative sanctions)

1. In case of violation of the obligations set forth in articles 1 *bis*; 2 *ter*; 25 paragraphs 1, 2, 4, and 5; 26; 27; 28; 28 *bis*; 28 *ter*; 29; 29 *bis*; 29 *ter*; 30; 31; 32; 33; 34; 35; 36; 37, paragraph 1; 37 *bis*; 38; and 39; or of the related duties established by the regulations and other enforceable measures adopted pursuant to this law, the Financial Intelligence Authority shall impose a pecuniary administrative sanction ranging from 10.000 to 250.000 euro, for the natural persons, and from 10.000 to 1.000.000 euro for the legal persons.
2. The sanctions shall be determined pursuant to the criteria set forth in Law n. CCXVII of 14 December 1994.
3. The import of the sanction shall be acquired by the Holy See and it is destined to the charitable and religious works of the Roman Pontiff.
4. The person sanctioned may object to the decision of the Financial Intelligence Authority resorting to a Single Judge. If it is a legal person, the entity sanctioned may resort against the natural person responsible for the violation.
5. The preceding provisions shall be applied without prejudice to the disciplinary procedures related to an employment relationship.

Article 42 *bis*

(Administrative liability of legal persons)

1. In case of a conviction for one of the crimes set forth in articles 412 *bis* and 138 *ter* of the Criminal Code, the judicial authority shall impose a pecuniary administrative sanction ranging from 20.000 to 2.000.000 euro to the legal person involved if:
    a) the person convicted exercised its legal representation, administration, direction, or a similar role;
    b) the person convicted was under the direct responsibility, supervision or control of one on the persons referred to in paragraph a).
    c) the crime was committed in favor of the legal person.
2. The legal person shall not be deemed responsible if:
    a) he who exercises its legal representation, administration, direction, or a similar role, not having been convicted, has adopted and implemented adequate policies, organization, measures and procedures to prevent the crimes set forth in articles 421 *bis* and 138 *ter* of the Criminal Code.
    b) the task of internal monitoring and control has been entrusted to an outside organism or entity, different from legal person in question.
    c) the crime has been committed evading wrongfully the legal person’s internal monitoring and control mechanism.
3. In addition to the pecuniary administrative sanction, a temporary interdict to exercise its activities shall be imposed if at least one of the following conditions occurs:
    a) the legal person has obtained a notable gain from the commission of the crime;
    b) the commission of the crime has been determined or abetted by serious deficiencies in the legal person’s organization;

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

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

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

ANNEX

Article 1

(Beneficial owner)

"Beneficial owner" means:

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

2. Regarding corporations:

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

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

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

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

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

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

Article 2

(Politically exposed persons)

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

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

b) the Members of Parliament;

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

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

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

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

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

2. "Immediate family members" means:

a) the spouse;

b) the children and their spouses;

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

d) the parents.

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

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

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

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

Article 3

(Technical criteria regarding the simplified customer due diligence verification requirements)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

c) Companies listed on a regulated stock exchange.

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

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

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

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

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

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

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

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

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

ANNEX VI STATUTE OF THE FINANCIAL INTELLIGENCE AUTHORITY (FIA)

CHAPTER I

Article 1

Institution, goals and seat

1. Through a *Motu Proprio* by the Supreme Pontiff Benedict XVI, on December 30, 2010, the Financial Intelligence Authority (FIA) was established, with tasks on the matter of prevention and countering of the laundering of proceeds resulting from criminal activities and financing of terrorism.
2. The Financial Intelligence Authority is an institution connected to the Holy See in accordance with Articles 186 and 190-191 of the Apostolic Constitution *Pastor Bonus*.
3. The Authority is endowed with the canonical public legal personality and Vatican civil legal personality.
4. Its legal seat is in the Vatican City State.

Article 2

Functions

1. The Financial Intelligence Authority exercises the functions, tasks and activities indicated in the Act of the Vatican City State, concerning the prevention and countering of the laundering of proceeds resulting from criminal activities and financing of terrorism, of the December 30, 2010, n. CXXVII.
2. The Financial Intelligence Authority, according to the principles of the international law concerning the fight against money laundering and financing of terrorism, exercises the functions, tasks and activities mentioned in the preceding paragraph as well as in this Statute, in full autonomy and independence.
3. The Authority performs its activity with respect to the subjects referred to in Article 2 of the Act of the Vatican City State, concerning the prevention and countering of the laundering of proceeds resulting from criminal activities and financing of terrorism of December 30, 2010, n. CXXVII, operating on the territory of the Vatican City State, as well as of the Dicasteries of the Roman Curia and of all the Bodies and entities depending on the Holy See.

CHAPTER II

Article 3

Organs and personnel of the Authority

1. The Organs of the Financial Intelligence Authority are:
   a) the President;
   b) the Board of directors.
2. The Director and the personnel are part of the Authority.

Article 4

President

1. The Chairman is appointed by the Supreme Pontiff; he is appointed for a period of five years, and may be confirmed.
2. The President supervises the activity of the Authority by fostering its orderly and effective performance.

3. He chairs the Board of Directors' meetings. In case of absence or impossibility, he can be represented by a specially appointed Member of the Board of Directors. The signature of the substitute gives proof of the absence or the impossibility of the President towards third parties.

4. The President is charged with the legal representation of the Authority and has the power to sign. The President or his substitute may delegate, temporarily or for certain acts or actions, the right to represent the Authority towards third parties or before a Court.

Article 5

Board of Directors

1. The Board of Directors is chaired by the President of the Authority and is composed by other four Members appointed by the Supreme Pontiff among persons of proven reliability, competence and professional skills.

2. The Board of Directors, entrusted with the powers of ordinary and extraordinary administration, is responsible for the organisation and functioning of the Authority, whose activities it plans, manages and supervises. Within this framework, for instance: a) it formulates – in line with the institutional goals – the basic strategies and relevant programmes for the Authority's activities and supervises their implementation; b) issues organisational rules having also an external relevancy; c) participates, also through its representatives, in international organisations engaged in the prevention of money laundering and financing of international terrorism and in study and research activities organised by them; d) supervise the Authority's personnel, fostering its specific training; e) empowers the Director or other subjects endowed with assignments related to the Authority through special instructions containing guiding principles and directives, to perform certain types of acts of a frequent nature.

3. The Board of Directors can assign, to single Members, powers to perform certain acts or supervise certain activities or areas of activity, procedural and informative modalities towards the Board.

4. The Board of Directors is convened by the President, normally every term and extraordinarily every time this is necessary. The President decides the agenda of the meeting, co-ordinates the activity and provides for adequate information to all the participants on the items of the agenda.

5. The convocation notice, containing the agenda, must be delivered to the single participants at least five days before the date fixed for the meeting by means that assure its timely reception; in urgent cases the convocation is made by a note to be transmitted by fax, electronic mail or any other immediate means at least one day before the meeting.

6. The meetings of the Board may also be held by videoconference, and resolutions are adopted on the basis of an absolute majority of the votes of present members and unanimously when three members are present; in case of a tie vote, the chairing person's vote is the casting vote. For the Board's meetings to be valid, the presence of at least three members is required.

7. For the meetings and resolutions of the Board a minute has to be drafted and registered in the special book, signed by the President and the Secretary. The book and its docket, certified true by the President and the Secretary, give proof of the Board's meetings and resolutions.

Article 6

Director and personnel of the Authority

1. The Director, who must be adequately qualified and have proven competence and professional skills in legal-financial matters and computer science, acquired in the institutional matters of the Authority, is appointed by the President with the *nihil obstat* issued by the Secretary of State.

2. The Director:

   a) is responsible for the operational activity of the Authority;

b) co-ordinates the activities of the personnel, in view of the implementation of the Authority's programmes and tasks;

c) submits to the Board of Directors any act lying outside his competences;

d) is normally invited to participate in the meetings of the Board of Directors;

e) deals with the Authority's management.

3. The Authority's personnel, that must have an adequate professional experience in the institutional matters of the former, is hired by the President of the Authority with the *nihil obstat* issued by the Secretary of State.

Article 7

Secrecy

1. The subjects mentioned in the Articles of this Chapter are obliged to keep the highest secrecy about anything concerning the Authority and its relationships with third parties.

2. The secrecy is not a restriction for the implementation of duties in matters of international co-operation and towards Judicial Authorities, both inquiring and adjudicatory, when the information requested is necessary for inquiries or proceedings concerning offences subject to criminal sanctions.

CHAPTER III

Article 8

Resources, accountancy and budgeting

1. The Financial Intelligence Authority is assigned funds and resources of a sufficient amount to meet the requirements for an effective pursuit of its institutional goals.

2. The Board of Directors must approve the balance sheet relevant to the preceding year by March 31, of every year.

3. The period of activity is closed as per December 31, of every year.

4. The President forwards the annual balance sheet, after its approval, to the Secretary of State.

CHAPTER IV

Article 9

Report of activities

The Financial Intelligence Authority forwards to the Secretary of State a report on its activity within according to the law in force.

CHAPTER V

Article 10

Approval and publication

1. These Statute is approved and shall be published in the Acta Apostolicae Sedis.

2. For anything not provided for in this Statute the Vatican's canonical and civil provisions shall be applied.

ANNEX VII LATERAN TREATY

TREATY BETWEEN THE HOLY SEE AND ITALY

IN THE NAME OF THE MOST HOLY TRINITY

Whereas:

The Holy See and Italy have recognized the desirability of eliminating every existing reason for dissension between them by arriving at a definitive settlement of their reciprocal relations, one which is consistent with justice and with the dignity of the two Parties and which, by assuring to the Holy See in a permanent manner a position in fact and in law which guarantees it absolute independence for the fulfilment of its exalted mission in the world, permits the Holy See to consider as finally and irrevocably settled the “Roman Question”, which arose in 1870 by the annexation of Rome to the Kingdom of Italy under the Dynasty of the House of Savoy;

Since, in order to assure the absolute and visible independence of the Holy See, it is required that it be guaranteed an indisputable sovereignty even in the international realm, it has been found necessary to create under special conditions Vatican City, recognizing the full ownership and the exclusive and absolute power and sovereign jurisdiction of the Holy See over the same;

His Holiness the Supreme Pontiff Pius XI and His Majesty Victor Emanuel III King of Italy have agreed to conclude a Treaty, appointing for that purpose two Plenipotentiaries, namely, on behalf of His Holiness, His Eminence Cardinal Pietro Gasparri, his Secretary of State, and on behalf of His Majesty, His Excellency Sir Benito Mussolini, Prime Minister and Head of Government; which persons, having exchanged their respective full powers, which were found to be in due and proper form, have agreed upon the following articles:

Art. 1

Italy recognizes and reaffirms the principle established in the first Article of the Statute of the Kingdom of 4 March 1848, according to which the Catholic, Apostolic and Roman Religion is the only religion of the State.

Art. 2

Italy recognizes the sovereignty of the Holy See in the international realm as an attribute inherent in its nature in conformity with its tradition and with the requirements of its mission to the world.

Art. 3

Italy recognizes the full ownership and the exclusive and absolute power and jurisdiction of the Holy See over the Vatican as it is presently constituted, together with all its appurtenances and endowments, creating in this manner Vatican City for the special purposes and under the conditions given in this Treaty.

The boundaries of the said City are set forth in the map which constitutes Attachment I of the present Treaty, of which it is forms an integral part.

It remains understood that St. Peter's Square, although forming part of Vatican City, will continue to be normally open to the public and to be subject to the police power of the Italian authorities, who will stop at the foot of the steps leading to the Basilica, although the latter will continue to be used for public worship, and they will, therefore, abstain from mounting the steps and entering the said Basilica, unless they are asked to intervene by the competent authority.

Whenever the Holy See consider it necessary, for the purpose of particular functions, to close St. Peter's Square temporarily to the free passage of the public, the Italian authorities will withdraw beyond the outer lines of Bernini's Colonnade and their extension, unless they have been asked to remain by the competent authority.

Art. 4

The sovereignty and exclusive jurisdiction over Vatican City which Italy recognizes as pertaining to the Holy See means that within the same City there cannot be any interference on the part of the Italian Government and that there is no other authority there than that of the Holy See.

Art. 5

In order to put the provisions of the preceding Article into effect, before the present Treaty comes into force the Italian Government will see to it that the territory forming Vatican City is freed from every lien and from possible occupants. The Holy See will arrange to close the means of access to the City, enclosing the open parts, except St. Peter's Square.

It is furthermore agreed that, in respect of the buildings existing there and belonging to religious institutes or entities, the Holy See will make provisions directly to regulate its relations with them, with the Italian State abstaining from any involvement.

Art. 6

Italy will see to it, by means of agreements made with the entities concerned, that an adequate supply of the water in its possession is fully assured to Vatican City.

Italy will furthermore provide for connection with the State railways by constructing a railway station within Vatican City, in the location indicated on the attached map (Attachment I), and by permitting the movement of railway vehicles belonging to the Vatican on the Italian railways.

It will further provide for the connection, even directly with other States, of the telegraph, telephone, radiotelegraph, radiotelephone, broadcasting, and postal services in Vatican City.

Finally, it will also provide for the coordination of other public services.

All the provisions just mentioned will be made at the expense of the Italian State and within the period of one year from the entry into force of the present Treaty.

The Holy See, at its own expense, will see to the arrangement of the existing means of access to the Vatican, and those others which it may consider necessary to open in the future.

Agreements will be subsequently concluded between the Holy See and Italy concerning the circulation, on and over Italian territory, of land vehicles and aircraft belonging to Vatican City.

Art. 7

The Italian Government undertakes not to permit the construction within the territory surrounding Vatican City of any new buildings which have a view into the Vatican, and for the same purpose undertakes to provide for the partial demolition of such buildings already standing, from the Porta Cavalleggeri and along the Via Aurelia and the Viale Vaticano.

In accordance with the provisions of International Law, it is forbidden for aircraft of any kind whatsoever to fly over the territory of the Vatican.

In Piazza Rusticucci and in the areas adjoining the Colonnade, wherever the extra-territoriality referred to in Art. 15 does not extend, any alterations of buildings or streets that could affect Vatican City will be effected by mutual agreement.

Art. 8

Italy, considering the person of the Supreme Pontiff to be sacred and inviolable, declares that any attempt against his person or any incitement to commit such an attempt is punishable by the same penalties as all similar attempts and incitements to commit the same against the person of the King.

Offences and public insults committed within Italian territory against the person of the Supreme Pontiff, whether by means of speech, deeds or writing, are punished in the same manner as offences and insults against the person of the King.

Art. 9

In accordance with the provisions of International Law, all persons having permanent residence within Vatican City are subject to the sovereignty of the Holy See. Such residence is not lost by reason of the mere fact of temporary residence elsewhere, unless accompanied by the loss of a dwelling place in the City itself or by other circumstances proving that such residence has been abandoned.

On ceasing to be subject to the sovereignty of the Holy See, the persons referred to in the preceding paragraph who, according to the provisions of Italian law, independently of the factual circumstances considered above, are not to be considered as possessing another citizenship, will be regarded in Italy as certainly being Italian citizens.

While such persons are subject to the sovereignty of the Holy See, the provisions of Italian legislation will be applicable to them within the territory of the Kingdom of Italy, even in those matters wherein personal law must be observed (when such matters are not regulated by rules issued by the Holy See) and, in the case of persons considered to possess another citizenship, the legislative provisions of the State to which they belong.

Art. 10

The dignitaries of the Church and the persons belonging to the Papal Court, who will be indicated in a list to be agreed upon by the Contracting Parties, will always and in every case, even when not citizens of the Vatican, be exempt, as far as Italy is concerned, from military service, jury duty, and any other obligation of a personal nature.

This provision also applies to regular officials whose services are declared to be indispensable by the Holy See, who are permanently employed with fixed salary by the offices of the Holy See as well as the Dicasteries and Offices to be indicated in Articles 13, 14, 15, and 16, existing outside of Vatican City. The names of such officials will be set forth in another list to be agreed upon as above mentioned, and which will be brought up to date each year by the Holy See.

Ecclesiastics who, for reasons of office, participate outside Vatican City in the issuance of enactments of the Holy See are not subject, on that account, to any hindrance, investigation, or disturbance on the part of the Italian authorities.

Every foreign person holding an ecclesiastical office in Rome enjoys the personal guarantees belonging to Italian citizens in virtue of the laws of the Kingdom.

Art. 11

The central entities of the Catholic Church are exempt from any interference on the part of the Italian State (except as provided by Italian law in regard to acquisitions made by corporate persons) and from conversion with regard to real estate.

Art. 12

Italy recognizes the right of the Holy See to active and passive Legation, according to the general rules of International Law.

Envoys of foreign Governments to the Holy See continue to enjoy, within the Kingdom, all the prerogatives and immunities enjoyed by diplomatic agents under International Law, and their headquarters may continue to remain within Italian territory enjoying the immunities due them under International Law, even if their States do not have diplomatic relations with Italy.

It is understood that Italy commits itself to leave free always and in every case the correspondence from all States, including belligerents, to the Holy See and vice versa, as well as to allow free access to the Apostolic See by Bishops from all over the world.

The Contracting Parties commit themselves to establish normal diplomatic relations between them, by means the accreditation of an Italian Ambassador to the Holy See and of a Papal Nuncio to Italy, who will be the Dean of the Diplomatic Corps, in accordance with the customary right recognized by the Congress of Vienna by the Act of 9 June 1815.

In consequence of the sovereignty hereby recognized and without prejudice to the provisions established by Article 19 hereafter, the diplomats of the Holy See and the diplomatic couriers dispatched in the name of the Supreme Pontiff enjoy within Italian territory, even in time of war, the same treatment as that enjoyed by diplomatic personages and official couriers of other foreign Governments, according to the provisions of International Law.

Art. 13

Italy recognizes the full ownership of the Holy See over the patriarchal Basilicas of St. John Lateran, Saint Mary Major and St. Paul, with their annexed buildings (Attachment II, 1, 2 and 3).

The State transfers to the Holy See the free management and administration of said Basilica of St. Paul and its attached Monastery, also paying over to the Holy See the sum of capital corresponding to the sums set aside annually for that Basilica in the budget of the Ministry of Education.

It is likewise understood that the Holy See is the free owner of its dependent building of San Callisto, adjoining Santa Maria in Trastevere (Attachment II, 9).

Art. 14

Italy recognizes the full ownership by the Holy See of the Papal Palace of Castel Gandolfo, together with all endowments, appurtenances, and dependencies thereof (Attachment II, 4), which are now already in the possession of the Holy See, and Italy also obliges itself to hand over to the Holy See, within six months after the coming into force of the present Treaty, Villa Barberini in Castel Gandolfo, together with all endowments, appurtenances, and dependencies thereof (Attachment II, 5).

In order to consolidate the ownership of the real estate situated on the northern side of the Janiculum Hill belonging to the Sacred Congregation of Propaganda Fide and other ecclesiastical institutions, and facing the Vatican Palaces, the State commits itself to transfer to the Holy See or other bodies indicated by it, all real estate belonging to the State or to third parties existing in said area. The properties belonging to said Congregation and other institutions and those to be transferred are marked on the attached map (Attachment II, 12).

Finally, Italy transfers to the Holy See, in full and free ownership, the former conventual buildings in Rome attached to the Basilica of the Twelve Holy Apostles and to the churches of San Andrea della Valle and San Carlo ai Catinari, with all annexes and dependencies thereof (Attachment III, 3, 4 and 5), and will hand them over, free of all occupants, within one year after the entry into force of the present Treaty.

Art. 15

The properties indicated in Article 13 hereof and the first and second paragraphs of Article 14, as well as the Palaces of the Dataria, of the Cancelleria, and of Propaganda Fide in Piazza di Spagna, the Palace of the Holy Office with its annexes, that of the Convertendi (now the Congregation for the Eastern Church) in Piazza Scossacavalli, the Palace of the Vicariate, and the other edifices in which the Holy See will in the future desire to locate others of its Dicasteries, even if such edifices form part of the territory of the Italian State, will enjoy the immunities granted by International Law to the headquarters of the diplomatic agents of foreign States.

The same immunities apply also with regard to other churches (even if situated outside Rome) during such time in which, without such churches being open to the public, religious ceremonies are celebrated in them with the participation of the Supreme Pontiff.

Art. 16

The buildings mentioned in the three preceding Articles, as well as those used as headquarters of the following Pontifical institutions: the Gregorian University, the Biblical, Oriental, and Archaeological Institutes, the Russian Seminary, the Lombard College, the two Palaces of St. Apollinaris, and the Clergy Retreat House of Sts. John and Paul (Attachment III, 1, 1*bis*, 2, 6, 7, 8), will never be subject to liens or to expropriation for reasons of public utility, save by previous agreement with the Holy See, and will be exempt from taxes, whether ordinary or extraordinary, whether payable to the State or to any other body whatsoever.

It is possible for the Holy See to give all the buildings above mentioned or referred to in the three preceding Articles the arrangement it deems fit, without need of the authorization or consent of the Italian governmental, provincial, or communal authorities, which authorities can in this regard rely safely on the noble artistic traditions which the Catholic Church possesses.

Art. 17

As from 1 January 1929, compensation of whatsoever nature payable by the Holy See, by other central bodies of the Catholic Church and by bodies administered directly by the Holy See even outside of Rome, to dignitaries, employees and paid workers, even temporary ones, will be exempt within Italian territory from any tax whether payable to the State or to any other body.

Art. 18

The treasures of art and science existing within Vatican City and the Lateran Palace will remain open to scholars and visitors, reserving to the Holy See full liberty to regulate the access of the public.

Art. 19

Diplomats and envoys of the Holy See, diplomats and envoys of foreign Governments accredited to the Holy See, and dignitaries of the Church arriving from abroad and travelling to Vatican City, holding passports of their States of origin, furnished with the visa of the Papal representative abroad, will be able to have access to Vatican City through Italian territory without any other formality. The same applies for the above-mentioned persons who, holding a regular pontifical passport, will travel to Vatican City from abroad.

Art. 20

Goods arriving from abroad and destined for Vatican City or destined for institutions or offices of the Holy See outside its boundaries, will always be admitted from any point of the Italian frontier and in any seaport of the Kingdom for transit through Italian territory, with full exemption from customs fees and duty.

Art. 21

All Cardinals enjoy in Italy the honours due to Princes of the Blood. Those Cardinals who reside in Rome outside Vatican City are, for all effects, citizens thereof.

During the vacancy of the Holy See, Italy shall make special arrangements to see that nothing impedes the free transit and access of Cardinals through Italian territory to the Vatican, and shall provide that no impediment or limitation is placed on their personal liberty.

Italy shall also see that within its territory surrounding Vatican City no acts are committed which could possibly disturb the meetings of the Conclave.

The same provisions also apply for Conclaves held outside of Vatican City and for Councils presided over by the Supreme Pontiff or his Legates, also with regard to all Bishops summoned to attend them.

Art. 22

At the request of the Holy See, or by its delegation which may be given in individuals cases or permanently, Italy will provide within its territory for the punishment of crimes committed within Vatican City, except when the author of the crime will have taken refuge in Italian territory, in which event he will be certainly prosecuted according to the provisions of Italian laws.

The Holy See will hand over to the Italian State persons who may have taken refuge within Vatican City and who have been accused of acts, committed within Italian territory, which are considered to be criminal by the laws of both States.

The same provisions will apply in regard to persons accused of crimes who may have taken refuge within the buildings declared to be immune in Art. 15 hereof, unless the persons in charge of such buildings prefer to invite the Italian police agents to enter them in order to arrest such persons.

Art. 23

The regulations of International Law will apply for the execution, within the Kingdom, of sentences pronounced by the Courts of Vatican City.

On the other hand, all sentences and measures emanating from ecclesiastical authorities and officially communicated to the civil authorities, concerning ecclesiastical or religious persons and concerning spiritual or disciplinary matters, will without exception have full legal force in Italy, also with all civil effects.

Art. 24

In regard to the sovereignty appertaining to it also in the international realm, the Holy See declares that it desires to remain and will remain outside of any temporal rivalries between other States and the international congresses called to settle such matters, unless the contending parties make a mutual appeal to its mission of peace; it reserves to itself in any case the right to exercise its moral and spiritual power.

Consequently, Vatican City will always and in every case be considered neutral and inviolable territory.

Art. 25

By a special Convention written below and joined to the present Treaty, which constitutes Attachment IV to the same and forms an integral part thereof, provision is made for the liquidation of the credits of the Holy See with respect to Italy.

Art. 26

The Holy See holds that with the agreements signed today it is guaranteed sufficiently what it requires in order to provide with due liberty and independence for the pastoral governance of the Diocese of Rome and of the Catholic Church in Italy and in the world; it declares that the “Roman Question” has been definitely and irrevocably settled and therefore eliminated and it recognizes the Kingdom of Italy under the Dynasty of the House of Savoy with Rome as the capital of the Italian State.

Italy, on its part, recognizes Vatican City State under the sovereignty of the Supreme Pontiff.

The law of May 13, 1871, no. 214 is hereby abrogated together with any other disposition contrary to the present Treaty

Art. 27

Within four months after the signature thereof, the present Treaty will be submitted to the Supreme Pontiff and the King of Italy for ratification, and will enter into force from the very act of the exchange of ratifications.

Given in Rome this eleventh day of February, One Thousand Nine Hundred and

Twenty-Nine.

(L.+ S.) PIETRO CARDINAL GASPARRI

(L. + S.) BENITO MUSSOLINI

Annex VIII Extracts from Apostolic Constitution Pastor Bonus

APOSTOLIC CONSTITUTION
PASTOR BONUS

JOHN PAUL, BISHOP
SERVANT OF THE SERVANTS OF GOD
FOR AN EVERLASTING MEMORIAL

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Introduction

1. The Good Shepherd, the Lord Christ Jesus (cf. *Jn* 10: 11, 14), conferred on the bishops, the successors of the Apostles, and in a singular way on the bishop of Rome, the successor of Peter, the mission of making disciples in all nations and of preaching the Gospel to every creature. And so the Church was established, the people of God, and the task of its shepherds or pastors was indeed to be that service "which is called very expressively in Sacred Scripture a *diaconia* or ministry."

The main thrust of this service or *diaconia* is for *more and more communion or fellowship to be generated* in the whole body of the Church, and for this communion to thrive and produce good results. As the insight of the Second Vatican Council has taught us, we come, with the gentle prompting of the Holy Spirit, to see the meaning of the mystery of the Church in the manifold patterns within this communion: for the Spirit will guide "the Church in the way of all truth (cf. *Jn* 16:13) and [unify] her in communion and in the work of ministry, he bestows upon her varied hierarchic and charismatic gifts [...]. Constantly he renews her and leads her to perfect union with her Spouse." Wherefore, as the same Council affirms, "fully incorporated into the Church are those who, possessing the Spirit of Christ, accept all the means of salvation given to the Church together with her entire organization, and who — by the bonds constituted by the profession of faith, the sacraments, ecclesiastical government, and communion — are joined in the visible structure of the Church of Christ, who rules her through the Supreme Pontiff and the bishops."

Not only has this notion of communion been explained in the documents of the Second Vatican Council in general, especially in the Dogmatic Constitution on the Church, but it also received attention from the Fathers attending the 1985 and 1987 General Assemblies of the Synod of Bishops. Into this definition of the Church comes a convergence of the actual mystery of the Church, the orders or constituent elements of the messianic people of God, and the hierarchical constitution of the Church itself. To describe it all in one broad expression, we take the words of the Dogmatic Constitution *Lumen gentium* just mentioned and say that "the Church, in Christ, is in the nature of sacrament — a sign and instrument, that is, of communion with God and of unity among the whole of humankind." That is why this sacred communion thrives in the whole Church of Christ, as our predecessor Paul VI so well described it, "which lives and acts in the various Christian communities, namely, in the particular Churches dispersed throughout the whole world."

2. When one thinks about this communion, which is the force, as it were, that glues the whole Church together, then the hierarchical constitution of the Church unfolds and comes into effect. It was endowed by the Lord himself with *a primatial and collegial nature at the same time* when he constituted the apostles "in the form of a college or permanent assembly, at the head of which he placed Peter, chosen from amongst them." Here we are looking at that special concept whereby the pastors of the Church share in the threefold task of Christ — to teach, to sanctify, and to govern: and just as the apostles acted with Peter, so do the bishops together with the bishop of Rome. To use the words of the Second Vatican Council once more: "In that way, then, with priests and deacons as helpers, the bishops received the charge of the community, presiding in God's stead over the flock of which they are the shepherds in that they are teachers of doctrine, ministers of sacred worship and holders of office in government. Moreover, just as the office which the Lord confided to Peter alone, as first of the apostles, destined to be transmitted to his successors, is a permanent one, so also endures the office, which the apostles received, of shepherding the Church, a charge destined to be exercised without interruption by the sacred order of bishops." And so it comes about that "this college" — the college of bishops joined together with the bishop of Rome — "in so far as it is composed of many members, is the expression of the multifariousness and universality of the people of God; and of the unity of the flock of Christ, in so far as it is assembled under one head."

The power and authority of the bishops bears the mark of *diaconia or stewardship*, fitting the example of Jesus Christ himself who "came not to be served, but to serve and to give his life as a ransom for many" (*Mk* 10:45). Therefore the power that is found in the Church is to be understood as the power of being a servant and is to be exercised in that way; before anything else it is the authority of a shepherd.

This applies to each and every bishop in his own particular Church; but all the more does it apply to the bishop of Rome, whose Petrine ministry works for the good and benefit of the universal Church. The Roman Church has charge over the "whole body of charity" and so it is the servant of love. It is largely from this principle that those great words of old have come — "The servant of the servants of God" —, by which Peter's successor is known and defined.

That is why the Roman Pontiff has also taken pains to deal carefully with the business of particular Churches, referred to him by the bishops or in some other way come to his attention, in order to encourage his brothers in the faith (cf. *Lk* 22:32), by means of this wider experience and by virtue of his office as Vicar of Christ and pastor of the whole Church. For he was convinced that the reciprocal communion between the bishop of Rome and the bishops throughout the world, bonded in unity, charity, and peace, brought the greatest advantage in promoting and defending the unity of faith and discipline in the whole Church.

3. In the light of the foregoing, it is understood that the *diaconia* peculiar to Peter and his successors is necessarily related to the *diaconia* of the other apostles and their successors, whose sole purpose is to build up the Church in this world.

From ancient times, this essential and interdependent relation of the Petrine ministry with the task and ministry of the other apostles has demanded something of a visible sign, not just by way of a symbol but something existing in reality, and it must still demand it. Deeply conscious of the burden of apostolic toil, our predecessors have given clear and thoughtful expression to this need, as we see, for example, in the words of Innocent III who wrote to the bishops and prelates of France in 1198 when he was sending a legate to them: "Although the Lord has given us the fullness of power in the Church, a power that makes us owe something to all Christians, still we cannot stretch the limits of human nature. Since we cannot deal personally with every single concern — the law of human condition does not suffer it — we are sometimes constrained to use certain brothers of ours as extensions of our own body, to take care of things we would rather deal with in person if the convenience of the Church allowed it."

This gives some insight into the nature of that institution that Peter's successor has used in exercising his mission for the good of the universal Church, and some understanding of the procedures by which the institution itself has had to carry out its task: we mean the Roman Curia, which has worked in the service of the Petrine ministry from ancient times.

For the Roman Curia came into existence for this purpose, that the fruitful communion we mentioned might be strengthened and make ever more bountiful progress, rendering more effective the task of pastor of the Church which Christ entrusted to Peter and his successors, a task that has been growing and expanding from day to day. Our predecessor Sixtus V, in the Apostolic Constitution *Immensa æterni Dei*, admitted as much: "The Roman Pontiff, whom Christ the Lord constituted as visible head of his body, the Church, and appointed for the care of all the Churches, calls and rallies unto himself many collaborators for this immense responsibility [...]; so that he, the holder of the key of all this power, may share the huge mass of business and responsibilities among them — i.e., the cardinals — and the other authorities of the Roman Curia, and by God's helping grace avoid breaking under the strain."

4. Right from the most ancient times, as a matter of fact, if we may sketch out a few lines of history, the Roman Pontiffs, in the course of their service directed to the welfare of the whole Church, have engaged the help of institutions or individual men selected from that *Church of Rome* which our predecessor Gregory the Great has called the *Church of the Blessed Apostle Peter*.

At first they used the services of priests or deacons belonging to the Church of Rome to function as legates, to be sent on various missions, or to represent the bishops of Rome at ecumenical councils.

When matters of particular importance were to be dealt with, the bishops of Rome called on the help of Roman synods or councils to which they summoned bishops working in the ecclesiastical province of Rome. These councils not only dealt with questions pertaining to doctrine and the magisterium, but also functioned like tribunals, judging cases of bishops referred to the Roman Pontiff.

From the time when the cardinals began to take on a special importance in the Roman Church, especially in the election of the Pope — a function reserved to them from 1059 —, the Roman Pontiffs made more and more use of their services, with the result that the Roman synods and councils gradually lost their importance until they ceased entirely.

So it came about that, especially after the thirteenth century, the Supreme Pontiff carried out all the business of the Church together with the cardinals gathered in consistory. Thus temporary instruments, the councils or synods of Rome, were replaced by another instrument, a permanent one, always available to the Pope.

It was our predecessor Sixtus V who gave the Roman Curia its formal organization through the above-quoted Apostolic Constitution *Immensa æterni Dei*, on 22 January 1588, the 1587th year from the Incarnation of Our Lord Jesus Christ. He set up fifteen dicasteries, so that the single College of Cardinals would be replaced by several colleges consisting of certain cardinals whose authority would be confined to a clearly defined field and to a definite subject matter. In this way, the Supreme Pontiffs could enjoy maximum benefit from these collegial counsels. Consequently, the consistory's own original role and importance were greatly diminished.

As the centuries passed and historical outlooks and world conditions were transformed, certain changes and refinements were brought in, especially when the commissions of cardinals were set up in the nineteenth century to give the Pope assistance beyond that of the other dicasteries of the Roman Curia. Then on 29 June 1908, our predecessor Saint Pius X promulgated the Apostolic Constitution *Sapienti consilio*, in which, referring to the plan of collecting the laws of the Church into a *Code of Canon Law*, he wrote: "It has seemed most fitting to start from the Roman Curia so that, structured in a suitable way that everyone can understand, the Curia may more easily and effectively lend its help

to the Roman Pontiff and the Church." Here are the principal effects of that reform: the Sacred Roman Rota, which had ceased to function in 1870, was reestablished to deal with judicial cases, while the Congregations lost their judicial competence and became purely administrative organs. The principle was also established whereby the Congregations would enjoy their own rights, deferring to nobody else, so that each individual matter was to be dealt with by its own dicastery, and not by several at the same time.

This reform by Pius X, later confirmed and completed in the *Code of Canon Law* promulgated in 1917 by our predecessor Benedict XV, remained practically unchanged until 1967, not long after the Second Vatican Council in which the Church delved more deeply into the mystery of its own being and gained a more lively vision of its mission.

5. This growing self-awareness of the Church was bound of itself, and in keeping with our times, to produce a certain updating of the Roman Curia. While the Fathers of the Council acknowledged that the Curia had hitherto rendered outstanding assistance to the Roman Pontiff and the pastors of the Church, at the same time they expressed the desire that the dicasteries of the Curia should undergo a reorganization better suited to the needs of the times and of different regions and rites. Our predecessor Paul VI quickly complied with the wishes of the Council and put into effect the reorganization of the Curia with the promulgation of the Apostolic Constitution *Regimini Ecclesiæ universæ* on 15 August 1967.

Through this Constitution, Paul VI laid down more detailed specifications for the structure, competence, and procedures of the already existing dicasteries, and established new ones to support specific pastoral initiatives, while the other dicasteries would carry on their work of jurisdiction or governance. The composition of the Curia came to reflect more clearly the multiform image of the universal Church. Among other things, the Curia coopted diocesan bishops as members and at the same time saw to the internal coordination of the dicasteries by periodic meetings of the cardinals who presided over them, to pool ideas and consider common problems. To provide better protection of the principal rights of the faithful, the Second Section was created in the Tribunal of the Apostolic Signatura.

Fully aware that the reform of such ancient institutions needed more careful study, Paul VI ordered the new system to be reexamined more deeply five years after the promulgation of the Constitution, and for a new look to be taken at the question whether it really conformed to the demands of the Second Vatican Council and answered the needs of the Christian people and civil society. As far as necessary, it should be recast in an even more suitable form. To carry out this task, a special group of prelates was set up, chaired by a cardinal, and this Commission worked hard at the project, up to the death of that Pontiff.

6. When by the inscrutable design of Providence we were called to the task of being the shepherd of the universal Church, from the very beginning of our pontificate we took steps not only to seek advice from the dicasteries on this grave matter, but also to ask the opinion of the whole College of Cardinals. These cardinals, twice gathered in general consistory, addressed the question and gave their advice on the ways and means to be followed in the organization of the Roman Curia. It was necessary to consult the cardinals first in this important matter, for they are joined to the ministry of the bishop of Rome by a close and most special bond and they "are also available to [him], either acting collegially, when they are summoned together to deal with questions of major importance, or acting individually, that is, in the offices which they hold in assisting [him] especially in the daily care of the universal Church."

A very broad consultation, as we mentioned above, was again carried out, as was only fitting, among the dicasteries of the Roman Curia. The result of this general consultation was the "Draft of a special law concerning the Roman Curia," worked out over close to two years by a commission of prelates under the chairmanship of a cardinal. This draft was examined by the individual cardinals, the

patriarchs of the Oriental Churches, the conferences of bishops through their presidents, the dicasteries of the Roman Curia, and was discussed at the plenary meeting of cardinals in 1985. As to the conferences of bishops, it was essential that we be thoroughly briefed about their true general feeling on the needs of the particular Churches and what they wanted and expected in this regard from the Roman Curia. In gaining a clear awareness of all this, we had strong and most timely help from the 1985 extraordinary Synod of Bishops, as we have mentioned above.

Then, taking into account the observations and suggestions that had been gathered in the course of these extensive consultations, and bearing in mind the considered judgement of certain private individuals, a commission of cardinals, which had been set up for this express purpose, prepared a particular law for the Roman Curia in harmony with the new *Code of Canon Law*.

It is this particular law that we wish to promulgate by means of this Apostolic Constitution, at the end of the fourth centenary of the afore-mentioned Apostolic Constitution *Immensa æterni Dei* of Sixtus V, eighty years after the Apostolic Constitution *Sapienti consilio* of Saint Pius X, and scarcely twenty years after the coming into force of the Apostolic Constitution of Paul VI *Regimini Ecclesiæ universæ*, with which our own is closely linked, since both in some way derive from the Second Vatican Council and both originate from the same inspiration and intent.

7. In harmony with the Second Vatican Council, this inspiration and intent establish and express the steadfast activity of the renewed Curia, as in these words of the Council: "In exercising his supreme, full and immediate authority over the universal Church, the Roman Pontiff employs the various departments of the Roman Curia, which act in his name and by his authority for the good of the Churches and in service of the sacred pastors."

Consequently, it is evident that the function of the Roman Curia, though not belonging to the essential constitution of the Church willed by God, has nevertheless *a truly ecclesial character* because it draws its existence and competence from the pastor of the universal Church. For the Curia exists and operates only insofar as it has a relation to the Petrine ministry and is based on it. But just as the ministry of Peter as the "servant of the servants of God" is exercised in relationship with both the whole Church and the bishops of the entire Church, similarly the Roman Curia, as the servant of Peter’s successor, looks only to help the whole Church and its bishops.

This clearly shows that the principal *characteristic* of each and every dicastery of the Roman Curia is that of being *ministerial*, as the already-quoted words of the Decree *Christus Dominus* declare and especially these: "The Roman Pontiff *employs the various departments of the Roman Curia*." These words clearly show the Curia’s instrumental nature, described as a kind of agent in the hands of the Pontiff, with the result that it is endowed with no force and no power apart from what it receives from the same Supreme Pastor. Paul VI himself, in 1963, two years before he promulgated the Decree *Christus Dominus*, defined the Roman Curia "as an instrument of immediate adhesion and perfect obedience," an instrument the Pope uses to fulfill his universal mission. This notion is taken up throughout the Apostolic Constitution *Regimini Ecclesiæ universæ*.

This instrumental and ministerial characteristic seems indeed to define most appropriately the nature and role of this worthy and venerable institution. Its nature and role consist entirely in that the more exactly and loyally the institution strives to dedicate itself to the will of the Supreme Pontiff, the more valuable and effective is the help it gives him.

8. Beyond this ministerial character, the Second Vatican Council further highlighted what we may call the *vicarious character* of the Roman Curia, because, as we have already said, it does not operate by its own right or on its own initiative. It receives its power from the Roman Pontiff and exercises it within its own essential and innate dependence on the Pontiff. It is of the nature of this power that it always joins its own action to the will of the one from whom the power springs. It must display a faithful and harmonious interpretation of his will and manifest, as it were, an identity with that will,

for the good of the Churches and service to the bishops. From this character the Roman Curia draws its energy and strength, and in it too finds the boundaries of its duties and its code of behaviour.

The fullness of this power resides in the head, in the very person of the Vicar of Christ, who imparts it to the dicasteries of the Curia according to the competence and scope of each one. Since, as we said earlier, the Petrine function of the Roman Pontiff by its very nature relates to the office of the college of his brother bishops and aims at building up and making firm and expanding the whole Church as well as each and every particular Church, this same *diaconia* of the Curia, which he uses in carrying out his own personal office, necessarily relates in the same way to the personal office of the bishops, whether as members of the college of bishops or as pastors of the particular Churches.

For this reason, not only is the Roman Curia far from being a *barrier or screen* blocking personal communications and dealings between bishops and the Roman Pontiff, or restricting them with conditions, but, on the contrary, it is itself the facilitator for communion and the sharing of concerns, and must be ever more so.

9. By reason of its *diaconia* connected with the Petrine ministry, one concludes, on the one hand, that the Roman Curia is closely bound to the bishops of the whole world, and, on the other, that those pastors and their Churches are the first and principal beneficiaries of the work of the dicasteries. This is proved even by the composition of the Curia.

For the Roman Curia is composed of nearly all the cardinals who, by definition, belong to the Roman Church, and they closely assist the Supreme Pontiff in governing the universal Church. When important matters are to be dealt with, they are all called together into regular or special consistories. So they come to have a strong awareness of the needs of all of God’s people, and they labour for the good of the whole Church.

In addition to this, most of the heads of the individual dicasteries have the character and grace of the episcopate, pertaining to the one College of Bishops, and so are inspired by the same solicitude for the whole Church as are all bishops in hierarchical communion with their head, the bishop of Rome.

Furthermore, as some diocesan bishops are coopted onto the dicasteries as members and are "better able to inform the Supreme Pontiff on the thinking, the hopes and the needs of all the Churches," so the collegial spirit between the bishops and their head works through the Roman Curia and finds *concrete* application, and this is extended to the whole Mystical Body which "is a corporate body of Churches."

This collegial spirit is also fostered between the various dicasteries. All the cardinals in charge of dicasteries, or their representatives, when specific questions are to be addressed, meet periodically in order to brief one another on the more important matters and provide mutual assistance in finding solutions, thus providing unity of thought and action in the Roman Curia.

Apart from these bishops, the business of the dicasteries employs a number of collaborators who are of value and service to the Petrine ministry by work that is neither light nor easy and is often obscure.

The Roman Curia calls into its service diocesan priests from all over the world, who by their sharing in the ministerial priesthood are closely united with the bishops, male religious, most of whom are priests, and female religious, all of whom in their various ways lead their lives according to the evangelical counsels, furthering the good of the Church, and bearing special witness for Christ before the world, and lay men and women who by virtue of baptism and confirmation are fulfilling their own apostolic role. By this coalition of many forces, all ranks within the Church join in the ministry of the Supreme Pontiff and more effectively help him by carrying out the pastoral work of the Roman Curia. This kind of service by all ranks in the Church clearly has no equal in civil society and their labour is given with the intent of truly serving and of following and imitating the *diaconia* of Christ himself.

10. From this comes to light that the ministry of the Roman Curia is strongly imbued with a certain note of *collegiality*, even if the Curia itself is not to be compared to any kind of college. This is true whether the Curia be considered in itself or in its relations with the bishops of the whole Church, or because of its purposes and the corresponding spirit of charity in which that ministry has to be conducted. This collegiality enables it to work for the college of bishops and equips it with suitable means for doing so. Even more, it expresses the solicitude that the bishops have for the whole Church, inasmuch as bishops share this kind of care and zeal "with Peter and under Peter."

This comes out most strikingly and takes on a symbolic force when, as we have already said above, the bishops are called to collaborate in the individual dicasteries. Moreover, each and every bishop still has the inviolable right and duty to approach the successor of Saint Peter, especially by means of the visits *ad limina Apostolorum*.

These visits have a special meaning all of their own, in keeping with the ecclesiological and pastoral principles explained above. Indeed, they are first of all an opportunity of the greatest importance, and they constitute, as it were, the centre of the highest ministry committed to the Supreme Pontiff. For then the pastor of the universal Church talks and communicates with the pastors of the particular Churches, who have come to him in order to see Cephas (cf. *Gal* 1:18), to discuss with him the problems of their dioceses, face to face and in private, and so to share with him the solicitude for all the Churches (cf. 2 *Cor* 11:28). For these reasons, communion and unity in the innermost life of the Church is fostered to the highest degree through the *ad limina* visits.

These visits also allow the bishops a frequent and convenient way to contact the appropriate dicasteries of the Roman Curia, pondering and exploring plans concerning doctrine and pastoral action, apostolic initiatives, and any difficulties obstructing their mission to work for the eternal salvation of the people committed to them.

11. Thus since the zealous activity of the Roman Curia, united to the Petrine ministry and based on it, is dedicated to the good both of the whole Church and the particular Churches, the Curia is in the first place being called on to fulfill that *ministry of unity* which has been entrusted in a singular way to the Roman Pontiff insofar as he has been set up by God's will as the permanent and visible foundation of the Church. Hence unity in the Church is a precious treasure to be preserved, defended, protected, and promoted, to be for ever exalted with the devoted cooperation of all, and most indeed by those who each in their turn *are the visible source and foundation of unity in their own particular Churches*.

Therefore the cooperation which the Roman Curia brings to the Supreme Pontiff is rooted in this ministry of unity. This unity is in the first place the *unity of faith*, governed and constituted by the sacred deposit of which Peter's successor is the chief guardian and protector and through which indeed he receives his highest responsibility, that of strengthening his brothers. The unity is likewise the *unity of discipline*, the general discipline of the Church, which constitutes a system of norms and patterns of behaviour, gives shapes to the fundamental structure of the Church, safeguards the means of salvation and their correct administration, together with the ordered structure of the people of God.

Church government safeguards this unity and cares for it at all times. So far from suffering harm from the differences of life and behaviour among various persons and cultures, what with the immense variety of gifts poured out by the Holy Spirit, this same unity actually grows richer year by year, so long as there are no isolationist or centripetal attempts and so long as everything is brought together into the higher structure of the one Church. Our predecessor John Paul I brought this principle to mind quite admirably when he addressed the cardinals about the agencies of the Roman Curia: "[They] provide the Vicar of Christ with the concrete means of giving the apostolic service that he owes the entire Church. Consequently, they guarantee an organic articulation of legitimate autonomies, while maintaining an indispensable respect for that unity of discipline and faith for which Christ prayed on the very eve of his passion."

And so it is that the highest ministry of unity in the universal Church has much respect for lawful customs, for the mores of peoples and for that authority which belongs by divine right to the pastors of the particular Churches. Clearly however, whenever serious reasons demand it, the Roman Pontiff cannot fail to intervene in order to protect unity in faith, in charity, or in discipline.

12. Consequently, since the mission of the Roman Curia is ecclesial, it claims the cooperation of the whole Church to which it is directed. For no one in the Church is cut off from others and each one indeed makes up the one and the same body with all others.

This kind of cooperation is carried out through that communion we spoke of at the beginning, namely of life, charity, and truth, for which the messianic people is set up by Christ Our Lord, taken up by Christ as an instrument of redemption, and sent out to the whole world as the light of the world and the salt of the earth. Therefore, just as it is the duty of the Roman Curia to communicate with all the Churches, so the pastors of the particular Churches, governing these Churches "as vicars and legates of Christ,"must take steps to communicate with the Roman Curia, so that, dealing thus with each other in all trust, they and the successor of Peter may come to be bound together ever so strongly.

This mutual communication between the centre of the Church and the periphery does not enlarge the scope of anyone’s authority but promotes *communion* in the highest degree, in the manner of a living body that is constituted and activated precisely by the interplay of all its members. This was well expressed by our predecessor Paul VI: "It is obvious, in fact, that along with the movement toward the centre and heart of the Church, there must be another corresponding movement, spreading from the centre to the periphery and carrying, so to speak, to each and all of the local Churches, to each and all of the pastors and the faithful, the presence and testimony of that treasure of truth and grace of which Christ has made Us the partaker, depository and dispenser."

All of this means that the ministry of salvation offers more effectively to this one and same people of God, a ministry, we repeat, which before anything else demands mutual help between the pastors of the particular Churches and the pastor of the whole Church, so that all may bring their efforts together and strive to fulfill that supreme law which is the salvation of souls.

History shows that when the Roman Pontiffs established the Roman Curia and adapted it to new conditions in the Church and in the world, they intended nothing other than to work all the better for this salvation of souls. With full justification did Paul VI visualise the Roman Curia as another cenacle or upper room of Jerusalem totally dedicated to the Church. We ourselves have proclaimed to all who work there that the only possible code of action is to set the norm for the Church and to deliver eager service to the Church. Indeed, in this new legislation on the Roman Curia it has been our will to insist that the dicasteries should approach all questions "by a pastoral route and with a pastoral sense of judgement, aiming at justice and the good of the Church and above all at the salvation of souls."

13. Now as we are about to promulgate this Apostolic Constitution, laying down the new physionomy of the Roman Curia, we wish to bring together the ideas and intentions that have guided us.

First of all we wanted the image and features of this Curia to respond to the demands of our time, bearing in mind the changes that have been made by us or our predecessor Paul VI after the publication of the Apostolic Constitution *Regimini Ecclesiæ universæ*.

Then it was our duty to fulfill and complete that renewal of the laws of the Church which was brought in by the publication of the new *Code of Canon Law* or which is to be brought into effect by the revision of the Oriental canonical legislation.

Then we had in mind that the traditional dicasteries and organs of the Roman Curia be made more suitable for the purposes they were meant for, that is, their share in governance, jurisdiction, and

administration. For this reason, their areas of competence have been distributed more aptly among them and more distinctly delineated.

Then with an eye to what experience has taught in recent years and to the never ending demands of Church society, we reexamined the juridical form and raison d'être of existence of those organs which are rightly called "postconciliar," changing on occasion their shape and organization. We did this in order to make the work of those institutions more and more useful and beneficial, that is, supporting special pastoral activity and research in the Church which, at an ever accelerating pace, are filling pastors with concern and which with the same urgency demand timely and well thought out answers.

Finally, new and more stable measures have been devised to promote mutual cooperation between dicasteries, so that their manner of working may intrinsically bear the stamp of unity.

In a word, our whole steadfast approach has been to make sure that the structure and working methods of the Roman Curia increasingly correspond to the ecclesiology spelled out by the Second Vatican Council, be ever more clearly suitable for achieving the pastoral purposes of its own constitution, and more and more fit to meet the needs of Church and civil society.

It is indeed our conviction that now, at the beginning of the third millennium after the birth of Christ, the zeal of the Roman Curia in no small measure contributes to the Church's fidelity to the mystery of her origin, since the Holy Spirit keeps her ever young by the power of the Gospel.

14. Having given thought to all these matters with the help of expert advisors, sustained by the wise counsel and collegial spirit of the cardinals and bishops, having diligently studied the nature and mission of the Roman Curia, we have commanded that this Apostolic Constitution be drawn up, led by the hope that this venerable institution, so necessary to the government of the Church, may respond to that new pastoral impulse by which all the faithful are moved, laity, priests and particularly bishops, especially now after the Second Vatican Council, to listen ever more deeply and follow what the Spirit is saying to the Churches (cf. *Rev* 2:7).

Just as all the pastors of the Church, and among them in a special way the bishop of Rome, are keenly aware that they are "Christ's servants, stewards entrusted with the mysteries of God" (1 *Cor* 4:1) and seek above all to be utterly loyal helpers whom the Eternal Father may easily use to carry out the work of salvation in the world, so also the Roman Curia has this strong desire, in each and every sphere of its important work, to be filled with the same spirit and the same inspiration; the Spirit, we say, of the Son of Man, of Christ the only begotten of the Father, who "has come to save what was lost" (*Mt* 18:11) and whose single and all-embracing wish is that all men "may have life and have it to the full" (*Jn* 10:10).

Therefore, with the help of God's grace and of the Most Blessed Virgin Mary, the Mother of the Church, we establish and decree the following norms for the Roman Curia.

I
GENERAL NORMS

Notion of Roman Curia

Art. 1 — The Roman Curia is the complex of dicasteries and institutes which help the Roman Pontiff in the exercise of his supreme pastoral office for the good and service of the whole Church and of the particular Churches. It thus strengthens the unity of the faith and the communion of the people of God and promotes the mission proper to the Church in the world.

Structure of the Dicasteries

Art. 2 — § 1. By the word "dicasteries" are understood the Secretariat of State, Congregations, Tribunals, Councils and Offices, namely the Apostolic Camera, the Administration of the Patrimony of the Apostolic See, and the Prefecture for the Economic Affairs of the Holy See.

§ 2. The dicasteries are juridically equal among themselves.

§ 3. Among the institutes of the Roman Curia are the Prefecture of the Papal Household and the Office for the Liturgical Celebrations of the Supreme Pontiff.

Art. 3 — § 1. Unless they have a different structure in virtue of their specific nature or some special law, the dicasteries are composed of the cardinal prefect or the presiding archbishop, a body of cardinals and of some bishops, assisted by a secretary, consultors, senior administrators, and a suitable number of officials.

§ 2. According to the specific nature of certain dicasteries, clerics and other faithful can be added to the body of cardinals and bishops.

§ 3. Strictly speaking, the members of a congregation are the cardinals and the bishops.

Art. 4. — The prefect or president acts as moderator of the dicastery, directs it and acts in its name.

The secretary, with the help of the undersecretary, assists the prefect or president in managing the business of the dicastery as well as its human resources.

Art. 5 — § 1. The prefect or president, the members of the body mentioned in art. 3, § 1, the secretary, and the other senior administrators, as well as the consultors, are appointed by the Supreme Pontiff for a five-year term.

§ 2. Once they have completed seventy-five years of age, cardinal prefects are asked to submit their resignation to the Roman Pontiff, who, after considering all factors, will make the decision. Other moderators and secretaries cease from office, having completed seventy-five years of age; members, when they have completed eighty years of age; those who are attached to any dicastery by reason of their office cease to be members when their office ceases.

Art. 6 — On the death of the Supreme Pontiff, all moderators and members of the dicasteries cease from their office. The camerlengo of the Roman Church and the major penitentiary are excepted, who expedite ordinary business and refer to the College of Cardinals those things which would have been referred to the Supreme Pontiff.

The secretaries see to the ordinary operations of the dicasteries, taking care of ordinary business only; they need to be confirmed in office by the Supreme Pontiff within three months of his election.

Art. 7 — The members of the body mentioned in art. 3, § 1, are taken from among the cardinals living in Rome or outside the city, to whom are added some bishops, especially diocesan ones, insofar as they have special expertise in the matters being dealt with; also, depending on the nature of the dicastery, some clerics and other Christian faithful, with this proviso that matters requiring the exercise of power of governance be reserved to those in holy orders.

Art. 8 — Consultors also are appointed from among clerics or other Christian faithful outstanding for their knowledge and prudence, taking into consideration, as much as possible, the international character of the Church.

Art. 9 — Officials are taken from among the Christian faithful, clergy or laity, noted for their virtue, prudence, and experience, and for the necessary knowledge attested by suitable academic degrees, and selected as far as possible from the various regions of the world, so that the Curia may express the universal character of the Church. The suitability of the applicants should be evaluated by test or other appropriate means, according to the circumstances.

Particular Churches, moderators of institutes of consecrated life and of societies of apostolic life will not fail to render assistance to the Apostolic See by allowing their Christian faithful or their members to be available for service at the Roman Curia.

Art. 10 — Each dicastery is to have its own archive where incoming documents and copies of documents sent out are kept safe and in good order in a system of "protocol" organized according to modern methods.

Procedure

Art. 11 — § 1. Matters of major importance are reserved to the general meeting, according to the nature of each dicastery.

§ 2. All members must be called in due time to the plenary sessions, held as far as possible once a year, to deal with questions involving general principles, and for other questions which the prefect or president may have deemed to require treatment. For ordinary sessions it is sufficient to convoke members who reside in Rome.

§ 3. The secretary participates in all sessions with the right to vote.

Art. 12 — Consultors and those who are equivalent to them are to make a diligent study of the matter in hand and to present their considered opinion, usually in writing.

So far as opportunity allows and depending on the nature of each dicastery, consultors can be called together to examine questions in a collegial fashion and, as the case may be, present a common position.

For individual cases, others can be called in for consultation who, although not numbered among the consultors, are qualified by their special expertise in the matter to be treated.

Art. 13 — Depending on their own proper field of competence, the dicasteries deal with those matters which, because of their special importance, either by their nature or by law, are reserved to the Apostolic See and those which exceed the competence of individual bishops and their groupings, as well as those matters committed to them by the Supreme Pontiff. The dicasteries study the major problems of the present age, so that the Church’s pastoral action may be more effectively promoted and suitably coordinated, with due regard to relations with the particular Churches. The dicasteries promote initiatives for the good of the universal Church. Finally, they review matters that the Christian faithful, exercising their own right, bring to the attention of the Apostolic See.

Art. 14 — The competence of dicasteries is defined on the basis of subject matter, unless otherwise expressly provided for.

Art. 15 — Questions are to be dealt with according to law, be it universal law or the special law of the Roman Curia, and according to the norms of each dicastery, yet with pastoral means and criteria, attentive both to justice and the good of the Church and, especially, to the salvation of souls.

Art. 16 — Apart from the official Latin language, it is acceptable to approach the Roman Curia in any of the languages widely known today.

For the convenience of the dicasteries, a centre is being established for translating documents into other languages.

Art. 17 — General documents prepared by one dicastery will be communicated to other interested dicasteries, so that the text may be improved with any corrections that may be suggested, and, through common consultation, it may even be proceeded in a coordinated manner to their implementation.

Art. 18 — Decisions of major importance are to be submitted for the approval of the Supreme Pontiff, except decisions for which special faculties have been granted to the moderators of the dicasteries as well as the sentences of the Tribunal of the Roman Rota and the Supreme Tribunal of the Apostolic Signatura within the limits of their proper competence.

The dicasteries cannot issue laws or general decrees having the force of law or derogate from the prescriptions of current universal law, unless in individual cases and with the specific approval of the Supreme Pontiff.

It is of the utmost importance that nothing grave and extraordinary be transacted unless the Supreme Pontiff be previously informed by the moderators of the dicasteries.

Art. 19 — § 1. Hierarchical recourses are received by whichever dicastery has competence in that subject matter, without prejudice to art. 21, § 1.

§ 2. Questions, however, which are to be dealt with judicially are sent to the competent tribunals, without prejudice to arts. 52-53.

Art. 20 — Conflicts of competence arising between dicasteries are to be submitted to the Supreme Tribunal of the Apostolic Signatura, unless it pleases the Supreme Pontiff to deal with them otherwise.

Art. 21 — § 1. Matters touching the competence of more than one dicastery are to be examined together by the dicasteries concerned.

To enable them to exchange advice, a meeting will be called by the moderator of the dicastery which has begun to deal with the matter, either on his own initiative or at the request of another dicastery concerned. However, if the subject matter demands it, it may be referred to a plenary session of the dicasteries concerned.

The meeting will be chaired by the moderator of the dicastery who called the meeting or by its secretary, if only the secretaries are meeting.

§ 2. Where needed, permanent interdicasterial commissions will be set up to deal with matters requiring mutual and frequent consultation.

Meetings of Cardinals

Art. 22 — By mandate of the Supreme Pontiff, the cardinals in charge of dicasteries meet together several times a year to examine more important questions, coordinate their activities, so that they may be able to exchange information and take counsel.

Art. 23 — More serious business of a general character can be usefully dealt with, if the Supreme Pontiff so decides, by the cardinals assembled in plenary consistory according to proper law.

Council of Cardinals for the Study of Organizational and Economic Questions of the Apostolic See

Art. 24 — The Council of Cardinals for the Study of Organizational and Economic Questions of the Apostolic See consists of fifteen cardinals who head particular Churches from various parts of the world and are appointed by the Supreme Pontiff for a five-year term of office.

Art. 25 — § 1. The Council is convened by the cardinal secretary of state, usually twice a year, to consider those economic and organizational questions which relate to the administration of the Holy See, with the assistance, as needed, of experts in these affairs.

§ 2. The Council also considers the activities of the special institute which is erected and located within the State of Vatican City in order to safeguard and administer economic goods placed in its care with the purpose of supporting works of religion and charity. This institute is governed by a special law.

Relations with Particular Churches

Art. 26 — § 1. Close relations are to be fostered with particular Churches and groupings of bishops, seeking out their advice when preparing documents of major importance that have a general character.

§ 2. As far as possible, documents of a general character or having a special bearing on their particular Churches should be communicated to the bishops before they are made public.

§ 3. Questions brought before the dicasteries are to be diligently examined and, without delay, an answer or, at least, a written acknowledgement of receipt, insofar as this is necessary, should be sent.

Art. 27 — Dicasteries should not omit to consult with papal legates regarding business affecting the particular Churches where the legates are serving, nor should they omit to communicate to the legates the results of their deliberations.

"Ad limina" Visits

Art. 28 — In keeping with a venerable tradition and the prescriptions of law, bishops presiding over particular Churches visit the tombs of the Apostles at predetermined times and on that occasion present to the Roman Pontiff a report on the state of their diocese.

Art. 29 — These kinds of visits have a special importance in the life of the Church, marking as they do the summit of the relationship of the pastors of each particular Church with the Roman Pontiff. For he meets his brother bishops, and discusses with them matters concerning the good of the Churches and the bishops' role as shepherds, and he confirms and supports them in faith and charity. This strengthens the bonds of hierarchical communion and openly manifests the catholicity of the Church and the unity of the episcopal college.

Art. 30 — The *ad limina* visits also concern the dicasteries of the Roman Curia. For through these visits a helpful dialogue between the bishops and the Apostolic See is increased and deepened, information is shared, advice and timely suggestions are brought forward for the greater good and progress of the Churches and for the observance of the common discipline of the Church.

Art. 31 — These visits are to be prepared very carefully and appropriately so that they proceed well and enjoy a successful outcome in their three principal stages — namely, the pilgrimage to the tombs of the Princes of the Apostles and their veneration, the meeting with the Supreme Pontiff, and the meetings at the dicasteries of the Roman Curia.

Art. 32 — For this purpose, the report on the state of the diocese should be sent to the Holy See six months before the time set for the visit. It is to be examined with all diligence by the competent dicasteries, and their remarks are to be shared with a special committee convened for this purpose so that a brief synthesis of these may be drawn up and be readily at hand in the meetings.

Pastoral Character of the Activity of the Roman Curia

Art. 33 — The activity of all who work at the Roman Curia and the other institutes of the Holy See is a true ecclesial service, marked with a pastoral character, that all must discharge with a deep sense of duty as well as in a spirit of service, as it is a sharing in the world-wide mission of the bishop of Rome.

Art. 34 — Each individual dicastery pursues its own end, yet dicasteries cooperate with one another. Therefore, all who are working in the Roman Curia are to do so in such a way that their work may come together and be forged into one. Accordingly, all must always be prepared to offer their services wherever needed.

Art. 35 — Although any work performed within the institutes of the Holy See is a sharing in the apostolic action, priests are to apply themselves as best they can to the care of souls, without prejudice however to their own office.

Central Labour Office

Art. 36 — According to its own terms of reference, the Central Labour Office deals with working conditions within the Roman Curia and related questions.

Regulations

Art. 37 — To this Apostolic Constitution is added an *Ordo servandus* or common norms setting forth the ways and means of transacting business in the Curia itself, without prejudice to the norms of this Constitution.

Art. 38 — Each dicastery is to have its own *Ordo servandus* or special norms setting forth the ways and means of transacting business within it.

The *Ordo servandus* of each dicastery shall be made public in the usual manner of the Apostolic See.

II
SECRETARIAT OF STATE

Art. 39 — The Secretariat of State provides close assistance to the Supreme Pontiff in the exercise of his supreme office.

Art. 40 — The Secretariat is presided over by the cardinal secretary of state. It is composed of two sections, the First being the *Section for General Affairs*, under the direct control of the substitute, with the help of the assessor; the Second being the *Section for Relations with States*, under the direction of its own secretary, with the help of the undersecretary. Attached to this latter section is a council of cardinals and some bishops.

First Section

Art. 41 — § 1. It is the task of the First Section in a special way to expedite the business concerning the daily service of the Supreme Pontiff; to deal with those matters which arise outside the ordinary competence of the dicasteries of the Roman Curia and of the other institutes of the Apostolic See; to foster relations with those dicasteries and coordinate their work, without prejudice to their autonomy; to supervise the office and work of the legates of the Holy See, especially as concerns the particular Churches. This section deals with everything concerning the ambassadors of States to the Holy See.

§ 2. In consultation with other competent dicasteries, this section takes care of matters concerning the presence and activity of the Holy See in international organizations, without prejudice to art. 46. It does the same concerning Catholic international organizations.

Art. 42 — It is also the task of the First Section:

1: to draw up and dispatch apostolic constitutions, decretal letters, apostolic letters, epistles, and other documents entrusted to it by the Supreme Pontiff;

2. to prepare the appropriate documents concerning appointments to be made or approved by the Supreme Pontiff in the Roman Curia and in the other institutes depending on the Holy See;

3. to guard the leaden seal and the Fisherman's ring.

Art. 43 — It is likewise within the competence of this Section:

1. to prepare for publication the acts and public documents of the Holy See in the periodical entitled *Acta Apostolicæ Sedis*;

2. through its special office commonly known as the *Press Office*, to publish official announcements of acts of the Supreme Pontiff or of the activities of the Holy See;

3. in consultation with the Second Section, to oversee the newspaper called *L'Osservatore romano*, the Vatican Radio Station, and the Vatican Television Centre.

Art. 44 — Through the *Central Statistical Office*, it collects, organizes, and publishes all data, set down according to statistical standards, concerning the life of the whole Church throughout the world.

Second Section

Art. 45 — The Section for Relations with States has the special task of dealing with heads of government.

Art. 46 — The Section for Relations with States has within its competence:

1. to foster relations, especially those of a diplomatic nature, with States and other subjects of public international law, and to deal with matters of common interest, promoting the good of the Church and of civil society by means of concordats and other agreements of this kind, if the case arises, while respecting the considered opinions of the groupings of bishops that may be affected;

2. in consultation with the competent dicasteries of the Roman Curia, to represent the Holy See at international organizations and meetings concerning questions of a public nature;

3. within the scope of its competence, to deal with what pertains to the papal legates.

Art. 47 — § 1. In special circumstances and by mandate of the Supreme Pontiff, and in consultation with the competent dicasteries of the Roman Curia, this Section sees to the provision of particular Churches and the constitution of and changes to these Churches and their groupings.

§ 2. In other cases, especially where a concordat is in force, and without prejudice to art. 78, this Section has competence to transact business with civil governments.

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IV
TRIBUNALS

Apostolic Penitentiary

Art. 117 — The competence of the Apostolic Penitentiary regards the internal forum and indulgences.

Art. 118 — For the internal forum, whether sacramental or non-sacramental, it grants absolutions, dispensations, commutations, validations, condonations, and other favours.

Art. 119 — The Apostolic Penitentiary sees to it that in the patriarchal basilicas of Rome there be a sufficient number of penitentiaries supplied with the appropriate faculties.

Art. 120 — This dicastery is charged with the granting and use of indulgences, without prejudice to the right of the Congregation for the Doctrine of the Faith to review what concerns dogmatic teaching about them.

Supreme Tribunal of the Apostolic Signatura

Art. 121 — The Apostolic Signatura functions as the supreme tribunal and also ensures that justice in the Church is correctly administered.

Art. 122 — This Tribunal adjudicates:

1. complaints of nullity and petitions for total reinstatement against sentences of the Roman Rota;

2. in cases concerning the status of persons, recourses when the Roman Rota has denied a new examination of the case;

3. exceptions of suspicion and other proceedings against judges of the Roman Rota arising from the exercise of their functions;

4. conflicts of competence between tribunals which are not subject to the same appellate tribunal.

Art. 123 — § 1. The Signatura adjudicates recourses lodged within the peremptory limit of thirty canonical days against singular administrative acts whether issued by the dicasteries of the Roman Curia or approved by them, whenever it is contended that the impugned act violated some law either in the decision-making process or in the procedure used.

§ 2. In these cases, in addition to the judgement regarding illegality of the act, it can also adjudicate, at the request of the plaintiff, the reparation of damages incurred through the unlawful act.

§ 3. The Signatura also adjudicates other administrative controversies referred to it by the Roman Pontiff or by dicasteries of the Roman Curia, as well as conflicts of competence between these dicasteries.

Art. 124 — The Signatura also has the responsibility:

1. to exercise vigilance over the correct administration of justice, and, if need be, to censure advocates and procurators;

2. to deal with petitions presented to the Apostolic See for obtaining the commission of a case to the Roman Rota or some other favour relative to the administration of justice;

3. to extend the competence of lower tribunals;

4. to grant its approval to tribunals for appeals reserved to the Holy See, and to promote and approve the erection of interdiocesan tribunals.

Art. 125 — The Apostolic Signatura is governed by its own law.

Tribunal of the Roman Rota

Art. 126 — The Roman Rota is a court of higher instance at the Apostolic See, usually at the appellate stage, with the purpose of safeguarding rights within the Church; it fosters unity of jurisprudence, and, by virtue of its own decisions, provides assistance to lower tribunals.

Art. 127 — The judges of this Tribunal constitute a college. Persons of proven doctrine and experience, they have been selected by the Supreme Pontiff from various parts of the world. The Tribunal is presided over by a dean, likewise appointed by the Supreme Pontiff from among the judges and for a specific term of office.

Art. 128 — This Tribunal adjudicates:

1. in second instance, cases that have been decided by ordinary tribunals of first instance and are being referred to the Holy See by legitimate appeal;

2. in third or further instance, cases already decided by the same Apostolic Tribunal and by any other tribunals, unless they have become a *res iudicata*.

Art. 129 — § 1. The Tribunal, however, judges the following in first instance:

1. bishops in contentious matters, unless it is a question of the rights or temporal goods of a juridical person represented by the bishop;

2. abbots primate or abbots superior of a monastic congregation and supreme moderators of religious institutes of pontifical right;

3. dioceses or other ecclesiastical persons, whether physical or juridical, which have no superior below the Roman Pontiff;

4. cases which the Supreme Pontiff commits to this Tribunal.

§ 2. It deals with the same cases even in second and further instances, unless other provisions are made.

Art. 130 — The Tribunal of the Roman Rota is governed by its own law.

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V
PONTIFICAL COUNCILS

Art. 142 — The goal of the Pontifical Council for Justice and Peace is to promote justice and peace in the world in accordance with the Gospel and the social teaching of the Church.

Art. 143 — § 1. The Council makes a thorough study of the social teaching of the Church and ensures that this teaching is widely spread and put into practice among people and communities, especially regarding the relations between workers and management, relations that must come to be more and more imbued with the spirit of the Gospel.

§ 2. It collects information and research on justice and peace, about human development and violations of human rights; it ponders all this, and, when appropriate, shares its conclusions with the groupings of bishops. It cultivates relationships with Catholic international organizations and other institutions, even ones outside the Catholic Church, which sincerely strive to achieve peace and justice in the world.

§ 3. It works to form among peoples a mentality which fosters peace, especially on the occasion of World Peace Day.

Art. 144 — The Council has a special relationship with the Secretariat of State, especially whenever matters of peace and justice have to be dealt with in public by documents or announcements.

Pontifical Council "Cor unum"

Art. 145 — The Pontifical Council "Cor unum" shows the solicitude of the Catholic Church for the needy, to foster human fraternity and make manifest Christ’s charity.

Art. 146 — It is the function of the Council:

1. to stimulate the Christian faithful as participants in the mission of the Church, to give witness to evangelical charity and to support them in this concern;

2. to foster and coordinate the initiatives of Catholic organizations that labour to help peoples in need, especially those who go to the rescue in the more urgent crises and disasters, and to facilitate their relations with public international organizations operating in the same field of assistance and good works;

3. to give serious attention and promote plans and undertakings for joint action and neighbourly help serving human progress.

Art. 147 — The president of this Council is the same as the president of the Pontifical Council for Justice and Peace, who sees to it that the activities of both dicasteries are closely coordinated.

Art. 148 — To ensure that the objectives of the Council are more effectively achieved, among members of the Council are also men and women representing Catholic charitable organizations.

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Pontifical Council for the Interpretation of Legislative Texts

Art. 154 — The function of the Pontifical Council for the Interpretation of Legislative Texts consists mainly in interpreting the laws of the Church.

Art. 155 —With regard to the universal laws of the Church, the Council is competent to publish authentic interpretations confirmed by pontifical authority, after consulting the dicasteries concerned in questions of major importance.

Art. 156 — This Council is at the service of the other Roman dicasteries to assist them to ensure that general executory decrees and instructions which they are going to publish are in conformity with the prescriptions of the law currently in force and that they are drawn up in a correct juridical form.

Art. 157 — Moreover, the general decrees of the conferences of bishops are to be submitted to this Council by the dicastery which is competent to grant them the *recognitio*, in order that they be examined from a juridical perspective.

Art. 158 — At the request of those interested, this Council determines whether particular laws and general decrees issued by legislators below the level of the supreme authority are in agreement or not with the universal laws of the Church.

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VI
ADMINISTRATIVE SERVICES

Apostolic Camera

Art. 171 — § 1. The Apostolic Camera, presided over by the cardinal camerlengo of the Holy Roman Church, assisted by the vice-camerlengo and the other prelates of the Camera, chiefly exercises the functions assigned to it by the special law on the vacancy of the Apostolic See.

§ 2. When the Apostolic See falls vacant, it is the right and the duty of the cardinal camerlengo of the Holy Roman Church, personally or through his delegate, to request reports from all the administrations dependent on the Holy See on their patrimonial and economic status as well as information on any extraordinary business that may at that time be under way, and, from the Prefecture for the Economic Affairs of the Holy See he shall request a financial statement on income and expenditures of the previous year and the budgetary estimates for the following year. He is obliged to submit these reports and estimates to the College of Cardinals.

Administration of the Patrimony of the Apostolic See

Art. 172 — It is the function of the Administration of the Patrimony of the Apostolic See to administer the properties owned by the Holy See in order to provide the funds necessary for the Roman Curia to function.

Art. 173 — This Council is presided over by a cardinal assisted by a board of cardinals; and it is composed of two sections, the Ordinary Section and the Extraordinary, under the control of the prelate secretary.

Art. 174 — The Ordinary Section administers the properties entrusted to its care, calling in the advice of experts if needed; it examines matters concerning the juridical and economic status of the employees of the Holy See; it supervises institutions under its fiscal responsibility; it sees to the

provision of all that is required to carry out the ordinary business and specific aims of the dicasteries; it maintains records of income and expenditures, prepares the accounts of the money received and paid out for the past year, and draws up the estimates for the year to come.

Art. 175 — The Extraordinary Section administers its own moveable goods and acts as a guardian for moveable goods entrusted to it by other institutes of the Holy See.

Prefecture for the Economic Affairs of the Holy See

Art. 176 — The Prefecture for the Economic Affairs of the Holy See has the function of supervising and governing the temporal goods of the administrations that are dependent on the Holy See, or of which the Holy See has charge, whatever the autonomy these administrations may happen to enjoy.

Art. 177 — The Prefecture is presided over by a cardinal assisted by a board of cardinals, with the collaboration of the prelate secretary and the general accountant.

Art. 178 — § 1. It studies the reports on the patrimonial and economic status of the Holy See, as well as the statements of income and expenditures for the previous year and the budget estimates for the following year of the administrations mentioned in art. 176, by inspecting books and documents, if need be.

§ 2. The Prefecture compiles the Holy See’s consolidated financial statement of the previous year’s expenditures as well as the consolidated estimates of the next year’s expenditures, and submits these at specific times to higher authority for approval.

Art. 179 — § 1. The Prefecture supervises financial undertakings of the administrations and expresses its opinion concerning projects of major importance.

§ 2. It inquires into damages inflicted in whatever manner on the patrimony of the Holy See, and, if need be, lodges penal or civil actions to the competent tribunals.

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VIII
ADVOCATES

Art. 183 — Apart from the advocates of the Roman Rota and the advocates for the causes of saints, there is a roster of advocates who, at the request of interested parties, are qualified to represent them in their cases at the Supreme Tribunal of the Apostolic Signatura and to offer assistance in hierarchical recourses lodged before dicasteries of the Roman Curia.

Art. 184 — Candidates can be inscribed in the roster by the cardinal secretary of state, after he has consulted a commission stably constituted for this purpose. Candidates must be qualified by a suitable preparation attested by appropriate academic degrees, and at the same time be recommended by their example of a Christian life, honourable character, and expertise. Should any of this cease to be the case at a later date, the advocate shall be struck from the roster.

Art. 185 — § 1. The body called "Advocates of the Holy See" is composed mainly of advocates listed in the roster of advocates, and its members are able to undertake the representation of cases in civil or ecclesiastical tribunals in the name of the Holy See or the dicasteries of the Roman Curia.

§ 2. They are appointed by the cardinal secretary of state to a five-year term of office on the recommendation of the commission mentioned in art. 184; for serious reasons, they may be removed from office. Once they have completed seventy-five years of age, they cease their office.

IX
INSTITUTIONS CONNECTED WITH THE HOLY SEE

Art. 186 — There are certain institutes, some of ancient origin and some not long established, which do not belong to the Roman Curia in a strict sense but nevertheless provide useful or necessary services to the Supreme Pontiff himself, to the Curia and the whole Church, and are in some way connected with the Apostolic See.

Art. 187 — Among such institutes are the Vatican Secret Archives, where documents of the Church's governance are preserved first of all so that they may be available to the Holy See itself and to the Curia as they carry out their own work, but then also, by papal permission, so that they may be available to everyone engaged in historical research and serve as a source of information on all areas of secular history that have been closely connected with the life of the Church in centuries gone by.

Art. 188 — In the Vatican Apostolic Library, established by the Supreme Pontiffs, the Church has a remarkable instrument for fostering, guarding, and spreading culture. In its various sections, it offers to scholars researching truth a treasure of every kind of art and knowledge.

Art. 189 — To seek the truth and to spread it in the various areas of divine and human sciences there have arisen within the Roman Church various academies, as they are called, among which is the Pontifical Academy of Sciences.

Art. 190 — In their constitution and administration, all these institutions of the Roman Church are governed by their own laws.

Art. 191 — Of more recent origin, though partly based on examples of the past, are the Vatican Polyglot Press; the Vatican Publishing House and its bookstore; the daily, weekly and monthly newspapers, among which *L'Osservatore romano;* Vatican Radio; the Vatican Television Centre. These institutes, according to their own regulations, come within the competence of the Secretariat of State or of other agencies of the Roman Curia.

Art. 192 — The Fabric of Saint Peter's deals, according to its own regulations, with matters concerning the Basilica of the Prince of the Apostles, with respect to the preservation and decoration of the building and behaviour among the employees and pilgrims who come into the church. Where necessary, the superiors of the Fabric act in cooperation with the Chapter of the Basilica.

Art. 193 — The Office of Papal Charities carries on the work of aid of the Supreme Pontiff toward the poor and is subject directly to him.

We decree the present Apostolic Constitution to be stable, valid, and effective now and henceforth, that it shall receive its full and integral effects from the first day of the month of March of 1989, and that it must in each and everything and in any manner whatsoever be fully observed by all those to whom it applies or in any way shall apply, anything to the contrary notwithstanding, even if it is worthy of most special mention.

Given in Rome, at Saint Peter's, in the presence of the cardinals assembled in consistory, on the vigil of the solemnity of the Holy Apostles Peter and Paul, 28 June in the Marian Year 1988, the tenth of Our pontificate.

Annex IX Extract from General Regulations of the Roman Curia

GENERAL REGULATIONS OF THE ROMAN CURIA 1999

TITLE II

EMPLOYMENT AND APPOINTMENT OF STAFF

Art. 12

§1. Prefects, Presidents, Members and Senior Prelates of the dicasteries of the Roman Curia, Judges of the Roman Rota, the Promoter of Justice and the Defender of the Bond of the Apostolic Signatura, undersecretaries and their equivalents, and Consultors are appointed by the Pontiff.

§2. Prefects, Presidents, Members, Senior Prelates, Undersecretaries and those equivalent to them, and the Consultors of the mentioned dicasteries are appointed *ad quinquennium.*

Art. 13

§1. The department heads and officials on the 10th level are appointed in writing by the Cardinal Secretary of State, upon suggestion of the head of dicastery.

§2. Other officials are employed by the dicastery head within the limitations set by the *Personnel Table [roster]*, upon advice of the secretary, undersecretary, department head or of another official taking their place. The *nihil obstat* of the Secretariat of State, which consults with the Administration of the Patrimony of the Apostolic See, is necessary for employment.

§3. Officials will be chosen, as much as possible, from different regions of the world, so that the Curia may represent the universal character of the Church.

§4. The suitability of candidates must be ascertained by appropriate qualifications and possibly by testing.

Art. 14

§1. Officials are selected from among those distinguished for virtue, prudence, knowledge, suitable experience and in possession of the following requirements:

1) If clerics or members of institutes of consecrated life or of societies of apostolic life:

a) not younger than 25 years old and not older than 45;

b) the *nihil obstat* of the respective ordinary or superior and of the competent dicasteries and, if residing in Rome, also of the Vicariate of Rome;

c) certified proof of good health;

d) suitability to perform the assigned work.

2) If laypersons:

a) not younger than 21 years old and not older than 35;

b) unlimited discharge for those subject to military service;

c) certified proof of good health;

d) suitability to perform the assigned work;

e) the absence of any criminal record making the employee unworthy and undeserving to hold the appointment;

f) religious, moral and civil commitment, normally attested by one's parish priest.

§2. Specific training, supported by adequate qualifications and study is required:

a) for employment at the 10th, 9th and 8th levels, a degree in an ecclesiastical science or, according to the need of the dicastery, another degree or university credential awarded after at least four years of study; the knowledge at least one modern language, in addition to both Latin and Italian;

b) for insertion into the 7th level, the licenciate in an ecclesiastical discipline or, according to the need of the dicastery, an equivalent university qualification;

c) for the 6th level, a high school certificate is requested;

d) for the 5th and 4th levels, a middle school and typing proficiency are requested or an equivalent certificate as a data processing operator.

§3. Regulations proper to the various bodies may require different qualifications according to specific needs.

§4. Holding a certain qualification does not give one the right to be included in the functional level for which the qualification itself is prescribed.

§5. Exceptionally, the Secretariat of State may dispense one from an academic certificate in the event of proven professional experience or demonstrated cultural knowledge, which, in the judgment of the head of dicastery may compensate for such credentials.

Art. 15

§1. In order to employ those belonging to institutes of consecrated life and to societies of apostolic life, given the *nihil obstat* of the Secretariat of State, an agreement will be drawn up periodically between the dicastery and the superiors of the pertinent institute or society; such an agreement will specify the following:

1) the length of the service may not be shorter than five years;

2) for the period of service, welfare and social security coverage are to be assured, even leaving the institute or society free to choose a different system from that used for other employees of the Roman Curia;

3) the Secretariat of State, in agreement with the Administration of the Patrimony of the Apostolic See, may allow changes or reductions of working hours, taking into account the essential requirements of [religious] community life; any reductions of working hours will be accompanied by a corresponding reduction in salary;

4) members of institutes of consecrated life and of societies of apostolic life will fulfill the same duties and enjoy the same rights of clerics.

§2. Before concluding the agreement mentioned in §1, the dicastery will consult in every case with the Administration of the Patrimony of the Apostolic See.

§3. In the event of a definitive departure from the institute of consecrated life or from the society of apostolic life, employment by the Holy See will be considered to have ceased.

Art. 16

§1. To hire staff mentioned in article 7 §2, article 14 is applied to the extent possible.

§2. To become part of the 3rd, 2nd and 1st functional levels, compulsory schooling is required.

Art. 17

§1. It is prohibited that the same dicastery hire those related to an employee by blood up to the fourth degree and those related by affinity to the first and second degree, as canonically computed.

§2. This criterion also applies to employment in differing dicasteries, if in the judgment of the Administration of the Patrimony of the Apostolic See, the hiring of relatives (whether of consanguinity or affinity) is considered inadvisable for the work to be performed.

Art. 18

§1. As soon as one is appointed or employed, every employee should be acquainted with these Regulations and with those of one's own dicastery, a copy of which they will receive and to whose exact observance each one will be obligated, and of which no one may plead ignorance.

§2. Likewise, at the time of employment, all must make the profession of faith and render the oath of loyalty and of the observance of official secrecy before the head of dicastery or the senior prelate, using the formulas published in the Appendix.[7]

Art. 19

§1. Candidates are hired for a trial period of at least a year, a period which may not be extended for more than two years.

In the event that permanent hiring occurs immediately at the end of a trial period which is continuous, the date of employment is computed from the end of the trial phase.

§2. Hiring on a trial basis is communicated in writing to the interested party.

§3. During the trial period, the candidate is to be remunerated at the pay level directly below the one to which he aspires.

§4. The function level is established by the Administration of the Patrimony of the Apostolic See in relation to the tasks assigned to the job for which the candidate is hired.

§5. The preceding §3 is not applicable in the event of an uninterrupted trial period completed just before hiring, with a contract made according to the preceding article 10, with remuneration corresponding to the function level to which the employee will be assigned.

§6. During or at the end of the trial period, the head of dicastery, after hearing the opinion of the secretary, the undersecretary and the department head or another official taking their places, will dismiss a candidate found to be unsuitable, by measures which do not admit of appeal, and which are to be communicated in writing, without prejudice to the rights to severance and to the application of the current norms of the Retirement Regulations.

Where necessary the decision will be forwarded in writing to the respective ordinary or superior.

Art. 20

§1. The trial period is computed as it pertains to years of service and any possible retirement considerations.

§2. The salary of the employee on trial is subject to withholding for purposes of health service, pension and severance.

§3. The trial period is suspended in the event of the employee's absence if caused by illness or accident. In such case article 66 §§2-5 apply and the employee has the right to keep the post for a period not exceeding three months, after which the employee is dismissed by the head of dicastery, communicated in writing. During such a period the employee has the right to the same remuneration given to employees not on trial.

§4. In the event of an accident or illness incurred while on duty during the period of trial, the prescriptions of article 60 apply.

§5. The trial period is suspended in the event of a maternity leave of the employee or for serious family matters, subject to the judgment of the head of the dicastery.

Art. 21

When the trial period ends successfully, the head of dicastery, having obtained the *nihil obstat* of the Secretariat of State, which requests the opinion of the Administration of the Patrimony of the Apostolic See beforehand, issues the proper letter appointing the candidate, and if necessary informs the respective ordinary or superior. .

Art. 22

§1. People working on a voluntary basis for a fixed period of time who wish to offer gratuitous service to the Roman Curia or to the bodies mentioned in art. 1, in accord with the current law, may be chosen in the prudent judgment of the head of dicastery, with the previous agreement of the Secretariat of State.

§2. The person wishing to render voluntary service to the Roman Curia must have the necessary moral requirements expected of officials of the same Curia, and is bound to the obligations mentioned in arts. 18 §2, 31-37 and 40.

§3. The period of time during which a person undertakes to offer service, as well as the work schedule are determined in agreement with the head of the dicastery.

§4. The head of dicastery may terminate the offered service at any time by giving notice both to the Secretariat of State and to the person concerned, each of whom may do the same by informing the head of the dicastery.

§5. It is understood that such service, offered voluntarily, does not imply any obligation regarding remuneration, welfare, or retirement on the part of the Holy See.

§6. Corporate bodies which benefit from activities mentioned the in preceding § § 1-5 should insure the persons working on a voluntary basis:

1) against accidents and illnesses connected to the performance of such activities;
2) for civil liability versus third-parties.

TITLE VI

Duties of the Staff

Art. 31

§ 1. Those who work at the Roman Curia, inasmuch as they collaborate in the universal mission of the Roman Pontiff, discharge an ecclesial service, marked with a pastoral character.

§ 2. Together with those working at other bodies of the Apostolic See, they form a work community which must distinguish itself because of the spirit which animates it.

Art. 32

Employees must do their jobs with diligence, precision, a sense of responsibility and a spirit of complete cooperation.

Art. 33

Staff persons are required to observe exemplary religious and moral conduct, even in their private and family life, in conformity with Church doctrine.

Art. 34

An employee is obligated to notify the head of dicastery, who will inform the Administration of the Patrimony of the Apostolic See, regarding any change in the composition of his family within thirty days from when these changes occur, supplying timely updates on whereabouts, and any possible changes in residence or domicile.

Art. 35

§ 1. Priests and members of institutes of consecrated life and of societies of apostolic life must wear ecclesiastical garb or the religious habit of their institute or society.

§ 2. Lay employees are to dress in a dignified manner.

Art. 36

§ 1. Everyone is obliged to strictly observe official secrecy. They may not, therefore, give unauthorized persons any information regarding activities or news which they know because of their job.

§ 2. Pontifical secrecy is to be rigorously observed, according to the norms of the Instruction SECRETA CONTINERE dated February 4, 1974.[10]

Art. 37

§ 1. No one may issue statements or give interviews regarding the people, activities or governance of the dicasteries of the Roman Curia without previous authorization by competent authority.

§ 2. Official announcements and statements to the press must be issued only by the Press Office of the Holy See, according to the norm of art. 131 § 8.

Art. 38

Within the limits of their own official responsibilities, those working at the Roman Curia will participate actively in other apostolic works, according to their own personal vocation.

Art. 39

Encouraged and assisted by one's own dicastery, employees are expected to remain current regarding developments and technology relevant to their areas of expertise.

Art. 40

It is forbidden to:

a) engage in an occupation other than one's own duties or service during work hours;

b) leave one's place of work without permission of the competent superior;

c) receive unauthorized personnel in one's office;

d) remove original documents, photocopies, electronic copies or other archive or work materials belonging to the office, or to keep outside of the office, any notes or private records regarding matters handled in dicasteries;

e) make illegal use of the office's seals or letterhead stationery;

f) use materials, software, instruments or equipment belonging to the dicastery for personal purposes;

g) practice a profession, take or keep jobs or stable appointments, even though private or ecclesiastical in nature, which are incompatible with or prejudicial to the mission of the office;

h) receive commissions or compensation for the performance of official duties;

i) directly or indirectly pursue private interests while performing the duties of one's office;

l) join institutions or associations pursuing ends which are incompatible with the doctrine and the discipline of the Church, or in any way participate in their initiatives;

m) perform activities or take part in meetings which are unsuitable for an employee of the Holy See.

TITLE VII

Cessation of Employment

Art. 41

§1. Upon arriving at the age seventy-five, cardinal heads of dicasteries are asked to submit their resignations to the Roman Pontiff.

§2. Other heads of dicasteries, secretaries and all those equivalent to them resign at the age of seventy-five.

§3. 1° Members of the various bodies of the Roman Curia cease from office when they have reached the age of eighty.

2° Those who are members of such bodies by reason of their office cease to be members when their office ceases.

§ 4. The Prelate Auditors of the Tribunal of the Roman Rota, according to proper norms, cease from active service when they have completed seventy-four years of age.

§ 5. Undersecretaries and their equivalents retire when they have completed seventy years of age. Cessation of employment, however, takes effect only from the date shown on the document adopted by the Cardinal Secretary of State, in agreement with the head of the dicastery.

Art. 42

Upon the death of the Supreme Pontiff, resignation from appointments is regulated by the Apostolic Constitution Universi Dominici Gregis.

Art. 43

§ 1. Clerics or members of institutes of consecrated life or societies of apostolic life retire when have completed seventy years of age.

§ 2. Laypersons belonging to the ten functional levels retire when they have completed sixty-five years of age.

§ 3. Cessation of employment, however, takes effect only from the moment in which it is communicated in writing, in accord with art. 44 § 1 below.

Art. 44

§ 1. For officials on the 10th level, provisions regarding cessation from service mentioned in the art. 43 above are adopted by the Cardinal Secretary of State in agreement with the head of the dicastery.

For all other members of the staff mentioned in art. 7, measures regarding cessation from office mentioned in art. 43 above are adopted by the head of dicastery.

§ 2. Because of their specific ecclesial status, clerics and members of institutes of consecrated life and of societies of apostolic life employed by the Holy See, even though hired before the present Regulations, may be assigned to another service in their diocese or institute or society, with the cessation of their service to the Apostolic See. Such transfer, without prejudice to those involved, occurs at the request of the diocesan bishop or of the competent superior, and is accepted by the Holy See, or it occurs at the instigation of the Apostolic See, after having contacted the competent bishop or superior. Before taking any such measure, which will be binding, the person involved must be consulted.

§ 3. Cessation of employment due to resignation from office, or, for disciplinary reasons, is governed by arts. 57, 67, 69, and arts. 74, 76, 79, 80, respectively.

§ 4. Existing provisions regarding their pension plan and severance pay apply to personnel terminating their employment.

TITLE X

*D*ISCIPLINARY NORMS

Art. 70

Disciplinary sanctions are:

1) oral and written warnings, monetary penalty;
2) suspension from employment;
3) exemption from service;
4) termination of employment;
5) removal by law.

CHAPTER I

Oral and written warnings, monetary penalty

Art. 71

§ 1. An oral or written warning and a monetary penalty, not higher than the salary due for two working days, are imposed according to the gravity of the infraction and to recidivism, if any:

a) for any misbehavior or negligence in work;

b) for unsuitable attitude;

c) for unexplained non-compliance with working hours and for violation of the procedures established to verify them;

d) for violations of prohibitions, mentioned in art. 40, letters a) through f).

§ 2. An oral warning must be documented in the personnel file at the dicastery; a written warning and a monetary penalty must be recorded both in the personnel file at the dicastery and at the Administration of the Patrimony of the Apostolic See.

CHAPTER II

Suspension from Employment

Art. 72

Suspension from employment is applied:

1) for relapsing into mistakes already punished, along with a written warning and a pecuniary penalty, after such measures were applied twice within a year;

2) for violation of prohibitions mentioned in art. 40, letters g) through m);

3) for a serious insubordinate behaviour, which is not public;

4) for a serious damage done to the dicastery;

5) for violation of professional secrecy;

6) for culpable indebtedness or for other irregularity in private relations which damages the decorum of the dicastery.

Art. 73

§ 1. Suspension implies the temporary removal from office upon the judgement of the Disciplinary Commission of the Roman Curia, and possibly the loss of salary after welfare or social security withholdings, excluding child benefits.

§ 2. The length of suspension is to be commensurate with the seriousness of the errors committed and may not in any case exceed fifteen days.

CHAPTER III

Exemption from service

Art. 74

§ 1. Exemption from service is applied to employees committing violations which render their continued employment incompatible with the dignity of a position at the Holy See, upon the judgement of the Disciplinary Commission of the Roman Curia mentioned in art. 82, and on the condition that the accused is given the right to defense.

§ 2. One is also exempted from employment in the event of persistent unsatisfactory work performance caused by negligence, following application of the suspension from work for relapsing as mentioned in art. 71 § 1, a).

Art. 76

Article 29 of the current Regulation on Pensions does not apply to one exempted from employment.

CHAPTER IV

Dismissal from Employment

Art. 76

§1. One is dismissed from employment:

1) for serious and public acts of misbehavior and of insubordination;

2) for serious dereliction of duties proper to one's job or to the office;

3) for violation of pontifical secrecy, mentioned in art. 36 § 2;

4) as the result of the acts relating to a judicial or disciplinary proceeding, which render the employee's continued service incompatible with the dignity of a position at the Holy See.

§ 2. The commission mentioned in art. 82 will examine these cases; the accused is to be given the right of self-defense.

§ 3. The aforementioned commission may also examine cases of those relapsing into mistakes already punished with the suspension from office, according to arts. 72 and 73, as well as cases not covered by this article and which are of exceptional seriousness.

Art. 77

If the commission mentioned in art. 82 decrees an employee's dismissal, it also determines its effects, keeping in mind art. 29 of the current Regulation on Pensions.

Art. 78

Dismissed employees may not be rehired by another dicastery or office attached to the Holy See.

CHAPTER V

Removal by Law

Art. 79

§ 1. Removal by law is applied in the event of a sentence concerning a wilful and malicious crime committed even before one's employment, pronounced by the competent authority of the Vatican City State or of another state, which renders one's continued employment incompatible with the dignity of a position at the Holy See. In such cases investigation and evaluation of the facts is not required.

§ 2. Removal by law is to be reported to the Disciplinary Commission of the Roman Curia to allow for evaluations falling within its competence according to art. 29 of the current Regulation on Pensions.

§ 3. An employee removed by law may not be rehired by another dicastery or office related to the Holy See.

CHAPTER VI

Procedure for the Application of Disciplinary Sanctions

Art. 80

§ 1. The suspension, exemption and dismissal from employment mentioned in arts. 72, 74, 76, are applied by the head of dicastery, upon the *nihil obstat* of the Secretariat of State, in conformity with the decisions of the Disciplinary Commission of the Roman Curia, according to arts. 74, 76, 77.

§ 2. The declaration concerning removal by law mentioned in art. 79 as well as the precautionary suspension of arts. 84 and 85 are applied by the head of dicastery.

§ 3. The oral and written warning and the monetary penalty mentioned in art. 71 may be applied by the senior prelates mentioned in art. 3 above.

Art. 81

§ 1. If the person directly in charge of the office or if the superior has knowledge of facts liable for disciplinary sanctions, he must make the appropriate investigation and forward the relevant documentation to the senior prelate, who, if the case falls within his competence according to art. 80 § 3, and after the employee was heard and his/her explanations have been evaluated, applies the sanction, if the case be appropriate.

§ 2. If, on the contrary, the acts committed involve more serious sanctions than the monetary penalty, the documentation must be forwarded to the competency of the head of the dicastery, who will complete any investigation, if necessary, reporting the accusations in writing as soon as possible to the employee, who will be given a deadline of ten days to present an explanation.

§ 3. If the head of dicastery believes that a suspension or an exemption or a dismissal from employment should be applied, he forwards the acts to the Disciplinary Commission of the Roman Curia, informing the employee concerned.

Art. 82

The Disciplinary commission of the Roman Curia will act according to the proper Regulations to determine the disciplinary sanctions mentioned in arts. 72, 74 and 76.

Art. 83

Suspension, exemption and dismissal from work are communicated in writing to the person concerned by the head of dicastery, according to art. 13 of the Regulations of the Disciplinary Commission of the Roman Curia dated January 5, 1994. The refusal to accept such a written statement is interpreted as its having been received. These acts, including the refusal to accept, must be recorded.

CHAPTER VII

Precautionary Suspension

Art. 84

§ 1. The head of the dicastery may issue a precautionary suspension of an employee, against whom a criminal lawsuit was initiated in Vatican City State or in another country.

§ 2. An equivalent measure may be taken by the head of dicastery, for serious reasons, against an employee even before a disciplinary proceeding against him has begun or finished.

§ 3. An employee incurring a precautionary suspension receives his entire salary except for compensations related to being physically present or to the completion of specific tasks.

§ 4. Precautionary suspension is revoked if the reasons requiring it cease.

Art. 85

§ 1. The head of the dicastery immediately suspends an employee, against whom restrictive measures regarding personal freedom were applied by the competent judicial authorities of Vatican City State or of other states, or in any event, for particularly serious reasons or facts consistent with dismissal from work.

§ 2. For cases mentioned in § 1 an employee suspended on a precautionary basis may be given, with the agreement of the Administration of the Patrimony of the Apostolic See, a food allowance of not more than half of the monthly wage, in addition to any family benefits.

§ 3. The measure mentioned in § 1 caused by verified facts and circumstances may be revoked by the issuing authority.

§ 4. For cases mentioned in § 1, if the process results in a sentence or a decision of acquittal by the judicial authority or by the disciplinary commission, respectively, the suspension is revoked and the employee concerned is entitled to the wage not received, excluding the food allowance already paid.

§ 5. In any case the head of dicastery retains the faculty to subject the employee to a disciplinary process concerning facts emerging from the judicial process.

2. Oath of Allegiance and of Observance of the Official Secrecy

I, N.... by undertaking the office of..., swear that I shall always maintain communion with the Catholic Church, both in my words and in my behaviour.

I shall fulfill diligently and faithfully my duties towards the Church, be it universal or particular, to which I was called to carry out my service, according to the norms of law.

In carrying out the task entrusted to me in the name of the Church, I shall preserve the entire deposit of faith, and I shall transmit and witness to it faithfully, by rejecting any teaching contrary to it.

I shall follow and support the discipline shared by the entire Church, and I shall observe all ecclesiastical Laws, particularly those contained in the Code of Canon Law or in the Code of Canons of the Eastern Churches.

I shall observe with Christian obedience that which the sacred pastors shall declare both as authentic teachers or masters of the faith or establish as heads of the Church, and I shall faithfully help the diocesan bishops, so that the apostolic action, to be exercised in the name of and by mandate of the Church, is carried out in communion with the Church herself.

I also commit myself and solemnly promise to fulfill diligently the tasks assigned to me by this office, and to observe official secrecy scrupulously; I also promise I shall neither ask for nor accept offerings as reward, not even if offered in the form of gifts.

May God help me and these Holy Gospels which I touch with my hands.

3. Promise of Fidelity for Employees of the 1st, 2nd and to the 3rd levels

"I, N.... promise before God that I shall be faithful to the Supreme Pontiff and to his legitimate successors, and that I shall rigorously observe official secrecy; I promise that I shall carry out all my duties diligently and observe the orders given to me by my superiors.

ANNEX X Fundamental Law of Vatican City State

VATICAN CITY STATE

Fundamental Law of Vatican City State

26 November 2000

Pope John Paul II

Having taken into account the need to give a systematic and organic form to the changes introduced in successive phases in the juridical structure of Vatican City State and wishing to make it always better correspond to the institutional purposes of the State, which exists as an appropriate guarantee of the freedom of the Apostolic See and as a means of assuring the real and visible independence of the Roman Pontiff in the exercise of his mission in the world, We, by Motu Proprio *and with certain knowledge, with the fullness of Our sovereign authority, have established and hereby establish the following, to be observed as the Law of the State:*

Art. 1

1. The Supreme Pontiff, Sovereign of Vatican City State, enjoys the fullness of legislative, executive and judicial powers.
2. During the vacancy of the See, these same powers belong to the College of Cardinals which, however, can issue legislative dispositions only in a case of urgency and with efficacy limited to the time of the vacancy, unless they are confirmed by the Supreme Pontiff subsequently elected in conformity with Canon Law.

Art. 2

The representation of the State in relations with foreign states and with other subjects of international law, for the purpose of diplomatic relations and the conclusion of treaties, is reserved to the Supreme Pontiff, who exercises it by means of the Secretariat of State.

Art. 3

1. Legislative power, except for those cases which the Supreme Pontiff intends to reserve to himself or to other entities, is exercised by a Commission composed of a Cardinal President and other Cardinals, all named by the Supreme Pontiff for a five-year term.
2. In case of the absence or impedance of the President, the Commission is presided over by the first of the Cardinal Members.
3. The meetings of the Commission are called and presided over by the President; the Secretary General and the Vice Secretary General participate in them with a consultative vote.

Art. 4

1. The Commission exercises its power within the limits of the Law concerning the sources of law, according to the indications to be given below and its own Regulations (*Regolamento Generale dello Stato Città del Vaticano*).
2. In the drawing up of draft laws, the Commission makes use of the collaboration of the Councillors of the State, of other experts and of the Organizations of the Holy See and of the State which could be affected by them.
3. The draft laws are submitted in advance, through the Secretariat of State, for the consideration by the Supreme Pontiff.

Art. 5

1. Executive power is exercised by the President of the Commission, in conformity with the present Law and with the other normative dispositions in force.
2. In the exercise of such power, the President is assisted by the General Secretary and by the Vice General Secretary.
3. Questions of greater importance are submitted by the President to the Commission for its study.

Art. 6

Matters of greater importance are dealt with together with the Secretariat of State.

Art. 7

1. The President of the Commission can issue Ordinances, putting into effect legislative and regulatory norms.
2. In cases of urgent necessity, he can issue dispositions having the force of law, which however lose their force if they are not confirmed by the Commission within ninety days.
3. The power to issue general Regulations remains reserved to the Commission.

Art. 8

1. Without prejudice to what is established in articles 1 and 2, the President of the Commission represents the State.
2. He can delegate legal representation to the General Secretary for ordinary administrative activity.

Art. 9

1. The Secretary General assists the President of the Commission in his functions. According to the modalities indicated in the Laws and under the directives of the President of the Commission, he:
   a) oversees the application of the Laws and of the other normative dispositions and the putting into effect of the decisions and directives of the President of the Commission;
   b) oversees the administrative activity of the Governorate and coordinates the functions of the various Directorates.
2. He takes the place of the President of the Commission when the latter is absent or impeded, except in what is determined in art. 7, n. 2.

Art. 10

1. The Vice Secretary General, in accord with the General Secretary, oversees the activity of the preparation and drafting of the various proceedings and of the correspondence and carries out the other activities attributed to him.
2. He takes the place of the General Secretary when the latter is absent or impeded.

Art. 11

1. In the preparation and the study of budgets and for other affairs of a general order concerning the personnel and activity of the State, the President of the Commission is assisted by the Council of Directors, which he periodically convenes and leads.
2. The Secretary General and the Vice Secretary General also take part in the Council.

Art. 12

The Budget forecasts and financial reports of the State, after their approval by the Commission, are submitted to the Supreme Pontiff through the Secretariat of State.

Art. 13

1. The Councillor General and the Councillors of the State, named by the Supreme Pontiff for a five-year term, offer their assistance in the drafting of Laws and in other matters of particular importance.
2. The Councillors can be consulted both individually and collegially.
3. The Councillor General presides over the meetings of the Councillors; he also exercises functions of coordination and representation of the State, according to the indications of the President of the Commission.

Art. 14

The President of the Commission, in addition to using the Vigilance Corps [a.k.a. Gendarmes], can request, for the purpose of security and policing, the assistance of the Pontifical Swiss Guard.

Art. 15

1. Judicial power is exercised, in the name of the Supreme Pontiff, by the organs constituted according to the judicial structure of the State.
2. The competence of the individual organs is regulated by the law.
3. Judicial acts must be carried out within the territory of the State.

Art. 16

In any civil or penal case and in any stage of the same, the Supreme Pontiff can defer the instruction and the decision to a particular matter, even with the faculty of pronouncing a decision according to equity and with the exclusion of any further recourse.

Art. 17

1. Without prejudice to what is determined in the following article, whoever claims that a proper right or legitimate interest has been damaged by an administrative act can propose hierarchical recourse or approach the competent judicial authority.
2. Hierarchical recourse precludes a judicial action in the same matter, unless the Supreme Pontiff authorizes it in the individual case.

Art. 18

1. Controversies between the employees of the State and the Administration concerning labour relations are the competence of the Labour Office of the Apostolic See, according to its own Statute.
2. Recourses against disciplinary provisions taken in regard to the employees of the State can be proposed before the Court of Appeal, according to its own norms.

Art. 19

The faculty to grant amnesties, indults, remissions and pardons is reserved to the Supreme Pontiff.

Art. 20

1. The flag of Vatican City State is constituted by two fields divided vertically, a yellow one next to the staff and a white one, and bears in the latter the tiara with the keys, all according to the model which forms attachment A of the present Law.
2. The coat of arms is constituted by the tiara and keys, according to the model which forms attachment B of the present Law.
3. The seal of the State bears in the center the tiara with the keys and around it the words “Stato della Città del Vaticano”, according to the model which forms attachment C to the present Law.

The present Fundamental Law replaces in its entirety the Fundamental Law of Vatican City, 7 June 1929, no. I. Likewise all the norms in force in the State which are not in agreement with the present Law are abrogated.

The Law will enter into force on 22 February 2001, Feast of the Chair of Saint Peter Apostle.

We order that the original of the present Law, bearing the seal of the State, be deposited in the Archive of the Laws of Vatican City State, and that the corresponding text be published in the Supplement to the Acta Apostolicae Sedis*, enjoining upon all those concerned to observe it and to have it observed.*

Given from Our Apostolic Vatican Palace on the Twenty-Sixth of November, Two Thousand, Solemnity of Our Lord Jesus Christ, King of the Universe, in the Twenty-Third year of Our Pontificate.

POPE JOHN PAUL II

ANNEX XI Law No. CCCLXXXIV Law on the government of the Vatican City State

Extracts from the Law on the government of the Vatican City State

Law No. CCCLXXXIV Law on the government of the Vatican City State

16 July 2002

JOHN PAUL PP. II

By Nostro Motu Proprio *and assured knowledge of the sovereign authority invested in us, we have ordered and hereby order that the following be observed as a law of the State:*

TITLE I

The Government of the Vatican City State

SECTION I

The Governatorate

Art. 1. (*The Governatorate*)

The Governatorate is made up of an assembly of organs designed to exert the executive power in the Vatican City State and – within the limits derived from their specific legal status – in the areas indicated in paragraphs 15 and 16 of the Lateran Treaty.

SECTION II

The Organs of Government

Art. 2. (*The Cardinal President*)

1. The executive power is exerted by the Cardinal President of the Pontifical Commission for the Vatican City State, who assumes the title of President of the Governatorate.

   In the exercise of his office, he shall be directly assisted by the Secretary General and Vice-Secretary General, to whom he may delegate, also on a permanent basis, the expletion of certain duties.

2. The President assures the governing of the State pursuant to art. 5 of the Fundamental Law, giving the required directives for its general organisation and defining the guidelines of governmental administration.

   In exerting his powers, he proceeds after regular consultation with the Secretary General and Vice-Secretary General and, as the case may be, the General State Councillor, other Sate Councillors, the directors and persons in charge of other operational organisations, acting in concert also with the Secretariat of State in matters of major concern, in accordance with art. 6 of the Fundamental Law of the State.

Art. 3. (*The Secretary General*)

1. The Secretary General, appointed by the Pope for a five year term, shall implement the President's directives and guidelines, superintend the Governatorate's administrative activity, co-ordinate the functions of the Directorates and other operational organs; he assures that the related activities are in line with the regulatory norms.

2. The Secretary General may substitute the Cardinal President according to art. 9 n. 2 of the Fundamental Law.

Art. 4. (*The Vice-Secretary General*)

1. The Vice-Secretary General, appointed by the Pope for a five year term, shall assist the President and the Secretary General in accordance with art. 10 of the Fundamental Law. He supervises the drafting of acts and the correspondence relevant to governmental activity and keeps the official State Seal as well as the official records of the laws.
2. The Vice-Secretary General may substitute the Secretary General in case of his absence or impediment.

SECTION III

Operational Organs of the Governatorate

Art. 5. (*Directorates*)

1. The Directorates are in charge of performing standardized institutional activities concerning the management and rendering of services as well as the production of assets; they are organised on the basis of criteria of functional and managerial competence in compliance with the general regulations and the provisions of this Law.

   The Directorates, notwithstanding their specific competences, shall operate in respect of the principle of functional integration.
2. The Directorates shall collaborate with the President, the Secretary General and the Vice-Secretary General, acting as technical-administrative centres for the implementation of the institutional activities of the State that was constituted for the purpose of guaranteeing the Holy See's sovereignty and independence.
3. The Directorates may be articulated in offices and/or services or other organisational modules, all endowed with specific operational competences.
4. For the accomplishment of specific objectives, defined from time to time, it shall be possible to assign further competences to one or more Directorates or to create operational inter-directional units.

Art. 6. (*Directors*)

1. Each Directorate is to be headed by a director who shall co-ordinate its functions and activities for which he shall be directly responsible.
2. The directors shall adopt the organisational and decision-making measures they deem suitable, in compliance with the rules of law and the President's directives. The Directors shall have equal authority and dignity of rank.
3. For the activities within their competence, the Directors answer to the President, notwithstanding the control function for the enforcement of law and other normative provisions as well as the implementation of directives issued by the President which are the competence of the Secretary General and, as the case may be, the Vice-Secretary General.
4. Directors may be assisted by vice-directors who shall support the performance of their functions, particularly in carrying out specific charges of co-ordination and those of an operational nature and shall substitute them in case of absence or impediment.
5. Directors and vice-directors shall be appointed by the Pope for a five year term.

Art. 7. (*The Council of Directors*)

1. The Council of Directors is an advisory organ and one of technical assistance to the President.
2. The Council shall be convened and presided by the President in the cases foreseen in art. 11 n. 1 of the Fundamental Law and whenever he deems it opportune for the handling of relevant issues of generalized character.
3. The Council may be convened in plenary session or in limited commissions, depending upon particular needs, or address specific matters.

Art. 8. (*Office Chiefs and Service Chiefs*)

1. Office Chiefs and Service Chiefs, notwithstanding the provisions contained in Art. 9 n.. 1, are directly accountable to their respective directors as far as the organisation of the work related to their functions is concerned. They shall replace their respective directors and vice-directors in carrying out the tasks assigned to them, in case of absence or impediment of the same.
2. Office Chiefs and Service Chiefs, in case of their absence or impediment, shall be replaced with the respective Functionary of greater office seniority, unless otherwise provided by the competent director.

Art. 9. (*Central Offices*)

1. For the performance of particular activities related to the exertion of the executive power, specific Central Offices are established. They depend directly on the President, assisted by the Secretary General and the Vice-Secretary General.
2. The Central Offices are the following: Legal Office; Personnel Office; Office of Civil Registry and Notary; Philatelic and Numismatic Office; Computer and Software Systems Office; State Archives; Pilgrim and Tourist Office.

Art. 10. (*Creation, modification and abolition of operational organs*)

The creation, the modification of competences and denomination of offices and/or services as well as their abolition or their transfer to other Directorates is the competence of the Pontifical Commission for the Vatican City State, notwithstanding that the creation, the modification of tasks and the abolition of Directorates and Central Offices is the competence of the Pope.

TITLE II

Tasks of operational organisations

Section I

Departments

Art. 11. (*Directorate of the State Accountancy*)

1. The Directorate of the State Accountancy deals with the keeping of general and analytical accountancy of the State organs and carries out activities of accounting supervision, drawing-up of recordings concerning all the economic-financial operations and State treasury management, including those not directly attributable to individual organs.
2. It carries out activities of auditing and verification of the correct use of operational accounting processes and their integration with economic administrative procedures by operating according to a centralized module.
3. It shall draw up general budgets and final balance sheets pursuant to art. 11 of the Fundamental Law.

Art. 12. (*Directorate of General Services*)

1. The department of Motor Vehicles, the Shipping and Customs services and the Floreria, and General Furnishing services depend on the Directorate of General Services.
2. The Directorate supervises the observance of active regulatory norms as well as relative international accords in force and co-ordinates their administrative profiles.
3. The department of motor vehicles shall keep the Register of Vatican Vehicles (RVV), issues the documents for vehicle circulation, maintenance and driving licences; it shall manage and keep the transportation means in the service of the State.
4. The Shipping and Customs service carries out customs procedures concerning the importation and exportation of goods according to the regulations in force.

5. The Floreria deals with the decoration of the premises destined to the institutional purposes of the organs of the Holy See and the State, the decoration of places destined to liturgical celebrations and other pontifical ceremonies, the decoration of representational and residential official apartments; the conservation and renovation of the property it is entrusted with; the keeping of the inventory of furnishings and items.

Art. 13. (*Directorate of Security Services and Civil Protection*)

1. The Corps of Gendarmes and the Corps of Fire Fighters, subject to respective special regulations, depend upon the Directorate of Security Services and Civil Protection It is headed by the Commander of the Corps of the Gendarmes for the coordination of the activities of both corps and the care for the administrative profiles of such activities.
2. The Directorate, in its double structural articulation and liaison with the Security Committee, mentioned in Art. 28 letter (a) of this Law, shall: (a) care for the security and public order in close liaison with the Pontifical Swiss Guard and the Vatican organs involved, also seeking – through the competent channels - the co-operation of the equivalent organs of the Italian State or other states; (b) provide for accident prevention and related interventions.
3. The Gendarmerie Corps shall carry out institutional tasks of police activities, including border control, judicial and fiscal police services, concerning the security of places and persons, public order maintenance and prevention and repression of offences. The Corps, in consideration of its specific tasks, shall operate in liaison with judicial bodies and the competent authorities of the Holy See.
4. The Fire Department shall carry out activities of emergency intervention and prevention aimed at protecting persons and assets. The Fire Department answers to emergency interventions in the protection of persons and assets. In carrying out its institutional mandate, the Corp acts in cooperation with the Directorate of Technical Services.

TITLE V

Operational methodologies

Section I

Operational organisation of Organs

Art. 29. (*Internal organisation*)

1. The operational organisations of the Governatorate, in order to effectively pursue their respective institutional goals, are endowed with a specific internal organisation, including the job descriptions of the employees.
2. Each organisation avails itself of its own protocol and archives, linked with the State Archives through systems of recording, transmission and storage on paper or electronic forms, governed by special organisational provisions.
3. The signature of minutes of each individual operational organisations is the competence of the respective responsible persons, according to Art. 6, 8 and 9.
4. Pursuant to the provisions of Art. 5, No. 1, the Directorates shall operate in cooperation and concert, according to the principle of functional integration, in matters of common interest.

Section II

Legal and economic-accounting activities

Art. 30. (*Legal deeds and contracts*)

1. Contracts and other legal instruments, duly authorised and implemented by the Governatorate, shall be attributed to the State and be governed exclusively by the Vatican legislation.

2. Contracts and other legal instruments are the competence of the Directorates and other operational organisations, within the limits – as far as their economic profiles are concerned - of the relevant State budget.

   Such instruments, in case they exceed the capacity of the ordinary administration, to be valid, shall be forwarded to the Legal Office for the verification of their formulation and to the Directorate of State Accountancy for the verification of their compatibility with the available financial resources of the actual-basis fiscal year as well as for the possible proposal of necessary budget variations.

   Their final approval is assigned to the President.

3. The execution of contracts and other legal instruments is reserved to the President who may delegate, also on a permanent basis, the Secretary General, the Vice- Secretary General or, in matters for which the respective Directorates and other operational organisations are competent, the respective directors and officials.

Art. 31. (*Economic accounting procedures)*

1. The entire accountancy of the different governmental bodies converges towards the general accountancy kept by the Directorate of the State Accountancy in accordance with article 11.
2. The Directorate of State Accountancy, on the budget level, shall perform the accounting attributions of incoming and outgoing financial flows for the fulfilment of obligations related to the respective items; verify the compliance of such items with the contents of contracts in general and of other legal instruments as well and their punctual performance, by inspecting the relevant documents confirming the acceptance or due performance, as the case may be.
3. The treasury service depends on the Directorate of State Accountancy as far as the issuing and collection of invoices for the transfer of goods or services and the payment of purchase invoices are concerned.

   To this end, the departments and other bodies shall forward to the Directorate of State Accountancy the relevant income and expense documents on the basis of which periodical balance statements are drawn up.

4. Economic accounting procedures, drawing-up and approval of State balance sheets are governed by the regulation in force.

Final provision

Art. 36. (*Repeal and entry into force*)

1. This Law on the government of the Vatican City State substitutes the Law of 24 June 1969, no. LI, inasmuch as this is still in force.
2. All of the other rules in force in the State that are contrary to this Law are repealed.
3. It shall enter into force on 1 October 2002.

We order that the original of this Act, provided with the State Seal, shall be deposited in the Archives of the acts of the Vatican City State, and the corresponding text published in the Supplement to the Acta Apostolicae Sedis, *by ordering whom it concerns to observe it and have it observed.*

Issued from our Apostolic Vatican Palace on 16 July 2002, XXIVth year of our Pontificate.

JOHN PAUL PP. II

ANNEX XII Act on the sources of law

Law No. LXXI – Act on the sources of law

1 October 2008

BENEDICT PP. XVI

In order to further proceed in the systematic adaptation of the legal order of the Vatican City State, started with the Fundamental Law of 26 November 2000, of our own will and certain knowledge, with our full sovereign authority, we ordered, and order, the following that shall be observed as law of the State:

Art. 1. ***(Main sources of law)***

1. The Vatican legal system recognizes the canon order as its first normative order and first criterion of interpretative reference.
2. The main legal sources are the fundamental law and the laws promulgated for the Vatican City State by the Supreme Pontiff, the Pontifical Commission and other authorities on to which He conferred the exertion of legislative power.
3. What is provided for in matters of law, concerns also decrees, regulations and any other lawfully issued normative provision.
4. The Vatican legal system complies with the rules of general international law and those deriving from the treaties and other agreements in which the Holy See is part, except for the provision of comma 1.

Art. 2. ***(Publication, entry into force and keeping)***

1. Laws are published (ratified) with the date and the progressive Roman numeral indicating the year of each pontificate.
2. Laws enter into force on the seventh day after their publication, unless the Laws themselves indicate another term.
3. Laws indicated in Art. 1 n. 2 are deposited in the special Archives of the Governatorate and published in the special Supplement to the *Acta Apostolicae Sedis*, except for particular cases in which the same act indicates a different form of publication.

Art. 3. ***(Reception of Italian legislation)***

1. In matters that are not governed by the sources indicated in Art. 1, the acts and other normative provisions issued by the Italian State apply in a supplementary way and subject to the reception by the competent Vatican authority.
2. Such reception is ordered, provided that the provisions are not contrary to the precepts of divine law, the general principles of canon law, as well as the provisions of the Lateran Treaties and subsequent accords, and that they are applicable within the Vatican City, given its state of fact.

Art. 4. ***(Civil rules)***

With the reservations indicated in Art. 3, the Italian civil code of 16 March 1942 applies together with the acts that modified it until the entry into force of this Act, with the following reservations:

a) the Vatican citizenship is governed by a special Vatican act;

b) the capacity to perform any legal act, to acquire and dispose of assets by acts *inter vivos* because of the death of clerics, members of the religious institutes of consecrated life and societies of apostolic life, who are Vatican citizens, is governed by canon law;

c) marriage is governed exclusively by canon law;

d) adoption is authorised by the Supreme Pontiff;

e) limitation, as far as ecclesiastic property is concerned, is governed by cann. 197-199 and 1268-1270 of the *Codex iuriscanonici*, but also can. 76 § 2 of the same *Codex* applies;

f) gifts and bequests *mortis causa* in favour of *piaecausae* are governed by cann. 1299-1300; 1308-1310 of the same *Codex*;

g) birth, marriage and death records are registered under the rules of Vatican legislation;

h) registers of citizenship, births, marriages and deaths are kept at the Governatorate;

i) labour relations are governed by special Vatican regulations;

j) notary functions are exerted by the attorneys of the Holy See appointed by the President of the Governatorate. In the same form, the exertion of notary functions can be conferred on to Rota or civil attorneys on the basis of an organic relation or a co-operation agreement with the Governatorate;

k) the office of mortgage registrar, as far as recordings and registrations of mortgages are concerned, is of the competence of the Directorate of Technical Services. The latter provides also for the keeping and updating of the tax inventory of real property.

Art. 5. ***(Rules of civil procedure)***

The Vatican code of civil procedure of 1 May 1946 with the subsequent modifications applies, also for the simplification and shortening of the procedure.

Art. 6. ***(Powers of the judge in civil matters)***

When a civil dispute cannot be decided by referring to a rule, foreseen in the sources indicated under the former paragraphs, the judge shall decide by taking into account the precepts of divine law and natural law as well as the general principles of the Vatican legal order.

Art. 7. ***(Penal rules)***

1. As long as a new definition of the penal system has not been provided for, with the reservations indicated in Art. 3, the Italian penal code transposed by Law of 7 June 1929, No. II, as modified and integrated by Vatican law, applies.

2. The Law provides for cases in which detention penalties may be replaced with alternative sanctions and indicates their nature, by considering the didactic function of the penalties.

3. Pecuniary penalties expressed in Italian Lira and converted into Euro pursuant to Law of 28 December 2001, No. CCCLXXI, shall be determined by an administrative provision from the Cardinal President of the Governatorate of the Vatican City State.

4. Administrative wrongs and the relevant sanctions are governed by a special Vatican act.

Art. 8. ***(Rules for penal procedure)***

As long as a new procedural regulation has not been established, with the reservations indicated in Art. 3, the Italian code of penal procedure transposed by Law of 7 June 1929, No. II, as modified and integrated by Vatican law, applies.

Art. 9. ***(Powers of the judge in penal matters)***

Should any penal provision be lacking, and an act has been committed that offends the principles of religion or morals, public order, personal security or safety of things, the judge may refer to the general principles of the legislation to inflict pecuniary penalties up to Euro 3,000, or detention penalties up to six months, and apply, as the case may be, the alternative sanctions indicated in Law of 14 December 1994, No. CCXXVII.

Art. 10. ***(Representation, advocacy in court and oath in trial)***

1. Representation and advocacy in different courts are governed by a special act.

2. In trials, the oaths of parties, witnesses, experts or others shall be taken in the same forms used before ecclesiastic courts.

Art. 11. ***(Education)***

1. Notwithstanding the specificities of the Vatican system, inspired by the directives of the Magisterium of the Church in matters of education and vocational training, having a particular regard to the primary responsibility of parents, school education is compulsory from the age of six to the age of eighteen years.
2. Such obligation is met by attending legally recognised schools, according to the legislation of the different states, except if the parents or tutors can demonstrate that they are in a position to give private education on their own behalf and at their own expense by means of suitable teaching instruments.
3. Implementing measures shall be provided for by an administrative regulation.

Art. 12. ***(Administrative rules)***

1. Unless otherwise stated in a specific Vatican regulation and with the reservations indicated in Art. 3, within the Vatican City the following shall apply:
   a) the legislation of the Italian State in force at the moment when this Law entered into force, including the regulations and treaties ratified by Italy and the implementing provisions of said treaties, concerning:
      1) weights and measures of any kind;
      2) invention patents, and brands and trademarks;
      3) railways;
      4) mail;
      5) telecommunications and related services, on fixed and mobile network, with their different components;
      6) transmission of electric power;
      7) aviation;
      8) automobiles and their circulation;
      9) defence against infectious and contagious diseases.
   b) Laws of the Italian State, together with the related general and special regulations, and the regulations of the Lazio Region and the Province and Municipality of Rome, concerning building and urban police, hygiene and public health.
2. In case of necessity for reasons of public utility, the acquisition of private assets for the State, the temporary use of the same, the rendering of works and services are provided for by the President of the Governatorate by justified decrees that shall establish the relevant compensations.
3. By the State authority indicated in the laws and regulations referred to in this article, the President of the Governatorate is meant, unless he expressly delegates another in his place.

Art. 13. ***(Repeal and entry into force)***

This Law on the sources of the law completely substitutes the Law on the sources of law of 7 June 1929, No. II.

It shall enter into force on 1 January 2009.

We order that the original of this Act, provided with the State Seal, shall be deposited in the Archives of the Laws of the Vatican City State, and the corresponding text published in the Supplement to the Acta Apostolicae Sedis, *by ordering whom it concerns to observe it and have it observed.*.

Issued from our Apostolic Vatican Palace on 1 October 2008, year IV of Our Pontificate.

BENEDICT PP. XVI

ANNEX XIII Extracts from the Italian Penal Code (1888)

Selected articles

Selected articles of the Italian Penal Code of 22 November 1888, currently in force in the Vatican City State, pursuant to article 7 of Law LXXI, of 1 October 2008.

Article 4

The citizen or foreigner, who commits a crime against the security of the State in a foreign territory, or counterfeits the State seal, or creates counterfeit currency, having legal course in Italy, or an Italian public bond, for which the Italian law establishes a maximum penalty of not less than five years of incarceration, is punished according to the same.

He is to be tried in Italy even if he has been tried in a foreign jurisdiction, if the Justice Minister so requests it.

The preceding provisions also apply with respect to a crime for which the law establishes a penalty of incarceration of a lesser duration, provided that the citizen or the foreigner is located in the Italian territory.

Article 5

Except in the cases indicated in the preceding article, the citizen who commits a crime on foreign territory for which Italian law establishes a penalty of incarceration not less than three years is punished according to the same law, provided that he is found on Italian territory; but the penalty is diminished by one sixth, and life imprisonment is substituted with a term of 20 to 30 years of imprisonment.

In regard to a crime for which the law provides for incarceration of a lesser duration, the process should not proceed unless there is a complaint or a request by the Foreign government.

Article 6

The foreigner who, outside the cases indicated in article 4, commits a crime on the foreign territory against the State or citizen for which the Italian law establishes a penalty of incarceration not less than one year is punished according to the same law, provided that he is found on Italian territory. However, the penalty is diminished by one third and life imprisonment is substituted with a term of incarceration not less than 20 years.

The process should not proceed unless there is a private complaint or a request by the Foreign government.

If the crime is committed against another foreigner, the guilty person, at the request of the Justice Minister, is punished according to the dispositions of the first part of this article provided that:

1. the crime, in question, is subject to a penalty of imprisonment not less than three years;
2. there is no extradition treaty, or the extradition has not been accepted by the government of the place in which the guilty person committed the crime or by that of his own nationality.

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Article 145

He who reduces another person to slavery or to a similar condition is punished with twelve to twenty years of incarceration.

Article 146

He who illegitimately deprives another person of his personal freedom is punished with an incarceration of one month to five years and with a fine up to thousand lira.

If the guilty person used menaces, violence or deception in order to commit the misdeed or during its commission, or else commits the act for revenge or profit, or for a religious goal or pretext, or hands

over the person to serve in the military abroad, the penalty is of three to eight years of incarceration and a fine ranging from five hundred to three thousand lira.

If the misdeed was committed against an ancestor or against the spouse, a Member of Parliament, or against a public official in view to his public functions, or if, from the fact, the victim suffers serious injury to his person, health, or wealth; the punishment is of five to fifteen years of incarceration and a fine ranging from a thousand to five thousand lira.

The punishment is reduced between a sixth and a half if the guilty person spontaneously releases the person retained, before any act of persecution, without having attained his purpose, and without having caused him any damage.

Article 147

A public official who, abusing of his powers, or without observing the conditions and formalities required by the law, deprives someone of his personal freedom, is punished with three months to seven years of detention; if any of the circumstances mentioned in the first two paragraphs of the previous article are present, the incarceration is of six to fifteen years.

The punishment is reduced between a sixth and a half in the situation foreseen in the last paragraph of the previous article.

Article 148

He who removes, even temporarily, a person under fifteen years of age from her parents or tutors, or from who has her custody or care, with her consent, for a purpose diverse from lust, matrimony, or profit, or who unduly retains her, even with her consent, is punished with up to one year of incarceration.

If the misdeed is committed without the consent of the person removed or retained, or if she has not yet twelve years of age, the provisions and punishment set forth in the previous articles are applied according to the case.

Article 149

The public official who, abusing of his powers, orders or carries out a personal search; is punished with up to six months of detention.

Article 150

The public official responsible for a prison that confines someone without an order from the competent authority, or refuses to obey an order to release someone, is punished with up to one year of detention.

Article 151.

The competent public official who, having received information of an illegal detention, neglects, delays, or refuses to intervene to make it cease, or to inform the Authority that should intervene, is punished with a fine up to fifteen hundred lira.

Article 152

The public official entrusted with the custody or transportation of an arrested or condemned person or having, due to his office, any sort of authority over the same person, who commits arbitrary acts against her, or imposes upon her hardships not approved by the regulations, is punished with one to thirty months of detention.

Article 153

When the public official who commits one of the crimes set forth in the previous articles acts pursuant to a private end, in the case foreseen in article 151, an incarceration of three to six months is added to the fine, in the other cases the punishment is increased by a sixth and the detention is substituted with incarceration.

Article 154

He who uses violence or threats to oblige someone to do something, tolerate something, or omit to do something, is punished with up to one year of incarceration and a fine up to a thousand lira; if he succeeds in carrying out his purpose, the incarceration cannot be less than a month nor the fine of less than a hundred lira.

If the violence is perpetrated with arms, or by someone disguised, or by several persons acting jointly, or with an anonymous letter or using symbols, or profiting from the threatening power of secret associations, real or fictitious; the incarceration is from two to five years; and of no less than three years if it succeeds in carrying out its purpose.

When the penalty imposed is longer than six months of incarceration, it may be added the subjection to the special supervision of the public security authority.

Article 155

For the purposes of legal punishment, and unless the law disposes otherwise, to be considered as aggravating circumstances of the crime, “arms” means:

1- insidious arms and other weapons in the strict sense, whenever used to commit a crime;

2- the arms previously indicated and any other instrument suitable to commit a

crime, whenever carried in such a way as to intimidate persons. Whenever the crime is committed by a group of persons, it is deemed to be committed with arms if at least three of them are openly armed.

Article 156

He who, outside form the cases foreseen in the law, threatens someone with a serious or unjust harm, is punished with up to six months of incarceration.

If the threat is made in one of the forms mentioned in the first paragraph of article 154, the penalty is from three months to a year of incarceration; and, if the penalty imposed is longer than six months of incarceration, it may be added the subjection to the special supervision of the public security authority.

For any other threat, the penalty is a fine up to a hundred lira, and the prosecution proceeds only pursuant to a complaint.

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Article 171

The public official who, in exchange for his duties, receives for himself or for others, in money or in other value, a retribution that is not due or accept the promise of such a retribution, is punished with up to one year of incarceration, with a temporary interdiction from public office, and with a fine ranging from fifty to three thousand lira.

Article 172

The public official who, to delay or omit one of his duties, or to do something against his duties, receives or makes others promise him money or other values, for himself or for others, is punished with six months to five years of incarceration, with a temporary interdiction from public office, and with a fine ranging from a hundred to five thousand lira.

The incarceration is of three to ten years, if the object of the wrongdoing is:

1. the concession of public employment, salaries, pensions, or honors, or the subscription of contracts in which the public official’s Administration is interested;
2. in favor or against a party or an accused in a civil or criminal procedure.

If the wrongdoing causes the imposition of a penalty that restricts personal freedom for more than one year, the incarceration is from five to fifteen years and the fine can be extended to the maximum.

Article 173

He who induces a public official to commit one of the crimes set forth in the previous articles is punished, in the case foreseen in article 171, with a fine from fifty to three thousand lira, and, in the case foreseen in article 172, with the penalties established there.

If the public official does not commit the crime, he who has tried to induced him to do so, is punished with the penalties established in this article, reduced by half.

Article 174

In the cases foreseen in the previous articles, that which has been given is confiscated.

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Article 248

When five or more persons enter into a partnership to commit a crime against the administration of justice, the public faith, public welfare, good customs, the good order of the family, or against a person or property, each one of them is punished with one to two years of imprisonment for the sole fact of having created the association.

If the associates roam the countryside or the public ways, and if two or more of them carry arms or keep them in a hiding place, the punishment is a term of imprisonment from three to ten years.

If there are directors or heads of the association, in the case mentioned in the first part of this article, they are subject to a term of imprisonment from three to eight years; in the case indicated in the preceding paragraph, they are subject to a penalty of five to twelve years imprisonment.

The special surveillance of the authority in charge of public security is always added to penalties provided for in this article.

Article 249

Except the cases provided in article 64, whomever gives refuge or assists or supplies provisions to his partners, or to one of them, is punished with a term of up to one year of imprisonment.

The penalty is not applied to he who supplies provisions or gives refuge to a close relative.

Article 250

The penalty for crimes committed by all of the associates or by any one of them, during the time of the association is provided in article 77 and increased from one sixth to one third.

Article 293

He who creates a rise or a fall in the market prices of salaries, commodities, goods, or stocks negotiable in the public markets or in the stock exchange, through the dissemination of false news or other fraudulent means, is punished with three to thirty months of incarceration and a fine ranging from one hundred and fifty to three thousand lira.

If the crime is committed by public intermediaries or brokers, the penalty is one to five years of incarceration, the interdiction from public office, including the exercise of those profession, and a fine greater than a thousand lira.

Article 294

He who uses measurements or weights with a counterfeit or altered legal mark, when it may cause public or private harm, is punished with up to one month of incarceration and a fine up to a hundred lira; and, if the condemned uses them in a store open to the public, with up to three months of incarceration and a fine ranging between fifty and five hundred lira.

The shopkeeper of a store open to the public guilty of the simple possession of measurements or weights with a counterfeit or altered legal mark, is punished with a fine up to five hundred lira.

Article 295

He who, in the exercise of his own trade, deceives a buyer delivering him something for other, or some good that is diverse, in origin, quality or quantity, from those that were declared or agreed, is punished with up to six months of incarceration or with a fine ranging from fifty to three thousand lira.

If the deceit regards precious goods, the incarceration is from three to eighteen months and the fine of over five hundred lira.

Article 296 He who falsifies or alters brand names, makings or distinctive signs of intellectual property or any product of whichever industry, or uses false or altered brand names, makings or distinctive signs, even when modified by others, is punished with one month to two years of incarceration and with a fine ranging from fifty to five thousand lira.

The same penalty applies to he who falsifies or alters industrial designs or plans, or uses those falsified or altered designs or plans, even when modified by others.

The judge may order that the guilty judgment be published in the journal of his choice, at the expense of the condemned.

Article 297

He who introduces in the State, to commerce, sell or otherwise put into circulation, whichever intellectual property work or industrial product with false or altered brand names, makings or distinctive signs, or with brand names, makings or distinctive signs capable of deceiving the buyer about the origin or the quality of the good or product; is punished with one moth to two years of incarceration and with a fine ranging from fifty to five thousand lira.

Article 298

He who reveals news regarding scientific discoveries or inventions or industrial application of the same, which he has known due to his state or office or due to his profession or craft, and which should remain secret, is punished, upon complaint, with up to six months of incarceration and a fine of over a hundred lira.

If the disclosure is committed by a foreigner non-resident in the kingdom or by his agent, the incarceration is of one month and the fine of over five hundred lira.

Article 299

He who obstructs or disturbs, with violence or threats, gifts, promises, collusion or other fraudulent means, the competition in a public auction or in the private offering on behalf of the public administrations, or sends away the bidders, is punished with three to twelve months of incarceration and with a fine of no less than five hundred lira.

If the offender is the person charged by the law or by the Authority with the conduct of the aforementioned public auctions or private offerings, he is punished with one to five years of incarceration and with a fine of no less than five hundred lira.

He who abstains himself from participating in the aforementioned public auctions or private offerings, for money of for some other profit, promised to him or to others, is punished with up to six months of incarceration or with a fine ranging from a hundred to two thousand lira.

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Article 331

He who forces another person of either sex, through violence or threats, to have sexual intercourse, is punished with three to ten years of incarceration. The same penalty applies to he who has sexual intercourse with another person of either sex who, at the moment of the wrongdoing:

1. Was of less than twelve years of age;
2. Was of less than fifteen years of age, if the offender was a forebear, a tutor, or an instructor;
3. If, being under arrest, was under the care of the offender for his custody or transportation.

4. It was unable to resist due to mental or physical illness or for other cause independent of the offender and of the fraudulent means used by him.

Article 332

If the wrongdoing foreseen in the first paragraph of the previous article and in subparagraphs 1 and 4, is committed with an abuse of power, trust or of domestic relations, the offender is punished, in the case foreseen in the first paragraph, with six to twelve years of incarceration, and, in the other cases, with eight to fifteen years of incarceration.

Article 333

He who, using the means or taking advantage of the conditions mentioned in article 331, commits libidinous acts against a person of either sex which are not directed to the crime set forth in the aforementioned article, is punished with one to seven years of incarceration.

If the wrongdoing is committed with an abuse of power, trust or of domestic relations, the penalty, in case of violence or threat, is from two to ten years of incarceration; and, in cases contemplated in subparagraphs 1 and 4 of article 331, from four to twelve years of incarceration.

Article 334

When one of the crimes set forth in the previous articles is committed with the simultaneous participation of two or more persons, the penalties there established are increased by a third.

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Article 364

He who, with the intention to kill, causes the death of someone, is punished with eighteen to twenty-one years of incarceration.

Article 365

The penalty is of twenty-two to twenty-four years of incarceration if the crime set forth in the previous article is committed:

1. against the spouse, a brother, a sister, the adopted father or mother, an adopted son, or a kin in a straight line;
2. against a member of Parliament or a public official, in view of their public functions;
3. using poisonous substances.

Article 366

The penalty is life imprisonment if the crime foreseen in article 364 is committed:

1. against a legitimate forbearer or descendant or against the natural parents or sons, when the natural filiation has been legally recognized or declared;
2. with premeditation;
3. moved by brutal malice or committed with gross tortures;
4. through the means of arson, flooding, drowning or any of the crimes set forth in part VII of this book;
5. to prepare, facilitate, or perpetrate another crime, even if this has not been committed;
6. immediately after the commission of another crime, to ensure the profits, or because its ends were not attained, or to hide the crime, or suppress the evidence or proof, or to ensure in any other way impunity for oneself or for others.

Article 367

In the cases foreseen in the previous article, when the death would not have occurred without the contribution of pre-existing conditions unknown to the offender, or of causes that arose subsequently

and independently from the wrongful act, the penalty, in the case of article 364, is of fifteen to twenty years of incarceration; in the cases foreseen in article 365, it is of eighteen to twenty-two years of incarceration; and, in the cases mentioned in article 366, it is of no less than twenty-two years.

Article 368

He who causes the death of someone with acts directed to cause a personal injury is punished with twelve to eighteen years of incarceration, in the case foreseen in article 364; in the cases of foreseen in article 365, is punished with fifteen to twenty years; and, in the cases foreseen in article 366, with no less than twenty years of incarceration.

If the death would not have occurred without the influence of some pre-existing conditions unknown to the offender or of causes arising after and independently from the fact, the penalty is of eight to fourteen years of incarceration, in the case of article 364; from eleven to sixteen years, in the cases foreseen in article 365; and from fifteen to twenty years, in the cases foreseen in article 366.

Article 369

When the crime set forth in article 364 is committed against a child not yet inscribed in the public registry and during his first five days of life, with the view to save his own, or the wife's, or the mother's, or a descendant's, or an adoptive daughter's, or a sister's honor; the penalty is of three to twelve years of detention.

Article 370

He who induces others to suicide or assists them, is punished, in case the suicide has effectively occurred, with three to nine years of incarceration.

Article 371

He who causes the death of someone through imprudence, negligence or inability in its own trade or profession, or due to the inobservance of regulations, instructions and standards, is punished with three months to five years of incarceration and with a fine ranging from a hundred to three thousand lira.

If the case the wrongdoing causes the death of more than one person or if it causes the death of one person and it injures another or more, having the effects mentioned in the first paragraph of article 372, the penalty is one to eight years of incarceration and a fine of no less than two thousand lira.

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Article 402

He who takes possession of somebody else's mobile good in order to obtain profit, removing it from the location it was placed without the consent of its owner, is punished with up to three years of incarceration.

The crime may be committed even with regard to an inheritance not yet accepted, as well as by the co-owner, partner and co-inheritor regarding those things owned in common and the inheritance not yet divided that is not held by him. The amount that has been appropriated is determined by subtracting the amount that corresponds to the offender.

Article 403

For the crime set forth in the preceding article, the incarceration is of three months to four years if the crime is committed:

1. in public offices, archives or establishments, regarding goods stored there; or elsewhere, regarding goods destined for the public benefit;
2. in cemeteries, tombs, and sepulchres, regarding objects that are there for their defence or ornament, or that are placed next to the corpses or buried with them.
3. over objects used or destined for worship in places where it is practiced, or in those places annexed to the places of worship and intended to store those objects.

4. with cunning upon the persons, in a public place or in a place open to the public;
5. over objects or money of travelers in every kind of vehicle, over land or sea, or in the stations or in the stopovers of public transportation companies;
6. over animals, in the place where they are bred, or over the animals left in the fields due to necessity and regarding which subparagraph 12 of the next article does not apply;
7. Over firewood chopped in the forest, or over plants in a hatchery, or over land product already detached from the ground but left on the fields due to necessity.
8. Over objects that left exposed to the public trust due to tradition or design.

Article 404

For the crime set forth in article 402, the penalty is of one to six years of incarceration:

1. If the wrongdoing is committed abusing the trust that arises from mutual relations of work, from providing a professional service or trade, or from cohabitation, even temporary among the person that is robbed and the offender, over the objects left or exposed to the trust of the latter one.
2. If the offender commits the wrongdoing taking advantage of the means that arise from a disaster, calamity, a public commotion, or a particular tragedy for the person that is robbed.
3. If the offender, not cohabitating with the person that is robbed, commits the wrongdoing during the night in a building or any other inhabited place.
4. If the offender, in order to commit the wrongdoing or to transport the subtracted good, destroys, demolishes, breaks, or ruptures solid works, set to protect the person or the property, even if destruction is not done in the place of the wrongdoing;
5. If the offender, in order to commit the wrongdoing or to transport the subtracted good, opens locks using false keys or other instruments, or even the real keys if lost by the owner, or stolen from him, having acquired them or kept them improperly;
6. If the offender, in order to commit the wrongdoing or to transport the subtracted good, enters or exits the building or area using means different from those destined to the normal transit of persons, overcoming obstacles or works that cannot be overcome without artificial instruments or personal agility;
7. If the wrongdoing is committed violating the seals laid by a public official pursuant to the law or to an order of the Authority;
8. If the fact is committed by a disguised person;
9. If the wrongdoing is committed by three or more persons acting together;
10. If the wrongdoing is committed simulating a public official;
11. If the object subtracted was devoted manifestly to the public defense or to protect the public from accidents.
12. If the act is committed over livestock in a herd or over large livestock, even if it is not gathered in a herd, grazing or in the open fields, or in a barn or a shed that is not annexed closely to an inhabited house.

If more than one of the circumstanced mentioned in the various subparagraphs of this article concur, the incarceration is of two to eight years.

Article 405

He who gleans, rakes up, or collects leftover grapes in somebody else’s field before the crops have been fully collected, without authorization from he who has the right, is punished, upon complaint of the victim, with a fine up to fifty lira; and, in the case of reoffending, with up to one month of incarceration.

Article 406

He who forces the owner or other person present in the place of the crime, through violence or threats of grave and imminent injury to his person or goods, to hand over a mobile good or to endure that he takes possession of it, is punished with three to ten years of incarceration.

The same penalty applies to he who, during the act of taking possession of somebody else's mobile good or immediately thereafter, uses the aforementioned violence or threats against the person robbed or against the person that has raced to the place of the crime, either to transport the stolen good or to seek impunity for himself or for other person that has participated in the crime.

If the violence is directed only to tear away the object from the hand or body of the person, the offender is punished with one to five years of incarceration.

Article 407

He who forces someone, through violence or threats of grave and imminent injury to his person or goods, to hand over, subscribe or destroy, to his own loss or to the loss of someone else, any instrument that entails a legal effect, is punished with three to ten years of incarceration.

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Article 421

Except in the cases provided in article 225, whomever acquires, receives or hides money or things resulting from a crime, or is involved in any way with the acquisition, receiving or hiding of them, without participating in the underlying crime, is punished with imprisonment for up to two years or with a fine of up to three thousand lira. If the money or things proceed from a crime which is subject to a term of imprisonment for more than five years, the guilty party is punished with imprisonment from one to four years.

In both cases provided for in the preceding provisions, the imprisonment should not be more than half of the penalty established for the underlying crime from which the things proceed, Where it regards a fine, the amount is determined according to the norms established in article 19.

If the guilty person is a habitual receiver of stolen property, the term of imprisonment is from three to seven years in the case provided in the first paragraph of this article, and from five to ten years, in the case provided in the second paragraph and the fine between three hundred and three thousand lira is always added.

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Article 460

He who establishes a weapons factory or introduces in the State a quantity of weapons that exceeds his own use, without giving previous notice to the competent authorities, is punished with three months arrest and a fine ranging from fifty to a thousand lira.

Article 461

He who, without a license from the competent authorities, fabricates, or introduces in the State, or markets, or puts to sale insidious weapons, is punished with a period of arrest no shorter than six months and with the suspension of the exercise of his profession or trade.

Article 462

He who fabricates or introduces in the State, without a license from the competent authorities, pyric powders or other explosive materials, is punished with a period of arrest of up to three months and with a fine up to five hundred lira.

Article 463

He who markets or puts into sale arms, without a license from the competent authorities when such a license is required by the law, is punished with a period of arrest of up to one month and with a fine ranging from fifty to five hundred lira.

Article 464

He who, without a license from the competent authorities, carries arms for which a license is required outside of his own residence or of its annexes, is punished with a period of arrest of up to one month and with a fine up to two hundred lira.

The offender is punished with the arrest:

1. Up to four months, if the arm is a pistol or a revolver;
2. From one month to a year, if the arm is insidious.

Article 465

The penalties established in the previous article are increased:

1. By one-third if the arm is carried in a place where there is an assembly or a convergence of people, or during the night in an inhabited place, or if the offender has been condemned for begging.
2. Between one-third and one half if the offender has been condemned for crimes against persons or property committed with violence, or for violence or resistance to the authorities, or if he is subject to special supervision from the public security authorities, and the penalty of incarceration is always applied.

Article 466

It is punished with a fine of up to a hundred lira he who, even if possessing a license to carries firing weapons:

1. Hands over or allows that such a weapon be carried charged by a person of less than fourteen years of age carries, or by a person that does not know or is unable to use it with discretion.
2. Neglects to adopt the necessary precautions regarding such weapons to prevent that any of the above-mentioned persons easily succeeds in taking possession of them.
3. Carries a charged rifle in a place where there is an assembly or a convergence of people.

Article 467

He who fires firearms, fireworks or explosive machines, or makes other explosions or dangerous or inconvenient ignitions, without the license of the competent authorities, in an inhabited place or in its vicinity, or into or in the general direction of a public way, is punished with a fine of up to fifty lira; to which, in the most serious cases, it is possible to add the detention for up to fifteen days.

Article 468

He who, in his house or in other place, keeps a stack of weapons of no less than twenty, or one or more pieces of artillery, or other similar machines, or explosive or inflammable materials dangerous for their quantity or quality, in a clandestine manner or against the prohibition of the law or the public authority, is punished with an arrest of no less than three months; and, if the arms are insidious, to the arrest may be added the subjection to special supervision from the public security authorities.

Article 469

He who, without the license of the competent authorities, transports from one place to another pyric powders or other explosive matters in a quantity superior his own needs or to an industrial need, or without the precautions required by the law or by the regulations, is punished with an arrest of up to one month or with a fine of up to three hundred lira

Article 470

For the purposes of penal law, the following are considered insidious arms:

1. Blades, switchblades and daggers and of any form, and sharp knives whose blade is fixed or which could be fixed with a release of other mechanism;

2. Firearms whose cannon measure, from the inside, less than one hundred and seventy one millimetres, bombs and any other explosive machine or device;
3. Any white arm of firearm, regardless of its measurements, that is hidden in a walking stick, a cane, or a club.

Annex XIV Law No. CCXXVII – Law in regard to modifications in the penal system

Law No. CCXXVII – Law in regard to modifications in the penal system

14 December 1994

THE PONTIFICAL COMMISSION
FOR VATICAN CITY STATE

- having regard to the law on the source of law, 7 June 1929, no. II;
- having regard to the law on the government of the Vatican City State, 24 June 1969, no. LI;
- having regard to the law on pecuniary penalties and of injunction in penal matters, 10 January 1983, no. LII;
- in consideration of the opportunity to simplify the penalty system in the case of minor offenses;

has ordered and orders what is hereby established, to be observed as law of the State:

Art. 1

1. In the cases of minor offense, other than those offenses indicated in Art. 8 of the Law no. LII of 10 January 1983, the Single Judge, while considering the tenuity of an offense committed or of particular circumstances, may decree, notwithstanding the current regulations in force, for the application of pecuniary penalty (fine) in substitution of the penalty indicated and established within the limits provided in art. 2 of the said Law.
2. The payment of the pecuniary penalty (fine) within a fixed term by the decree, extinguishes the charged offense.

Art. 2

1. In determining the amount of the pecuniary penalty the Single Judge may consider, other than the gravity of the facts and the human condition of the defendant, also the economic conditions of the same.
2. A plan for paying the pecuniary penalty in monthly instalments may also be decreed, applying what is compatible with the norms in arts. 9-11 of the Law no. LII of 10 January 1983.

Art. 3

In addition to or in substitution of the pecuniary penalty ruled in the preceding article, the Single Judge may decree the temporary suspension of authorizations and administrative concessions, and, unless the guilty party is a citizen or resident, the temporary barring of access into Vatican City.

Art. 4

1. The decree may be appealed by the defendant and by the Promoter of Justice before a Tribunal within a term of ten days from the notice.
2. The appeal renders a reduction in the term of the ordinary penal action. The appeal of the Promoter of Justice also suspends the execution of the administrative sentence adopted with the decree.

Art. 5

1. The decree is adopted, independently of the penal action, for the application of penalties of an administrative nature, in the case of offenses occurring in locations that benefit from the immunity foreseen in art. 15 of the Lateran Treaty.
2. In this case, the decree of the Single Judge may be appealed, within the term of thirty days to the Pontifical Commission for Vatican City State, that makes the final decision by decree of the Cardinal President.

Art. 6

The norms regarding donations remain in force.

Art. 7

The Law enters in effect on 1 January 1995.

We command that the original of the present law, carrying the seal of the State, be deposited in the Archive of the laws of the State of Vatican City, and the corresponding text is published in the Supplement of the Acta Apostilicae Sedis*, to be transmitted to anyone who is expected to observe it and have it observed.*

Vatican City, 14 December 1994

Rosalio Josè Card. Castillo Lara, President

+Bruno Bertagna, Secretary

ANNEX XV Extracts from the Italian Code of Criminal Procedure (1913)

SELECTED ARTICLES

Selected articles of the Italian Code of Criminal Procedure of 27 February 1913, currently in force in the Vatican City State, pursuant to article 8 of Law LXXI, of 1 October 2008.

Article 166

Officials of the investigating police should sequester any goods that were used to commit a crime, those which were the product of the crime, and all which could be used to ascertain the truth.

In their work they can proceed, if it is appropriate, to collect evidence by technical and photographic means.

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Article 170

During sequestration, officials of the investigative police cannot open letters under seal, other letters, folders, packages, letters of credit, telegrams, or documents, but must instead transmit them intact to the judicial authority.

In cases in which the law authorizes the sequestration of letters, folders, packages, letters of credit, telegrams, and other correspondence, in the post or telegraph offices, and it is urgent that the officials of the investigative police so proceed, they should immediately inform the judicial authority, and may order the postal officers to hold the items until the judicial proceedings.

The aforementioned officials may also, for the purposes of their work, enter telephone offices to intercept or obstruct communications, or to collect information.

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Searches

(arts. 233-234)

Article 233

If there are substantial indications that someone is concealing goods subject to an order of sequestration, or that those goods may be found in a certain place, or that it would be possible to arrest of the accused or a fugitive person for which there is a an arrest warrant, the preliminary investigating judge may order the search of the person or home, and proceed with the assistance of officers or agents of the investigative police, and, if necessary by security forces. In urgent cases it is possible to delegate an investigative police officer to proceed, observing the following rules.

Article 234

The search of a house or in closed places adjacent to it cannot begin before sunrise nor after sunset. Nevertheless, in urgent cases the judge can issue a decree that permits the search to begin during the night.

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Article 606

The public prosecutor, the civil party and the defence counsel of the accused, if there are good reasons to fear that the securities for which he registered the judicial bond is insufficient or may be lost, may ask the preliminary investigating judge of the pre-trial chamber or the president of the court or tribunal where the decision is pending or pronounced but not yet irrevocable, to sequester of moveable goods of the accused or the convicted person.

The sequester may also be ordered by the magistrate, for crimes within his competence, by its own initiative or upon request of the civil party.

It is executed by the judicial official in the form prescribed by the code of civil procedure for seizure of movable goods.

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Article 609

The price of the immovable and moveable property of the convicted person, and the sum put up for the bond and not transferred to the State Treasury according to art. 340, is paid out in the following order:

1. expenses for the care of the injured party, including the maintenance supplied by a public health institution during the person's illness;
2. the restitutions that could not be made in kind, and the damages and reparation that were pronounced on decisions, provided that such payments are requested, even through a demand for liquidation, within one year from the day in which the decision became irrevocable.
3. The expenses and fees of defence counsel.
4. The money advanced by the State Treasury, and the rights due to functionaries and judicial officials and the expenses of the civil party.
5. Fines and other pecuniary penalties pronounced in favour of the State Treasury.

The aforementioned allocation operates without prejudice to the rights of all interested parties and of the State Treasury to obtain payment for the remaining sum through a civil action.

Once the time has expired according to n. 2, the creditors mentioned there are paid from the funds that remain after satisfaction, according to their order, those mentioned successively, except the civil action mentioned in the preceding paragraph. If there is a liquidation process pending, an order could be made to deposit an approximately congruent sum in a bank, and a bond could be imposed for payment of creditors mentioned in number 3.

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Article 611.

The provisions of article 242 are applicable to the custody of goods put under sequester in conformity with the provisions of articles 166 and 233.

According to the circumstances, the judicial authority can order that the custody should occur in a particular place or manner and establish norms regarding due compensation.

Article 612

Those goods that are the proceeds of crime or that are somehow related to it, are held under sequester until the procedure so requires; at the conclusion of the procedure, if they are not subject to confiscation, they are returned to whomever has the right to them.

If there has been a conviction, the restitution is not made until the claimant has proven that the conviction is irrevocable.

When the progress of the procedure permits so, the aforementioned goods may be returned to whoever has a right to them and makes a petition for them, even before the decision. The judicial authority can impose a bond on them and also require, at every request, that the things be exhibited.

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Article 614

The judge competent for the preliminary judicial investigation, or the one competent for the trial or that who has pronounced the conviction may order Restitution on his own initiative.

The judge, if he finds some basis in the charges against the right to restitution, should send the issue to the civil magistrate of first instance for resolution.

Article 615

After two years from the day in which the decision became irrevocable, if no one has requested the restitution of the things sequestered, or if no one has provided proof of the right to obtain them, the judge shall order the sale in a public auction, according to the norms of the Code of Civil Procedure on the forced execution of moveable property. Nonetheless, he can dispose of those things that have a scientific, artistic or historical importance be delivered to educational institutions.

The aforementioned time period can be diminished and the sale rendered effective even immediately after the sequestration, if the things were to have a value or to be of such a nature that one could not keep them without danger of deterioration or without considerable expense.

The price, minus the expenses mentioned in the following article, is deposited in a bank and, after five years, if no one has presented a claim, it will devolve to the right of the State Treasury.

Article 616

The necessary expenses regarding custody and conservation of sequestered goods are paid in advance to the State Treasury, respecting the prior right of every other creditor to be reimbursed out of the price of the said goods. If those goods are to be returned to someone who proves to have a right to them, the restitution is always subordinate to the payment of those expenses.

Article 617

The rules in the preceding articles about the competence of the judge for the provision of restitution or the sale of goods sequestered are applied even after the last penal procedure.

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Rogatories

(Arts. 636-639)

Article 636

Letters rogatory from the Italian judicial authority to foreign authorities for the summoning and examination of witness, or in general, for acts regarding the preliminary judicial investigation or for execution of provisions in the acts concerning this preliminary investigation are transmitted through diplomatic channels.

Article 637

As regards the acts mentioned in the preceding article, which are to be completed in the territory of the State, the measures of the foreign judicial authority are given executive force by the Court of Appeal of the place in which one must proceed with execution, save as provided in the following article.

When ordering the execution, the courts delegates it on one of its members, or on the investigating judge, or on the magistrate.

If requested by the foreign judicial authority, testimonies are taken under oath.

Article 638

The summons for witnesses, residents or inhabitants in the territory of the State, requested by a foreign judicial authority, must be transmitted to the Attorney- General (“procurator de Re”) of the place in which it must be executed, who takes steps to ensure notification.

Article 639

In all cases, the Public Prosecutor provides for the execution of the Letters rogatory.

Extradition

(Arts. 640 to 650 cf. Arts. 9, 75, 267)

Article 640

The decision relating to the offer or consent to extradition according to article 9 paragraph 2 of the Penal Code is pronounced following a request of the Attorney- General from the pre-trial camber of the district where the foreigner is found.

Article 641

The pre-trial camber should examine:

1. if the accused or the convicted person is an Italian citizen;
2. if the fact that constitutes the object of the request for extradition is a crime in both Italian Law and the respective Foreign law;
3. if it concerns a political crime or a crime related thereto:
4. if the extradition is prohibited by treaties or laws;
5. if, according to the Italian law and the foreign law, the penal action could proceed, or if the action or the penalty are extinguished, or if the convicted person has already served his penalty;
6. if the request is regarding an accused person, whether the acts of the proceedings offer sufficient traces of evidence pointing to his guilt.

Article 642

An original or an authenticated copy of the records of the proceedings, that show sufficient evidence of guilt or the fact that a conviction has already been dictated, should be attached to the request of the foreign government.

Article 643

The temporary arrest of the foreigner, that should be ordered upon the request or offer of extradition according to the last paragraph of article 9 of the Penal Code, is executed through a warrant of arrest issued by the Counsel of the pre-trial chamber delegated for this purpose.

The temporary arrest can be executed without an arrest warrant, if the foreigner might flee or if, in the event of the request of the foreign government, that government asserts that there is a conviction against him, or an adjournment of his case, or an arrest warrant, or an equivalent act of judicial authority.

The Justice Minister must be immediately alerted of the arrest.

Article 644

Without delay, the person under arrest is presented to the investigating judge or to the magistrate of the place in which the arrest warrant was executed.

After having ascertained the identity of the person under arrest, the investigating judge or the magistrate must inform him of the request or offer of extradition and provide for the appointment of a defence lawyer in conformity with article 74. If the request for extradition comes from the State of nationality of the arrested person, and there is no other request for extradition by other States, the person under arrest assisted by his defence lawyer, may request to be surrendered to the requesting government; in such a case, there is no judgement by the pre-trial chamber.

Article 645

If the documents on which the request is founded do not arrive within 30 days from the arrest, if the requesting government is in Europe, or within 90 days, if the same is outside of Europe, the person under arrest is released.

Article 646

During the process, articles 75 and 267 should be observed in so far as they are applicable.

Before the definitive decision, the pre-trial chamber should hear from the public prosecutor and the defence lawyer and may ask for any information it deems necessary. It also decides whether the

sequestered things should be handed over, in whole or in part, to the foreign government and may order the restitution of those things extraneous to the fact for which the request or offer was made for extradition.

Article 647

The accused or convicted person and the Attorney-General may appeal, even on the merits, to the Supreme Court against the decision of the pre-trial chamber.

The time for filing the appeal is one day. For the Attorney-General, the time runs from the communication of the decision, that the clerk of the court must give him the same day in which it is signed; for the accused or convicted person, that time runs from the notification of the same.

The Supreme Court, deliberating in Chambers, must confirm or amend the decision within 10 days from receiving the appeal.

Article 648

The extradition is offered or granted by a decree of the Justice Minister following a deliberation of the Council of Ministers. The decree must contain the condition that the foreigner not be subjected to a penalty different from that which the extradition was offered or granted, nor be judged on a different set of facts that existed prior to extradition, unless that the government, upon a new request, gives its consent.

Article 649

The Attorney-General must order that the arrested person be released if the judicial authority has made an irrevocable decision that extradition should not be offered or granted and accordingly, must immediately notify the Justice Minister.

Article 650

For the extradition of an accused or a convicted person that is found outside the territory, the Attorney-General at the Court of Appeal should present the request, with the relevant documents, to the Justice Minister.

The extradition may also be requested directly by the government.

Chapter IV: On the effects of foreign guilty sentences

Article 651

The declaration foreseen in article 7 of the Criminal Code shall be pronounced by the Court of Appeal, penal section, according to the provisions on appeal of judgments pronounced by first instance Tribunal, in so far as they are applicable.

The competence of the Court of Appeal is determined by the residence of the convict or, if it is unknown, by his domicile.

If neither the residence nor the domicile of the convict is known, the competence shall fall on the Court of Appeal of the place where the General Procurator first initiates the proceedings.

Article 652

The General Procurator's request for the execution of the guilty judgment shall be notified to the convict.

When the convict has not applied for the renewal of the foreign trial with a written document received by the chancellery of the Court within ten days of the notification, if he is in the kingdom, or within thirty days, if he is not, the Court shall the receive the request of the General Procurator and it shall accept it if:

1. It does not concern a crime for which extradition is forbidden by the second paragraph of article 9 of the criminal code;

2. The convicted has been formally sued and, if he has been assisted or represented by an attorney ; in front of the Court
3. The judgment of guilty has been pronounced by a competent judicial authority;
4. The judgment has become irrevocable under the laws of the State where it has been pronounced;
5. The judgment does not contain any provisions contrary to the public order of the public law of the Kingdom.

To fulfill the requirements set forth in No. 3 and 4, a declaration of the competent authority of the State where the judgment was pronounced suffices.

Article 653

The recognition and the executive force also for the civil effects of a foreign penal conviction may be granted in the judgment mentioned in the previous article [652]. Otherwise, the civil section of the Court of Appeal of the jurisdiction where the foreign judgment should be executed, shall act upon request of the entitled party, having determined the fulfillment of the requirements set forth in the previous article [652].

ANNEX XVI Law that approves the Judiciary system

PONTIFICATE OF JOHN PAUL II, YEAR X

Law No. CXIX – Law that approves the Judiciary system of the State of Vatican City

The Cardinal Agostino Casaroli

Secretary of State

in virtue of the powers vested in him by the Pope John Paul II with chirograph of April 6, 1984, has ordered and orders what is herewith acknowledged, to be obeyed as law of the State:

GENERAL NORMS

Art. 1.

The judiciary power in the State of Vatican City is exercised, in the name of the Pope, by the following organs:

a) the Single Judge

b) the Tribunal

c) the Court of Appeals

d) the Court of Cassation

Art. 2.

The magistrates, in their decisions or other provisions and in their summations are subject only to the law.

They depend hierarchically on the Pope and on the organs by which they exercise legislative authority.

Other than what is provided for in the laws of procedure and the present law, the judiciary organs are charged only the task of monitoring the organs in lower levels; the same tasks are reserved to the presidents of each collegiate judiciary organ in regard to the magistrates that belong to the same organ or organs of lower levels.

ON THE SINGLE JUDGE AND THE TRIBUNAL

Art. 3.

The single judge must be a Vatican citizen.

Art. 4.

The tribunal is composed of the president and three other judges, of which one or two are delegated, by the president on a yearly basis, the functions of inquisitorial judge and executor judge. The single judge may also be named as a judge of the tribunal.

The tribunal passes judgment collegially with three judges [panel].

Art. 5.

For the protection of justice and the law, a promoter of justice is named by the tribunal to exercise the function of prosecutor and for other functions assigned to him by law, also by the single judge.

Art. 6.

To the office of single judge and the tribunal, are assigned a notary with functions of chancellor, and two judiciary officers.

Art. 7.

The nominations of the president and tribunal judges, of the single judge and the promoter of justice, are made by the Pope.

The nomination of chancellor and the judiciary officers are made by the Pontifical Commission for the State of Vatican City, after consulting the president of the tribunal.

Art. 8.

In case of impediment of the president, the judge with most seniority will act as substitute, if he in turn is not impeded.

In case of impediment of the inquisitor judge or the executor judge or the single judge, the president of the tribunal will name a substitute from the judges of the same tribunal.

In the event that the tribunal, due to impediment of one or more judges, does not have a sufficient number of judges for the emanation of a collegial act, or there lacks the sufficient number of judges who can be entrusted to a case in reference to the preceding comma, the president of the court of appeals, after consulting the president of the tribunal, with approval from the Cardinal Secretary of State, provides the nomination of substitute judges for those procedures with which they are entrusted.

In case of impediment of the promoter of justice, the president of the court of appeals, after consulting the president of the tribunal, and with approval of the Cardinal Secretary of State, may nominate a substitute promoter of justice.

With the same formality established in the three preceding commas, nominations may be made, for a determinate period of time not to exceed three months, of substitute magistrates who may exercise judiciary functions in case of impediment of ordinary magistrates.

Art. 9.

Before the assumption of their functions, the magistrates, the officials of the tribunal and others called to serve in based on article 8, an oath of office must be taken using the following form: “I hereby swear to be faithful and obedient to the Pope, to fulfil with loyalty and diligence the duties of my office and to maintain its secrecy”.

The magistrates take the oath of office before the president of the court of appeals, others before the president of the tribunal.

Art. 10.

Magistrates retire from their office at age 74.

The president of the court of appeals, in the circumstance of a particular need or a special professional qualification, may propose to the Pope an extension to hold office beyond the established age limit.

Those who have proven unable fulfil any longer their service may be relieved of their office at any time.

Art. 11.

The magistrates and chancellor receive an indemnity of service whose amount is established by the Pontifical Commission of the State of Vatican City.

The indemnity is reduced by one half for those who receive a stipend as tenured employees of the Holy See or the State of Vatican City.

The judiciary officers are part of the personnel of the Governatorato.

Those who temporarily have exercised one of the activities indicated in the first subparagraph of this article, will receive an emolument whose amount is determined at the end of each judiciary year by the president of the court of appeals.

ON THE COURT OF APPEALS

Art. 12.

The court of appeals is constituted by the president and three other judges, nominated by the Pope, for a five year term.

It passes judgment as a three judges' college.

Art. 13.

The functions of the *pubblico ministero* (arm of the judiciary that performs functions of prosecutor) are exercised by a promoter of justice, nominated by the Pope, for a five year term.

The functions of chancellor and of the judicial officer are carried out by the persons who exercise those functions in the tribunal.

Art. 14.

In case of impediment of the president, the judge with the most seniority is named as substitute, if he in turn is not impeded.

If within the court of appeals, the case indicated in article 8, third comma, is verified, the president of the court of cassation will take the necessary measures, after consulting with the president of the court of appeals and obtaining authorization from the Cardinal Secretary of State.

Art. 15.

The magistrates of the court of appeals, including those designated temporarily in respect to the preceding article, before assuming their offices must take the oath according to the form in article 9, before the president of the court of cassation.

Art. 16.

The seat of the court of appeals is located in the same area where the seat of the tribunal is located, whereby also the archives of the same court are conserved.

Art. 17.

To the magistrates of the court of appeals, an emolument is given, whose amount is determined at the end of each judicial year by the president of the court of cassation.

ON THE COURT OF CASSATION

Art. 18.

The court of cassation is constituted by the Prefect of the Supreme Tribunal of the Apostolic Signatura, president, and of other two Cardinals, members of the same Supreme Tribunal, designated by the president at the beginning of each judicial year.

Art. 19.

In case of impediment, the president is substituted by the judge with most seniority, who in turn must not be impeded; the other judges are substituted by other members of the Supreme Tribunal of the Apostolic Signatura, designated by the president.

Art. 20.

The functions of *pubblico ministero* are exercised by a *promotore di giustizia*, designated at the beginning of each judicial year by the president, among the voters of the Supreme Tribunal of the Apostolic Signatura.

The functions of chancellor and judiciary officer are carried out by persons who exercise the same functions in the tribunal.

Art. 21.

The seat of the court of cassation is in the *sala delle Congregazioni* in the Vatican. The archive is conserved in the seat of the tribunal.

Art. 22.

To the members of the court of cassation receive no retribution.

To the promoter of justice, an emolument is given whose amount is determined by the president at the end of the judicial year.

Art. 23.

The court of cassation, with the previous assent of the Pope, is the only one with competency to judge the Most Eminent Cardinals and Most Excellent Bishops in penal cases, other than the cases provided for in Canon 1405, paragraph 1 of the *Codex Iuris Canonici*.

ON THE LAWYERS

Art. 24.

The defence of cases brought before the judicial authority may be undertaken by advocates inscribed in the register of the Roman Rota, who have a degree in civil law. The register of lawyers is maintained by the chancellor under the supervision of the president of the tribunal.

The president of the court of appeals may authorize the enrolment on the register of other persons having special competence in juridical matters. The same may also authorize, for individual cases, persons not enrolled in the register, to serve as lawyer or prosecutor.

The defence before the court of cassation is reserved to those advocated listed in the register, whether they be consistorial lawyers, or teach at an ecclesiastical or civilian university, or have taught and are currently retired for reasons of age limit. The president of the court of cassation may authorize, on a permanent basis or case by case, other persons to defend the case brought before the same court.

Art. 25.

Legal consultants and the heads of legal offices of the public Administrations, whether ecclesiastical or civil, having seat in Vatican City or in territory of the Holy See in Rome, may defend their respective Administrations before the judicial authorities on each degree.

Art. 26.

The disciplinary provisions charged to the advocates who work for the judicial organs of the State fall within the competence of the court of appeals.

FINAL DISPOSITIONS

Art. 27.

The judicial year begins on October 1.

Art. 28.

The present law is entered into on January 1, 1988.

The original of the present law, carrying the seal of the State, is deposited in the Archive of the laws of the State of Vatican City, and the corresponding text is published in the Supplement of the Acta Apostilicae Sedis, *to be transmitted to anyone who is expected to observe it and have it observed.*

Vatican City, November 21, 1987

+Agostino Card. Casaroli

ANNEX XVII Regulation No. 1 concerning the carrying of cash on entering or leaving the Vatican City State

FINANCIAL INTELLIGENCE AUTHORITY (FIA)

N. 1 *Regulation concerning the carrying of cash on entering or leaving the Vatican City State*

(March 1, 2011)

The President of the Financial Intelligence Authority

- *Having regard* to the Vatican Act of December 30, 2010 N. CXXVII concerning the prevention and countering of the laundering of proceeds resulting from criminal activities and financing of terrorism, and in particular:
  a) art. 33 paragraph 5, letter (a), according to which the Financial Intelligence Authority issues provisions for the implementation of the rules contained in this Act;
  b) art. 39 containing rules in matters of "duties of statement, recording and record-keeping";
- *Having regard* to the Apostolic Letter in the form of a *Motu Proprio* for the prevention and countering of illegal activities in the area of monetary and financial dealings, of December 30, 2010;
- *Having regard* to the Vatican Act on Authorities of October 1, 2008, N. LXXI;

ISSUES

the following Regulation

Article 1

Duty of declaration

1. Any natural person entering or leaving the State is obliged to declare the carrying of cash of an amount equal to, or higher than, 10.000 Euro or its counter-value.
2. «*cash*»: a) negotiable instruments payable to bearer, including the monetary instruments issued to bearer such as traveller's cheques, negotiable instruments (including cheques, order bills and payment orders) issued to bearer, endorsed without restrictions, for a fictitious beneficiary or otherwise issued in such a form that the relevant title passes on delivery, and incomplete instruments (including cheques, order bills and payment orders) signed but lacking the beneficiary's name; b) cash (banknotes and coins circulating as means of exchange);
3. The duty of declaration is not fulfilled if the information given is not exact or incomplete.
4. The declaration is to be given in writing on entering or leaving the State at the offices of bodies and entities obliged under the Act N. CXXVII of December 30, 2010, where a transaction has to take place or otherwise at the Gendarmerie Corp at the entrances of the State.
5. The provisions of the preceding paragraphs shall apply also to the transfers made by using postal envelop. In this case, the declaration has to be handed out to the Vatican Post Office at

the moment of forwarding. In case of reception, the declaration has to be produced within the following 48 hours to the Gendarmerie Corp at the entrances of the State.

6. The declaration has to be laid down on the special form and shall be received, after the identification of the declarer, through a valid document.

Article 2

Content and processing of the declaration

1. The declaration has to contain:
   (a) the identifying data of the declaring person, owner and beneficiary of the cash money;
   (b) the amount of money and its origin;
   (c) the itinerary followed.
2. 2. The declarations in original are forwarded, within 48 hours from their reception, to the Financial Intelligence Authority.
3. 3. Information contained in the declaration shall be recorded and kept by the receivers for a five-year period.

Article 3

Powers of competent Authorities

1. The officers of the Gendarmerie Corp, to the end of assuring the fulfilment of the provisions contained in this Regulation, provided that there are reasons for suspicion, may:
   (a) proceed to the inspection of the means of transportation of any kind, entering or leaving the territory of the State;
   (b) proceed to the inspection of the luggage and other objects owned by the persons entering or leaving the territory of the State;
   (c) ask the persons entering or leaving the territory of the State to show the cash money they carry with themselves; in case of refusal to do so, the officers of the Gendarmerie Corp may provide, by a written order laid down in a detailed way, that said persons be subjected to personal search; of such search a report has to be written and forwarded, together with the afore-mentioned order, to the Promoter of Justice at the Tribunal within the following 48 hours; the latter shall provide for the validation and, in any case, issue the relevant provisions within the following 48 hours.
2. In case of infringement of Article 1, the cash money transferred or subject to a tentative transfer or subjected to administrative seizure, for an amount equal to 40% of the excess quantity or in its entirety, if it is an indivisible object or the author is unknown or its value is not assessable.
3. The money seized is temporarily taken by the State and used for the prospective payment of administrative sanctions imposed by the Authority of Financial Information, pursuant Article 42 of the Act of December 30, 2010 N. CXXVII.
4. The Financial Intelligence Authority may perform controls to detect the non-fulfilment of the duty of declaration provided for in Article 1.

The original of this Regulation shall be filed at the Archives of the Financial Intelligence Authority, and the relevant text shall be published in *Acta Apostolicae Sedis*.

This Regulation shall enter into force on April 1, 2011.

Attilio Card. Nicora, President

ANNEX XVIII Regulation No.2 Concerning the Transportation of Cash and Financial Instruments Entering or Leaving Vatican City State

REGULATION No.2 CONCERNING THE TRANSPORTATION OF CASH AND FINANCIAL INSTRUMENTS ENTERING OR LEAVING VATICAN CITY STATE

The Chairman of the Financial Intelligence Authority

- Having regard to the Vatican Act of the 30th of December 2010 No. CXXVII concerning the prevention and countering of the laundering of proceeds resulting from criminal activities and financing of terrorism, and in particular:
  a) art. 33 paragraph 5, letter (a), according to which the Financial Intelligence Authority shall issue enforcement orders concerning the provisions contained in said Act;
  b) art. 39, containing rules in maters of "Duty of statement, recording and keeping";
- Having regard to the Apostolic Letter promulgated by His Holiness the Pope Benedict XVI on the 30th of December 2010 in the form of a Motu Proprio for the prevention and countering of illegal activities in the area of monetary and financial dealings;
- Having regard to the Regulation of the Financial Intelligence Authority No. 1 of the 1st of March 2011; - Considering the opportunity to make some modifications to said Regulation No. 1 of the 1st of March 2011;
- Having regard to the decision by the Board of directors of the Financial Intelligence Authority adopted on the 27th of October 2011,

ISSUES

the following Regulation.

Article 1

Duty of statement

1. Every person entering or leaving the territory of Vatican City State is obliged to state, in the ways indicated in art. 2 of this Regulation, all cash and financial instruments he is carrying of an amount equal to, or higher than, the equivalent of euro 10,000.
2. For the purposes of this Regulation:
   a) "*cash*" refers to the following: bearer negotiable instruments including monetary instruments issued to bearer such as traveller's cheques, negotiable instruments (including cheques, papers to order and payment orders) issued to bearer, endorsed without restrictions, to a fictitious beneficiary or otherwise issued in such a form that the relevant instrument passes to delivery, and incomplete instruments (including cheques, papers to order and payment orders) signed but lacking beneficiary's name; banknotes and coins used as means of exchange;
   b) "*financial instruments*" refers to the following: movables, instruments of the monetary market, shares of mutual fund trusts, options and derivative financial instruments.
3. Documents of title and negotiable instruments issued with the indication of the beneficiary's name and corporate name and the clause of non-transferability are exempt from statement duty.

Article 2

Modes and treatment of statements

1. The statement shall be made in writing when entering or leaving the State, at the offices of the Gendarmerie Corps or the offices of the bodies and organisations subjected to the requirements

pursuant to Act of the 30th of December 2010 No. CXXVII, operating in the Vatican City State, where said operation takes place.

2. The statement, to be made by using the special form prepared by the Financial Intelligence Authority Authority, shall be accepted after having identified the declarant by a valid document.

3. The statement shall contain:

   a) data identifying the declarant, owner and recipient of the values concerned;

   b) amount of values being transported, their origin and destination.

4. Statements in original shall be sent, within 48 (forty-eight) hours after receipt, to the Financial Intelligence Authority.

5. The provisions of the preceding subparagraphs also apply in cases of transfers made by mail. In this case, the statement must be submitted at the moment of consignment to the offices of the Vatican Postal Service. In the case of received correspondence, the statement must be submitted, within 48 (forty-eight) hours, at the offices of the Gendarmerie Corps. When calculating the timeframe, holidays according to the calendar of the Vatican City State are not considered.

6. In case of transportation of values by cash transport vans, the statement shall be accompanied by a list of said values.

7. The duty of statement is not met if the information given is inaccurate or incomplete. This is the case also when the "obligatory" boxes of the form are not filled or only partly filled in.

8. Information contained in the statement shall be recorded and kept by the recipients for a period of 5 (five) years.

Article 3

Competent authorities

1. The Agents of the Gendarmerie Corps, in order to ensure compliance with the provisions contained in this Regulation, when justified grounds for suspicion exist, may:

   a) proceed to the inspection of any means of transportation entering or leaving the territory of Vatican City State;

   b) proceed to the inspection of the luggage and any other object carried by the persons entering or leaving the territory of Vatican City State;

   c) ask the persons entering or leaving the territory of the Vatican City State to show the values they are carrying.

   In case of refusal, the Agents of the Gendarmerie may , by a written order including detailed motivations, undertake to search of person. A record of the search shall be made, to be forwarded, together with the above-mentioned order, within 48 (forty-eight) hours, to the Promoter of Justice at the Court. The latter shall, within 48 (forty eight) hours, provide for the relevant confirmation and in any case issue the relevant provisions to be forwarded to the Financial Intelligence Authority.

Article 4

Challenge and notification

1. In case of infringement of art. 1, the Agents of the Gendarmerie Corps shall draw up an assessment report, to be signed by them and by the person concerned, and forwarded, within 48 (forty-eight) hours, to the Financial Intelligence Authority.

2. The officials authorised to receive statements pursuant to art. 2, para. 1, in case of infringement of art. 1, shall inform the Financial Intelligence Authority within 48 (forty-eight) hours.

3. If no challenge is immediately forthcoming, the Financial Intelligence Authority shall notify the particulars of the infringements to the persons concerned, if they are domiciled in Vatican City

State or in Italy within 90 (ninety) days, if they are domiciled in another State within 180 (one hundred and eighty) days after the conclusion of the inquiry. 4. The Financial Intelligence Authority shall undertake to impose the sanctions established by law.

Article 5

Administrative attachment

1. In case of infringement of art. 1, the values exceeding the limit are subjected to administrative attachment to the extent of 40% and a minimum amount of euro 10,000.
2. The attachment is made for the whole amount if:
   a) the object is indivisible;
   b) its author is unknown;
   c) the nature and amount of values or its equivalent in euro is not immediately assessable when the attachment is performed.
3. The attached values shall be deposited at the Directorate of the General accounting office of Vatican City State and calculated for the purpose of possible collection of the pecuniary administrative sanctions imposed by the Financial Intelligence Authority pursuant to art. 42 of the Act of the 30th of December 2010 No. CXXVII .
4. The person concerned may obtain, from the Financial Intelligence Authority, an order to return the attached values, by depositing at the Directorate of the General accounting office of the Vatican City State a guarantee equal to 40% of the excess value up to a maximum amount of euro 250,000.
5. The parties concerned may immediately file a protest at the Financial Intelligence Authority, which shall decide with a motivated order within 10 (ten) days after the filing of the protest.
6. The attached values shall be restored to the title holders in any case upon payment of the custody fees, provided that:
   a) the party concerned demonstrates the case falls under the provisions of art. 1, para. 3 of this Regulation;
   b) the party who committed the infringement is deceased;
   c) an order of discharge has been issued or the confiscation has not been ordered;
   d) the values have not been allocated for the payment of the administrative sanction.
7. The attached values shall guarantee the payment of the pecuniary administrative sanctions, having preference over any other credit.
8. The Financial Intelligence Authority shall provide for the restitution of attached values which have not been used for the payment of the pecuniary administrative sanction imposed, to parties concerned who have claimed it within 5 (five) years from the date of attachment.

Article 6

Voluntary payment

1. The party charged with infringement of art. 1 may obtain the suspension of the administrative procedure by depositing a sum calculated as follows, and in any case of at least euro 200:
   a) 5% if the amount exceeding the limit of euro 10,000 is not higher than euro 15,000;
   b) 20% in all the other cases.
2. Such deposit shall be made in the ways indicated in the assessment report, within 60 (sixty) days from the immediate charge or notification of the infringement. The Financial Intelligence Authority shall undertake to restore the attached values within 10 (ten) days after receipt of the proof of payment.

3. In the case of payment at the moment when the infringement is charged, the attachment according to art. 5, para. 1, of this Regulation shall not take place.

4. Voluntary payments are not admitted if the amount exceeding the limit is higher than euro 250,000 or if the person concerned avails himself/herself of said option within 365 (three hundred and sixty five) days before the date of notification of the assessment report.

Article 7

Final provisions

This Regulation, which substitutes the Regulation of the Financial Intelligence Authority No. 1 of the 1st of March 2011, is published in the Supplement to *Acta Apostolicae Sedis* and shall enter into force on the day of its publication.

Vatican City. 14th of November 2011

Attilio Card. Nicora

Chairman

ANNEX XIX REGULATION No 3 CONCERNING ADMINISTRATIVE SANCTIONS

REGULATION No 3 CONCERNING ADMINISTRATIVE SANCTIONS IN CASE OF INFRINGEMENT OF DUTIES ESTABLISHED BY ACT NO. CXXVII OF THE 30TH OF DECEMBER 2010 CONCERNING THE PREVENTION AND COUNTERING OF THE LAUNDERING OF PROCEEDS RESULTING FROM CRIMINAL ACTIVITIES AND FINANCING OF TERRORISM

The Chairman of the Financial Intelligence Authority

- Having regard to the Vatican Act of the 30th of December 2010 No. CXXVII concerning the prevention and countering of the laundering of proceeds resulting from criminal activities and financing of terrorism, and in particular art. 42, containing rules in matters of "pecuniary administrative sanctions";
- Having regard to the Apostolic Letter promulgated by His Holiness Pope Benedict XVI on the 30th of December 2010 in the form of a Motu Proprio for the prevention and countering of illegal activities in the area of monetary and financial dealings;
- Having regard to the decision by the Board of directors of the Financial Intelligence Authority adopted on the 27th of October 2011,

ISSUES

the following Regulation.

Article 1

Scope of application

1. The administrative sanctions established by this Regulation shall be applied in case of infringement of the duties according to articles 2, para. 2; 25, art.1, 2, 4, 5; 26; 27; 28; 29; 30; 31; 32; 34; 35; 36; 38; 39; 40 of Act of the 30th of December 2010 No. CXXVII and those contained in general or special provisions and measures of enforcement.
2. The administrative sanctions shall be applied only in cases established by law.

Article 2

Minimum and maximum limits of pecuniary administrative sanctions

1. A pecuniary administrative sanction may range between a minimum amount of euro 10,000 and a maximum of euro 250,000.
2. When determining a sanction, the seriousness of the infringement and the infringer's personality and conduct shall be considered.

Article 3

Assessment deeds

1. Violations shall be assessed by the Financial Intelligence Authority and, but only as regards the obligation to declare cash carried when entering or leaving the Vatican City State, by the Agents of the Gendarmerie Corps.
2. The Agents of the Gendarmerie Corps may undertake the precautionary attachment of items that may be subject to confiscation, within the limits admitted by law.

3. Any other power of assessment and inspection established by law is reserved.

Article 4

Challenge and notification

1. When possible, the infringement shall be charged immediately to the liable person or jointly liable persons
2. In cases of assessments carried out by the Agents of the Gendarmerie Corps, if all or some of the persons indicated in the former paragraph have not been charged immediately, the particulars of the infringement shall be notified by the Financial Intelligence Authority to the persons concerned, if they are domiciled in the Vatican City State or in Italy within 90 (ninety) days, if they are domiciled in another state, within 180 (one hundred and eighty) days from the receipt of the report according to art. 6 of this Regulation. In cases of assessments made by the Financial Intelligence Authority, the term for the notification starts from the moment when the Authority comes into possession of all the elements concerning the infringement.
3. When the deeds concerning the infringement are forwarded to the Financial Intelligence Authority by the Judicial Authority, the terms indicated in the former paragraph start from the date of receipt.
4. Immediate charges and notifications shall be made according to the modes established by law.
5. The requirement to deposit the amount due for the infringement lapses for a party who has not received notification within the term established.

Article 5

Report to the Financial Intelligence Authority

1. The Agent of the Gendarmerie Corps or the authorised official shall, within 48 (forty-eight) hours, forward a report to the Financial Intelligence Authority, including the documentation concerning the assessment carried out or the charge made.
2. The officials of bodies and organisations, which are subject to the duties indicated in Act of the 30th of December 2010 No. CXXVII and which operate in Vatican City State, if they learn about suspicious operations or transactions or those carried out by violating the rules for which pecuniary administrative sanctions are foreseen, shall report such operations or transactions to the Financial Intelligence Authority.

Article 6

Injunction

1. Within 30 (thirty) days from the date the infringement was charged or notified, parties concerned may file defence briefs and documents and ask to be heard by the Financial Intelligence Authority.
2. Within 90 (ninety) days from the date the infringement was charged or notified, the Financial Intelligence Authority shall determine, by a motivated order, the amount due for the infringement and order the person liable for the infringement and other jointly liable persons to pay the amount due, plus the expenses, . A copy of this order shall be forwarded to the Governorate of Vatican City State with an indication of the date the parties concerned were notified. Otherwise the Financial Intelligence Authority shall issue a motivated order of dismissal of the charge and communicate it to the sender of the report according to art. 12.
3. The injunction includes provision for restitution, once the pecuniary administrative sanction and the custody fees for the attached and not confiscated items has been paid. The order of dismissal of charge includes provision for restitution of the attached items, provided that their confiscation is not mandatory.

Article 7

Deposit term

1. The deposit has to be made in favour of the Governorate of Vatican City State within 30 (thirty) days from the notification of the injunction, if the party concerned is domiciled in the Vatican City State or in Italy; within 60 (sixty) days from the notification of the injunction, if the party concerned is domiciled in another State.

Article 8

Payment by instalments

1. The order of injunction may, in cases in which the party liable is economically disadvantaged, include provision for the sanction be paid by monthly instalments. The debt may be extinguished by a single payment at any time.
2. Should the term set for payment by the injunction elapse, even for a single instalment, the party concerned shall extinguish the residual amount of the sanction in a single payment.

Article 9

Enforcement

1. In cases of failure to deposit the payment within the term fixed, the Governorate of Vatican City State may request the enforcement of credits and possibly also the splitting of the price of landed property and movables of the liable person and the jointly liable person, according to the rules of the codes in force in Vatican City State.

Article 10

Challenge of attachment

1. Once an attachment has been executed, the persons concerned may challenge it, even immediately, before the Financial Intelligence Authority. The latter shall decide by a motivated order within 10 (ten) days from the date of the challenge.
2. Should the challenge of the attachment be rejected, the latter will no longer be effective, unless an order to pay is issued or the confiscation is ordered.

Article 11

Challenge of the injunction

1. The persons concerned may file a challenge against the order to pay before the Single Judge of Vatican City State; within 30 (thirty) days from the notification of the order to pay for those who are domiciled in the Vatican City State or in Italy; within 60 (sixty) days from the notification of the order to pay for those who are domiciled in another State.
2. The challenge is filed by an appeal to which the notified order must be attached.
3. The appeal shall be filed by a lawyer authorised to deal before the Courts of the Vatican City State.
4. Notifications and communications in the course of proceedings shall be served at the lawyer's domicile according to the rules established by the codes in force in Vatican City State.
5. The challenge does not entail the suspension of the provision, unless the judge, on the basis of serious reasons, provides otherwise by a non-challengeable order.

Article 12

Final provisions

1. This Regulation maintains the rules concerning disciplinary measures in relation to work relationships with the Holy See or with Vatican City State.

2. This Regulation is published in the Supplement to *Acta Apostolicae Sedis* and shall enter into force on the day of its publication.

Vatican City. 14th of November 2011

Attilio Card. Nicora
Chairman

ANNEX XX Regulation No. 4 of The Financial Intelligence Authority Regulating Requirements Vis-a-Vis the Transfer of Funds

REGULATION No. 4 OF THE FINANCIAL INTELLIGENCE AUTHORITY REGULATING REQUIREMENTS VIS-A-VIS THE TRANSFER OF FUNDS ACCORDING TO ARTICLE 38, PARAGRAPH 4 OF ACT No. CXXVII OF THE 30TH OF DECEMBER 2010.

The Chairman of the Financial Intelligence Authority

- Having regard to the Vatican Act of the 30th of December 2010 No. CXXVII concerning the prevention and countering of the laundering of proceeds resulting from criminal activities and financing of terrorism, and in particular art. 33 paragraph 5, letter a), and 34, paragraph 3;
- Having regard to the Apostolic Letter promulgated by His Holiness Pope Benedict XVI on the 30th of December 2010 in the form of a Motu Proprio for the prevention and countering of illegal activities in the area of monetary and financial dealings;
- Having regard to the decision by the Board of directors of the Financial Intelligence Authority adopted on the 27th of October 2011,

ISSUES

the following Regulation.

Article 1

Object

This Regulation establishes rules concerning the informative data accompanying the transfers of funds, in order to prevent, investigate and identify cases of money laundering and financing of terrorism.

Article 2

Definitions

Pursuant to this Regulation the following definitions shall apply:

1. “payer” is the natural or legal person who holds an account and authorises a transfer of funds from that account or, in the absence of an account, the natural or legal person who orders a transfer of funds;
2. “payee” is the natural or legal person who is the final beneficiary of the transferred funds;
3. “payment service provider” is the natural or legal person whose activities include the provision of fund transfer services;
4. “intermediary payment service provider” is a payment service provider who does not operate on behalf of the payer nor of the payee, but takes part in the transfer of funds;
5. “transfer of funds” is an electronic transaction carried out on behalf of a payer by a payment service provider, in order to make funds available to the payee at a payment service provider; the payer and payee may be the same person;
6. “batch transfer” is a set of single transfers of funds forwarded as a group;
7. “unique identifier” is a combination of letters, numbers or symbols, determined by the payment service provider in conformity with the protocols of the payment and settlement system, or of the messaging system, used to carry out the transfer of funds.

Article 3

Scope of application

1. This Regulation shall apply to transfers of funds in any currency, which are sent or received by a payment service provider established in the State.
2. This Regulation shall not apply to transfers of funds carried out by using credit or debit cards, provided that: a) the payee has established an agreement with the payment service provider, allowing the payment for the provision of goods and services; b) such transfers of funds are accompanied by a unique identifier, allowing the transaction to be traced back to the payer.
3. This Regulation does not apply to the case of transfers of funds carried out within the territory of the State on the account of a payee which allows payment for the provision of goods and services, if the following conditions occur together:
   a) the payment service provider of the payee is subject to the obligations of Act No. CXXVII of the 30th of December 2010;
   b) the payment service provider of the payee is, by a unique identification number, able to trace, through the payee, the transfer of funds carried out by the natural or legal person who entered into an agreement with the payee for the provision of goods and services;
   c) the amount of the transaction does not exceed 1,000 euro.
4. This Regulation shall not apply to transfers of funds:
   a) where the payer withdraws cash from his own account;

b) where debits between both parties are authorised, enabling them to carry out payments using their accounts, provided that the transfer of funds is accompanied by a unique identifier which enables the natural or legal person to be traced;

c) where truncated cheques are used;

d) to public authorities for the payment of taxes, pecuniary sanctions or other levies;

e) where the payer and the payee are both payment service providers acting on their own behalf.

Article 4

Complete informative data concerning the payer

1. Complete informative data concerning the payer shall consist of his name and surname, address and account number.

2. The address may be replaced with the date and place of birth of the payer, his customer identification number or national identity number.

3. In the absence of the payer's account number, his payment service provider shall replace it with a unique identifier, so as to enable the transaction to be traced back to its payer.

Article 5

Informative data accompanying the transfer of funds and their recording

1. Payment service providers shall make sure that the transfers of funds are accompanied by complete informative data concerning the payer.

2. The payment service provider of the payer, before transferring the funds, shall verify the completeness of informative data concerning the payer on the basis of documents, data or information obtained from a reliable and independent source.

3. In the case of transfer of funds from an account, verification may be considered to have taken place if the payer's identity has been ascertained in connection with the opening of the account, and the informative data thus obtained has been stored in accordance with the provisions of articles 28, 29, 30, 31 and 32 of Act No. CXXVII of the 30th of December 2010.

4. Without prejudice to those cases where a suspicion of money laundering or financing of terrorism subsists, in the case of transfers of funds that are not made from an account, the payment service provider of the payer shall verify the informative data concerning the latter only for transfers in excess of euro 1,000, unless the transaction is carried out through several operations that appear interlinked and together exceed 1,000 euro.

5. The payment service provider of the payer shall keep for five years the records of complete informative data concerning the payer, which accompany the transfers of funds.

Article 6

Transfers of funds involving States having equivalent legislative schemes

1. In dispensation from article 5 paragraph 1, if the service provider of the payer and the payment service provider of the payee are both established within the State or in States having equivalent legislations, the transfers of funds shall be accompanied only by the account number of the payer or a unique identifier allowing the transfer to be traced back to the payer.

2. However, upon request of the payment service provider of the payee, the payment service provider of the payer shall make available the complete informative data concerning the payer within three working days from the date of such request.

Article 7

Transfers of funds involving States with non-equivalent legislation

1. If the payment service provider of the payee is located in States with non-equivalent legislations, the transfers of funds shall be accompanied by the complete informative data of the payer.

2. In the case of batch transfers from a single payer, if the payment service providers of the payee are located outside States with equivalent legislation, paragraph 1 shall not apply to individual transfers bundled therein, provided that the batch file contains such informative data and the individual transfers carry the account number of the payer or a unique identifier.

Article 8

Assessment of the lack of informative data about the payer

The payment service provider of the payee shall verify whether, in relation to the informative data concerning the payer, the boxes of the messaging or payment system used to carry out the transfer of funds have been duly filled in with characters or data admissible within the conventions governing such messaging, payment or settlement systems. The provider shall prepare effective procedures to detect the possible lack of the following informative data concerning the payer:

a) in the case of transfers of funds, for which the payment service provider of the payer is located within the State or in States with equivalent legislation, the informative data of the payer indicated in article 6;

b) in the case of transfer of funds for which the payment service provider of the payer is located outside the State or outside States with equivalent legislation, complete informative data concerning the payer as stipulated in article 4 or, according to need, the informative data stipulated in article 13;

c) in the case of batch transfers, if the payment service provider of the payer is located outside the State or outside States with equivalent legislation, the complete informative data concerning the payer stipulated in article 4, as concerns the batch transfer, but not in the individual transfers bundled therein.

Article 9

Transfers of funds where informative data concerning the payer is lacking or incomplete

1. If the payment service provider of the payee, when receiving transfers of funds, becomes aware that the informative data concerning the payer as prescribed by this Regulation, are lacking or incomplete, he shall reject the transfer or ask for complete informative data concerning the payer. In any case, the payment service provider of the payee shall comply with any applicable legal or administrative rules in matters of money laundering and financing of terrorism according to Act No. CXXVII of the 30th of December 2010 and relevant implementing measures.

2. If a payment service provider systematically fails to supply the required informative data concerning the payer, the payment service provider of the payee located within the State shall adopt provisions, which may initially comprise complaints and warnings, before rejecting any further transfer of funds coming from that service provider or decide whether to limit or terminate the professional relationship with him. The payment service provider of the payee shall report this fact to the Financial Intelligence Authority.

Article 10

Risk-based assessment

The payment service provider of the payee shall consider the lack or incompleteness of informative data concerning the payer as a factor when assessing whether the transfer of funds, or any operation related thereto, should give rise to suspicion or, complying with the obligations provided for by Act No. CXXVII of the 30th December 2010, whether it should be reported to the Financial Intelligence Authority.

Article 11

Record keeping

The payment service provider of the payee shall keep records of all the informative data he has received concerning the payer, for a period of 5 (five) years.

Article 12

Forwarding informative data related to the payer together with the transfer

The intermediary payment service providers shall ensure that all the informative data they have received concerning the payer, accompanying a transfer of funds, is forwarded together with that transfer.

Article 13

Technical limitations

1. This paragraph shall apply if the payment service provider of the payer is located in States with no equivalent legislation, and the intermediary payment service provider is established within Vatican City State.
2. Unless the intermediary payment service provider becomes aware when he receives a transfer of funds, that the informative data concerning the payer required under this Regulation is lacking or incomplete, he may carry out transfers of funds in favour of the payment service provider of the payee using payment systems possessing technical limitations that prevent the forwarding of informative data concerning the payer together with the transfer of funds.
3. If an intermediary payment service provider when receiving a transfer of funds, becomes aware that the informative data concerning the payer, as required under this Regulation, is lacking or incomplete, he may avail himself of payment systems possessing technical limitations only if he is in a position to inform the payment service provider of the payee, either within a messaging or payment system that provides for this type of communication or by another procedure, provided that the communication modes are accepted, or agreed upon, by both payment service providers.
4. Should the intermediary payment service provider avail himself of a payment system possessing technical limitations, upon request by the payment service provider of the payee, he shall make available to the latter, within 3 (three) working days after receiving such request, all the informative data concerning the payer received by him, whether complete or not.
5. In the cases referred to in paragraphs 2 and 3, the intermediary payment service provider shall keep all the informative data received for a period of 5 (five) years.

Article 14

Obligations to co-operate

When the Financial Intelligence Authority makes requests to payment service providers for informative data on the payer accompanying fund transfers and the relevant records, the payment service providers shall give exhaustive and prompt answers. Without prejudice to the criminal law of Vatican City State and the protection of fundamental rights, the Financial Intelligence Authority shall avail itself of this informative data only for the purpose of preventing, investigating or identifying cases of money laundering or financing of terrorism.

Article 15

Sanctions

The Financial Intelligence Authority, pursuant to article 42 of Act No. CCXVII of the 30th of December 2010, shall have the power to inflict pecuniary administrative sanctions on the

recipients of an order, in case of failure to adopt the measures needed to ensure due implementation of the obligations foreseen by the regulation.

Article 16

Final provisions

This Regulation is published in the Supplement to *Acta Apostolicae Sedis* and shall enter into force on the day of its publication.

Vatican City. 14th of November 2011

Attilio Card. Nicora

Chairman

ANNEX XXI Regulation No. 5 of The Financial Intelligence Authority Governing the Content, Means of Identification (also Through Anomaly Indicators) and Forwarding of Reports of Suspicious Transactions

The Chairman of the Financial Intelligence Authority

- Having regard to the Vatican Act of the 30th of December 2010 No. CXXVII concerning the prevention and countering of the laundering of proceeds resulting from criminal activities and financing of terrorism, and in particular art. 33 paragraph 5, letter (a), and 34, paragraph 3M
- Having regard to the Apostolic Letter promulgated by His Holiness Pope Benedict XVI on the 30th of December 2010 in the form of a Motu Proprio for the prevention and countering of illegal activities in the area of monetary and financial dealings;
- Having regard to the decision by the Board of directors of the Financial Intelligence Authority adopted on the 27th of October 2011,

ISSUES

the following Regulation.

Article 1

Addressees

This Regulation is addressed to the subjects mentioned in article 2 of Act No. CXXVII of the 30th of December 2010, who shall undertake to forward reports of suspicious operations according to article 34, paragraph 2, of said Act.

Article 2

General principles

These provisions pursue the following goals:

a) timeliness of reports and exchange of information between the FIA and the reporting parties;

b) homogeneity and completeness of the information contained in the reports, having regard to the peculiarities of different typologies of reporting parties and reported operations, also in order to reduce the exchange of information with the reporting parties;

c) standardization of the content of reports, also in order to allow easier access to the informative elements and processing of the same by means of automated procedures;

d) conciseness of the descriptive elements of reported operations;

e) data control, in order to assure the correctness and consistency of forwarded information;

f) protection of the confidentiality of reporting parties, also in order to encourage active co-operation.

Article 3

Premises for the duty of reporting suspect operations

1. The reporting parties shall send a report to the FIA when they know, suspect or have reasonable motives to suspect that operations of money laundering, self-laundering or financing of terrorism are under way or have been accomplished or attempted.

2. Suspicion shall be based on a thorough assessment of objective and subjective elements of the operation available to the reporting parties, on the basis of the subject's economic capacity and the activity he exercises, the features, size and nature of a transaction or any other circumstance whatsoever known by reasons of the functions exerted, also in the light of the anomaly indicators issued by the FIA.

3. The suspicion of operations or transactions connected to the financing of terrorism may also be inferred from a name and its associated biographical details, contained in the public lists which may be consulted on the FIA website. The identification data includes, apart from biographical details, information about any appointments and qualifications, as well as other data relevant to the economic-financial profile, and the objective and subjective characteristics associated with that name.

Article 4

Forwarding of reports

1. Reports shall be immediately forwarded to the FIA, by using the paper form attached to this Regulation.

2. Reports shall be distinguished by a progressive protocol number.

Article 5

Layout and content of reports

1. The content of reports shall be divided as follows:

   a) identification data of the report, which contains information identifying and describing the report and the reporting party;

   b) structured information concerning operations, subjects, relationships and the ties between them;

   c) a free description of the operations reported and the reasons for suspicion;

   d) enclosed documents.

Article 6

Identification data of reports

1. The report shall indicate whether the suspicion of money laundering or self-laundering or financing of terrorism emerged from reported operations

2. The report may also indicate the phenomenon to which a suspicious operation refers, also on the basis of its similarity to one or more anomaly indicators.

3. The report shall indicate the event that originated it.

4. The reporting party shall indicate the risk level that may be assigned by himself to the reported operations on the basis of his own careful assessment.

5. The report shall contain the reference (identifying protocol number) of any connected reports and the reason for that connection.

Article 7

Structured information

1. The report shall contain structured information on operations and relationships, the subjects to whom these operations or relationships refer, the links between operations and relationships, the links between operations and subjects, and the links among the subjects themselves.

2. The report shall refer to at least one subject and one operation, even if the operation has not been carried out, irrespective of the amount and the fact that it is carried out on the basis of an existing relationship.

3. The report may contain a reference to more than one operation, if these appear to be functionally or economically linked together. It may also include operations not considered to be suspect, should this be necessary to understand the set of operations described or the suspicion expressed.

4. In the case of repeated operations of the same type, a report of "cumulated operations" may be submitted, indicating in the relevant box the number and overall amount of such homogeneous operations, and including the date of the first and the last operation.

5. In no case must a report of exemplifying or cumulated operations impair a clear and exhaustive representation of the operations reported.

Article 8

Free description

1. The description of operations must necessarily refer to subjects and operations which figure in the structured information, according to art. 7 of this Regulation.

2. When describing the reported operations, reference shall be made to the economic and financial context, exhaustively and accurately explaining the reasons for the suspicion or the reasons that led the reporting party to think that the operation is connected to money laundering or financing of terrorism, and to draw up the report. In particular, the logical process followed by the reporting party in assessing the anomalies observed must be clearly indicated.

3. The information, which should be concise, must be necessary or useful for understanding the connections between the operations, the relationships and the subjects involved and, wherever possible, it must be aimed at enabling a complete reconstruction of the suspect financial flows.

4. The reporting party shall indicate whether the report concerns a limited number of operations, or refers to all the operations carried out by the subject in the period examined.

Article 9

Enclosed documents

1. The documents that the reporting party deems to be necessary to describe suspect operations shall be annexed to the report.

2. The essential documents relevant to a forwarded report shall be kept by the reporting party in any case, in order to comply with the requests by the FIA or the investigating bodies.

Article 10

Substitute reports

1. A reporting party, should he detect material errors or inconsistencies in the contents of a forwarded report or a missing reference to essential information in his possession, shall forward a new report that integrally replaces the former one.

2. A substitute report shall contain the following:

    1. reference to the protocol number of the report it is replacing;

    2. integral content of the substitute report with data corrected;

    3. the reason for the replacement.

3. 3. A substitute report shall also be forwarded at the request of the FIA if, having acquired a report, it detects material errors, inconsistencies or informative gaps therein.

Article 11

Links between reports

The reporting party shall indicate links between different reports, according to art. 6, para. 5, of this Regulation if:

- connections between suspect operations are detected, even if attributable to different subjects;
- a suspect operation could represent a follow-up to previously reported operations;
- it has to submit additional documents vis-a-vis a previously reported operation.

Article 12

Protection measures

1. The reports of suspect operations shall assure the anonymity of the persons who drew up the reports.
2. In the case of reports pursuant to articles 149ff. of the Code of Criminal Procedure, the identity of the persons who originated a report shall not be mentioned. Their identity may be revealed only when the Judicial Authority deems it indispensable, by a motivated decree, with a view to verifying offences for which a procedure has been instigated.
3. Deeds and documents containing the particulars of the persons who originated a report, are kept with a suitable level of confidentiality under the direct liability of the legal representative of the party concerned, or his delegate. Said deeds and documents shall be kept for the future needs and requests by the Judicial Authority, the Financial Intelligence Authority or the Gendarmerie Corps.

Article 13

Keeping of data and documents

Deeds and documents related to reports shall be kept for 10 (ten) years in order to meet any requests for access or information made, within the limits established by law, by the Judicial Authority, the Financial Intelligence Authority or the Gendarmerie Corps.

Article 14

Relationships with the AFI

1. The reporting parties shall ensure the utmost timeliness in communicating with the FIA.
2. To ensure effectiveness and confidentiality when handling information, the FIA shall consider a person identified as “manager” to be its interlocutor for all communications and requests for information related to the suspect operations reported.
3. The “manager” mentioned in the preceding paragraph shall be the person responsible for evaluating and forwarding reports to the AFI. Therefore, the communication mentioned in the preceding paragraph also fulfils the obligation of informing the FIA of the name of the person delegated with evaluating and forwarding reports of suspect operations.
4. If the report is dismissed, the FIA shall communicate as much to the reporting party. If the matter is denounced to the Judicial Authority, the FIA shall also communicate this to the reporting party, if to do so does not jeopardise the course of investigations.
5. The information returned to the reporting parties shall be subject to the same general communication interdictions as those that concern reports of suspect operations.

Article 15

Final provisions

This Regulation is published in the Supplement to *Acta Apostolicae Sedis* and shall enter into force on the day of its publication.

Vatican City. 14th of November 2011

Attilio Card. Nicora

Chairman

Annex XXII Instruction No. 1 In Matters of Organisation, Procedures and Internal Controls Preventing the Misuse of Designated Entities for the Purpose of Money Laundering and Financing of Terrorism

INSTRUCTION No. 1 IN MATTERS OF ORGANISATION, PROCEDURES AND INTERNAL CONTROLS PREVENTING THE MISUSE OF DESIGNATED ENTITIES FOR THE PURPOSE OF MONEY LAUNDERING AND FINANCING OF TERRORISM

The Chairman of the Financial Intelligence Authority

- Having regard to the Vatican Act of 30th December 2010 No. CXXVII concerning the prevention and countering of the laundering of proceeds resulting from criminal activities and financing of terrorism, and in particular:

  a) art. 33 paragraph 5, letter (a);

- Having regard to the Apostolic Letter in the form of a Motu Proprio for the prevention and countering of illegal activities in the area of monetary and financial dealings, promulgated by His Holiness Pope Benedict XVI on the 30th of December 2010;

- Having regard to the decision by the Board of directors of the Financial Intelligence Authority adopted on the 27th of October 2011,

ISSUES

the following Instruction

Whereas

- money laundering and financing of terrorism represent criminal phenomena that, also because of their possible cross-border dimension, constitute a serious threat for the licit economy and may determine destabilizing effects for economic systems;
- in order to ensure the complete effectiveness of the regulation to prevent money laundering, it has become necessary to harmonise prevention and countering activities at an international level, with the aim of ensuring that people who transfer funds of illicit origin cannot take advantage of gaps in the protection networks set up by different countries;
- in this matter, an essential action of awareness raising and *standard setting* is performed by the FATF (*Financial Action Task Force*) instituted by the G7 summit of 1989 and made up of the States representing the main financial systems. The FATF established a series of recommendations acknowledged at the international level, containing an organic series of measures for the prevention and countering of money laundering and financing of terrorism, aimed at guiding States in adopting the consequent provisions in, among other things, the prevention of money laundering in the financial system, and the field of international co-operation;
- the issue of the Vatican Act of 30th December 2010 No. CXXVII, and the Motu Proprio of the same date, began a process of adapting the institutional framework and the legal order of the Holy See and Vatican City State to international regulations, in line with the engagements assumed under the Convention with the European Union of the 17th December 2009.

Therefore, The Financial Intelligence Authority was created in order to ensure the enactment of the new law and to control the legitimacy and transparency of financial transactions.

The rules imposed on the subjects of the obligations set out in art. 2 of Act n. CXXVII of 30th December 2010 in order to assure the full and adequate knowledge of the subject with whom the relevant transactions are carried out, are defined in detail and enhanced up to the provision that, should a complete disclosure among the parties not be reached, the relationship may not be entered into or interrupted.

The action of prevention and countering of money laundering and financing of terrorism shall be carried out through the following three basic institutions:

a) adequate assessment of the client with whom a relationship is to be entered into or transactions are to be carried out (customer due diligence);

b) recording of relationships and transactions and keeping of the relevant supporting documents;

c) reporting of suspect transactions.

Due diligence concerning clients requires the subjects addressed by the regulation to adapt the rigour of customer identification to the risk of money laundering, as inferred from the client's nature, the type of service requested, the geographical reference area (the so called risk-based approach). This means that the risk element must be taken into account not only in order to identify the different provisions, simplified or enhanced, of customer due diligence to be adopted in relation to lower or higher risk cases. In reality it is a more extended duty of customer due diligence to be performed by means of getting information on the client, the beneficial owner of the relationship, the nature and goal of the business relationship.

This entails continuous monitoring of the evolution of the relationship. The duty of recording and the mode of keeping data acquired in the course of customer due diligence are aimed, on the grounds of an explicit indication of law, at allowing research and use of said data for activities of analysis by the Financial Intelligence Authority, and further investigation in cases of inquiries concerning money laundering or financing of terrorism.

Data recording must be carried out immediately and in any case within twenty days of the completion of the transaction or of the opening, modification or termination of the continuative relationship or professional service.

The duty to report suspect operations represents the focus of anti-money laundering legislation. Pursuant to art. 34 of Act No CXXVII of the 30th December 2010, the addressed subjects must undertake to inform the Financial Intelligence Authority immediately "when they know, suspect or have reasonable grounds to suspect that operations of money laundering, money self-laundering or financing of terrorism are under way or have been accomplished or attempted".

In order to ensure correct compliance with these obligations and effective control of risks, it is indispensable to prepare suitable organisational protection devices whose articulation is to be modulated in the light of the specific activities performed by the subjects of the regulation and the relevant organisational size as well as their operative features.

This provision contains rules concerning the organisation, procedures, articulations and competencies of the supervisory functions, taking into account the specificities of the matter of prevention and countering of money laundering and financing of terrorism.

Subjects addressed by provisions

These provisions are addressed to the subjects who are required to observe the duties concerning the prevention of money laundering and financing of terrorism pursuant to art. 2 of Act No. CXXVII of the 30th December 2010.

Article 42 of that Act assigns the Financial Intelligence Authority the power to impose pecuniary administrative sanctions on the subjects addressed by this provision if they fail to adopt the measures necessary to ensure timely compliance with the duties foreseen by the Act.

Organisational schemes to safeguard against the risks of money laundering and financing of terrorism.

This regulation aims at introducing specific protective devices for the control of the risks of money laundering and financing of terrorism, by imposing on the addressed subjects resources, procedures and clearly identified specialised organisational functions.

In particular, compliance with the following is required:

- involvement of personnel;
- setting up procedures to guarantee the observance of the duties relevant to due diligence concerning clients and reporting of suspect transactions, and also the keeping of documents and evidence of relationships and operations;
- preparing effective organisational and computerized tools in order to guarantee an adequate protective scheme against the risks of money laundering and financing of terrorism, also considering technological progress and financial innovation;
- designating an official in charge of supervising the duty of the prevention and management of said risks;
- exercising control over the compliance of the personnel with internal procedures and all the regulatory duties, with particular reference to "active co-operation" and constant examination of operations; the system of internal control shall be apt to immediately detect procedural and behavioural shortcomings, which could entail infringements of regulatory constraints.

Roles of governing bodies

In order to attenuate the risk of involvement in money laundering, priority is to be assigned to the involvement of the governing bodies of the entities subject to this law. They shall undertake to:

a) define managerial policies consistent with the principles and rules against money laundering;

b) set up organisational and operational measures suitable to avoid the risk of involvement in cases of money laundering and financing of terrorism;

c) perform the necessary checks on compliance with the regulation in force and adequacy of risk avoidance schemes.

The organisation of anti-money-laundering schemes

Premise

The parties to whom these provisions are addressed shall be endowed with an organisational set of operational procedures and information systems, which should in any case – taking into account the nature, size and complexity of the activities performed as well as the typology and range of services provided – be in a position to guarantee their compliance with the legal and regulatory provisions foreseen in matters of prevention and countering of money laundering and financing of terrorism.

To this end, it is important to achieve the effective involvement of all the operational structures and functions of the parties to whom these rules are addressed. Particular attention should be given to the operations of data and information collection and storage, as well as to their timely processing and availability.

The individual in charge of anti-money laundering activities of entities subject to this law is of particular importance. He has a number of complex functions, extending over the whole range of the operations performed, which can be qualified in terms of both assessment of the functioning of procedures, facilities and systems, and support and consultancy in matters of managerial choices.

The anti-money-laundering function

The entities subject to this law shall be provided with a function specifically devoted to preventing and countering operations of money laundering and financing of terrorism, by appointing an individual with responsibility for co-ordination and supervision, and possessing suitable requirements of independence, authoritativeness and professional skills.

The entities subject to this law shall organise such function consistently with their dimensional and operative features.

To this end, such function shall identify the applicable rules and evaluate their impact on internal processes and procedures; collaborate in identifying organisational schemes and procedures aimed at preventing and countering the above-mentioned risks and constantly assess their degree of effectiveness; check the suitability of organisational models and procedures adopted and propose the organisational and procedural changes required and opportune in order to assure adequate risk protection; oversee the preparation of suitable training plans aimed at constantly updating employees' skills.

Said function can be appointed to support activities of enhanced due diligence concerning clients in cases where the risk of money laundering seems to be particularly high. Where such task is assigned

to operative facilities, the person in charge of money laundering prevention shall check the adequacy of the process of enhanced customer due diligence performed by the facilities, by submitting such process and the relevant outcome to an accurate test.

This function shall devote particular attention to the adequacy of internal systems and procedures concerning the duties relevant to due diligence of clients and recording as well as of systems of detection, assessment and reporting of suspect operations, to an effective detection of other situations subject to communication requirements and appropriate keeping of documents and evidence required by the regulation.

The executive in charge of reporting suspect operations

Reporting activity pursuant to act. 34 of Act No CXXVII of the 30th of December 2010 is up to the legal representative of addressed entities or his agent. He shall assess the reports of suspect operations received and forward the ones deemed founded to the FIA.

The agent shall be provided with adequate requirements of independence, authoritativeness and professional skills. The relevant delegation may be assigned to the person responsible for anti-money laundering.

The person in charge of reporting activities shall have free access to information flows to the various offices of the entity and to the structures involved, in various ways, in the management and countering of money laundering and financing of terrorism. They shall play a role of contact partners with the FIA and immediately respond to possible requests for details on the part of said Authority.

The person in charge of reporting activities concerning suspect operations shall communicate, by appropriate organisational modes, the outcome of his evaluation to the subject who originated the relevant report, on whose identity, according to act. 37 of Act No. CXXVII of the 30th of December 2010, it is necessary to assure the utmost degree of confidentiality.

Staff training

The subjects to whom these provisions are addressed shall implement careful training to update their staff vis-a-vis the requirements laid down in the anti-money-laundering regulation.

An effective application of the anti-money-laundering regulation requires full awareness of its underlying goals and principles. Staff must become familiar with the duties and responsibilities that may arise as a result of failing to fulfil those goals and principles.

The activity of staff qualification must be ongoing and systematic, and shall be carried out within organic programmes periodically reviewed and taking into account progresses made in the fields of technology and financial innovation.

This instruction is published in the Supplement to *Acta Apostolicae Sedis* and shall enter into force on the same day of its publication.

Vatican City, 14th of November 2011

Attilio Card. Nicora

Chairman

ANNEX XXIII INSTRUCTION No. 2 IN MATTERS OF ASSESSMENT OF RISK FACTORS AND CUSTOMER DUE DILIGENCE

INSTRUCTION No. 2 IN MATTERS OF ASSESSMENT OF RISK FACTORS AND CUSTOMER DUE DILIGENCE

The Chairman of the Financial Intelligence Authority

- Having regard to the Vatican Act of the 30th of December 2010 No. CXXVII concerning the prevention and countering of the laundering of proceeds resulting from criminal activities and financing of terrorism, and in particular art. 33 paragraph 5, letter (a);

- Having regard to the Apostolic Letter promulgated by His Holiness Pope Benedict XVI on the 30th of December 2010 in the form of a Motu Proprio for the prevention and countering of illegal activities in the area of monetary and financial dealings;

- Having regard to the decision by the Board of directors of the Financial Intelligence Authority adopted on the 27th of October 2011;

ISSUES

the following Instruction

The indications contained in this instruction, adopted according to Chapter V of Act No. CXXVII of the 30th December 2010, are addressed to the subjects indicated in para. 2 of said Act, hereinafter called subjects.

PART ONE

THE RISK OF MONEY LAUNDERING AND FINANCING OF TERRORISM

Section I

Criteria of evaluation of the risk factor

Whereas the intensity and extent of duties of customer due diligence are to be modulated according to the degree of the risk of money laundering and financing of terrorism, such evaluation must take account of the risk factors inherent in the subjects or clients, and in the type of relationship and operation involved.

A) The risk factor linked to the subjects may concern the following:

1) type of activity performed: evaluated with respect to the objective possibility that it may give rise to money laundering or financing of terrorism;

2) operative volumes: as larger volumes shall be considered as involving greater risk.

B) As far as the client is concerned, the following elements constitute risk factors:

a) nature and characteristics of the client: it is necessary to assess the existence of possible criminal proceedings against the client or against parties known to be associated with him, and of any earlier reports. Furthermore, it is necessary to assess whether the client possess any particular characteristics, such as for instance whether he is a politically exposed person; if the client is not a natural person, it is necessary to assess the entity’s goals and aims pursued, the modes used to attain them as well as the legal form chosen, especially if it shows particular elements of complexity and opacity that could hinder or affect the identification of its beneficial owner or its actual corporate purpose or even its stakes. It will also be necessary to check whether the non-natural person client is linked with parties resident in areas with

non-equivalent legislation as regards the fight against money laundering or financing of terrorism;

b) activity performed: particular attention should be given to the type of activity, such as that characterised by originating considerable financial flows and a great use of cash;

c) behaviour shown during the execution of a transaction or the start of a continuative relationship: an evasive attitude, such as the reluctance to furnish the information requested or its incompleteness or falsity, are important factors;

d) geographic area**:** attention should be given to the domicile or headquarters, the location of the activity or business performed, and to the possible presence in the territory of illegal phenomena that could give rise to money laundering or financing of terrorism.

C) As far as continuative business relationships and occasional operations are concerned, the following represent risk factors:

1) the way of starting and performing continuative relationships or operations (for instance, when the physical presence of the client is not required, or when the subjects do not authorize his direct First Supplemental FIA Documents to MONEYVAL Confidential. Do Not Publish, Disseminate or Distribute. 222 identification). Particular care is necessary if relationships are started and managed only by the intervention of collaborators;

2) amount: generally speaking, considerable attention must be given to transactions of a considerable size, especially if they are inconsistent with the client's economic asset profile, and if a series of transactions of small amounts are performed, which could be conceived as the result of a splitting made in order to elude antimoney laundering requirements;

3) frequency of operations and duration of continuative relationships: the frequency and duration must be assessed in relation to the client's needs and in the light of the goal and nature of the respective relationship (for instance, the sudden termination of a relationship following a series of operations remarkable for their entity and frequency);

4) geographic area of destination or origin of assets;

5) transactions carried out in cash, when there are no apparent reasons to justify them.

Section II

Identification of the clients' characters

The subjects shall undertake to define the risk profile in relation to money laundering and financing of terrorism to be attributed to each client entity on the basis of information collected and analyses carried out, using both the above-mentioned criteria and any other criteria deemed appropriate.

According to the identification of the respective characters, each client is attributed a risk class defined in advance by the subjects. Each risk class is attributed with a coherent level of depth and extent of performance of the duties laid down in the regulations concerning the countering of money laundering and financing of terrorism (customer due diligence and assessment of suspect operations).

In the case of continuative relationships, the subjects shall define the frequency of updating on the basis of the relevant risk level. The assessment of the risk class shall be carried out at least on the occasion of:

a) the periodical audit of the continuative relationship (for instance, modification of the risk profile for the performance of investment services, issue/renewal of means of payment);

b) a substantial modification of the client's business;

c) events that may modify the risk profile (e.g. acquisition of the status of politically exposed person). For the segmentation of client entities, procedures structured in advance are adopted to collect and process data and information. The gathering of data may be carried out by using guided pathways or questionnaires. The processing of risk profiles may also be carried out by employing predefined algorithms and computerized procedures capable of automatically

assigning risk classes. In any case of automated processing, it is necessary to have the output evaluated by operators, and modified if necessary. Should a modification by the operator lower the levels of risk or checks, this shall be justified in writing.

Real-time processing modes may turn out to be particularly suitable in case of single operations that are not embedded in a continuative relationship (occasional operations).

PART TWO

REQUIREMENTS OF CUSTOMER DUE DILIGENCE

Section I

Range of application

The duties of customer due diligence are established in para. 28ff. of Act No. CXXVII of the 30th December 2010.

The activities linked to customer due diligence must be carried out in the cases foreseen in art. 28, letters a),b),c),d),e) of Act No. CXXVII of the 30th December 2010.

The same activities must also be carried out when the information concerning the risk profile formerly attributed to the client and the beneficial owner are no longer valid (for instance, when the representation powers are elapsed or a change of domicile or nationality of the client or beneficial owner took place).

Section II

Identification of the client or executor

If the client is a natural person, the identification is obtained through the acquisition of the identifying data furnished by the subject concerned, taken from a valid identity document.

In the same way the co-owners and the party who performs the operation (executor) are also identified. If there is an executor, the subjects must also check the document by which power of attorney has been conferred.

If the client is not a natural person, the identification must occur in the presence of the legal representative or his deputy.

Section III

Identification of the beneficial owner

At the moment of the identification, the client must state whether the relationship is being entered into on behalf of another party. The identification of the beneficial owner according to art. 2, para. 1, and art.1 of the Annex to Act No. CXXVII of the 30th December 2010, shall take place, without the necessity of a physical presence, together with the identification of the client and on the basis of the identifying data furnished by the latter.

Section IV

Verification of data concerning the client, executor and beneficial owner

The addressed subjects shall check the data furnished by examining the following documentation:

a) valid identity documents;

b) public deeds, certified private documents, qualified certificates used to produce a digital signature;

c) declarations of the diplomatic mission of the Holy See;

d) records and lists of authorised subjects, articles of incorporation, statutes, balance sheets;

e) websites of public organisations and authorities, also of foreign States, provided that the latter have an equivalent regime. For minors, in the absence of an identification document, the identifying data shall be checked and, , by a birth certificate or provision by a probate judge. The verification can be made also by means of a certified photograph. In this case, it is also necessary to record the data of the birth certificate of the person concerned.

Verification of the data of the beneficial owner of an account may take place after entering a relationship, by taking adequate measures to ensure that operations are not carried out until said beneficial owner has been identified.

The verification of the data of the client, executor and beneficial owner may also take place after entering a relationship, if this is necessary in order not to interrupt the normal performance of business activities and if there is a low risk of money laundering and financing of terrorism.

Section V

Acquisition of information on the goals and nature of a continuative or business relationship and occasional operations

The subjects shall assess the goals and nature of a continuative or business relationship and of occasional operations. In any case, they shall acquire information about the following:

a) motivations and goals concerning the start of a relationship or the accomplishment of an operation;

b) relationships between the client and the executor, as well as between the latter and the beneficial owner of the relationship or the operation;

c) working and economic activities performed, and business relationships in general.

Further information to be acquired, depending on the risk profile, may concern the origin of the funds used in the relationship or for a single operation, business relationships and relations with other parties, economic and asset situation, and work, economic and property conditions of cohabiting relatives.

Section VI

Ongoing control during a continuative or business relationship

Ongoing control is needed to keep up to date the client's profile and to detect elements of inconsistency that might represent considerable anomalies.

Ongoing control is exerted by examining the overall activity of a client.

The subjects shall establish, on the basis of the risk profile, the modes and frequency of assessment in order to keep information and data updated.

The result of such checks may lead to the identification of anomalies and inconsistencies that could give rise to reporting suspect operations, freezing of assets, refraining from carrying out transactions and termination of a relationship.

Section VII

Record keeping requirements

The subjects shall keep the documents acquired in to the course of customer due diligence in order to:

a) show the AFI the procedures followed and measures adopted in order to comply with legal duties;

b) allow the AFI to carry out analyses and in-depth checks;

c) allow to use them for inquiries by the AFI, the Gendarmerie Corps and the Judicial Authority.

The documents shall be kept for a period of five years starting from

the date of:

a) execution of the occasional operation;

b) termination of the continuative relationship for all the relevant operations recorded.

The documents shall be made immediately available upon request of the competent Authority.

PART THREE

SIMPLIFIED MEASURES OF CUSTOMER DUE DILIGENCE

The application of simplified measures of customer due diligence concerning the client is foreseen in case of transactions with a low risk of money laundering or financing of terrorism, if the client belongs to the categories stipulated in art. 3, para. 1, of the Annex to Act No. CXXVII of the 30th December 2010.

With regard to point c) of said paragraph, national public authorities refers to the following: Dicasteries, Institutes, Offices, Public Bodies and Diplomatic Missions of the Holy See, Offices of the Governorate.

The subjects, before carrying out an operation or transaction, shall acquire the information needed to establish whether the conditions for the simplified procedure exist, and shall be held responsible for the qualification and truthfulness of such information according to the criteria of professional diligence.

The identification of the client shall take place according to the criteria established for entering a continuative relationship.

The subjects shall assess the client's operations in order to verify whether the modes of execution, frequency, amounts and other aspects, including those possibly representing risk factors, are consistent with the features allowing the application of the simplified procedure.

The subjects shall refrain from applying simplified measures, unless they intend to avoid carrying out a transaction or entering a relationship, evaluating the possibility of forwarding a report of suspect operation if:

a) there are doubts about the qualification or truthfulness of the information acquired for the purpose of classifying the client under one of the above-mentioned categories;

b) the conditions for the configuration of a low risk of money laundering no longer subsist;

c) a suspicion of money laundering or financing of terrorism exists.

PART FOUR

ENHANCED REQUIREMENTS

Section I

General principles

Enhanced customer due diligence according to art. 31 of Act No. CXXVII of the 30th December 2010, consists in adopting measures of greater impact, extent and frequency in the various areas of customer due diligence. For instance, it is possible to acquire further information on relatives and cohabitants of the client, subjects with whom he has business dealings, and companies in which he has a share or holds office, and to examine more thoroughly the nature and goals of the relationship.

By integrating in the provisions of art. 31 of Act No. CXXVII of the 30th December 2010, the cases in which the addressed subjects shall adopt enhanced measures are the following:

a) repeated transactions of deposit of cash or valuables;

b) when an assessment process has been started in view of reporting a suspect operation to the AFI;

c) in relation to a recourse to products, operations and technologies that could increase the risk of money laundering or financing of terrorism.

If one of the subjects (executor, client or beneficial owner) is affected by a high risk of money laundering, enhanced measures of customer due diligence shall in any case apply to all the other subjects.

Section II

Remote operations

This definition includes operations carried out by the client in the absence of the subjects; in cases in which the client is not a natural person, the executor's presence is to the considered equivalent to the client's presence.

Remote operations implemented by systems of telephone or computerized communication (for instance, Internet banking and phone banking) require a specific attention on the part of subjects, inasmuch as a direct contact is lacking with the client and with any parties who may be in charge of said operations. Furthermore, offering services through the Internet might increase the risk of frauds connected to the theft of electronic identity, thus seriously jeopardising the reliability of the data collected.

In cases of remote operations, the subjects shall undertake to acquire an appropriate identification document delivered by fax, by post or a scanned copy and to acquire and analyse one or more of the following documents, from which it is possible to draw identifying data and further information required for the purposes of customer due diligence:

a) public deeds, certified private documents;

b) certificates used to produce a digital signature associated with computerised documents;

c) declaration of the diplomatic mission of the Holy See.

If the subject is not in a position to obtain the data and information indicated or to assess their reliability or to make otherwise sure that the client to be identified and the party referred to by the data and information forwarded are identical, or if the checks carried out give evidence of the falsity or inconsistency of the information coming from a remote location, it shall not start the operation or transaction or enter a continuative relationship, in other words, it shall terminate the existing relationship and evaluate whether or not to forward a report of suspect operation.

Section III

Politically exposed persons (PEP)

The notion of PEP is defined in art. 2 of the Annex to Act No. CXXVII of the 30th December 2010.

The subjects, in order to verify whether a client or beneficial owner is to be classified as a PEP, shall not only obtain pertinent information from the client himself, but also avail themselves of other sources, such as for instance the official Internet sites of the authorities of the countries of origin.

Should the client or beneficial owner fall under the definition of PEP, entering and keeping the continuative relationship are authorised by the legal representative of the subjects or by his deputy.

PART FIVE

DUE DILIGENCE VIS-A-VIS INTERMEDIARIES

The subjects shall apply rules of enhanced due diligence towards banking and financial institutions located in States that do not have equivalent regulations.

Enhanced measures foresee at least:

a) the acquisition of information appropriate for assessing the property status of the correspondent entity and the quality of the supervisory regime to which the correspondent entity is subject;

b) the acquisition, from the correspondent entity, of information appropriate for understanding the nature of the activities carried out, also with reference to the services rendered by the correspondent entity to its customers, for which it uses the correspondent current account opened at the intermediary subject to enhanced customer due diligence;

c) the attribution, by the subjects – in the case in which an operation is performed or a relationship is entered into on behalf of customers of the correspondent entity – of a single-item code to all of the operations and transactions and relationships referred to the same client, in order to aggregate such elements under the heading of the correspondent entity;

d) the authorisation of the legal representatives of the subjects or their deputies.

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This instruction is published in the Supplement to *Acta Apostolicae Sedis* and shall enter into force on the same day of its publication.

Vatican City. 14th of November 2011

Attilio Card. Nicora

Chairman

ANNEX XXIV Instruction No. 4 Indicators of Anomalies for the Reporting of Suspicious Transactions

INSTRUCTION No. 4
INDICATORS OF ANOMALIES
FOR THE REPORTING
OF SUSPICIOUS TRANSACTIONS

FOREWORD

Vatican legislation in matters of prevention and countering of money laundering and financing of terrorism has its source in Act N. CXXVII of the December 30, 2010.Article 34, paragraph 2 of that Act requires the parties concerned to «promptly inform the Financial Intelligence Authority, upon request of the latter or on their own initiative, when they know, suspect or have reasonable grounds to suspect that operations of money laundering, self-laundering or financing of terrorism are under way or have been accomplished or attempted. The suspect is derived, provided that the subject has a sufficient economic basis and carries out a suitable activity, from the features, entity and nature of the operation or any other circumstance known by reasons of the functions exerted».

The same Article, in paragraph 3, establishes that the «content, modalities of identification, also through indicators of anomaly, and the way of forwarding suspicious operations, are defined by the Financial Intelligence Authority».

The duty to report suspicious transactions is inspired by a general principle of “active co-operation” requiring a constant commitment, on the part of the parties concerned, to train the dedicated personnel and prepare and constantly update adequate organisational procedures.

This discipline reflects the content of the provisions issued at the international level by the GAFI-FATF in its Recommendations and, at the European level, in Directive 2005/60/EC.

ORGANISATIONAL RULES

The parties concerned are requested to adopt procedures consistent with the rules and principles governing the anti-money laundering law in order to guarantee a correct fulfilment of the duty to report suspicious transactions. In this regard, they essentially have to comply with the following rules:

- refusal to perform transactions that are unusual by typology, object, frequency or size, and to start or maintain relationships showing an unusual profile;
- paying particular attention to transactions proposed by occasional users, especially if their size is considerable or they require unusual modalities of performance;
- bear in mind that the duty to report applies to the entire duration of the relationship with a client, from its outset until its termination;
- also take account of anomalies regarding transactions without an exact value or of limited value, perhaps by fixing minimum cautionary thresholds;

The parties concerned shall adopt internal procedures aimed to avoid their involvement, even unconscious involvement, in incidents of money laundering and financing of terrorism. Under this light, it is necessary to enhance the knowledge of client profiles and reinforce internal checks, also in order not to risk damage to reputation.

The training of the personnel on the duties of reporting represents an essential commitment: during the training, particular attention should be devoted to developing the specific skills of staff and collaborators who have direct contact with clients.

The parties concerned shall define, in their internal discipline, a procedure for reporting suspicious transactions, in order to ensure that staff follow correct behavioural procedures, treat cases homogeneously and apply provisions consistent with the goals of the law.

They shall report to the FIA when the necessary conditions are met, also in case of refusal or non-conclusion of transactions for any reason; the assessment procedure followed should always be possibly reconstructed afterwards on a documental basis, even when the final decision taken consists in not making the report.

In the reporting procedure, the obliged subjects shall adopt measures to ensure the confidentiality of information, concerning both the reporting person and the content of reports, in any case refraining from disseminating information out of the channels established by law.

Article 34 of the Anti-money laundering Act establishes that the report of suspect transactions shall be forwarded to the FIA "promptly", while Article 33, paragraph 5, mentions, among the FIA's powers under letter (k), the suspension of the transaction reported for a maximum period of five working days. By combining the provisions of both rules, it follows that it is opportune to report a suspect transaction possibly before it is performed, also in order to allow its possible suspension. As a consequence, the obliged subjects shall prepare adequate operational procedures to assess the transactions under way and assure exhaustive and timely information to the FIA; to this end, they may rapidly report individual transactions to the FIA by fax or telematic procedures and, thus, receive instructions on the procedure to follow.

The relation between the FIA and the parties concerned shall be based on active co-operation and mutual trust, while assuring adequate protection and confidentiality to the exchange of information on both sides.

The reports transmitted to the FIA, as a rule by protected computerized or telematic procedures, shall contain detailed information on the economic and financial profile of the subject reported and his/her possible connections to other subjects. In case of further requests of explanations or more detailed information, the additional information timely provided to the FIA is meant to integrate the original report.

The party concerned shall identify, inside his/her organisation, the officer in charge of anti-money laundering activities, entrusted with the exchange of all the communications with the FIA related to the reports, including any possible explanation and further information requested.

INDICATORS OF ANOMALY: INTRODUCTION

The Vatican legislation in matters of anti-money laundering, in Article 34, imposes the duty of reporting suspect operations, based on considerations concerning the subjective profiles of clients (economic capacity and activity performed), objective features of transactions (characters, size, nature) as well as any other circumstances known through the functions exerted.

The term "operation" does not merely refer to the performance of a single action, but also a set of actions that seem to be functionally or economically connected to each other.

The objective configuration of an operation often seems to be neutral and does not allow to immediately identify its underlying goals. There are transactions that, on the grounds of their amounts, modalities, distribution channels, territorial locations, might seem normal if they are performed by clients having certain features, but have disproportionate or economically unjustifiable values if they are effected by other subjects. Similarly, forms of behaviour that seem to be in line with a clients economic capacity and current business, may appear unusual under the light of other information held by the parties concerned.

Such indicators show exemplifications of anomaly concerning the structure or operational mode under an objective profile, but the task of the party concerned cannot be limited to verifying the presence of indicators, but must be extended to the comparison with all the other available information by thoroughly carrying out the further investigations required in view of reaching a complete assessment of the transactions requested and of the party who initiates them. In other words, indicators must be

considered as an accessory tool that does not free the party concerned from his responsibility to carry out the necessary assessment. It should be kept in mind that the lack of unusual profiles drawn from indicators is not sufficient to exclude the suspicion that an operation might be connected to money-laundering.

Therefore, the list must not be deemed exhaustive, also considering the continuous evolution of modalities of performing operations.

INDICATORS OF ANOMALY RELATED TO OPERATIONS

1.1 Periodical transactions consisting of inflows of financial assets that are not justified by a client's activity and carried out through instruments (such as cash, credit instruments, money transfers etc.) that are not usual in his/her everyday operations.

1.2 Recourse to operation-splitting techniques, especially if these are aimed to elude identification and recording duties.

1.3 Operations of huge size, unusual if compared with the ones normally carried out by the client, especially when lacking plausible economical or financial justifications (e.g. start and termination of relations used only for single operations or inactive for longer periods or rarely used, deposits in accounts of companies made by shareholders or subjects connected to them and concerning assets which are not derived from such companies' activities).

1.4 Operations apparently disadvantageous to the client.

1.5 Operations carried out on behalf, or in favour, of third parties, especially if they do not belong to the client's family.

1.6 Transactions requested supplying inaccurate or incomplete information, to hide the knowledge of the beneficial owner or beneficiary.

1.7 Operations with clients located in geographic areas known as offshore centres, and not justified by their business activities.

INDICATORS OF ANOMALY RELATED TO CLIENTS

2.1 The client gives false or forged information about his/her identity or that of the beneficial owner, or the goal or the nature of the business relation, or refuses or seems to be reluctant to give information, or abandons the transaction upon the request of further information.

2.2 The client adopts a behaviour unusual if compared with his/her normal behaviour, refraining from direct contact, issuing delegations and powers of attorney, inducing staff to elude anti-money laundering regulations, or using addresses of convenience.

2.3 The client carries out cash transactions for considerable amounts, especially if it is known that he/she has been subjected to criminal proceedings or preventive measures or a seizure order, or has community or family relationships with subjects upon whom such measures have been imposed.

2.4 Operations with clients based in offshore geographical locations, when this is not justified by the clients' economic activities.

INDICATORS OF ANOMALY RELATED TO MEANS OF PAYMENT

3.1 Cash deposits of considerable amount, not referable to a regular business, especially if used or large-denomination banknotes are used.

3.2 Cash withdrawals and simultaneous deposits of similar amounts, which might make suppose asset transfers between connected parties.

3.3 Exchange transactions using large-denomination banknotes or in another currency, especially if they are carried out without passing through the account or deposit.

3.4 Use of means of payment, such as credit cards, prepaid cards, electronic money etc., which do not belong to the subject's usual business.

INDICATORS OF ANOMALY RELATED TO FINANCIAL INSTRUMENTS

4.1 Purchase and sale transactions of financial instruments inconsistent with the client's economic or financial profile.

4.2 Negotiation of financial instruments at prices that are notably different from market prices, or with cash settlement, or fractioned amounts, or with clients located in countries or territories at risk.

4.3 Negotiation of financial instruments whose beneficiaries are third parties, or with the intervention of residents in countries or territories at risk, or involving the request of material delivery of certificates to bearer.

INDICATORS OF ANOMALY RELATED TO SHAREHOLDINGS, INCORPORATIONS AND THE LIKE

5.1 Operations of acquisition of holdings in enterprises or businesses, which are not justified by the subject's economic profile.

5.2 Operations of establishment and/or employment of deliberately complex group structures, especially if there are unusual conditions related to share distribution, or some or most companies of the group are located abroad.

5.3 Operations of establishment and/or employment of companies whose shareholders are legally incapable persons, or assignment of responsible offices in companies or bodies to persons who clearly lack the professional skills required.

5.4 Contributing capital to companies or other bodies through payment in kind of sums that are evidently disproportionate with respect to market values.

5.5 Frequent and unjustified changes of ownership or name of companies and businesses.

5.6 Use of shell companies, wherever located, or operations to establish and/or employ of trusts when anti-money laundering regulations that do not comply with the Recommendations of the GAFI/FATF are applied.

INDICATORS OF ANOMALY RELATED TO REAL-ESTATE

BUSINESSES

6.1 Request of purchase of real estate for amounts inconsistent with the purchasing client's economic/financial profile.

6.2 Request of purchase of real estate without the purchasing client having a relationship with the State or jurisdiction in which such properties are located.

6.3 Request of purchase of real estate with agreements in favour of third parties, persons to be named or fiduciary entitlements.

6.4 Request of purchase or offer of real estate wholly or partly in cash, or at unusual prices if compared with market prices.

6.5 Successive purchases or sales of several real estate items within a limited period of time, especially if the relevant transactions are carried out at very different prices.

6.6 Request of purchase or offer of real estate to be carried out by the takeover of stocks or stakes of companies whose headquarters are located in offshore centres or countries lacking an adequate anti-money laundering regulation

INDICATORS OF ANOMALY RELATED TO BUSINESS ACTIVITIES (connected to Article 2, paragraph 1, letter r of the

Act)

7.1 Request of purchase of goods in cash exceeding amounts of Euro 15,000.

7.2 Request of purchase of goods of considerable value by subjects having an inadequate economic/financial status, especially if they show no evident interest in the characteristics and value of such goods.

7.3 Request of purchase of several goods of a considerable amount within a restricted period of time, especially in case of an evident lack of interest in the value of said goods.

INDICATORS OF ANOMALY RELATED TO THE FINANCING OF TERRORISM

8.1 Operations carried out or requested by subjects who appear on the lists of persons or bodies involved in activities of financing of terrorism, or their relatives or associates.

8.2 Operations carried out or requested by subjects (or their relatives or associates) notoriously subject to terrorism-related investigations.

8.3 Frequent operations carried out within a limited period of time, by incoming and outgoing money transfers from and to geographic areas considered at risk in relation to the financing of terrorism, or subject to international economic sanctions.

8.4 Operations carried out or requested by non-profit organisations that, by their features (e.g.: classes of beneficiaries, geographic areas of destination of assets), appear inconsistent with the operations those organisations declare or normally exercise.

INDICATORS OF ANOMALY RELATED TO OPERATIONS WHICH, DUE TO THEIR UNUSUAL TRANSFER METHODS OR THEIR INCONSISTENCY WITH THE ECONOMIC PROFILE OF THE PARTIES INVOLVED, APPEAR TO BE ASSOCIATED WITH THE ABUSE OF NON-PROFIT ORGANISATIONS

9.1 Transactions carried out by non-profit or non-governmental organisations which, due to their characteristics (e.g., the type of beneficiary or the geographical area to which the funds are transferred), are manifestly inconsistent with those organisations' declared activity.

9.2 Movements of significant sums within a limited time period involving different non-profit organisations linked to one another in an unjustifiable manner; for example, by sharing the same address, the same representatives or staff, or the presence of numerous accounts registered under the same recurring names.

9.3 Recurrent deposits on accounts held by associations or foundations, deposits described as donations, collections or the like and which amount to a considerable and not adequately justified sum, especially if said deposits are mostly made in cash, and followed by the transfer of most of the funds to geographical areas at a high risk of terrorism.

This instruction is published in the Supplement to *Acta Apostolicae Sedis* and shall enter into force on the day of its publication.

Vatican City, 14th of November 2011

Attilio Card. Nicora

Chairman

ANNEX XXV Chirograph on Institute for Religious Work 1 March 1990

ACT OF THE APOSTOLIC SEE

OFFICIAL COMMENTARY

Director: Apostolic Palace - Vatican City -

Administration: Vatican Editors' House

CHIROGRAPH

A new organization is given to the organ <<Institute for Religious Work >>.

By Chirograph dated June 27 1942, Our Predecessor of p.m. Pious XII constituted in the Vatican City the Institute for Religious Works, with legal personality, absorbing thereby the pre-existing "Administration for Religious Works" whose Bylaws had been approved by the same Pontiff (Pious XII) on March 1 7, 1941 and which traced its first origin to the <<Commission for pious causes which had been created by Pope Leo XIII in 1887.

By the succeeding Chirograph of January 24, 1944, Pope Pious XII established new rules to regulate the Institute, requesting that the Institute's own Cardinals' Oversight Commission propose changes to the By-laws of March 17, 1944 that appeared necessary in order to execute the aforementioned Chirograph.

In order to render the structures and the activities of the Institute more adequate to the needs of the times, in particular, by relying upon the collaboration and the responsibility of competent lay Catholics, we have now made the decision to give, as we do give, a new configuration to the Institute for Religious Works retaining its name and purposes.

1. The purpose of the Institute is to provide for the custody and administration of the movable and immovable property that have been transferred and entrusted to the Institute by natural and giuridical persons and destined for religious works or charity.
2. The Institute has legal personality and its seat is in the State of Vatican City. For any possible future controversies the competent forum is that of the State of Vatican City.
3. The organs of the Institute are:
   - The Cardinals' Commission
   - The Prelate
   - The Oversight Council
   - The Directorate
   - The Auditors
4. The Cardinals' Commission is composed of five cardinals who receive a five year appointment by the Pope and who may be reappointed. It oversees the faithfulness of the Institute to its statutory norms according in the manner provided for by the By-laws.
5. The Prelate, who is appointed by the Cardinals' Commission, oversees the activities of the Institute, acts as Secretary for the Cardinals' Commission meetings and attends the meetings of the Oversight Council.

6. The Oversight Council is responsible for the administration and management of the Institute, as well as the oversight and supervision of its financial, economic, and operational activities. It is appointed by the Cardinals' Commission and is composed of five members who are appointed for five years and may be reappointed.

7. The legal representation of the Institute is the responsibility of the President of the Oversight Council.

8. The Directorate consists of the Director General and the Vice-Director, appointed by the Oversight Council with the approval of the Cardinals' Commission.

   The Director may be hired for an indeterminate or determinate period of time.

   The Directorate is responsible for all operational activities of the Institute and is accountable to the Oversight Council.

9. The Oversight Council appoints, for a duration not to exceed three years, three auditors with specific administrative and accounting competence. The Auditors' positions can be renewed.

   The Auditors are directly accountable to the Oversight Council for their activities.

   This Chirograph will be published in the *Acta Apostolicae Sedis* simultaneously with the new Bylaws for the Institute for Religious Works, which, after receiving Our approval, will be published as an attachment in said *Acta Apostolicae Sedis.*

Given in Rome, at Saint Peter's, this 1 March of the year 1990, the twelfth of our Pontificate.

JOHN PAUL PP. II

ANNEX XXVI Institute for Religious Works By-Laws

Addendum

Institute for Religious Works

BY-LAWS

Head I

NAME, PURPOSE AND RESPONSIBILITY OF THE INSTITUTE

Art.l

The Institute for Religious Works, has a juridical canonical personality and seat in the Vatican City.

Art. 2

The purpose of the Institute is to provide for the custody and the administration of personal and real property transferred or entrusted to the Institute by natural or legal persons and intended for religious works or charity.

The Institute therefore accepts assets whose destination, at least partial or future, is indicated by the preceding paragraph. The Institute can accept deposits of assets from entities or persons of the Holy See and of the State of Vatican City.

Art.3

The Institute is responsible for the custody and the administration of the assets received.

Said responsibility is regulated by the norms in force in the State of Vatican City, by the provisions of the present By-laws and by the Regulations as well as the specific conditions established for each operation.

For possible controversies, the competent Forum is that of the State of Vatican City.

ORGANIZATION OF THE INSTITUTE

Art. 4

Organs of the Institute are:

- The Cardinals' Commission
- The Prelate
- The Oversight Council
- The Directorate
- The Auditors

Head III

THE CARDINALS' COMMISSION

Art. 5

The Cardinals' Commission is composed of five Cardinals appointed by the Pope and presided over by the Cardinal designated by the Members of the same Commission.

The members of the Commission hold their posts for five years and may be reappointed.

If a member of the Commission dies, the Pope will provide for his substitution and the new member will remain in his post until the Commission's term expires.

Art. 6

The Cardinals' Commission is convened by the Cardinal President at least twice a year and any time he deems it necessary to call a meeting.

The notice of meeting, containing the agenda, must normally be received by the individual Cardinals at least five days prior to the meeting, with the exception cases of particular urgency.

Art. 7

For the meeting of the Cardinals' Commission to be valid, at least three Cardinals are required to be present. Resolutions must be passed by an absolute majority of votes of the Cardinals present and by a unanimous vote whenever three Cardinals are present.

The minutes of each meeting shall be taken down by the Prelate in his capacity as Secretary of the Commission and must be read and confirmed at the next meeting.

Art.8

The Cardinals' Commissions oversees the Institute's observance of its by-law norms.

It appoints and removes the members of the Oversight Council and, based upon proposals made by the latter, it appoints and removes the President and the Vice-President.

Furthermore:

a) it deliberates, having become acquainted with the year's budget and with the exception of the Institute's minimum liquidity standards, for the distribution of funds;

b) it proposes to the High Authority changes to the by-law modifications.

c) it deliberates regarding the emoluments due to the Members of the Oversight Council;

d) it approves the appointment and the removal of the Director and of the Vice-Director made by the Oversight Council;

e) it deliberates on any possible issues regarding the Members of the Oversight Council and the Directorate.

Head IV

THE PRELATE

Art.9

The Prelate is appointed by the Cardinals' Commission.

He

a) oversees the activities of the Institute and may have access to the acts and documents of the Institute;

b) participates, in his capacity as Secretary, in the meetings of the Cardinals' Commission, seeing to the taking of the minutes of the same;

c) attends the meetings of the Oversight Council;

d) submits his comments to the Cardinals' Commission, informing the Oversight Council of them.

The Prelate has his own Office in the Institute.

Head V

THE OVERSIGHT COUNCIL

Art. 10

The Oversight Council is responsible for the administration and management of the Institute, as well as the watching over and supervision of its activities on financial, economic, and operative levels.

Art. 11

The Oversight Council is appointed by the Cardinals' Commission and is composed of five Members of recognized economic and financial experience and whose trustworthiness is proven.

The Members of the Council hold their posts for five years and may be reappointed.

If a Member of the Council dies, the Cardinals' Commission provides for a replacement.

The new Councillor remains at his post until the term of the Council expires.

Art. 12

The Oversight Council is convened by the President at least every three months, and anytime he considers it necessary, or when requested by two of its Members, notified in writing to the President with its reasons.

Notice of the meeting is given by the President by letter, telex, or te1efax, indicating the day, hour and place of the meeting and providing the agenda for the meeting.

The notice must be sent to the members at least ten days prior to the date set for the meeting, and in cases of urgency, at least two days prior.

Notification is made in a valid manner for those members present in a previous Council meeting, if the President notifies them at that session.

Art. 13

For the decisions of the Oversight Council to be valid, a majority of the Councillors presently appointed must be present.

The decisions are reached by absolute majority of the Members of the Council.

If only three Councillors are present, unanimity is required.

For approval of the Budget and the appointment to the posts of Director and Vice Director, a majority of four Counsellors is required, manifested if necessary in writing for members who are unable to attend the meeting.

The procedure for voting is established by the President.

In case of absence or impediment of the President, his functions shall be performed by the Vice-President.

Art.14

The Oversight Council designates, for each meeting, a Director of the Institute who acts as Secretary. He must take the minutes and sign them at the bottom together with the President. He may authenticate copies and abstracts.

The Minutes of each meeting of the Oversight Council are read during the next meeting to be approved and signed by the Councillors present.

Art.15

The Oversight Council reviews and evaluates, on the basis of the monthly accounting statements mentioned in article 22, the activity of the Directorate and its observance of the rules, instructions, and directives.

Art. 16

By April 30 of each year, the Oversight Council approves the yearly budget provided by the Directorate. After approval, it transmits it to the Cardinals' Commission with the addition of a report on the economic-financial situation and on how the activity of the Institute complies with its by-laws purposes.

Art.17

The Oversight Council has the task of :

1) formulating the general policy lines and basic strategy for the activities of the Institute in harmony with its institutional ends;
2) defining the criteria for the elaboration of yearly programs and objectives of the Directorate, and to approve its proposals;
3) checking on the economic-financial activity of the Institute;
4) watching over the realization of programs and the objectives that were set, with respect to investments and other activities;
5) defining the most appropriate financial structure for the Institute, proposing the best way to improve it, and in general, by pointing out the best means to increase its patrimony and assets in the context of correct adherence to economic-financial rules and in full compliance with the purposes of the Institute itself;
6) proposing to the Cardinals' Commission changes to the By-laws, as long as they are unanimously approved by the Council itself;
7) arranging for issuance of the Regulations, which are required to provide a detailed description of the powers and competencies of the Council and of the Directorate General;
8) conferring upon the Director and, upon his proposal, the Vice-Director, Managers and Functionaries, the power of signature in the name of the Institute, according to the practices provided for in the Regulations;
9) approving the annual report of the Directorate.

Head VI

REPRESENTATION OF THE INSTITUTE

Art.18

The legal representation of the Institute is the responsibility of the President of the Oversight Council.

Head VII

THE DIRECTORATE

Art. 19

The Directorate is formed by the Director General and by the Vice-Director.

They are nominated by the Oversight Council with the approval of the Cardinals' Commission.

The Oversight Council, with the approval of the Cardinals' Commission, can remove the Director General and the Vice-Director.

Art. 20

The Director General may be hired for either an indeterminate or a determinate period of time. He may be reconfirmed.

The Director General and the Vice-Director cease their duties on their 70th birthday.

In exceptional cases, and with a grounded decision, the competent nominating organs may provide for the continuance of service of the Director and the Vice-Director even after they reach 70 years of age.

Art. 21

Oversight Council upon the appointment of the Director General.

Art.22

Every month, the Directorate drafts the economic and financial accounting statement showing the results as of the end of the preceding month. This statement is forwarded to the Members of the Oversight Council and to the Prelate, accompanied by a report.

Art.23

In the first trimester of each year the Directorate compiles the balance sheet relative to the activities of the preceding year: Profits, Losses and statements of Assets and Liabilities, according to generally accepted accounting principles.

The balance sheet must be accompanied by a progress report on the management of the Institute.

The Balance and the justifying documents must be forwarded to the Oversight Council at least thirty days prior to the date of the meeting set for approval of the budget.

These are also forwarded to the Board of Auditors.

Art. 24

The Directorate is responsible for all operational activities of the Institute and is accountable to the Oversight Council, according to the directives received by it.

The competencies and the specific powers of the Directorate are listed in the Regulation of the Institute.

Art. 25

The Directorate submits to the Oversight Council every act that it does not consider to be within its authority.

In case of urgency, the Director can be authorized to act by the President of the Oversight Council, who will consult at least one of the Councillors. The determination upon signature of the Director General and with immediate effect with respect to third parties, must however be subjected to ratification at the Oversight Council at its first meeting.

The Director, and, in his absence, the Vice Director, are normally invited to participate in the meetings of the Oversight Council.

Head VIII

THE AUDITORS

Art. 26

The Oversight Council appoints for a period not to exceed three years, three Auditors with specific administrative and accounting duties. They can be reappointed.

The Auditors are directly accountable for their activities to the Oversight Council, who can ask them to report during its sessions.

Art. 27

Auditors must verify treasury holdings at least every trimester as well as perform the administrative and accounting review of accounting books and writings.

If requested by the Oversight Council, they can proceed to make internal audits or perform other inspections.

The Oversight Council can entrust specific tasks to the Board of Auditors or specific tasks to a single member.

The relative minutes are placed at the disposal of the Oversight Council and the Prelate.

Art. 28

The Auditors review the budget sheet with the report of the Directorate and supporting documents and they must make their written comments to the Oversight Council and bring their observations the attention of the Directorate and the Prelate.

Head IX

GENERAL PROVISIONS

Art. 29

The By-laws of March 17, 1941 relative to the <<Administration of the Religious Works>> and any other provision contrary to this By-laws are abrogated.

Art. 30

For whatever is not provided for by this Bylaws, the Canon law in force shall be observed.

ANNEX XXVII IOR AML/CFT Policy

Prevention and Countering of the Laundering of Proceeds from Criminal Activities and of the Financing of Terrorism Policy

1. General Provisions

1.1 Preface

On December 30th 2010 Vatican City State issued legislation Act n. 127 of Vatican City State "Law concerning the prevention and countering of the laundering of proceeds from criminal activities and of the financing of terrorism", effective April 1st 2011.

This legislation, considering also the regulations issued by other states with advanced legislation on the subject matter, provides for:

- Measurements to freeze funds and economic resources, in order to combat terrorist financing
- Requirements of customer due diligence
- Requirements of registration and record keeping
- Requirements of suspicious transaction reporting

Vatican City State has also established a special authority to be known as the Autorità di Informazione Finanziaria (Financial Information Authority – AIF) which among other assigned activities, will receive the communications of suspicious transactions executed by all subject required to comply with aforementioned legislation. The Autorità di Informazione Finanziaria performs also the verification of financial institutions, and can apply administration penalties whenever applicable by the legislation.

These measurements are intended to allow the "Committee for the Prevention of Money Laundering and Terrorist Financing" and European Union States, together with Italy, to include Vatican City State among the other countries adopting equivalent requirements to those provided by 2005/60/CE European Directive. Hence, the legislation Act n.127 from 30 December 2010 was inspired by International Standards (FAFT 40 Recommendation, 20 June 2003 and FAFT 9 Special Recommendations on Terrorist Financing) in order to obtain a positive assessment from FAFT for Vatican City State.

The Istituto per le Opere di Religione, hereafter referred to as "Institute", considers FAFT recommendations of great importance, as they provide the guidance on operational procedures to prevent and combat money laundering and terrorist financing. In this regards, the recommendation 15 of FAFT provides in particular for:

"Financial institutions should develop programmes against money laundering and terrorist financing.

These programmes should include:

a) The development of internal policies, procedures and controls, including appropriate compliance management arrangements, and adequate screening procedures to ensure high standards when hiring employees;

b) An ongoing employee training programme;

c) An audit function to test the system".

Consistent with the acts and regulations mentioned above, the Institute establishes and implements an internal organizational and regulatory system based on the rules established in this "Prevention and Countering of the Laundering of Proceeds from Criminal Activities and of the Financing of Terrorism Policy" (hereafter referred to as "Policy").

In any case, the Institute, with the adoption of this Policy, commits to enforce specific procedures for all those aspects Vatican City State legislation allows to adopt any frameworks chosen by the Financial Institutions.

1.2 Document objectives

Based on the above referred matters, the Board of Superintendence approves the Policy in question with the objective to regulate the principles, limits, and guidelines related to the business operations of the Institute. In particular, the Policy covers:

- business operations limits of the Institute, in terms of customers/correspondent institutions, business relationships/transactions;
- outline of Anti-Money Laundering and Counter-Terrorist Financing Process (hereafter referred to as "process");
- the role of Institute Governance Bodies (Board of Superintendence, Chairman of the Board of Superintendence, Board of Auditors and Management Committee);
- the role of different functions of the Institute actively involved in the process;
- design of the Internal Control System covering the money laundering and terrorism financing risk (guidelines for the operational, risk management and internal audit controls);
- information flows to be implemented for correct management of the defined process.

The content of this policy are further detailed in the Anti-Money Laundering and Counter-Terrorist Financing Manual (hereafter referred to as "Manual"), which define the operational arrangements, tools, reports, information flows and operational controls required to be implemented by Institute's functions within the different phases of the process.

The policy is a subject of the review in case of particular relevant external events (such as amendments to the external Vatican legislation or indications from the Autorità di Informazione Finanziaria) which have impact on Anti-Money Laundering and Counter-Terrorist Financing Process. The Board of Superintendence approves the amendments to the policy, based on Management Committee proposal.

1.3 Target audience

Target audience is all the personnel of the Institute, who ensure the necessary knowledge and execution of the Policy.

1.4 Definitions

The following definitions used in the Policy are consistent with the aforementioned legislation Act n.127:

Money Laundering:

any practice directed to exchange or transfer money, assets, or other utilities resulting from serious offense, or from other transactions related to the serious offense, which hinder the identification of their criminal origin as well as any practice directed to use money, assets, or other utilities resulting from the serious offense in economic or financial activities. The money laundering occurs also if the activity that generated property or proceeds resulted from illegal activities in the territory of another state.

Terrorist financing:

any practice, by whatever means, directed to collection, supply, brokerage, storage, custody and disbursement of funds or economic resources, howsoever obtained, designated , in whole or in part, to be used to commit one or more crimes for the purpose of terrorism or otherwise designated to facilitate the realization of one or more crimes for the purpose of terrorism in accordance with aforementioned legislation; the actual utilization of funds and economic resources is not relevant for the aforementioned committed crimes.

Serious Offense:

the offenses described in Chapter III of legislation Act n. 127 of Vatican City State "Law concerning the prevention and countering of the laundering of proceeds from criminal activities and of the financing of terrorism" and in the Penal Code Articles from 145 to 154 (crimes against individual freedom), from 171 to 174 (corruption), 248 (conspiracy), 256 (forgery of money and credit cards), from 295 to 297 (commercial, industry and auction fraud), from 331 to 339 (crimes against public moral and family order), from 402 to 404 (theft), from 406 to 412 (robbery, extortion and blackmail), 413 (fraud), 421 (handling stolen goods), from 460 to 470 (weapons and explosive materials infringements) and any offense which is punished by a minimum penalty of six months imprisonment or more or by a maximum penalty of one year imprisonment or more.

Occasional Transactions (referred also as "occasional operation"):

all transactions, executed through the Institute, not linked to any ongoing business relationship in place with the Institute; for those transactions the funds are not originated from or directed to be in an ongoing business relationship.

Business relationship:

relationship that result in course of the period of multiple transactions of deposits, withdrawals or transfers of means of payment and which does not end in one operation.

Internal Control System:

Internal Control System (ICS) is a set of rules, procedures and organizational structures designed to ensure compliance with the Institute strategies and achievement of the following purposes:

- effectiveness and efficiency of the Institute's processes (e.g. administration, production, distribution, etc.);
- reliability and integrity of accounting and administrative information;
- protection of assets value and loss prevention;
- compliance of business activities with the law, authority regulations, and with the internal policies, plans, regulations and procedures.

Operational controls:

the controls intended to ensure the proper conduct of process activities. They are performed either by the business functions (e.g. in the hierarchical controls), or can be incorporated in procedures carried out by back-office activities.

Risk management controls

the controls intended to contribute to risk measurement methodologies definition, to verify compliance within the assigned limits of the various business functions, and to control the consistency of the operations of single production areas with assigned risk-return objectives. Risk management controls are assigned to other than the business functions.

Internal Audit Activities

the purpose of the internal audit activities is to identify anomalous trends, violations of procedures and regulations, and to evaluate the capabilities of the overall Internal Control System. The activities are performed continuously by an independent structure, different from the business functions, on periodic basis or by request, which can be performed also through on-site inspections.

Correspondent Institution who adopt equivalent requirements:

credit or financial institution located in a foreign country which adopted equivalent requirements to those provided by the State. The Autorità di Informazione Finanziaria identifies the states where the legislation is considered to be equivalent.

Anti-Money Laundering Officer:

the body established for the purpose of assessing received suspicious transactions, and reporting those considered suspicious to the Autorità di Informazione Finanziaria, as well as maintaining relationship with the same.

Information Flows

all structured information directed to any function or body of the Institute within defined timing, form and content.

Beneficial Owner:

the natural person or persons on whose behalf a transaction or activity was made, or in the case of legal entity, the natural person or persons who ultimately owns or controls such entity, or result as beneficiaries. The beneficial owner is defined as:

- in the case of a company:
    - the natural person or persons who ultimately owns or controls, through the ownership, or through direct or indirect control of more than 25 percent of the shares in the share capital or voting power, within the legal entity, including possession or control through bearer shares;
    - the natural person or persons who controls the entity's management in a different way;
- in case of legal entities, like foundations, or legal arrangements, such as "trusts", which manage and distribute funds:
    - the natural person or persons, who benefit the 25 percent or more of the assets of a legal arrangement or entity, if the future beneficiaries has already been determined;
    - the class of persons in the interest of whom legal entity acts or has been established, if the beneficiaries who benefit from legal entity have not yet been determined;
    - the natural person or persons who exercise control over 25 percent or more of the assets of a legal entity.

Delegate:

the natural person or persons authorized to act on behalf of the owner of the business relationship in the limits of the given authority.

Originator:

The natural person or persons, who order any transactions, and sign the order of execution.

Compliance Risk

the risk of legal or regulatory sanctions, material financial loss, or loss of reputation a bank may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its banking activities (together, "compliance laws, rules and standards").

Control Owner:

The person or function responsible for performing a specific control activity.

Institute Governance Bodies:

the Institute Governance Bodies include: Board of Superintendence, Chairman of the Board of Superintendence, Board of Auditors and Executives Board.

2. Business activities limits

The Institute defines the limits to its operations in terms of customers, correspondent institutions, products, services and transactions. The limits represent binding and irrevocable regulations in the

current activity of the Institute, and are subject to change only in case of Policy amendments approved by the Board of Superintendence.

2.1 Customers

"The purpose of the Institute is to provide the custody and administration of personal property and real estate transferred or entrusted to the Institute, by natural or legal person, and used for religious and charity purposes. The Institute therefore accepts goods with the purpose, at least partial and future, as referred in the previous paragraph. The Institute may accept deposits of goods by the institutions and persons of the Holy See and the Vatican City State" (cf. article 2 and 3 of the Statuto). In accordance with the Statuto, the Institute commits to establish relationship only with those type of clients reported in Attachment I – Types of customers.

The Institute does not execute any operations that involve (as presenters, as originators or as beneficiaries):

- individuals included in any of official sanctions lists (OFAC list, EU list, Institute's internal lists);
- individuals whose available information indicate a possible involvement in criminal activities;
- individuals whose business make impossible to verify the legality of their activities or the source of the funds;
- individuals who refuse to provide required information or documentation.

2.2 Correspondent Institutions

The Institute commits to operate directly, and to establish commercial relation of any kind, only with Correspondent Institutions that have equivalent requirements, and were previously approved by the Board of Superintendence.

The Institute does not allow nor maintain any commercial relations, relationships, or transactions with the so-called Shell Bank, i.e. financial institutions that are not physically present (do not have significant structure or management) in the country where they are legally established and authorized to exercise the activity, or are affiliated with credit institutions which clearly allows to use the proper Shell Bank accounts, or are not affiliated to a financial group which is subject to supervision by a banking authority on a consolidated basis, as in accordance with the paragraph 6, article 31 of the aforementioned legislation law.

The Institute does not allow customers to directly use correspondent accounts established by the Institute.

2.3 Products, Services and Transactions

The Institute commits to offer to its customers only products and services consistent with the Statuto.

Pursuant paragraph 7, article 31, of the aforementioned law, the Institute does not allow opening or keeping accounts and deposits that are encrypted and/or anonymous, or registered on fictitious names.

3. Anti-Money Laundering and Counter-Terrorist Financing Process

Anti-Money Laundering and Counter-Terrorist Financing Process is a cross-function process composed of internal set of organizational rules and controls, performed by all functions, either business or control, with the objective of ensuring structural and operational compliance with the external laws and regulations.

The Institute defines its own internal set of organizational rules and controls of the process, in accordance with the principles presented below. The Internal Control Function verifies, at least annually, the appropriateness of the existing overall Internal Controls System related to the process.

3.1 Legislation analysis

This phase includes identification of the external legislations or regulations, which should be considered within the anti-money laundering and Counter-Terrorist Financing process, and the

interpretative analysis of such sources of law in order to determine their impact on the Institute's processes and procedures.

The following is a brief description of the main activities within the phase:

- *Identification of relevant legislations:* this activity consists of creation of the list of all applicable external legislations and regulations, and its constant update based on the regulatory amendments;
- *Interpretation of legislation:* this activity consists of the analysis and interpretation of relevant legislation; the analysis uses any available sources, including any subsequent clarification notes issued by the legislator, as well as the available doctrine;
- *Analysis of regulatory impact on the Institute's structure:* this activity includes identification of the impact of relevant legislation on the structures and processes of the Institute.

3.2 Internal organization definition

This phase consists of the definition of the organizational components within the process, designed to allow the proper management of anti-money laundering and counter-terrorist financing fulfilment.

The following is a brief description of the main activities within the phase:

- *Identification of Anti-Money Laundering Officer:* this activity involves identification of Anti-Money Laundering Officer, responsible for evaluating and communicating any suspicious transactions identified by the Institute's employees, in accordance with article 34 of the aforementioned legislation, and maintaining relations with the Autorità di Informazione Finanziaria; the identified Officer has to meet independence, authority and professional requirements, necessary to carry out the activities;
- *Establishment and Implementation of the Anti-Money Laundering Function:* this activity includes establishment and implementation of an anti-money laundering function specifically designated to prevent and combat money laundering and terrorist financing activities; this function is independent and has sufficient resources, in qualitative and quantitative terms, to accomplish its tasks; it can ask for any relevant information to carry out assigned tasks; considering the importance of the assigned tasks, the Institute appoints an officer of the function that has the appropriate independence, authority and professional qualifications without direct responsibilities of operating areas;
- *Definition of duties and responsibilities:* this activity consists of identifying duties and responsibilities of the different structures involved in the process, defined within Anti-Money Laundering and Counter-Terrorism Manual; the duties and responsibilities must be correctly executed by all functions; during duties and responsibilities definition, a particular attention is drawn to the segregation of duties, the compliance with Statutory terms, internal rules and to the optimization of the Institute's structures size in qualitative and quantitative terms; this activity also includes the definition of a suspicious transaction reporting process;
- *Definition of interrelationships and information flows between involved functions:* this activity includes the design of relationships and information flows framework within the Institute's organizational structures, and between thereof and the Institute Governance Bodies; designed information flows have to be clear, timely and usable; the Anti-Money Laundering and Counter- Terrorist Financing Manual defines the reporting system, including frequency, timing, and the minimal elements of each information flow;
- *Definition of delegated powers:* this activity consists of the definition and formalization of the decision powers system in accordance with the obligations imposed by anti-money laundering and counter-terrorist regulations; in particular, authorization levels are established in accordance with the types of customers;
- *Definition of Risk-based approach:* this activity consists of definition of framework used to identify the customer risk profile in order to perform customer due-diligence required by regulatory obligations.

3.3 Customer due diligence

This phase consists of all activities related to customer identification and due diligence, personal details registration, and the update of collected data in case of modification.

The following is a brief description of the main activities within the phase:

- *Verification of customer identity:* this activity includes, in accordance with article 29 of the aforementioned legislation, verification of customer identity based on the submitted documentation; the Institute determines the necessary documentation used to identify in a reliable and unambiguous manner customer with whom it establishes business relationships or performs transactions. During this activity the identification of the following subjects associated with the potential customer shall be scrutinized:
    - beneficial owner: identification, through the acquisition of appropriate documentation, of the natural person who ultimately owns or controls the legal entity generating transactions or business activity, or is a beneficiary thereof, as well as the natural person on whose behalf the transaction or activity is carried out;
    - proxy holder: identification, through the acquisition of appropriate documentation, proving the legal basis of the proxy;
- *Customer Due diligence:* this activity includes performing customer due diligence based on the customer risk profile, in accordance with chapter V of aforementioned legislation; the customer due diligence is based on the information collected during the client identification phase and the information related to business relationship or occasional transactions; the Institute draws particular attention and adopts reinforced verification measurements, in cases of identifying a greater risk of money laundering conditions, whether a customer is or has been entrusted with prominent public functions (politically exposed persons), or the customer is not physically present;
- *Customer registration, and data update:* this activity consists of customer's personal data registration in the information system of the Institute, including beneficial owners and proxy holders, as well as any possible data update, in accordance with the article 32 of the aforementioned legislation; the Institute defines the information to be registered, registration method, and customer data update procedure; the Institute ensures that information systems are suitable for the personal data management;
- *Record keeping:* this activity consists of the collection and storage of the copies of the documentation collected during customer identification and due-diligence, in accordance with article 32 of the aforementioned legislation. The Institute keeps the documentation within time period required by the legislation.

3.4 Establishing business relationship / Executing transactions

This phase includes all activities related to establishing a business relationship, executing occasional or ordinary transactions; modifications to the business relationship with the customer are also managed in this phase.

The following is a brief description of the main activities within the phase:

- *Establishing business relationship or executing occasional transactions:* this activity includes establishing a business relationship or executing an occasional transaction, and obtaining the necessary authorizations; the Institute, pursuant of article 32 of the aforementioned legislation, records all necessary information to properly track the details of the business relationship or occasional transactions, and those relating to the originator, and ensure information system can always support recording requirements; in the context of this activity, the Institute also manages modifications to information related to each individual business relationship, obtained during the establishment of the business relationship or execution of transaction;

- *Management of ordinary transactions:* this activity consists of executing ordinary transactions related to business relationships, and where applicable, obtaining the necessary authorizations; the Institute, pursuant to article 32 of the aforementioned legislation, records all information necessary to properly track transactions, including those relating to the originator, and ensures information system can always support recording requirements;
- *Record Keeping:* this activity consist of keeping the record obtained during the establishment of business relationship or execution of transaction (occasional and ordinary), in accordance of Article 32 of the aforementioned legislation. The Institute keeps the documentation within time period required by the legislation.

3.5 Monitoring and Reporting of suspicious transactions

This phase refers to the analysis of business relationships and transactions to identify those with a high risk profile, or evidencing anomaly, which require to start the suspicious transactions reporting process to the AIF, in accordance with article 34, 36, 40 of the aforementioned legislation.

The following is a brief description of the main activities within the phase:

- *Monitoring of potentially suspicious transactions:* this activity includes a survey of potentially suspicious transactions by Institute employees that, within their assigned duties, and after careful assessment of the business relationship or transaction proposed by a customer, initiate the suspicious transaction reporting process to the AIF for those transactions they consider to be relevant. In the context of this activity, the Institute also guarantee performance of specific analysis on business relationships and transactions to ensure that transactions are consistent with the Institute knowledge of its own customers, their activities and their risk profiles, considering the origin of the funds, and the update of retained documents, data, or information;
- *Assessment of potentially suspicious transactions:* this activity includes the investigation of potentially suspicious transactions, gathering available supporting documentation, and performing the necessary in-depth analysis required to complete survey on transaction's technical aspects, in the light of the risk profile as well as qualitative and quantitative type of transactions carried out by the customer;
- *Reporting of suspicious transactions:* this activity consists of reporting the transaction to the Autorità di Informazione Finanziaria, only in case the suspicion on the transaction is founded.
- *Record Keeping:* this activity consist of keeping the record gathered during the verifications and controls that precede the decision either to or not to report the transaction in order to be always able to reconstruct the evaluation process, based on the supporting documentation, especially if decision was to not report the transaction. The Institute ensures appropriate confidentiality of the stored information.

3.6 Periodic risks evaluation

This phase refers to all "assurance" activities executed in order to guarantee the correct fulfilment of anti-money laundering and Counter-Terrorist Financing requirements.

The following is a brief description of the main activities within the phase:

- *Identification and assessment of the risks:* this activity is aimed at ensuring and/or verifying that internal procedures are able to prevent the violation of rules concerning anti-money laundering and counter-terrorism;
- *Identification of mitigation activities:* this activity refers to the identification of practices allowing to mitigate any anomalies and differences detected during the procedures of identification and assessment of the risks; it refers to both organizational and operational practices related to the correct performance of the activities within the competence of the various functions of the Institute;

- *Reporting:* this activity includes presentation to the Institute's Governance Bodies of the findings and mitigation actions after performed verifications and thereof communication to the operating structures involved in the activities;
- *Follow up:* this activity refers to the verification of proposed mitigation activities in order to validate their effectiveness through comparison of actual remediation of previously detected deficiencies.

3.7 Training

This phase refers to the planning and training of the personnel on the correct application of the anti-money-laundering and counter-terrorism legislation.

The following is a brief description of the main activities within the phase:

- *Identification of training needs:* this activity consists of assessment of training needs of the Institute personnel, based on the anti-money laundering and anti-terrorism verification activities, and in case of introduction of new regulations or organizational changes; the Institute ensures a constant update of its resources on money laundering risk, and on the typical criminal financial transactions patterns providing anti-money laundering training at least once a year, for those who are in close contact with customers and those who maintain relations with the Autorità di Informazione Finanziaria;
- *Training Plan definition:* this activity includes preparation of the training plan for each individual, based on previous trainings and identified needs, as well as preparation of the training content;
- *Training Provision:* this activity consists of provision of the trainings according to the training plan, based on prepared training content.

4. The Role of Institute Governance Bodies

Money laundering and terrorist financing risk management implies appropriate mechanisms of governance, an organizational structure with clearly defined reporting lines, and effective Internal Control System.

Roles and responsibilities of Institute Governance Bodies related to anti-money laundering and counterterrorism financing are reported below; they do not modify the current assignment of the Governance Bodies given by the existing regulations of the Institute.

4.1 Board of Superintendence

The Board of Superintendence is the authority *"responsible for administration and management of the Institute as well as monitoring and supervision of its financial, economic and operational activities"* (cf. article 10 of Statuto). In accordance with the Statutory previsions, in relation to anti-money laundering and counter-terrorism, the Board of Superintendence has the power to make decisions and judgments in relation to:

- strategic directions and risks management policies related to money laundering and terrorist financing;
- definition of guidelines and principles for a clear and appropriate allocation of tasks and responsibilities with regards to money laundering and terrorist financing, ensuring segregation of duties between operational and controlling functions;
- setting up of Internal Control System to promptly detect and manage money laundering and terrorist financing risk;
- appropriate, complete and timely system of relationships between and to governance bodies;
- establishing the Anti-Money Laundering Officer in order to ensure the timely fulfilment of reporting obligations to the Autorità di Informazione Finanziaria, as required by the anti-money laundering and Counter-Terrorist Financing legislation;

- establishing the Anti-money Laundering Function, and appointment of the head of the Function, based on Management Committee proposal, in order to prevent and impede the money laundering transactions and terrorism financing.

The Board of Superintendence also reviews control functions progress reports concerning money laundering and terrorism financing risk, promoting the adoption of appropriate corrective measurements in case of detected gaps, anomalies and deficiencies.

4.2 Chairman of the Board of Superintendence

The Chairman of the Board of Superintendence is responsible for:

- requesting extraordinary verification every time he believes it is necessary, during participations in AML Committee;
- informing the Board of Superintendence, the Prelate, and the Commission of Cardinals of all facts or acts the Chairman becomes aware of that may constitute a violation of the laws of matter;
- Promoting the adoption of appropriate remediation actions in cases serious anomalies and difficulties were encountered during the operation of the Institute.

In order to discharge the responsibilities mentioned above, the Chairman of the Board of Superintendence is regularly informed by Management Committee on management performance and activities involving protection against the risks of money laundering and terrorist financing.

4.3 Board of Auditors

With the adoption of this Policy, the Board of Superintendence - in accordance with the measurements within article 27 of the Statuto - assigns to the Board of Auditors the following responsibilities:

- monitor compliance with anti-money laundering and counter-terrorist financing external regulations;
- encourage the closer examination of identified gaps, anomalies and deficiencies and promote the adoption of appropriate remediation actions;
- provide its own opinion on the decisions concerning the components definition of the overall architecture of money laundering and terrorist financing risk management and control systems, also with regard to the adequacy of the organizational structure;
- perform periodic analysis of the Institute business activities, to ensure, through random verification, that executed transactions are not against the external legislation, internal rules or any principles included in this Policy.

In order to discharge the responsibilities mentioned above, the Board of Auditors is informed by Management Committee on management performance and activities involving protection against the risks of money laundering and terrorist financing.

The Board of Auditors is entitled to have access to control functions reports and to obtain support from the control functions of the Institute whenever performing audits or investigations.

4.4 Management Committee

Management Committee, as *"responsible for all the Institute operational activities"* (cf. article 24 of the Statuto), is obligated to:

- ensure the preparation, implementation and update of the Manual, taking into account the content of this Policy, the recommendations and guidelines issued by the Autorità di Informazione Finanziaria as well as any changes in the regulatory framework;
- ensure that the Institute business activities, and the information systems in use, are suitable to fulfil regulatory obligations, in particular regarding proper identification of customer master data, acquisition and update of the essential information to examine customer risk profile,

identification of the reasons of the business relationships and transactions, information registration, and record keeping;

- define the practices and procedures to ensure the timely fulfilment of reporting obligations to the Autorità di Informazione Finanziaria as required by external legislation;
- define information flows in order to ensure that all Institute Functions while performing business activities are able to recognize transactions potentially related to money laundering or terrorist financing;
- report to the Chairman of the Board of Superintendence and the Board of Auditors on the management and supervision of money laundering and terrorist financing risk;
- ensure personnel training regarding money laundering and terrorist financing, approving the related personnel training plans;
- adopt effective tools to monitor employees activities, in order to ensure compliance with regulations and manual;
- submit to the Board of Superintendence the nomination of the head of the Anti-Money Laundering Function;
- approve the Anti-Money Laundering Officer Regulation and the Anti-Money Laundering Function Regulation and, on proposal of AML Committee, any amendments to the abovementioned documents.

4.5 Anti-Money Laundering Officer

The Anti-Money Laundering Officer, established by the Board of Superintendence, is responsible for:

- performing an overall assessment of potentially suspicious transactions, submitted by the Anti- Money Laundering Function, and whenever they meet the conditions reporting them to the Autorità di Informazione Finanziaria;
- maintaining the relation with the Autorità di Informazione Finanziaria, and ensuring promptly response on its requests.

The Anti-Money Laundering Officer, appointed by the Board of Superintendence, has to respect the criteria of independence, authority and professionalism required for carrying out assigned duties.

The appointment is confirmed annually. Responsibilities and way of operating of the Anti-Money Laundering Officer are defined in a specific regulation, approved by the Management Committee.

It has to inform periodically the Institute Governance Bodies concerning performed activities, as well as provide all information requested by thereof.

In order to fulfill the responsibilities mentioned above, the Anti-Money Laundering Officer has the right to request additional investigation activities to the Function which originated the communication or other units where the customer has made transactions, also with the support of Anti-Money Laundering Function.

5. The Role of Institute Functions

The anti-money laundering and counter-terrorist financing process consists of organizational and control tools, where except the governance bodies, different operational functions of the Institute are involved with objective to avoid operating misalignment relative to the system of effective rules and regulations.

The main areas of responsibility of the functions involved in the process are presented below; the responsibilities have to be considered in addition to the duties previously assigned by the existing regulations of the Institute.

5.1 Internal Control Function

The Internal Control Function performs analysis and verification on Institute business activities in order to ensure the accuracy, efficiency and effectiveness of the Institute Functions, as well as the respect of institutional ethics and statutory norms, regulations and procedures. In this context:

- monitors the compliance with internal regulations and procedures, verifying, at least annually, the appropriateness of anti-money laundering and counter-terrorist financing process Internal Control System;
- identifies the critical aspects of the process and defines the improvement recommendations;
- conducts follow-up activities in order to ensure application of recommendations on identified gaps and deficiencies, and to verify their ability to avoid similar situations in the future;
- reports to the Institute Governance Bodies on performed activities and their outcomes.

5.2 Anti-Money Laundering Function

Anti-Money Laundering Function, reporting directly to Management Committee, and with functional reporting line to the Board of Superintendence, acts on the base of a specific regulation approved by the Management Committee, playing a role of compliance guarantor of the activities required by the anti-money laundering and counter-terrorist financing process; for this purpose:

- collaborates with Institute Governance Bodies to identify the organizational structures directed to prevent and address money laundering and terrorism financing risks, participating to the AML Committee;
- guards, in strict confidence, all collected documentation used for investigation on potential suspicious transactions, separating files of transactions which were reported to the Anti-Money Laundering Officer from those which were not, in order to always be able to reconstruct the evaluation process, based on documentation, especially in case where the transaction in consideration was not reported;
- collaborates, whenever requested by functions responsible for training, to ensure appropriate training plan, in order to guarantee the employees constantly meet qualification standards;
- monitors the Institute business activities in order to identify suspicious transactions, in accordance with the principle defined by the Autorità di Informazione Finanziaria;
- communicates timely to the Anti-Money Laundering Officer the identified potential suspicious transactions;
- provides support to the Anti-Money Laundering Officer in the monitoring customers activities and during the analysis of submitted potentially suspicious transactions;
- evaluates the impacts of new products or services on anti-money laundering and counterterrorist financing process.

5.3 Front Office Functions and Customer Management Functions

The Front Office and Customer Management Functions - which include functions with a direct contact with customers and the one overseeing the development of new products and/or services - are responsible for:

- fulfilment of customer due diligence obligation, whenever establishing new relationships or executing occasional transactions:
    - identifying and registering in the Institute information systems (customer data entry) all persons who are engaged in any type of transaction, in any amount;
    - verifying accuracy and completeness of the customer master data in the system in order to keep them updated in the event of any modifications;
    - verifying if the registered persons is included in the lists of politically exposed persons and terrorists, in order to ensure the requirements of enhanced verification measurement;
    - presenting to the customers the due diligence questionnaire;
    - collecting and storing documentation, including the additional documentation supporting the enhanced verification measurement
    - obtaining the necessary authorization to establish the business relationship or execute the occasional transaction;
- management of the day-to-day activities, executing transactions requested by the customers related to the business relationship;
- ensuring, within the assigned duties, the proper storage of the customer daily transaction documentation;
- reporting to the supervisor, as expected by the suspicious transaction reporting process, the detected suspicious transaction, after carefully examination based on the knowledge of its customers, their activities, their risk profile, and considering the funds origins, the updated documents, and the obtained information or data.

5.4 Legal Function

The Legal Function, being the Function that supervises the interpretation of laws and regulations which Institute refers to, is responsible for:

- constantly identifying legislation which may refers, directly or indirectly, to anti-money laundering and counter-terrorist financing and ensuring the correct analysis and interpretation;
- providing to Institute's Functions, by request, legal advice and opinions on anti-money laundering and counter-terrorism.

5.5 Organization Function

The Organization Function – being the function that supervises the issuance, updates and maintains procedures and internal regulations related to organizational and procedural aspects of the various units of the Institute – oversees the definition of the internal organization. For this purpose:

- contributes to the definition of duties and responsibilities regarding anti-money laundering and counter-terrorist financing;
- analyzes the impact of new regulations on the organizational structure of the Institute; - contributes to the definition of interrelationships and informational flows of involved functions;
- ensures, taking into account whatever reported by control functions, the implementation of improvement recommendations related to internal organizational structure, required to guarantee full compliance with the external legislation.

5.6 ICT Function

The ICT Function, being the Function that supervises the functionality of the computer equipment and their development, is responsible for:

- developing computer applications used to manage business activities, in accordance with the requirements defined by the competent functions, or overseeing their realization and implementation;
- contributing, when relevant, the implementation of the improvement recommendations proposed by the control functions relating to anti-money laundering and counter-terrorist financing software;
- providing advice to the different structures of the Institute in relation to the softwares used by the Institute.

5.7 AML Committee

The AML Committee meets to provide advice and assistance to Institute Governance Bodies and other Functions of the Institute on any matters regarding anti-money laundering and counter-terrorist financing and to review any requirements arising from Institute business activities and brought to light by the Functions involved in the process, related to:

- organizational and procedural changes deemed necessary or appropriate by the Functions involved in the process;
- deficiencies, anomalies and irregularities detected; - modifications to be applied in current information technology procedures; - any issues raised by Institute personnel;
- proposal of modification to be made to Anti-Money Laundering Function Regulation, Anti-Money Laundering Officer Regulation and Anti-Money Laundering and Counter-Terrorist Financing Manual.

This Committee consists of the Chairman of the Board of Superintendence, Management Committee, Heads of Control Functions, Heads of the Functions actively involved in the process (in relation to subject matter).

The Committee meets at least bi-monthly or at the initiative of the General Manager.

6. Internal Control System

The Institute adopts an Internal Control System consistent within the size and complexity of the carried out activities with the purpose to undertake risks in a conscious manner and compatible with the economic-financial conditions.

The Internal Control System is an integral part of Corporate Governance and organizational structure. The control activities involve the Board of Superintendence, the Board of Auditors, the Management Committee and employees at all levels, and are integrated with daily activities performed by every employee within their assigned duties and responsibilities.

All Institute personnel has the responsibility to contribute for protection against anti-money laundering and counter-terrorist risks the Institute is exposed to, ensuring the proper functioning of the operational processes and maintaining a conduct based on fair treatment criteria. The Institute personnel is obliged to make every effort mitigating the risks, in relation to their assigned duties and responsibilities.

The Institute considers the adequacy of its Internal Control System, taking into account the sensitivity of regulations and operational aspects inherent in money laundering and terrorist financing risk management, a necessary condition for the achievement of the objectives:

- operational objectives (process quality);
- performance objectives (asset protection and loss prevention);
- informational objectives (accounting information and management reporting quality);
- compliance objectives (compliance with internal and external regulations).

This paragraph presents the controls model that have to be considered in managing money laundering and terrorist financing risk. This model – in line with industry best practices – identifies the different

types of control, regardless of the organizational structures involved, which can be distinguished between:

- operational controls;
- risk management controls;
- internal audit controls.

The control levels described above are performed under the supervision of the Institute Governance Bodies responsible for the controls (Board of Superintendence and its Chairman, Board of Auditors, Management Committee) which ensure the periodic review of the overall Internal Control System in relation to the evolution of business activities and external regulations.

6.1 Operational controls

An appropriate operational control model has to come down in the daily activities, recognizing the value of the control as an important mean of achieving the objectives of the Institute.

Key items that the Institute considers in defining operational controls are represented by:

- the clear accountability of involved individuals;
- the correct and complete identification of the required control tools to be adopted;
- the development and enhancement of a relationship and operational synergy model (both methodological and organizational) regarding all control owners involved.

The Institute enables operational controls that come with the anti-money laundering and counterterrorist process. They are intended to assure the proper conduct of activities, and are part of routine tasks, both of the front and back office. The controls are intended to assure compliance of the process with the formal and substantial requirements defined by external regulations and internal rules.

Operational controls can be classified into the following categories:

- *functional controls:* are those carried out directly by the operating structure that performs the process activities;
- *automated controls or ITGC-Information Technology General Controls:* are those performed by the information system involved in the process;
- *hierarchical controls:* are those performed in the context of the supervision activities performed by the higher level of organization from those performing the activities;
- *back office controls:* are those performed in the context of specialized back-office or support activities.

Operational controls are defined in the "Anti-Money Laundering and Counter-Terrorist Financing Controls Checklist", attached to the Manual. The controls formalization within internal regulation confirms their existence, assigning them the attribute of certainty and formality. The personnel is required to carry out the controls referred within the Manual with the frequency and the methods established therein.

6.2 Risk Management Controls

The Institute entrusts the responsibility of anti-money laundering and counter-terrorist financing risk management controls to Anti-Money Laundering Function.

In particular, the Function monitors the compliance with internal and external regulations included in its perimeter of activities and the adequacy of management and control system of money laundering and terrorist financing risk.

The analysis performed by the Function are oriented to assess the need to adjust the Internal Control System providing the necessary organizational and control tools against compliance risk emerging from Institute activities and the evolution of regulatory framework.

The Anti-Money Laundering Function has the possibility to request modification to Institute procedures and Information Technology System for any matter concerning money laundering and terrorist financing risk, during participation to AML Committee or, whenever needed, to Technical Committee.

The Function can also request the support of Legal Function for legislation analysis and of AML Committee for implementation of mitigation actions related to money laundering and terrorist financing risk.

Activities of the Function are tracked and their results are documented, formalized and communicated to the Institute Governance Bodies in accordance with rules and schedules appropriately defined in the "Anti-Money Laundering Function Regulation".

6.3 Internal Audit Controls

The Institute entrusts the responsibility of the internal audit controls to the Internal Control Function, which operates using a methodology of risk assessment – documented within the "Internal Control Function Regulation", approved by the Board of Superintendence that defines its authority – to identify abnormal trends, violations of the procedures and regulations, as well as evaluating the capabilities of the overall Internal Control System.

In particular, the analysis carried out by Internal Control Function, are aimed to verify the regularity of business activities and the risk trend, monitoring the effectiveness and efficiency of the Institute internal organization, and formulating proposals for improvement of control processes, risk management processes and corporate governance processes.

This methodology has to guarantee the achievement of these objectives enabling the evaluation of the adequacy of overall Internal Control System implemented in the various areas of operation.

Along with these activities, the Internal Control Function verifies, at least annually, the adequacy of the overall Internal Control System related to anti-money laundering and counter-terrorist financing process.

The Function, performing assigned activities, operates on the basis of specific work programs that define in advance the activities to be carried out, including the technical verification and sampling, and procedures to identify, analyze, assess, and record information during the conduct of audit activities.

Activities of the Function are tracked and their results are documented, formalized and communicated to the Institute Governance Bodies in accordance with rules and schedules appropriately defined in the "Internal Control Function Regulation".

7. Relationship System

The strong interdisciplinarity of anti-money laundering and counter-terrorist financing process requires the establishment of an accurate model of relationships, and effective activation of timely information flows, between the involved functions.

Relationship system, in particular, includes both one-time communication which may be provided in an unstructured way (including meetings and internal communications) and defined information flows resulting from activities with established frequency and/or timing.

The Anti-Money Laundering and counter-terrorist financing Manual details these information flows, defined with the following objectives:

- ensure the Institute Governance Bodies, and the various functions of the Institute, can obtain the necessary information in order to perform their duties in a conscious and effective manner;
- guarantee a full enhancement of the different levels of responsibility within the organization, in order to ensure the proper functioning of the structure and, more generally, administrative efficiency and controls effectiveness.

A diagram of Institute information flows related to the anti-money laundering and counter-terrorist financing process is reported below.

In particular, the figure below includes the following types of workflows:

- Institute Governance Bodies internal information flows;
- information flows between Institute Governance Bodies and the various functions of the Institute (including control functions);
- information flows between the various functions of the Institute and control functions.

Identified information flows are usually bi-directional in order to ensure full circularity of information among all the Function of the Institute involved in the process.

In any case, all information flows, in order to achieve the purpose for which they are made, must have the following characteristics:

- *Suitable for the purpose:* the type of information flow must be consistent with the information needs of its recipients;
- *Clear:* it must be logical and easily understandable. Clearness can be improved by avoiding the use of technical terms and providing enough supporting information;
- *Complete:* it must contain all the essential needs for recipients, all information and remarks relevant to support recommendations and conclusions;
- *Accurate:* it must not contain errors or distortions and must be close to the object of the communication;
- *Brief:* it must be essential and must avoid unnecessary formulations, details and redundancies;
- *Timely:* it must be timely and appropriate, depending on the purpose of the information, in order to allow the Institute Governance Bodies to take the necessary action.

The Institute applies maximum care to protect the confidentiality of information, including adoption of appropriate information technology tools. Within this context the members of Institute Governance Bodies ensure the confidentiality of information acquired by their roles, limiting treatment to actual needs related to the performance of assigned responsibilities, in accordance with the internal rules on the matter.

All employees are responsible for confidential information and can distribute them only to those, within organizational structures and functions of the Institute, who require such information for business purpose.

Attachment I

Types of customers

Customers

According to the Statuto, the Institute can operate only with the following types of customers:

- Canonical Foundations;
- Beatification Causes;
- Vatican Congregations;
- Secular and Religious Congregations (female);
- Secular and Religious Congregations (male);
- Apostolic Delegations and Nunciatures;
- Monasteries, Convents, Abbeys;
- Bishops' Conferences, Dioceses and Representative Departments;
- Parishes, Churches and Pertinent Departments;
- Seminaries, Colleges, Various Entities;
- Holy See Departments and Assimilated;
- Cardinals;
- Bishops;
- Nuncio, Permanent Observer;
- Employee/Secretary/Board member or officer of the Nunciature;
- Secular Clergy and Religious Men;
- Church staff and Secretary of State;
- Nuns;
- Holy See Employees and Assimilated;
- Holy See Retired Employees and Assimilated;
- I.O.R. Employees;
- I.O.R. Retired Employees;
- Other Vatican Employees;
- Pontifical Family;
- Diplomatic corps accredited to the Holy See;
- Embassy to the Holy See;
- Ex relations with Holy See.

ANNEX XXVIII APSA Regulations

ADMINISTRATION OF THE PATRIMONY OF THE APOSTOLIC SEE

REGULATIONS

VATICAN CITY

1 DECEMBER 2010

SECRETARIAT OF STATE

SECTION FOR GENERAL AFFAIRS

The Vatican, 26 November 2010

N.91.782/P

My Lord Cardinal,

In reference to the document issued on 18 October of the same protocol number and as communicated by his Excellency Monsignor Domenico Calcagno through *Officio* no. 81,737 of 15 November, as President of the "working group" tasked with examining specific Regulations for Dicasteries and President of the Commission for Staffing Lists, I am pleased to inform you that on 23 November 2010 the Holy Father approved the Regulations and Staff List for this, the Administration of the Patrimony of the Apostolic See, along with the Staff List for "Concierges and Cleaners".

I am therefore honoured to be able to send Your Eminence the Regulations for this Administration, along with the two Staffing Lists, for appropriate formalities to proceed.

May I take this opportunity to confirm my distinct respects

for your most Devoted and Reverend

Eminence

Secretariat of State

To His Most Reverend Eminence
Attilio Cardinal Nicora
President of the Administration
of the Patrimony of the Apostolic See
00120 VATICAN CITY

REGULATIONS

PART I

COMPETENCE, GOVERNANCE AND STRUCTURE

TITLE I

Area of Competence

Art. 1

Purpose

The *Administration of the Patrimony of the Apostolic See* (designated APSA) is the Dicastery of the Roman Curia tasked with managing the Holy See's real estate and securities assets, which are used to provide the funds necessary for the Roman Curia to fulfil its functions.[1] To this end, the Dicastery is required to maintain this patrimony whole, and as far as possible ensure that it generates income in the prospect of maintaining a balance between asset returns and expenses incurred.

[1] See GIOVANNI PAOLO II, *Pastor Bonus*, 28 June 1988, in AAS, 80 [1988] 841-9:34, art. 172.

TITLE II

Management, Composition and Functions

Art. 2

Structure

§ 1. APSA is organized structurally pursuant to the chart provided in Annex I.

§ 2. APSA is presided over by a Cardinal, assisted by a *Commission of Cardinals*, and is divided into two Sections - *Ordinary* and *Extraordinary* - run by a Prelate *Secretary*,[2] assisted by two *Delegates*, one for each Section.

[2] See ibid, art. 173.

Art. 3

The Cardinal President

§ 1. The Cardinal *President* manages and directs APSA, overseeing all of its activities on the basis of an appointment received from the Supreme Pontiff,[3] within the limitations envisaged under that appointment, to all effects representing APSA before third parties and in legal proceedings.[4]

§ 2. Within the scope of the powers vested in him, the Cardinal *President* may issue written proxies and delegations.[5] He may also issue guidelines and instructions on specific issues.

[3] See Pontifical Chirograph, Annex 1 to the *Officio* Secr. State No. 2615/A of 24.05.2005.

[4] See below, art. 7.

[5] See the Chirograph cited in note 3 above.

Art. 4

The Commission of Cardinals

§ 1. The *Commission of Cardinals* is presided over by the Cardinal *President*. Individual members of the Commission are appointed by the Supreme Pontiff for a five-year term of office.

§ 2. The Cardinal *President* convenes meetings of the *Commission of Cardinals* at least twice annually, in addition to when he considers it appropriate.

§ 3. Meeting convocation orders are issued with sufficient advance warning by the Prelate Secretary, on prior agreement with the Cardinal *President*. Meeting notices are accompanied by an agenda and associated documentation.

§ 4. *Delegates* are ordinarily called to attend meetings of the *Commission of Cardinals*.[6] The *Secretary* may invite a Competent Official if issues related to specific duties are on the agenda.

§ 5. Minutes are drafted of each *Commission of Cardinals* meeting, which are subsequently sent to the Secretariat of State.

[6] See below, art. 6.

Art. 5

The Prelate Secretary

§ 1. The Prelate *Secretary*, appointed by the Supreme Pontiff for a five-year term of office, on the basis of instructions from the *President* and in agreement with him, coordinates the work undertaken by the organizational units and oversees their managerial and administrative performance via the *Delegates* at the two Sections to which individual organizational units belong, as well as drawing on operations undertaken by the *Management and Procedural Control* Area.[7]

§ 2. The Prelate *Secretary* is hierarchically superior to his Secretariat and the entire Area referred to in the paragraph above.

§ 3. The Prelate *Secretary*, in particular:

a) Sends members of the *Commission of Cardinals* and the Cardinal *Secretary* of State the minutes of Commission of Cardinals' meetings and APSA's financial statements;

b) Undertakes the functions and activities delegated to him by the Cardinal *President* in compliance with instructions issued by the latter, and signs associated deeds over which he has authority, within the limitations of proxies received;

c) Exercises his authority to sign, where envisaged under proxies received, jointly with the competent *Delegate*, or with other Authorized Officials for transactions on accounts held by APSA with banks;

d) In the case of absence or impediment, substitutes the Cardinal *President*, signing all associated deeds, jointly with the *Delegate* competent for that particular task;

e) Undertakes all other activities and functions envisaged under these Regulations or as entrusted to him in compliance with these Regulations.

[7] See below, art. 11.

Art. 6

The Delegates

§ 1. The *Delegates*, appointed by the Supreme Pontiff for a five-year term of office, operate under the Prelate *Secretary*'s guidance and look after the activities of the Sections to which they are assigned, through a system of instructions, delegations and/or proxies received, drawing upon input from *Senior Managers*, *Office Managers*, *Sector Heads* and *Experts* available to the various organizational units. *Delegates* perform their functions with a unity of managerial and operational intent in order to maximize the yield of their respective assets.

§ 2. Specifically, they:

a) In agreement with the Prelate *Secretary* take steps to organize work at the Section to which they are assigned;

b) Manage correspondence received by their Section pursuant to established procedures, ensuring distribution to the various organizational units;

c) Countersign documents related to deeds and transactions referred to under Para. 3 item c, art. 5, and sign internal correspondence;

d) Sign deeds in compliance with and within the limitations of delegations and proxies received;

e) The *Delegate* at the *Ordinary Section* oversees procedures necessary for the rental of real estate, establishing terms and conditions and signing associated rental contracts;

f) The *Delegate* at the *Extraordinary Section* - within the scope of his own competencies and those that he has been delegated - underwrites banking and financial transaction-related agreements, accords and contracts.

Art. 7

Powers of Representation and Signature

§ 1. The Cardinal *President* (by virtue of the Pontifical Chirograph), the Prelate *Secretary* and the *Delegates*, restricted to delegations bestowed upon them and the provisions of these Regulations, are empowered to represent APSA before third parties, and take on rights and obligations towards third parties on APSA's behalf. In the execution of specific initiatives involving particular guidance and spending limits, the Cardinal *President* may empower the Prelate *Secretary* or one of the *Delegates* to exercise specific functions. The empowered parties must, at regular intervals, report on the exercise of the function vested in them, and seek specific authorization from the Cardinal *President* to take on commitments towards third parties for amounts that exceed budgeted expenses. The Cardinal *President*, Prelate *Secretary* and the *Delegates*, each within the scope of their own competencies and in exercise of the functions that they have been entrusted, may delegate to Officials employed by APSA, within the restrictions of the rights and commitments that APSA has contractually assumed, powers of signature necessary to collect and disburse liquid funds that fall due with regard to third parties, and that the same may exercise limited to the individual activities to which they are assigned.

§ 2. Through *ad hoc* provisions, the *Cardinal President* may further specify the powers of employees in procedural and administrative terms, particularly with regard to any absences or replacements.

Art. 8

The Sections

§ 1. The *Ordinary Section* administers the property portfolio owned by APSA and the portfolio entrusted by other Entities, where appropriate drawing on input from *Experts*. The same Section provides administrative and technical services, undertaking everything necessary for the Holy See's Dicasteries' ordinary activities.[8] The relative cost of these services, regulated under *ad hoc* accords drawn up with the Entities concerned, is charged to the accounts of the Entities themselves.

§ 2. The *Extraordinary Section* administers specific investment assets arising from the Financial Convention in annex to the Lateran Treaty (11 February 1929) and assets acquired subsequently, as well as managing assets entrusted to the Section by other Institutions of the Holy See, pursuant to operational terms and conditions in line with trends on the securities markets,[9] the indications provided above, and in compliance with the principles of the Social Doctrine of the Church regarding an ethical approach to economic and financial activities, as well as being oriented towards pursuit of the criterion of the highest yield allied with the greatest security.[10] The peculiar securities assets administered by this Section consist of cash and cash equivalents, financial instruments and other investments. The Section may, under exceptional circumstances, undertake transactions in financial instruments on behalf of individual persons, after receiving prior authorization from the Cardinal *President*, although, in any event, not on behalf of APSA employees.

§ 3. Owing to its remit, the *Extraordinary Section* maintains relations with other Holy See Entities, the banking system and international financial institutions.

§ 4. Although it is split into two Sections which are further sub-divided into individual organizational units,[11] APSA operates as an effective and unified organization, and its operations are inspired by the following guiding principles:

a) Observance of the principle of a *separation of functions*, in other words, separation between operational, administrative and control-related responsibilities;

b) Observance of *diversity and exclusivity of focus* between the two Sections, with a clear, unequivocal distinction between the spheres of operations undertaken within the same entity (APSA);

c) Observance of the criterion of *efficiency*, where possible avoiding the duplication of functions.

§ 5. The main activities, operational responsibilities and individual organizational unit functions are described in the articles of these Regulations below.

[8] See GIOVANNI PAOLO II, *Pastor Bonus*, art. 174.

[9] See ibid, art. 175.

[10] See Guidance given by Pope Pius XI in the *Motu Proprio* issued on 5.12.1929.

[11] See below, arts. 9 and 10.

Art. 9

Ordinary Section Organizational Units

§ 1. The Ordinary Section consists of *Areas*, *Offices* and *Services*.[12]

§ 2. The *Real Estate Management* Area is further sub-divided into: the *Historical Records Management Service*, the *Income Management Office*, and the *Technical Management Office*.

§ 3. It encompasses five Offices: *Purchasing; General Accounting and Financial Statements*, plus *Analytical Accounting; Human Resources; Legal;* and the *Data Processing Centre*.

§ 4. It has two Services: *Protocol-Archives and Peregrinatio ad Petri Sedem*.

§ 5. The Area unit is managed by a *Senior Manager;*[13] the Offices are run by *Office Managers*;[14] and Service units are overseen by *Sector Managers*.[15]

[12] See below, Annex I.

[13] See below, art. 27.

[14] See below, art. 28.

[15] See below, art. 29.

Art. 10

Extraordinary Section Organizational Units

§ 1. The *Extraordinary Section* consists of *Offices* and *Services*.

§ 2. It encompasses three Offices: *Securities Analysis and Trading; Investment Management;* and *Collections and Payments*. It has two Services: *Analytical Accounting* and *Protocol-Archives*.

§ 3. Office units are run by *Office Managers*, and Service units are run by *Sector Managers*.

PART II

THE ADMINISTRATION OF THE PATRIMONY OF THE APOSTOLIC SEE: AREAS, OFFICES AND SERVICES

TITLE I

Management and Procedural Control Area

Art. 11

Management and Procedural Control

§ 1. *Management and Procedural Control*'s remit runs right across APSA, and is responsible directly to the *Secretary*. This Area is run by a *Senior Manager*.

§ 2. The main operational responsibility of this organizational unit is to oversee drafting of the budget and undertake full-year final checks. This activity is undertaken to orient management towards achieving targets through the ongoing monitoring of discrepancies between recorded results and the targets set.

§ 3. In particular, this Area carries out the following activities:

a) It takes part every year in drawing up APSA's budget for the following year;

b) Every month, it receives final data for every cost and/or responsibility centre from each Section's Analytical Accounting Office, and takes steps to:

1. Identify any discrepancies compared with forecasts, and subsequently proceed to assess the performance of each "centre";

2. Quantify the margins generated during the period by each Section and by APSA as a whole;

3. Report on these activities to the *Delegates* and *Superiors* for any appropriate decisions to be taken;

c) Depending on forecast capacity, it validates every purchase request coming in from the various Offices at the two Sections, Dicasteries and Bodies.

§ 4. On the procedures side, the Area must:

a) Map and monitor the various types of risk to which the organization is exposed;

b) Draft forecast audit plans for given administrative exercises, which are then sent on to Superiors;

c) On a regular basis and through targeted interventions, verify that existing procedures function correctly and check that they are adequate;

d) After the above checks have been completed, draft an *ad hoc* report to present the activities undertaken and results achieved, highlighting any anomalies that may have been found and any corrective measures put into place. This report must be sent to the Prelate Secretary;

e) At the end of each financial year, draft a report on what activities were undertaken during the year, what critical issues were detected, and what solutions were adopted. Once again, this report must be sent to the Prelate Secretary.

§ 5. *Management and Procedural Control* also works on:

a) Drafting and reviewing management approaches oriented towards strengthening the internal control system;

b) Drafting new procedures and updating existing procedures and procedures in use at APSA's core units.

TITLE II

Ordinary Section

Art. 12

Real Estate Management Area

§ 1. The *Real Estate Management* Area is responsible for property owned by APSA

- with the exception of properties listed as assets belonging to foreign subsidiaries[16]
- and for buildings entrusted to APSA by other Entities. The organizational unit's operational responsibilities encompass properties that qualify as assets belonging to subsidiaries located on Italian territory. The *Real Estate Management* Area is run by a *Senior Manager*.

§ 2. In particular, the Area is sub-divided into:

a) *Historical Records Management*, which looks after property-related historical records by keeping an inventory of all assets. This inventory is maintained in association with the *Legal Office*.[17] Responsibility for *Historical Records Management* is held by a *Sector Manager*;

b) *Income Management*, which works with the *Legal Office* to look after legal and contractual issues associated with properties and their use, their returns, and fiscal, insurance and construction-related issues. An *Office Manager* is in charge;

c) *Technical Management*, which undertakes ordinary and extraordinary technical intervention for maintenance purposes, coordinating and overseeing the execution of works or management of the same. With regard to these activities, it also prepares implementation specifications for property maintenance work, working with and supporting the Purchasing Office[18] to undertake the process preparatory to assigning jobs to contractor companies. It also undertakes planning work. It is run by an *Office Manager*.

§ 3. The activities of this organizational unit are regulated by appropriate procedures validated and verified by *Management and Procedural Control*.

[16] Companies whose registered offices are located outside Italy are considered as such.

[17] See below, art. 16.

[18] See below, art. 13.

Art. 13

Purchasing Office

The Purchasing Office - a single office covers both Sections - looks after the centralized implementation of the purchasing cycle through procedures ranging from identifying and collating the needs for goods and services at Dicasteries and associated Institutions, to proposal of a choice of suppliers - for submittal to competent Superiors - drawing on support from the necessary technical and legal functions within the Dicastery.

Art. 14

General Accounting and Financial Statements, Analytical Accounting Office

§ 1. The *General Accounting and Financial Statements, Analytical Accounting Office* is responsible for managing general bookkeeping and for drafting APSA's year-end financial statements, inclusive of administrative and accounting data from the Dicasteries and Offices of the Holy See. It also works with *Management and Procedural Control* to draft the budget.

§ 2. *General Accounting* - for all of APSA - is located within the *Ordinary Section*, and records accounting data for both Sections.

§ 3. The Office drafts APSA's sole year-end financial statements for the purpose of providing a unitary accounting measurement of how assets have contributed to covering the costs of fulfilling the Roman Curia's functions, while at the same time eliminating interference between payables and receivables at the two Sections.

§ 4. The financial statements, inclusive of data from the Holy See's Dicasteries and Offices, are used to highlight results and break down spending by the various responsibility centres.

§ 5. The Office orders payments to be made upon the completion of purchasing procedures, undertakes associated controls, and writes these amounts to the accounts in compliance with data categories prepared by Analytical Accounting, integrated organizationally - for the *Ordinary Section* - within the same Office.

§ 6. Ordinary Section *Analytical Accounting* undertakes calculations in areas for which it is responsible, for use in undertaking controls on budgets pursuant to preestablished cost/responsibility centres, and all other management systems for specific assessments of the yield and efficiency of real estate assets and services provided by the *Ordinary Section*. Approaches to presenting the results of these systems must be identified in agreement with *Management and Procedural Control*.

Art. 15

Human Resources Office

§ 1. The *Human Resources Office* is responsible for legal and administrative requirements concerning employees at the Roman Curia's Dicasteries and Offices and, if specifically delegated to do so, of other associated Institutions, in compliance with instructions from the Secretariat of State.

§ 2. Within this sphere of operations, it:

a) Provides consulting to Entities and individuals that must or may seek opinions institutionally;

b) Is involved in research to draw up regulations and staff lists;

c) Undertakes salary payment activities;

d) Undertakes hiring procedures and follows processes regarding promotion, seniority, termination of service, transfers, and leave, where responsible providing human resource management;

e) Proposes and assesses training schemes and professional advancement paths;

f) Undertakes procedures for insurance against accidents, and maintains operational relations with insurance companies;

g) Maintains staff records.

§ 3. This organizational unit drafts the budget for staff working at APSA and the Curia's Dicasteries and Offices, working alongside and in agreement with *Management and Procedural Control* and *Analytical Accounting*.

Art. 16

Legal Office

§ 1. The *Legal Office* looks after the management of APSA's legal interests by providing advice and specialist support to activities undertaken by other Offices and Services at APSA itself, Dicasteries and Offices at the Holy See, and, on request, other related Entities.

§ 2. In undertaking its duties, the Office works with the Vatican and foreign legal authorities and - as required - draws on the services of external professionals, selected through appropriate commissioning procedures.

Art. 17

Data Processing Centre

§ 1. The *Data Processing Centre* provides all of APSA and its associated Institutions with hardware and software support, undertaking the preparation of necessary work depending on requirements and process specifications as defined by its clients.

§ 2. Procedures that impact administration and accounting are subject to auditing by *Management and Procedural Control*.

§ 3. The Office provides technical support to the *Purchasing Office* in the provisioning of IT material for APSA, the Dicasteries and Offices of the Holy See.

Art. 18

Ordinary Section Protocol and Archive

The *Protocol and Archive Service* looks after the *Section*'s organizational issues by undertaking:

a) The collection, routing, dispatch of correspondence, and maintaining protocol for the same;

b) Office work for the *Delegate* so that he may undertake his expected institutional duties;

c) Safekeeping and cataloguing of archive documents;

d) Research and preparation of copies of archive documents requested by Superiors or by authorized colleagues.

Art. 19

Peregrinatio ad Petri Sedem

The *Peregrinatio ad Petri Sedem* is responsible for ensuring airline, rail and sea ticketing on behalf of employees of the Holy See and associated Institutions. Furthermore, it undertakes hospitality activities for pilgrims to *Petri Sedem*.

TITLE III

Extraordinary Section

Art. 20

Securities Analysis and Trading Office

§ 1. The *Securities Analysis and Trading* Office is responsible for interacting with securities markets, where required drawing on Experts selected pursuant to appropriate procedures.

§ 2. In particular, in order to maximize yields generated by assets, it:

a) Undertakes analysis of the markets targeted at identifying the best investment strategies for the assets under management in the various investment types;

b) Within the framework of proxies and guidance received, undertakes investment trades of assets managed on its own and on others' behalf;

c) Within the framework of guidance received and existing proxies, undertakes decisions to make divestments, informing the Cardinal *President* and the Prelate *Secretary*;

d) On a monthly basis, reports to Superiors on the investment portfolio breakdown, highlighting yields and distinguishing between management of its own assets and on *behalf of third parties*;

e) Manages relations with subsidiary companies, acquiring information from them oriented towards auditing their operations.

§ 3. Income and expenses from activities are to be written to centres defined along with *Analytical Accounting*[19] and *General Accounting*,[20] pursuant to appropriate control procedures, to ensure efficiency and in compliance with the principles of a separation between functions, protecting transparency and fostering the use of electronic methods.

[19] See below, art. 23.

[20] See above, art. 14.

Art. 21

Investment Management Office

§ 1. The *Investment Management* Office is responsible for verifying and settling trades undertaken on its own and on others' behalf. Within this framework, it undertakes activities necessary to complete trades for the acquisition of securities.

§ 2. Further, it takes steps to undertake analyses on the yield of assets under management overall and by individual investment portfolio class, using a reporting approach drawn up in agreement with *Management and Procedural Control*, with data from *Analytical Accounting*.[21]

Specifically:

a) After checks pursuant to the standards of communication envisaged for the management of interbank transactions, it prepares data for money transfers, payments arising out of trading operations and payment orders to third parties on its own behalf, for Entities authorized by the Holy See, and for parties that maintain relations in compliance with the authorization envisaged under art. 8, § 2;

b) It looks after the management of dividends and coupons for securities in its portfolio and belonging to third parties;

c) It prepares transactions for the repayment or disposal of securities in its portfolio and belonging to third parties;

d) It manages the opening of and repayment of treasury transactions completed on the money market on its own and third parties' behalf;

e) It manages messaging, adopting international communication standards envisaged for interbank transactions.

[21] See below, art. 23.

Art. 22

Collections and Payments Office

§ 1. After conducting appropriate checks, on behalf of APSA, authorized Entities of the Holy See and parties that maintain relations with it, the *Collections and Payments* manages execution orders for money transfers, payments arising from trading operations, and payment orders to third parties through dispatch to the interbank transaction management network, as well as managing a desk service. Specifically:

a) It looks after and checks the conversion of transactions prepared by the *Investment Management* Office into the standard communications format adopted for interbank transactions;

b) It finalizes the authorization processes necessary for completing interbank transactions;

c) It completes the messaging necessary for the finalization of interbank transactions and their dispatch onto the network;

d) It looks after the finalization of internet banking activities involving applications and products typical of *virtual banking*;

e) It checks the successful outcome of the transactions referred to in the preceding item;

f) It conducts a cash desk service and safekeeps and sells Vatican medals.

§ 2. Payment orders for transactions destined to be entered onto APSA's year-end financial statements as expenses may only be executed if they have received necessary authorization pursuant to specific procedures, or directly by the Cardinal *President* or the Prelate *Secretary*, in which case, *Management and Procedural Control* and *General Accounting* should be informed in advance.

Art. 23

Analytical Accounting

§ 1. The *Analytical Accounting* Service accounts for the Section's assets and tracks other indicators that are useful in assessing asset yields, in agreement with *Management and Procedural Control*. Specifically, it must provide budget checking data by pre-established cost/responsibility centres for specific valuations of securities asset yields both owned and under management, broken down by individual investment type (equity, bond, currency or monetary).

§ 2. This organizational unit undertakes checks after trades are undertaken (informed by *Investment Management)*, preparatory to entry into *General Accounting*. During this checking stage, it finalizes the entries necessary for input into *Analytical Accounting.*

Art. 24

Extraordinary Section Protocol and Archive

The characteristics of this organizational unit are the same as its counterpart service in the ordinary Section, that is to say, it looks after the Section's organizational details by undertaking:

a) The collection, routing, dispatch of correspondence, and maintaining protocol for the same;

b) Office work for the *Delegate* in order for him to undertake his expected institutional duties;

c) Safekeeping and cataloguing of archive documents;

d) Research and preparation of copies of archive documents requested by Superiors or by authorized colleagues.

PART III

STAFF AT THE ADMINISTRATION OF THE PATRIMONY OF THE APOSTOLIC SEE

TITLE I

Staff Organization

Art. 25

Administration of the Patrimony of the Apostolic See Staff Hierarchy

§ 1. Under Superior[22] oversight, Senior Managers,[23] Officials,[24] and staff involved in auxiliary tasks[25] work at the various organizational units required to meet APSA's functional requirements, within the restrictions of the Staff Hierarchy[26] approved pursuant to the *General Regulations of the Roman Curia*.[27]

§ 2. The Secretariat of the *Cardinal President* reports directly to the *Cardinal President*.[28]

§ 3. In both Sections, ancillary activities are carried out by staff employed in hospitality services, simple manual tasks and the cleaning of common areas and offices. These employees are managed by the *Delegate* at that given Section, who may for this purpose be aided by an Assistant,[29] whose job is to organize auxiliary activities at the Section.

[22] See above, art. 2, § 2.

[23] See below, art. 27.

[24] See below, arts. 28, 29 and 30.

[25] See below, art. 31.

[26] See below, Annex II.

[27] See SECRETARIA STATUS, *Regolamento Generale della Curia Romana*, 15 April 1999, in AAS, 91 [1999] 630-699, art. 9.

[28] See below, Annex II.

[29] See *Mansionario Generale della Curia Romana*, Annex III.

Art. 26

Team of Auxiliaries - Concierges and Cleaners

§ 1. APSA also employs people on a *Team of Auxiliaries*[30] and staff who work as concierges both at properties used for core purposes, and so-called "incomegenerating" properties, as well as cleaners who work at the above-mentioned properties and, where necessary, at other Roman Curia Dicasteries.[31]

§ 2. The *Team of Auxiliaries* performs manual services[32] in support of APSA's activities.

§ 3. *Concierges* work at core-use properties and at residential buildings where concierge service is provided.

[30] See below, Annex II.

[31] See below, Annex III.

[32] Cleaning, removals, guarding, deliveries, etc.

TITLE II

Senior Managers and Officials

Art. 27

Area Senior Managers

§ 1. APSA Area *Senior Managers* are appointed by the Supreme Pontiff, after being proposed by the Cardinal *President*.

§ 2. *Senior Managers* serve a five-year term of office, which may be renewed on completion of their term for a further five-year period. Senior Managers must retire upon reaching their 75th birthday.

§ 3. *Senior Managers* are ordinarily in charge of one Area. In compliance with their mandate, they are responsible for:

a) Managing, organizing, coordinating and supervising activities at that Area;

b) Exercising any powers that may have been vested in them by Superiors, either permanently or temporarily, and attending meetings at which their presence is necessary or requested;

c) Ensuring that they may be contacted and be available at any time of day;

d) Ensuring that their professional skills are constantly kept up to date, and taking part in training schemes promoted by APSA;

e) Working exclusively for APSA, unless expressly otherwise authorized by

Superiors.

§ 4. Area *Senior Managers* are normally assisted in their activities by *Office Managers* and/or *Sector Heads*. Ongoing or temporary working relationships with *Experts* are also an option.[33]

§ 5. Pay conditions for lay *Senior Managers* are governed by *ad hoc* regulations.[34]

[33] See below, art. 27.

[34] See Annex D to the Rescript "*Ex audientia SS.mi*" of 27.09.2007 Prot. Secr. State No. 53156/G.N.

Art. 28

Office Managers and Experts

§ 1. APSA *Office Managers* and *Experts* are Level X Officials, appointed officially

by the Cardinal *Secretary* of State, after being proposed by the *Cardinal*

President.[35]

§ 2. Each organizational unit designated as an Office[36] ordinarily has an *Office Manager* - or an Official appointed in his stead - whose responsibility is to:

a) Coordinate the work allocated to his Office in an organizationally- and managerially-independent manner - within the limitations of proxies received - by assigning it to individual Officials and verify that it has been well-executed, for which he must provide explanations to the competent *Delegate* and, in special cases, to the Prelate *Secretary*;

b) Answer for the presence of other Officials at his Office during working hours;

c) Participate in the selection of staff to look after training at that Office;

d) Attend meetings at which their presence is necessary or requested.

§ 3. *Office Managers* may be joined in their duties by an *Expert*, either temporarily

or on an ongoing basis.[37]

§ 4. Pay conditions for lay *Office Managers* are governed by *ad hoc* regulations.[38]

§ 5. An *Expert* is called in to work with *Superiors* or other Officials, or as an

individual, on activities of special importance to achieving institutional goals that

require high-level expertise and professionalism in a given sector.

§ 6. In special cases, an Expert may temporarily replace an *Office Manager*.

[35] See SECRETARIA STATUS, *Regolamento Generale della Curia Romana*, 15 April 1999, in AAS, 91 [1999] 630- 699, art. 13.

[36] See above, arts. 9 § 3 and 10§ 2.

[37] See *Mansionario Generale della Curia Romana,* Annex III.

[38] See Annex D to the Rescript "*Ex audientia SS.mi*" of 27.09.2007 Prot. Secr. State No. 53156/G.N.

Art. 29

Sector Heads

§ 1. *Sector Heads* at APSA are Level IX Officials[39] selected from among Officials in service or hired[40] from among Officials who have distinguished themselves for their merits, prudence, experience and knowledge, confirmed by appropriate educational qualifications.

§ 2. Each organizational unit designated as a Service[41] has a *Sector Manager* whose responsibility it is to:

a) Coordinate activities at the sector at which they work in compliance with instructions received;

b) Organize training and professional refresher courses for staff at his *Service*;

c) Serve as a link person for other Holy See or external bodies.

[39] See *Mansionario Generale della Curia Romana,* Annex III.

[40] See SECRETARIA STATUS, *Regolamento Generale della Curia Romana*, 15 April 1999, in AAS, 91 [1999] 630-699, art. 13 § 2.

[41] See above, arts. 9 § 4 and 10§ 3.

Art. 30

Other Officials

§ 1. All permanent Officials, with the sole exception of those at Level X,[42] are employed pursuant to the *General Regulations of the Roman Curia*, in accordance with APSA's key needs, within the restrictions of the Staff Hierarchy.

§ 2. When required owing to official needs, the Cardinal *President* may hire staff on a fixed-term basis governed pursuant to the *General Regulations of the Roman Curia.*[43]

[42] See SECRETARIA STATUS, *Regolamento Generale della Curia Romana*, 15 April 1999, in AAS, 91 [1999] 630-699, art. 13, § 1.

[43] See ibid, art. 10.

Art. 31

Auxiliary Staff

As indicated in articles 25, § 3 and 26, APSA employs staff who perform auxiliary activities, hired permanently or, with recourse to said conditions, on a fixed-term basis pursuant to the *General Regulations of the Roman Curia*.

Art. 32

Professional Consultants

APSA may draw upon the services of Professional Consultants pursuant to the

indications contained in the *General Regulations of the Roman Curia*.[44]

[44] See Ivi, art. 11.

Art. 33

Consultors

§ 1. APSA also hires ecclesiastic and lay *Consultors*.

§ 2. *Consultors*, who normally work unpaid, express opinions on financial, property, legal, fiscal and business matters.

§ 3. *Consultors* are appointed for a five-year term of office by the Supreme Pontiff, after being proposed by the *Cardinal President*.

Art. 34

Volunteers and Interns

§ 1. APSA may take on individual *Volunteers* and *Interns* who, for a certain period of time, offer to work for free.

§ 2. Volunteer work is governed by the *General Regulations of the Roman Curia*.[45]

§ 3. Internships are regulated by an *ad hoc* accord, which may be signed on a case-by-case basis between APSA and the promoting party.

§ 4. Internships, which must be formalized in a written deed, are designed to be part of an intern's training - for a fixed length of time established in advance – under the supervision of a mentor, and do not in any way constitute employment.

§ 5. It is not envisaged that interns and *volunteers* receive payment or social security contributions, with the exception of insurance against accidents and third party liability.

[45] See ibid. art. 22.

TITLE III

Labour Regulations

Art. 35

Applicable Regulations

The regulations that apply to APSA staff are those that govern labour relations at the Holy See.

PART IV

TEMPORARY AND FINAL PROCEDURES AND PROVISIONS

TITLE I

Procedures

Art. 36

The Aims of Procedures

§ 1. APSA follows specific and appropriate procedures to comply with the institutional requirements referred to in Art. 1.

§ 2. These procedural tools have been drafted and are monitored with a view to creating optimal operating conditions in order to maximize the yield of assets under management. They are updated from time to time, following the receipt of proposals from Heads of Offices and Services, having received a favourable opinion from *Management and Procedural Control*, in order to cater better to changing operational requirements.

§ 3. Every procedure must take into account that all expenses that feature on APSA's financial statements, even if they are undertaken in semi-independence by Dicasteries, must be made in observance of APSA[46] procedure to foster planning and operational control in order to facilitate the achievement of a balance at the planning stage between forecast expenses and available funds.

[46] E.g. purchase and budget.

Art. 37

Specific Procedures

The Heads of the various Offices and Services are responsible for drafting specific procedures. It is up to the Prelate *Secretary* and Delegates to approve such procedures, having sought the opinion of *Management and Procedural Control*. *Management and Procedural Control* is responsible for checking that procedures are in place, adequate and correctly applied.

TITLE II

Temporary and Final Provisions

Art. 38

Temporary Provisions

Previous provisions are repealed on the date that these *Regulations* come into force.

Art. 39

Final Provisions

Within the scope of organizational units' operational activities, as part of their activities Unit Heads may be granted powers of signature regarding deeds that are merely declarative and informative.

Reference to the General Regulations of the Roman Curia

For any items not covered under these *Regulations*, please refer to the *General Regulations of the Roman Curia*.

Art. 41

Commencement Date

These *Regulations* go into force on the first day of the month after the month in which they are approved.

ANNEX I

ADMINISTRATION OF THE PATRIMONY OF THE APOSTOLIC SEE

ORGANIZATIONAL STRUCTURE

PRESIDENT

Secretary

Ordinary Section Delegate

Real Estate Management Area

OFFICES

Purchasing

General Accounting and Financial Statements – Analytical Accounting

Human Resources

Legal

DPC

SERVICES

Protocol and Archive

Peregrinatio ad Petri Sedem

Management and Procedural Control Area

Extraordinary Section Delegate

OFFICES

Securities Analysis and Trading

Investment Management

Collections and Payments

SERVICES

Protocol and Archive

Analytical Accounting

ANNEX XXIX APSA Anti-Money Laundering and Anti-Terrorism Procedures

APSA

Procedures for preventing and combating the laundering of proceeds from criminal activities and the funding of terrorism

Anti-Money Laundering and Anti-Terrorism Procedures

1. General Provisions

1.1 Reference Framework

On 30 December 2010, the Vatican City State issued Vatican City State Law no. 127: "Law for preventing and combating the laundering of proceeds from criminal activities and the funding of terrorism", which went into effect on 1 April 2011. This Law was amended and integrated on 25 January 2012 in Decree no. CLIX by the President of the Vatican City State Governatorate's "Decree promulgating amendments and integrations to the law for preventing and combating the laundering of proceeds from criminal activities and the funding of terrorism dated 30 December 2010", which went into effect on the same date. Inspired by other legislation issued by States with advanced legislation in this regard, the Law envisages:

- Measures to freeze funds and economic resources in order to combat the funding of terrorism;

- Due diligence obligations;

- Registration and filing requirements;

- Suspect transaction reporting requirements.

The Vatican City State has furthermore established a Financial Information Authority (FIA) tasked, among other things, with receiving reports of suspect transactions filed by parties required to observe prevention requirements in terms of money laundering and the funding of terrorism, and to undertake checks with financial institutions, in cases provided for by law imposing financial and administrative penalties on the parties liable. These provisions are designed to enable the Vatican City State to comply with the highest standards of international anti-money laundering and anti-terrorism. To this end, the Administration of the Patrimony of the Holy See, hereafter referred to as "APSA" for the sake of brevity, considers the recommendations issued by the FATF/GAFI (Financial Action Task Force/Groupe d'action financière) to be of great importance, as they offer guidance on operational practices to be followed in order to prevent and combat money-laundering and the funding of terrorism. Within this framework, FATF recommendation no. 15 specifically states: *"Financial institutions should develop programmes against money laundering and terrorist financing. These programmes should include:*

a) The development of internal policies, procedures and controls, including appropriate compliance management arrangements, and adequate screening procedures to ensure high standards when hiring employees;

b) An ongoing employee training programme;

c) An audit function to test the system".

In accordance with the above-mentioned regulatory provisions, APSA is establishing and implementing an internal organizational and regulatory system based on the provisions of the "Procedures for preventing and combating the laundering of proceeds from criminal activities and the funding of terrorism" (hereafter referred to as the "Procedures"). APSA undertakes to adopt specific provisions in all areas where Vatican City State legislation allows Financial Institutions the scope to set up systems that they deem to be the most appropriate.

1.2 Purpose of this Document

In accordance with the above-described reference framework, the Superiors approve these Procedures with the objective of governing the principles, limits and reference guidelines with which APSA's operational methods shall comply. The Procedures are subject to review in the case of particularly significant events (in particular, amendments to Vatican legislation and guidance from the Financial Information Authority) that impact the management process of anti-money laundering and anti-terrorism compliance.

1.3 Recipients

These Procedures apply to all APSA employees involved in performing the activities covered pursuant to Law no. 127, 30/12/2010, as amended.

1.4 Definitions

The following definitions are used throughout this document: *Anti-money laundering:*

a) The acts set forth under article 421 *bis* of the penal code;

b) Conspiracy to commit one of the acts set forth under article 421 *bis* of the penal code, association for the purpose of committing such an act, an attempt to perpetrate such an act, aiding, instigating or advising somebody to commit such an act, or favouring the execution of such an act;

The Funding of Terrorism

a) The acts set forth under article 138 *ter* of the penal code;

b) Conspiracy to commit one of the acts set forth under article 138 *ter* of the penal code, association for the purpose of committing such an act, an attempt to perpetrate such an act, aiding, instigating or advising somebody to commit such an act, or favouring the execution of such an act;

Occasional transaction:

All transactions undertaken unrelated to an existing relationship with APSA; in such cases, funds are not generated by or destined to result in a relationship.

Relationship:

A business relationship, or a relationship of a professional or commercial nature, provided that it is associated with the professional activities undertaken by APSA, and that, when initiated, is assumed to remain ongoing over a certain period of time.

Internal audit activities:

An activity oriented towards identifying irregular trends and breaches of procedures or regulations, in addition to assessing the functionality of internal audit systems.

Counterparties adopting equivalent obligations:

A credit or financial entity located in a foreign state that has obligations in place equivalent to those envisaged by the State. Pursuant to article 30.2, Law no. CXXVII, the Secretary of State identifies which states qualify as possessing an equivalent system.

Head of Anti-Money Laundering

Person appointed to assess reports of suspicious transactions and file reports assessed as justified to the Financial Information Authority, in addition to maintaining a relationship with the Authority.

Ultimate Owner

1. In the case of an individual, the individual or individuals in whose name and on behalf of whom a service or transaction is performed.
2. For companies:
    a) An individual or individuals who, in the final analysis, own or control a company through the possession or direct/indirect control of shares or voting rights at that company, through bearer shares;

b) the individual or individuals who exercise control over the management of a company in some other manner.

3. For other legal entities who manage or distribute funds:

a) If the beneficiaries have already been determined, the individual or individuals who are beneficiaries of a legal entity's assets;

b) If the beneficiaries have yet to be determined, the individual or individuals in whose principal interest(s) the legal entity has been established;

c) An individual or individuals who exercise control over a legal entity's assets.

Proxy:

An individual or individuals who undertake operations in the name of and on behalf of the ultimate owner of the relationship, whether an individual or a legal entity, as duly authorized.

Party placing the order:

The legal entity and/or individuals who undertake transactions regarding a current relationship with APSA in their name.

2. Operational limits

APSA establishes limits for its operations with regard to clients, counterparties, products and services. These limits represent estimates that under no circumstances may be exceeded during current activities, unless and through the sole exception of amendments of these Procedures by Superiors.

2.1 Clients

In accordance with regulations and procedures currently in effect (Pastor Bonus, article 175), APSA undertakes to operate exclusively with the types of client envisaged (Organs of the Holy See or associated with the Holy See).

2.2 Counterparties

APSA undertakes to operate directly and to complete transactions of any type solely with counterparties that have adopted equivalent obligations, and in any event with prior authorization. APSA neither allows nor maintains relations, relationships, or transactions with so-called "Shell Banks", that is to say banks or credit entities that undertake similar activities established in States in which they have no physical presence that makes it possible to exercise oversight and actual management, and which are not associated with any regulated financial group, or credit entities that are well known to allow shell banks to use their accounts, in compliance with the provisions of article 1.*bis*.b of the above-mentioned Law.

2.3 Products and services

APSA undertakes to offer its clientele solely products and services that comply with its internal regulations, as envisaged under the relevant laws and regulations issued by the Prefecture for the Economic Affairs of the Holy See.

Pursuant to article 1.*bis*.a of Law no. 127, APSA cannot allow the initiation or maintenance of accounts and deposits that are anonymous, numbered, or held in fictitious or made-up names.

3. Anti-Money Laundering and Anti-Terrorism Requirements

3.1 Establishment of Internal Organization

This stage refers to the establishment of organizational elements in the process in order to ensure appropriate management of anti-money laundering and funding of terrorism requirements. The main activities during this stage may be summarized as follows:

- *Establishment and implementation of an Anti-Money Laundering Office*: This activity calls for the establishment and implementation of an Anti-Money Laundering Office specifically tasked with preventing and combating the execution of transactions for money-laundering and terrorism

financing purposes. This Office is independent and equipped with resources qualitatively and quantitatively adequate to the tasks it is called upon to perform. Furthermore, the office is entitled to request any information deemed to be relevant in the performance of its duties;

- *Selection of the Head of Anti-Money Laundering*: The Anti-Money Laundering Office is directed by the Head of Anti-Money Laundering, whose brief is to assess and report any suspect transactions pursuant to article 34 of the above-mentioned Law, and to maintain relations with the Financial Information Authority.

3.2 Performance of Adequate Due Diligence on Customers

This stage covers all activities associated with customer identification, adequate due diligence and the gathering of personal information, in addition to ensuring that data is kept up-to-date should there be any changes to the data collected. The main activities during this stage may be summarized as follows:

- *Confirmation of customer identity:* This activity envisages running checks on customer identity pursuant to articles 29, 29 *bis*, 29 *ter*, 30 and 31 of the above-mentioned Law, on the basis of customer-presented documentation and documents, data and information obtained from an independent and reliable source. The service provider is responsible for choosing what documentation is necessary to identify clients with whom a relationship is to be established, or for whom transactions are to be executed, unequivocally and without doubt. During this activity, the identity is confirmed of the following parties associated with the owner of the relationship or transaction:

  o Ultimate owner: This requires:

    a) Confirming the ownership and control of the company or legal entity;

    b) Identifying and verifying the legal entity or entities that, in the ultimate instance, are the owners or control the legal entity, or are its beneficiaries;

  o Proxy: Confirming that anybody who wishes to represent or act in the name of or on behalf of the counterparty, whether it be an individual or a legal entity, is adequately authorized to do, including identification and verification of their identity;

- *Performance of adequate due diligence on customers:* This activity entails observance of the requirement for adequate due diligence, which must be performed pursuant to Chapter V of the above-mentioned Law. Adequate due diligence of customers is undertaken by accessing information gathered during the customer identification phase, along with information regarding the relationship or occasional transactions. APSA specifically focuses on and adopts strengthened measures in cases envisaged under article 31 of the aforementioned Law;

- *Gathering of customer personal information and any necessary updating of data supplied:* This activity envisages gathering customer information for APSA's information system – including actual owners and proxies – in addition to any updating required of this information, which must be undertaken pursuant to articles 32 and 33 of the above-mentioned Law;

- *Filing documentation:* This activity envisages acquiring and storing a copy of documentation gathered for the purpose of identifying and adequately checking the customer, which must be undertaken pursuant to articles 32 and 33 of the aforementioned Law. Documentation shall be retained for the timeframe envisaged under the legal framework of reference.

3.3 Initiating Relations/Executing Transactions

This stage regards all activities associated with customers initiating relations or executing occasional transactions, in addition to the management of standard operations. Changes to existing relationships are handled during this stage.

The main activities during this stage may be summarized as follows:

- *Initiation of relationships or the execution of occasional transactions:* This activity envisages the start of a relationship or the execution of an occasional transaction, in addition to obtaining

necessary authorizations. Pursuant to articles 32 and 33 of the above-mentioned Law, APSA records all information required to adequately trace the details of the relationship or occasional transaction, including information regarding the ordering party, while ensuring that its information systems are at all times capable of supporting these operations. Changes in information on individual relationships gathered during the initiation process are also managed during this stage of activity;

- *Management of standard operations:* This activity envisages the execution of ordinary transactions as part of relationships and, where envisaged, obtaining necessary authorizations. Pursuant to articles 32 and 33 of the above-mentioned Law, APSA records all information required to adequately trace the transactions undertaken, including information regarding the ordering party, while ensuring that its information systems are at all times capable of supporting these operations.
- *Filing documentation:* The documentation gathered for the purpose of initiating a relationship or executing a transaction (occasional or standard), which must be undertaken pursuant to articles 32 and 33 of the aforementioned Law, is retained for the timeframe envisaged under the legal framework of reference.

3.4 Monitoring Transactions and Filing Reports

This stage concerns all activities associated with analysing relations and transactions for the purpose of identifying positions that present a high risk profile, or in any event signs of irregularities sufficient to initiate the transaction reporting process, which must be undertaken pursuant to article 34 of the above-mentioned Law.

The main activities during this stage may be summarized as follows:

- *Transaction monitoring*: This activity envisages APSA officials detecting transactions that are potentially suspicious which, within the scope of its functions, after carefully screening the transaction undertaken or the client's proposal, initiates the process envisaged for making a report to the Head of Anti-Money Laundering. Within the scope of these activities, APSA also takes steps to undertake specific analyses on relations and transactions so as to ascertain that transactions undertaken are consistent with APSA's knowledge of the client, the client's activities and the client's risk profile;
- *Assessment of potential suspect transactions*: This activity concerns the investigation of a potentially suspect transaction by gathering available documentation and undertaking further enquiries as necessary to complete the investigation into the technical characteristics of the transaction, taking into account the client's risk profile and the kinds of transaction requested;
- *Reporting of suspect transactions*: This activity, which is undertaken only if suspicions on the transaction analysed are deemed to be justified, envisages the filing of a report on the transaction to the Financial Information Authority;
- *Freezing of transaction execution:* This applies in cases where suspicions or justifiable reasons exist for suspecting that cash, assets and other economic resources involved in a transaction are the proceeds of criminal activities, or that attempted money-laundering or the financing of terrorism is taking place or has taken place.
- *Filing documentation:* This activity envisages the filing of documentation gathered to support checks and controls prior to deciding whether or not to proceed with filing a report; the purpose of this is, on a documentary basis, always to be able to reconstruct the assessment process, especially in cases where the outcome is not to file a report. APSA ensures the requisite confidentiality for information under its management.

3.5 Employee Training

This stage refers to the planning and execution of *ad hoc* training for employees in the correct application of anti-money laundering and anti-terrorism regulations.

The main activities during this stage may be summarized as follows:

- *Identification of training needs*: This activity envisages assessing employee training needs on the basis of an audit of anti-money laundering and anti-terrorism knowledge, or on the basis of the introduction of new legislation and regulation in this area. APSA provides ongoing training for its employees in evolving risks of money laundering and the typical way that criminal financial transactions are structured, offering courses in anti-money laundering training within the Vatican City State both for employees who work in close contact with customers, and employees who maintain relationships with the Financial Information Authority;
- *Preparation of the training scheme*: This activity envisages the preparation of the training scheme for individual employees based on what training activities have already been conducted and individual requirements, and includes preparation of training content;
- *Attendance of planned courses*: This activity envisages attendance of the courses planned under the training scheme.

4. The Head of Anti-Money Laundering

The Head of Anti-Money Laundering, who is appointed by the APSA President, is tasked with:

- Undertaking a global assessment of potentially suspect transactions, and, where grounds exist, submitting a report to the Financial Information Authority;
- Ensuring prompt responses to Financial Information Authority requests, and maintaining relations with that body;
- Monitoring the functionality of procedures, structures and systems, and providing support and advice on managerial decision-making.

The Head of Anti-Money Laundering must possess the independence, authority and professionalism requirements necessary to undertake the duties assigned.

The responsibilities and methods for undertaking the Head of Anti-Money Laundering's activities are established in *ad hoc* Regulations approved by APSA's Superiors, which also provide a definition of the structure known as the "Anti-Money Laundering Office".

The Head of Anti-Money Laundering is duty bound to inform the Superiors about work undertaken.

In order to fulfil the above responsibilities, the Head of Anti-Money Laundering is empowered to request additional investigations to be undertaken, assisted by employees allocated to the Anti-Money Laundering Office.

5. The "Anti-Money Laundering Office"

Established under the Extraordinary Section, the Anti-Money Laundering Office operates pursuant to *ad hoc* Regulations approved by the Superiors, and acts as a guarantor that activities undertaken in the process of managing anti-money laundering and anti-terrorism requirements are fulfilled. For this purpose, it:

- With the utmost confidentiality, safekeeps all documentation gathered during investigation activities into potentially suspect transactions, maintaining a separation between cases for which the outcome was a report to the Head of Anti-Money Laundering and cases that did not produce this outcome, so that, on a documentary basis, it is always able to reconstruct the assessment process, especially in cases where the outcome is not to file a report;
- Undertakes checks on APSA operations for the purpose of identifying potentially suspect transactions in compliance with the terms and conditions established by the Financial Information Authority and internal regulations;
- Promptly informs the Head of Anti-Money Laundering about potentially suspect transactions detected;
- Provides the Head of Anti-Money Laundering with the support needed in customer monitoring activities and investigating potentially suspect transactions;

- Assesses the risk associated with new products and services, along with their compliance with regulations for preventing and combating anti-money laundering and the funding of terrorism;
- Checks currency-related provisions and their impact on internal mechanisms and procedures, in order to ensure that employees are adequately informed;
- Fosters the adoption of internal policies, organizational structures, measures and procedures for the purpose of preventing and combating money laundering and the funding of terrorism, as well as auditing their effectiveness on a regular basis;
- Fosters the adoption of appropriate training and refresher schemes for employees.

6. Front Office and Customer Management Functions

The following areas of responsibility apply to the Front Office and Customer Management Functions (that is to say, offices in direct contact with customers, and offices that oversee the development of new products and/or services):

- Complying with adequate customer due diligence requirements during the initiation of new relationships, and with regard to occasional transactions:
    - Identifying and registering all parties who undertake any type of transaction for any amount in APSA's information systems;
    - Checking that personal data input into the system is up to date in order to ensure that any changes have been recorded;
    - Checking on the involvement of any persons who feature on lists of politically exposed persons or terrorists, in order to ascertain whether or not strengthened due diligence requirements apply;
    - Gathering and filing documentation collected;
    - Requesting authorizations necessary in order to initiate a relationship or execute an occasional transaction.
- Managing standard operations, and executing transactions requested by customers;
- If a suspect transaction is detected, after undertaking careful screening that takes into account knowledge of the client, the client's activities and the client's risk profile, taking steps to inform the employee's superior, who, in agreement with the Anti-Money Laundering Office, shall assess whether or not to initiate the reporting procedure.

ANNEX XXX Law No. V on the economic, commercial and professional order

Law No. V on the economic, commercial and professional order (*[1])

June 7, 1929

PIUS PP. XIth

Of our own will (...)

Art. 1.

The Vatican City State has its own currency.

As long as the relevant provisions have not been issued and said currency has not been issued, coins and banknotes of the Kingdom of Italy shall be legal tender according to its legislation.

Art2.

The Governor's authorisation shall be necessary for the alienation of real property located within the territory of Vatican City by deeds inter vivos with or without payment, for the establishment of rights of long lease, surface, use, interest in rem limited in time, easement, mortgage or any other real interest, as well as for the lease and sublease, even partial, of the same property and for any duration.

Said authorisation also is necessary for the acquisition of the same rights or interests on said property by intestate succession or general and particular testamentary provision.

As long as the authorisation has not been granted, nobody can convey the possession of real property or implement the aforesaid deeds. Infringements of this prohibition shall be punished with a fine up to 3,000 Lira.

The deeds foreseen in this paragraph shall be void and null if they lack said authorisation. The nullity may also be sought by the Governor.

Should the authorisation for the conveyance of real property by succession, as specified above, be refused, then the property shall be devolved to the State property with a fair compensation fixed by the Governor, without prejudice to claims before the Courts in the forms established for the indemnity of the expropriations. Should the authorisation for the acquisition of rights by succession be refused, the assignee authorised to acquire the property shall keep it free and give the charged subject a pecuniary compensation whose amount shall be fixed by the judicial authority in case of divergence.

Art. 3.

In the properties existing within the Vatican City which are not property of the Holy See, no work of transformation or enlargement can be performed, unless the Governor's authorisation is obtained.

Infringements of this prohibition shall be punished with a fine up to 5,000 Lira, besides the reinstatement – according to the discretionary evaluation by the Governor or the office delegated to this – to be carried out by appointment without formalities and at the expense of the infringer.

Art. 4.

The purchase of goods or commodities of any kind and origin, meant for resale, and their sale are reserved to the State monopoly, according to provisions to be established by regulations.

The State also provides for the pharmacy service through its own organisation.

Only through the competent State offices and according to provisions to be established by regulations, shall it be possible to introduce into the Vatican City goods or commodities exempt from customs and consumption duties in force within the Kingdom of Italy, destined to certain persons domiciled there

[1] AAS Suppl. 1 (1929) No. 1, June 8, 1929, p. 25-28. As to the penalties provided for under this act, cf. article 42 of the Act by Paul VIth that modified the criminal legislation and criminal procedural legislation No. L of the 21st June 1969

for their personal use or the use of their families. The quantity exceeding such use shall be confiscated with or without indemnity, as the case may be.

Art. 5.

The introduction into Vatican City of goods or commodities for the personal use of certain subjects or their families, purchased in the Kingdom of Italy, after payment of the customs and consumption duties in force in said Kingdom, shall be free, subject to the introducer's burden of proving the existence of the abovementioned conditions.

The introduction of goods or commodities into Vatican City by private persons is prohibited, even if the requirements concerning customs and consumption duties provided for by the law of the Kingdom of Italy have been met, if it takes place in quantities and in a manner that raises a presumption that they are destined to be marketed. The same is true for the keeping and sale of such goods or commodities.

Infringements of the prohibition mentioned in the previous subparagraph shall be punished with a fine up to 5,000 Lira, besides the confiscation of goods or commodities. In case of relapse, an up to six-month arrest may be added to the penalty.

The introduction of goods or commodities into the Vatican City by private persons is also prohibited, whenever the above-mentioned requirements concerning customs and consumption duties have not been met, even if it does not take place in quantities and in a manner that raises a presumption that they are destined to being marketed. The same is true for the keeping and sale of such goods or commodities.

Infringements of the prohibition mentioned in the above subparagraph shall be punished with a fine up to 15,000 Lira. In any case, such goods or commodities, introduced or kept or sold by violating the above prohibition, shall be confiscated as well as their containers and means of transportation. In case of combination to commit such offence or relapse, a penalty of detention of up to three years may be added.

Art. 6.

The exportation of goods or commodities from the Vatican City to the territory of the Kingdom of Italy is prohibited. The infringement of this prohibition or even the simple attempt of such infringement shall be punished with a fine of the same amount established in the former subparagraph and detention of up to three years, besides the confiscation of the smuggled goods or commodities as well as their containers and means of transportation.

The exportation of objects for personal use in the quantities usual for travelling purposes is exempted from this prohibition. The same applies to the exportation of furniture in case of termination of residence inside the Vatican City.

Art. 7.

Nobody is entitled to open shops, businesses or workshops, even for the exertion of simple trades, nor set up industrial or commercial enterprises of any kind, nor open offices, studios, agencies or fixed places of delivery for the exertion of any profession, without obtaining the authorisation by the Governor.

If, by the law in force in Vatican City or the national law of a foreign professional, a certain qualification is required for the exertion of a profession, the authorisation shall be granted only if such qualification has been obtained according to Vatican or foreign law.

Infringements of this prohibition shall be punished with a fine up to 3,000 Lira, as well as the closing of the premises to be carried through the initiative of the public authorities and without formalities.

Art. 8.

If the authorisation mentioned in the preceding paragraph has been granted for the creation of businesses or commercial or industrial enterprises, as long as no further regulations have been issued for Vatican City, the employer shall be de iure subject to the legislative provisions of the Kingdom of

Italy in force at the moment that this Law enters into force, to the extent to which they are applicable, and subject to the reservations mentioned in article 3 of Law No. II of the same date on the sources of law, as far as employment agreements, women's and minors' work, eight-hour day working hours, weekly feast rest, industrial accident insurances, maternity, invalidity and retirement pension, unemployment and tuberculosis schemes are concerned. Unless otherwise provided for by law or the provisions of the enfranchisement deed and as long as special rules valid for the Vatican City have not been issued, the relevant insurances shall be stipulated through contracts with the same institutions or bodies with which it is compulsory to do so according to the legislation of the Kingdom of Italy.

Foreign entrepreneurs acting, through agreements with governmental bodies or private persons, as contractors or carrying out any type of work or service inside Vatican City, shall be subject to the same rules mentioned in the preceding subparagraph.

Art. 9.

Occasional and temporary services rendered to persons residing inside Vatican City or to their assets by professions, trades, enterprises and similar, also by foreigners, are independent, except for the observance of the rules governing entry and residence.

However, also in the case foreseen by this paragraph, if a qualification is required by the Vatican law or the national law of the foreign professional, said services cannot be rendered by he who is not in a position to demonstrate its possession.

Infringements of the prohibitions contained in this paragraph shall be punished with a fine up to 9,000 Lira or up to six-month arrest.

Art. 10.

This Act shall enter into force on the same day of its publication.

We order that the original (...).

Issued from our Apostolic Vatican Palace on June 7, 1929, 8th year of our pontificate.

Pius PP. XI

ANNEX XXXI Law No. CLXXXVII concerning volunteer activities

Law No. CLXXXVII concerning volunteer activities

22 May 1992

THE PONTIFICAL COMMISSION

FOR THE VATICAN CITY STATE

Having regard to the Law on the government of the Vatican City State of the 24th June 1969, No. LI; having regard to the need to promote and regulate volunteer activities and the related organisations, issued this Act;

Art. 1. (*Volunteer activities*)

1. Volunteer activities consist of offering free and gratuitous services to the Apostolic See with the goal of:
   a) co-operating in the evangelising mission of the Church;
   b) contributing to the Christian animation of temporal realities;
   c) supporting assistance activities promoted in favour of the poor, sick, immigrants, elderly and all those who are in need;
   d) cooperate, in Christian spirit, in other undertakings of solidarity and human promotion.
2. The services mentioned in the former paragraph are supplied through associations or organised groups, hereinafter called “volunteer organisations”.
3. The voluntary and gratuitous services rendered by individuals to organs and offices of the Holy See and the Vatican City State, are governed by the respective regulations in compliance with the provisions of this Law inasmuch as they are compatible.

Art. 2. (*Gratuitous character of services*)

1. Volunteer activities cannot be remunerated in any way, even by the beneficiary. Only actually incurred expenses may be reimbursed to the volunteer, within the limits and according to the ways established by the respective organisation.
2. Those who intend to carry out the activities indicated in paragraph 1, shall declare in writing their availability to perform their services on a voluntary basis and without remuneration, and undertake to observe the rules in force.
3. The periods of volunteer activity cannot be recognised to the end of retirement plans or termination of work relationships, nor can they represent titles to be evaluated for an employment or a legal-economic career at the administrations, bodies or institutions whatsoever of the Apostolic See or the Vatican City State.

Art. 3. (*Volunteer organisations*)

1. A volunteer organisation is any body founded for the purpose of performing the activities indicated in Art. 1, by availing itself mainly of the personal, voluntary and gratuitous services of its members.
2. Volunteer organisations may take on the legal form suitable for the pursuit of their goals in compliance with the canon law code or the laws of the Vatican City State.
3. The articles of incorporation and statutes shall indicate the absence of activities for profit and the gratuitous nature of the services rendered by their members as well as of their holders of offices.

4. Volunteer organisations may avail themselves of their own staff within the limits strictly indispensable to assure their functionality.

Art. 4. (*Register of volunteer organisations*)

1. A register of volunteer organisations is maintained at the Governatorate of the Vatican City State.
2. Inscription in this register is a necessary condition to enter conventions according to the following Art. 5 and to have access to contributions or subsidies for its support.
3. To obtain the inscription in the register, an organisation shall submit an application to the Pontifical Commission for the Vatican City State, accompanied by a copy of its statutes and any other appropriate documentation concerning its internal organisation, a list of volunteers and activities foreseen, balance sheets and evidence of financial resources.
4. The Pontifical Commission shall decide on a definitive basis whether to admit or cancel the organisation in the register and communicate such decision to the applicants.
5. The organisations undertake to communicate on a yearly basis the variations occurred as to the list of volunteers and other elements submitted together with the application of inscription in the register.

Art. 5. (*Conventions*)

1. The dicasteries and institutions of the Roman Curia as well as the organs connected to the Holy See and the Governatorate of the Vatican City State can stipulate agreements with the volunteer organisations listed in the register mentioned in the former paragraph.
2. Such conventions shall specify the following:
   a) the activities entrusted to the voluntary organisation;
   b) the determination of possible contributions or benefits in favour of the organisation;
   c) the duration of the convention;
   d) the number of volunteer members of the organisations considered qualified for performing the activities foreseen in the convention;
   e) the modes of verifying the regular performance of the convention and the forwarding of a yearly report on the activities carried out;
   f) the reasons for the termination of the convention and the annulment of contributions and possible benefits granted.
3. The activities that can be carried out only by employees of the organs indicated in the subparagraph 1 of this article cannot be the subject of agreements.

Art. 6. (*Mandatory insurance*)

1. The members of organisations performing volunteer activities, as far as the features and duration of services are concerned, shall have accident and civilliability insurance and for damages caused to third parties during the performance of said services, with insurance companies or institutes approved by the competent office of the Vatican City State, to which the data of the policy stipulated shall be communicated.
2. The insurance coverage of volunteers shall be an indispensable prerequisite for stipulating a convention.
3. The insurance policy shall specify the subject charged for the expense related to the insurance.

Art. 7. (*Reasons of annulment*)

Deeds and relationships entered in contradiction with the provisions of this Law shall be null and void.

Vatican City, 22 May 1992

Rosalio José Card. Lara, President

Bruno Bertagna, Secretary

ANNEX XXXII Monetary Agreement between the European Union and the Vatican City State

MONETARY AGREEMENT

between the European Union and the Vatican City State

(2010/C 28/05)

THE EUROPEAN UNION, represented by the European Commission and by the Italian Republic

and

THE VATICAN CITY STATE, represented by the Holy See within the meaning of Article 3 of the Lateran Treaty,

Whereas:

(1) On 1 January 1999, the euro has replaced the currency of each Member State participating in the third stage of Economic and Monetary Union, among which Italy, pursuant to Council Regulation (EC) No 974/98 of 3 May 1998.

(2) Italy and the Vatican City State were linked before the creation of the euro by bilateral agreements on monetary matters, and in particular the *Convenzione monetaria tra la Repubblica Italiana e lo Stato della Città del Vaticano,* concluded on 3 December 1991.

(3) The Declaration No 6 annexed to the Final Act of the Treaty on European Union stated that the Community should facilitate the renegotiation of existing arrangements with the Vatican City State as might become necessary as a result of the introduction of the single currency.

(4) The European Community, represented by the Italian Republic in association with the Commission and the ECB, concluded on 29 December 2000 a Monetary Agreement with the Vatican City State.

(5) In accordance with this Monetary Agreement, the Vatican City State uses the euro as its official currency and grants legal tender status to euro banknotes and coins. It should ensure that EU rules on banknotes and coins denominated in euro — including those related to its protection against counterfeiting — are applicable within its territory.

(6) This Agreement does not impose any obligation on the ECB and national Central Banks to include Vatican City State's financial instruments in the list(s) of securities eligible for monetary policy operations of the European System of Central Banks.

(7) A Joint Committee composed of representatives of the Vatican City State, the Italian Republic, the Commission and the ECB should be established in order to examine the application of this Agreement, decide the annual ceiling for coin issuance, examine the adequacy of the minimum proportion of coins to be introduced at face value and assess the measures taken by the Vatican City State for implementing relevant EU legislations.

(8) The Court of Justice of the European Union should be the judicial body in charge of settling disputes which may arise from the application of the Agreement,

HAVE AGREED AS FOLLOWS:

Article 1

The Vatican City State shall be entitled to use the euro as its official currency in accordance with Regulations (EC) No 1103/97 and (EC) No 974/98. The Vatican City State shall grant legal tender status to euro banknotes and coins. EN 4.2.2010 Official Journal of the European Union C 28/13.

Article 2

The Vatican City State shall not issue any banknote, coin or monetary surrogate of any kind unless the conditions for such issuance have been agreed with the European Union. The conditions for issuing euro coins as from 1 January 2010 are laid down in the following Articles.

Article 3

1. The annual ceiling (in value terms) for the issuance of euro coins by the Vatican City State shall be calculated by the Joint Committee established by the present Agreement as the addition of:

— *a fixed part*, whose initial amount for 2010 is set at EUR 2 300 000. The Joint Committee may revise annually the fixed part with a view to taking into account both inflation — on the basis of the HICP inflation of Italy in the year n-1 — and the possible significant evolutions affecting the euro coins collector market,

— *a variable part*, corresponding to the average per capita coin issuance of the Italian Republic in the year n- 1 multiplied by the number of inhabitants of the Vatican City State.

2. The Vatican City State may also issue a special commemorative coin and/or collector coins in years when the Holy See is vacant. In case this special issuance brings the overall issuance above the ceiling laid down in paragraph 1, the value of this issuance shall be accounted for using the remaining part of the ceiling of the previous year and/or deduced from the ceiling of the following year.

Article 4

1. Euro coins issued by the Vatican City State shall be identical to those issued by the Member States of the European Union which have adopted the euro as far as the face value, legal tender status, technical characteristics, artistic features of the common side and the shared artistic features of the national side are concerned.

2. The Vatican City State shall notify in advance the draft national sides of its euro coins to the Commission, which shall check its compliance with the EU rules.

Article 5

1. Euro coins issued by the Vatican City State shall be minted by the Istituto Poligrafico e Zecca dello Stato of the Italian Republic.

2. By derogation to paragraph 1, the Vatican City State may have its coins minted by an EU Mint striking euro coins other than the one mentioned in paragraph 1, with the agreement of the Joint Committee.

Article 6

1. The volume of euro coins issued by the Vatican City State shall be added to the volume of coins issued by Italy for the purposes of European Central Bank approval of the total volume of the issue by that Member State in accordance with Article 128(2) of the Treaty on the functioning of the European Union.

2. No later than 1 September of each year, the Vatican City State shall notify the Italian Republic of the volume and the face value of the euro coins that it intends to issue during the following year. It shall also notify to the Commission the intended conditions of issuance of these coins.

3. The Vatican City State shall communicate the information as mentioned in paragraph 2 for the year 2010 upon signature of this Agreement. EN C 28/14 Official Journal of the European Union 4.2.2010.

4. Without prejudice to the issuance of collector coins, the Vatican City State shall put in circulation at face value at least 51 % of the euro coins issued each year. The Joint Committee shall examine every five years the adequacy of the minimum proportion of coins to be introduced at face value and may decide to increase it.

Article 7

1. The Vatican City State may issue euro collector coins. They shall be included in the annual ceiling referred to in Article 3. The issuance of euro collector coins by the Vatican City State shall be in accordance with the EU guidelines laid down for euro collector coins, which, inter alia, require the adoption of technical characteristics, artistic features and denominations that enable euro collector coins to be distinguished from coins intended for circulation.

2. Collector coins issued by the Vatican City State shall not be legal tender in the European Union.

Article 8

1. The Vatican City State shall undertake to adopt all appropriate measures, through direct transpositions or possibly equivalent actions, with a view to implementing the EU legal acts and rules listed in the Annex to this Agreement, in the field of:

(a) euro banknotes and coins,

(b) prevention of money laundering, prevention of fraud and counterfeiting of cash and non-cash means of payment, medals and tokens and statistical reporting requirements.

If and when a banking sector is created in the Vatican City State, the list of legal acts and rules in the Annex shall be extended with a view to including EU banking and financial law and relevant ECB legal acts and rules, in particular on statistical reporting requirements.

2. The legal acts and rules referred to in paragraph 1 shall be implemented by the Vatican City State in accordance with the deadlines specified in the Annex.

3. The Annex shall be amended by the Commission every year, with a view to taking into account the new relevant EU legal acts and rules and the amendments to the existing ones. The Joint Committee shall thereafter decide on appropriate and reasonable deadlines for the implementation by the Vatican City State of the new legal acts and rules added to the Annex.

4. The updated Annex shall be published in the *Official Journal of the European Union.*

Article 9

Financial institutions located in the Vatican City State may have access to interbank settlement and payment and securities settlement systems within the euro area under appropriate terms and conditions determined by the Bank of Italy, in agreement with the European Central Bank.

Article 10

1. The Court of Justice of the European Union shall be the jurisdiction which shall have the exclusive competence for settling any persisting dispute between the parties which may arise from the application of this Agreement and which could not have been solved within the Joint Committee.

2. If the European Union (acting on a recommendation of the EU delegation in the Joint Committee) or the Vatican City State considers that the other Party has not fulfilled an obligation under this Agreement, it may bring the matter before the Court of Justice. The judgment of the Court shall be binding on the Parties, which shall take the necessary measures to comply with the judgment within a period to be decided by the Court in its judgment.

3. In case the European Union or the Vatican City State fails to take the necessary measures to comply with the judgment within the period, the other Party can terminate immediately the Agreement. EN 4.2.2010 Official Journal of the European Union C 28/15.

Article 11

1. A Joint Committee shall be established. It shall be composed of representatives of the Vatican City State and of the European Union. The delegation of the EU shall be composed of representatives of the Commission and of the Italian Republic, together with the representatives of the European Central Bank. The European Union delegation should adopt its Rules of Procedures by consensus.

2. The Joint Committee shall meet at least once a year. The Chair shall rotate on an annual basis between a representative of the European Union and a representative of the Vatican City State. The Joint Committee shall adopt its decisions unanimously.

3. The Joint Committee shall exchange views and information and adopt the decisions mentioned in the Articles 3, 6 and 8. It shall examine the measures taken by the Vatican City State and shall endeavour to solve potential dispute resulting from the implementation of this Agreement.

4. The European Union shall be the first chair of the Joint Committee upon the entry into force of this Agreement, as laid down in Article 13.

Article 12

Without prejudice to Article 10(3), each Party may terminate this Agreement with notice of one year.

Article 13

This Agreement shall enter into force on 1 January 2010.

Article 14

The Monetary Agreement of 29 December 2000 shall be repealed from the date of entry into force of the present Agreement. References to the Agreement of 29 December 2000 shall be understood as references to the present Agreement.

Done at Brussels, 17 December 2009.

For the European Union Joaquín ALMUNIA *Member of the European Commission*

For the Vatican City State and, on its behalf, the Holy See His Excellency Archbishop André DUPUY *Apostolic Nuncio to the EuropeanUnion.*

ANNEX

LEGAL PROVISIONS TO BE IMPLEMENTED	DEADLINE FOR IMPLEMENTING
Prevention of money laundering	
Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, OJ L 309, 25.11.2005, p. 15 Amended by: Directive 2008/20/EC of the European Parliament and of the Council of 11 March 2008 amending Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, as regards the implementing powers conferred on the Commission, OJ L 76, 19.3.2008, p. 46 Commission Directive 2006/70/EC of 1 August 2006 laying down implementing measures for Directive 2005/60/EC of the European Parliament and of the Council as regards the definition of politically exposed person and the technical criteria for simplified customer due diligence procedures and for exemption on grounds of a financial activity conducted on an occasional or very limited basis, OJ L 214, 4.8.2006, p. 29 Regulation (EC) No 1781/2006 of the European Parliament and of the Council of 15 November 2006 on information on the payer accompanying transfers of funds, OJ L 345, 8.12.2006, p. 1 Regulation (EC) No 1889/2005 of the European Parliament and of the Council of 26 October 2005 on controls of cash entering or leaving the Community, OJ L 309, 25.11.2005, p. 9 Council Framework Decision 2001/500/JHA of 26 June 2001 on money laundering, the identification, tracing, freezing, seizing and confiscation of instrumentalities and the proceeds of crime, OJ L 182, 5.7.2001, p. 1	31.12.2010
Prevention of fraud and counterfeiting	
Council Regulation (EC) No 1338/2001 of 28 June 2001 laying down measures necessary for the protection of the euro against counterfeiting, OJ L 181, 4.7.2001, p. 6 Amended by: Council Regulation (EC) No 44/2009 of 18 December 2008 amending Regulation (EC) No 1338/2001 laying down measures necessary for the protection of the euro against counterfeiting, OJ L 17, 22.1.2009, p. 1	31.12.2010
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ANNEX XXXIII Regulations of the Corps of Gendarmerie

Regulations of the Corps of Gendarmerie

CHAPTER I

SCOPE, FUNCTIONS AND DISTINCTIVE ELEMENTS

Art. 1

SCOPE AND HIERARCHICAL DEPENDENCE

1. The Corps of Gendarmerie, created by Pope Pius VII with the *Motu Proprio* document issued on July 14, 1816, is responsible for the security of the Supreme Pontiff. Duties of the Corps include defending the territory of the Vatican City State, carrying out police functions as well as public order and security services, and enforcing laws and other regulations issued by the public Authorities.
2. The Corps, having civil nature, is under the authority of the Safety and Civil Protection Department of the Governorate and is militarily organized. It directly cooperates with the President of the Safety Committee.
3. With respect to services related to liturgical celebrations, papal audiences and public and private events, the Corps functionally reports to the competent Authorities.
4. The Corps of Gendarmerie is headed by a Commander, qualified as Prefect.
5. The Commander of the Corps of Gendarmerie is a public security Authority managing, accounting for and coordinating under a technical operative level public order and security services of the State.
6. The Commander manages, accounts for and coordinates any resource from other structures, should the use of such additional staff become necessary to correctly fulfill his function.

Art. 2

FUNCTIONS

1. The Corps of Gendarmerie has the following functions:
   a) Safety and protection of the Supreme Pontiff inside the Vatican State and during the travels of His Holiness in Italy as well as in other countries;
   b) Custody of all access to the State and performance of border police tasks;
   c) Management of safety and public order in close connection with the Papal Swiss Guard and the Vatican Bodies concerned with such matters as well as in collaboration, through the most appropriate channels, with Italian and other States' counterparts;
   d) General tasks of administrative police;
   e) Protection of the State territory as well as of the people and goods located therein, with the adoption of specific measures to safeguard Authorities from the Holy See and from the State;
   f) Criminal police activities;
   g) Performance of tax police duties, as well as road traffic management and control;
   h) Surveillance and public order in the areas referred to in Articles 15 and 16 of the Lateran Treaty and subsequent amendments.
2. The Corps is permanently connected to the Vatican Public Security Inspectorate as well as to other police or security Offices or Services.
3. Members of the Corps of Gendarmerie can be assigned for service to other structures of the Department.

4. Upon request by competent Authorities, the Corps performs the service of honor.
5. By means of an order by the competent Judicial Authority, members of the Corps of Gendarmerie can be entrusted with the functions of Chancellors or Judicial Officers with respect to single acts or judicial proceedings.

Art. 3

CITIZENSHIP

Due to specific functions carried out and upon proposal by the Commander, personnel of the Corps can be granted Vatican citizenship. Such grant can be revoked at any time upon request by the same Commander and does not provide entitlement to any housing allocation in the State territory.

Art. 4

PATRON

The Corps of Gendarmerie holds as its Patron Saint Michael the Archangel (September, 29).

Art. 5

FLAG AND STANDARD

In addition to Papal Flag, the Corps is also provided with its own standard.

Art. 6

UNIFORM, SALUTE, IDENTITY BADGE AND REGIMENTAL ROLL

1. Members of the Corps are provided with uniforms according to the models referred to in Annex. Uniform identifies users' Department and specifies rank held as well as possible assignments.
2. Members of the Corps awarded with decorations can place them on their uniform upon authorization by the Commander.
3. In particular cases, the Commander may authorize wearing the uniform off duty.
4. Members of the Corps of Gendarmerie render the honors to the Supreme Pontiff and salute Heads of States, Cardinals, Bishops, religious and civil Authorities, as well as Superiors of the Corps of the Swiss Guard, of foreign military and of Police units, besides the Papal flag.
5. Under particular circumstances and upon request by the Superiors, members of the Corps wear civil suits. Both on duty and off duty, members of the Corps shall take constant care of themselves.
6. While fulfilling their institutional functions, members of the Corps use their personal identity badges as well as the judiciary police badges (*cf. model attached).*

   Any abuse arising from undue display of identification badges shall be disciplinary punished, without prejudice to further legal actions should the conditions occur.
7. The Roll of the members of the Corps of Gendarmerie is kept at the Headquarters along with the relevant documents.

CHAPTER II

WORKFORCE

Art. 7*

PROFESSIONAL PROFILES, FUNCTIONAL LEVELS AND WORKFORCE

1. The Corps of Gendarmerie is divided in professional profiles, allocated in the

following functional – retributive levels:

Professional profiles	*Functional level*

Prefect	C2
General Manager	C3
Senior Manager	X
Chief Manager	IX
Senior Police Superintendent	VIII
Police Superintendent	VII
Inspector	VI
Vice Inspector	V
Gendarme	IV

2. Workforce is defined in the attached table.

***These changes have been proposed to satisfy the need to give due correspondence between the professional profiles of the Corps of Gendarmerie and those of foreign Police forces and in particular of the Italian ones, with which the Corps daily interacts for judiciary police tasks as well as for the activities carried out by the Holy Father on Italian territory.**

Art. 8

JUDICIARY POLICE OFFICERS

Members of the Corps from the Director to the Vice Inspector are Judiciary Police Officers.

Art. 9

JUDICIARY POLICE AGENTS

Gendarmes are Judiciary Police Agents.

CHAPTER III

ENLISTMENT

Art. 10

ADMISSION TO SELECTIONS

1. Candidates, in addition to the requirements set by the General Regulations for the Personnel of the Vatican City State Governorate, shall have the following ones:

a) Being unmarried;

b) Being of male gender;

c) Having being awarded a secondary school diploma or equivalent;

d) Being over 21 and under 25 years of age;

e) Having passed a specific medical examination proving good physical and psychic health as well as fitness for the tasks to be assigned;

f) Being no less than 178 cm. tall;

g) Knowing at least one other language in addition to their mother tongue.

2. Possession of the above-said requirements shall be proved by specific documentation, in accordance with the provisions of the General Regulations of the Personnel of the Vatican City State Governorate .

Art. 11

SELECTION STEPS

1. Candidates are preliminarily evaluated by the Prefect and by the Corps Chaplain on the basis of the acquired documentation and, if necessary, of a preliminary interview. Their decision is final.
2. Selection of admitted candidates is announced and a proper Commission is appointed by means of an order by the President of the Governorate.
3. Selection requires the passing of the following tests:

   a. Psychological suitability testing;

   b. Physical exercise testing;

   c. Written test assessing general and religious culture;

   d. Oral test assessing general and religious culture;

   e. Foreign language oral testing.
4. Should the number of participants make it necessary, selection can be carried out through multiple-choice written questions.

Art. 12

COMMISSION FOR THE ADMISSION TO TRIAL PERIOD

1. The Commission in charge of the admission to trial period is composed of the following persons:

   a. The Commander of the Corps, acting as President;

   b. The Chaplain of the Corps, acting as Member;

   c. The Head of Human Resources Department, acting as Member;

   d. An Official of the Governorate Legal Department, acting as Member;

   e. An Officer of the Corps, acting as Member and Secretary.
2. With respect to some specific tests, the Commission can avail itself of external persons with qualified experience (psychologists, physical education teachers, foreign language teachers, etc.).

Art. 13

ADMISSION TO TRIAL PERIOD

1. At the end of the tests referred to in art. 11, No. 3, the Commission draws up a merit list to be submitted to the Governorate Secretary General for subsequent fulfillments.
2. The President of the Governorate decides the admission to trial period of the qualified candidates within the limits of the available positions. Such order is communicated in writing by the Secretary General of the Governorate.

Art. 14

FORFEITURE

Any person failing to take service without justified reason at the date indicated in the letter of admission to trial period shall be considered as renouncing the position, as per the General Regulations of the Personnel of the Vatican City State Governorate.

Art. 15

TRIAL PERIOD

1. Trial period lasts two years.
2. Candidates admitted to trial period enjoy the remuneration set for III functional – retributive level.
3. During the trial period Gendarmes cannot get married.
4. During the trial period Gendarmes cannot leave Italian territory without prior authorization by the Commander; unless otherwise provided for, Gendarmes must be back to the barracks by midnight.
5. Every semester end, the Commander submits to the President of the Governorate an information report concerning each Gendarme, assigning them one of the following summarized evaluations: excellent, very good, good, fair, and fail.
6. Gendarmes taking a "fail" evaluation for two semesters are discharged from the Corps.
7. Upon request by the Commander and based on serious and proven reasons, any Gendarme can be discharged at any moment.

Art. 16

TEST FOR PERMANENT EMPLOYMENT

1. Before the end of the trial period, Gendarmes shall be given a test for permanent employment, including the following:

   1. Written test:

      a. Drawing up of a police report;

   2. Oral test:

      a. Religious culture;
      b. Vatican legal system;
      c. Criminal code and code of criminal procedure;
      d. Road traffic legislation and control;
      e. Structure of the Governorate;
      f. Functions of the Corps of Gendarmerie and service provisions;
      g. Topography of the Vatican City and of the areas referred to in Articles 15 and 16 of the Lateran Treaty and subsequent amendments;
      h. Knowledge of higher Prelates;
      i. Location of residing people, Offices and monuments in Vatican City;
      j. Location of Offices and Institutions of the Holy See outside the Vatican City;
      k. Conversation in a foreign language chosen by the candidate.

   3. Practical test:

      a. Assembling and disassembling the weapons supplied to the Corps;
      b. Target shooting exercises with individual and assigned Detachment's weapons;
      c. Physical exercise test;
      d. Police techniques.

2. At the end of each examination, Commission shall assign the candidates a "qualified" or "not qualified" evaluation.
3. Failure to pass the test shall cause termination of the employment relationship.

4. Candidates evaluated as “qualified” by the Commission are permanently employed by means of an order issued by the President of the Governorate.

Art. 17

COMMISSION FOR THE TEST FOR PERMANENT EMPLOYMENT

1. For the carrying out of each session of tests for permanent employment the President of the Governorate appoints a Commission consisting of the following persons:

   a. A Judge of the Tribunal, acting as President;

   b. The Commander, acting as Member;

   c. A Priest, acting as Member;

   d. The Head of the Human Resources Department, acting as Member;

   e. An Officer of the Corps, acting as Member and Secretary.

2. With respect to some specific tests, the Commission can avail itself of external persons with qualified experience (psychologists, physical education teachers, foreign language teachers, etc.).

Art. 18

OATH

On the occasion of Corps Day, Gendarmes who successfully passed the test for permanent employment take their solemn oaths of loyalty to the Supreme Pontiff with the following formula:

“I swear to faithfully serve the Supreme Pontiff … and His legitimate Successors and to dedicate myself to them with all my strengths. I moreover promise respect and obedience to my Commander and my other Superiors and to duly fulfill my official duties”.

CHAPTER IV

APPOINTMENTS

Art. 19

PREFECT

1. The Prefect is appointed by the Supreme Pontiff for a five-year term.

2. He is a Vatican citizen and resides inside the Vatican City.

3. He is a member of the Lay Papal Family.*

*** The Workforce and Discipline Regulations of the Corps of the Papal Gendarmerie issued on December 8, 1946 provided under art. 4 that all Officers of the Corps should be considered as members of the Papal Family. On September 14, 1970, Pope Paul VI ordered, by a letter sent to the most Excellent Cardinal Secretary of State, the dissolution of the Corps of the Papal Gendarmerie as well as of the other armed Corps, with the exception of the Papal Swiss Guard. However His Holiness clearly ordered that the functions fulfilled up to that moment by the Corps would be carried out by a specific Office to be established at the Governorate of the Vatican City State.**

By this addendum to art. 19 of the Regulations of the Corps of Gendarmerie, it is specified that not all the current Officers of the Corps are included in the Lay Papal Family but just the Commander, as well as his counterpart of the Swiss Guard who, among other things, is Gentleman of His Holiness like the Vice Commander and the Major.

Art. 20

GENERAL MANAGER

1. The General Manager is appointed by the Supreme Pontiff for a five-year term.

2. He is a Vatican citizen and resides inside the Vatican City.

Art. 21

SENIOR MANAGER

1. The Senior Manager is appointed by the President of the Governorate upon proposal by the Director, who chooses the candidates among the staff of the Corps holding the position of Manager and a Master's degree.
2. In order to be promoted Senior Manager, the employee shall have been assigned an "*excellent*" evaluation in the last two-year period.
3. The position can also be held by senior Officials or managers of Police Forces from other States holding the requisites referred to in art. 10 No. 1 letters b-e-f, having praiseworthily worked in the last two years in the original position as well as being less than 50 years of age.

Art. 22

CHIEF MANAGER

1. The Chief Manager is appointed by the President of the Governorate upon proposal by the Director, who chooses the candidates among the staff of the Corps holding the position of Police Superintendent and with a Master's degree.
2. In order to be promoted Chief Manager the employee shall have been assigned an evaluation no lower than "*good*" in the last two-year period.
3. The position can also be held by senior Officials or managers of the Police Forces from other States, holding the requisites referred to in art. 10 No. 1 letters b-e-f, having praiseworthily worked in the last two years in the original position as well as being less than 50 years of age.

Art. 23

SENIOR POLICE SUPERINTENDENT

1. With respect to the available positions of Senior Police Superintendent, a competition is announced among the Police Superintendents holding at least a Bachelor's degree.
2. Those having been assigned an evaluation lower than "good" in the last two-year period are not admitted to the competition.
3. A Commission referred to in art. 17 presides over the competition, regulated by qualifications and examinations and consisting of an oral and written test.
4. The written test consists in the drawing up of a public security or criminal police report.
5. The oral test concerns the subject matters referred to in art. 16, Nos. 1 and 2.
6. The position can also be assigned to senior Officials or managers of the Police Forces from other States holding the requisites referred to in art. 10 No. 1 letters b-e-f, having praiseworthily worked in the last two years in the original position as well as being less than 40 years of age.

Art. 24

POLICE SUPERINTENDENT

1. With respect to available positions of Police Superintendent a competition is announced among the Inspectors having held that position for at least a two-year period and having been awarded at least a secondary school diploma.
2. Those having been assigned an evaluation lower than "good" in the last two-year period are not admitted to the competition.
3. A Commission referred to in art. 17 presides over the competition, regulated by qualifications and examinations and consisting of an oral and written test.

4. The written test consists in the drawing up of a public security or criminal police report.
5. The oral test concerns the subject matters referred to in art. 16, Nos. 1 and 2.

Art. 25

INSPECTOR

1. With respect to the available positions of Inspector a competition is announced among the Vice Inspectors having held that position for at least two years and having been awarded at least a secondary school diploma.
2. Those having been assigned an evaluation lower than “good” in the last two-year period are not admitted to the competition.
3. A Commission referred to in art. 17 presides over the competition, regulated by qualifications and examinations and consisting of an oral and written test.
4. The written test consists in the drawing up of a public security or criminal police report.
5. The oral test concerns the subject matters referred to in art. 16, Nos. 1 and 2.

Art. 26

VICE INSPECTOR

1. With respect to the available positions of Vice Inspector a competition is announced among the Gendarmes having held that position for at least five years and having been awarded at least a secondary school diploma.
2. Those having been assigned an evaluation lower than “good” in the last two-year period are not admitted to the competition.
3. A Commission referred to in art. 17 presides over the competition, regulated by qualifications and examinations and consisting of an oral and written test.
4. The written test consists in the drawing up of a public security or criminal police report.
5. The oral test concerns the subject matters referred to in art. 16, Nos. 1 and 2.

Art. 27

PROFESSIONAL SKILL

Upon specific decision of the President of the Governorate, time-tested professional skill may compensate non-possession of the requested qualification.

Art. 28

CHAPLAIN

1. The Chaplain is appointed by the Supreme Pontiff for a five-year term
2. He resides in the Vatican City.

Art. 29

DOCTOR

The Doctor of the Corps is appointed for a five-year term by the President of the Governorate, upon proposal by the Director of Public Health and Hygiene having consulted the Prefect on the matter.

CHAPTERV

FUNCTIONS AND DUTIES OF THE PERSONNEL

Art. 30

GENERAL TASKS AND DUTIES

1. Professing Catholic faith and keeping loyalty to the Supreme Pontiff are essential in order to belong to the Corps of Gendarmerie.
2. Belonging to the Corps of Gendarmerie requires having an exemplary conduct in any place and under any circumstance, including outside the working place.
3. All employees shall inform the Commander when leaving the Italian territory off-duty.
4. Being a member of secret societies or political parties is forbidden to Gendarmes.
5. All employees of the Corps shall always behave correctly, express reservedly and act faithfully and fairly in service relations.
6. All members of the Corps have equal dignity, with due regard to their specific functions. Relations between the different ranks are regulated by the hierarchy principle providing the duty of obedience of the hierarchical inferior towards the hierarchical superior.
7. The Commander and, in case of his absence or impediment, the Senior Manager, are responsible for discipline and proper functioning of the Corps.
8. Anything regarding service or related to the functions carried out shall be kept strictly confidential.
9. Against unforeseen difficulties and the impossibility to communicate with the Superiors to receive instructions, members of the Corps shall promptly and effectively adopt the necessary measures required by the circumstances.
10. Unless otherwise set out by the Commander, service shall be carried out wearing uniform.
11. According to current needs, personnel shall work overtime.

Art. 31

DUTIES OF THE SUPERIORS

1. Superiors of the Corps shall efficiently and firmly organize, share and control the overall service.
2. Superiors shall be responsible for the training of the members of the Corps, optimizing their skills and nature, while bringing out a sound spirit of solidarity.
3. By means of their continuous and controlling presence, Superiors shall prevent any failure to comply with regulatory provisions and, when necessary, they shall take command and give the relevant orders.
4. Superiors shall inform the Commander about any fault discovered for the proper measures to be taken.

Art. 32

FUNCTIONS OF THE PREFECT

1. The Prefect is responsible for the functioning of the Corps and in particular:
   a. The Prefect manages all the Corps services;
   b. According to the occasion, the Prefect punctually informs the Secretary of State, the President of the Governorate, the Substitute of the Secretariat of State and the Secretary General of the Governorate about any particularly interesting or serious fact or that in any case calls for Superiors' attention;
   c. The Prefect proposes to the President of the Governorate the announcement of competitions assigning superior functions;
   d. The Prefect is responsible for the cultural and technical-professional training of the members of the Corps, arranging in particular the update courses on a regular basis;

e. The Prefect informs the members of the Corps about rules and regulations issued by Superior Authorities;

f. The Prefect ensures discipline to be observed;

g. Together with the Chaplain, the Prefect is responsible for candidates' preselection process;

h. The Prefect maintains relations with the President of the Safety Committee, the Commander of the Papal Swiss Guard, the Inspectorate of the Vatican Public Security as well as with other Offices or Police and security Services;

i. Within the limits provided for by the Regulations, the Prefect grants ordinary and temporary leaves, daily and night permits, as well as leaves for Gendarmes in trial period;

j. The Prefect proposes and grants rewards;

k. On an yearly basis the Prefect draws up personnel assessments, which then he submits to the President of the Governorate;

l. The Prefect is responsible for the administration of the Corps; m. The Prefect calls for the greatest care with respect to weapons, additional objects as well as barracks furniture and fittings;

m. The Prefect signs criminal police reports.

Art. 33

FUNCTIONS OF THE GENERAL MANAGER

1. The General Manager directly collaborates with the Prefect, carrying out the tasks he entrusts him and constantly informing him about any emergency occurs.
2. The General Manager substitutes the Prefect in case of his absence or impediment.
3. Before taking any decision on particularly important situations, the General Manager shall consult the Prefect.
4. On a daily basis, the General Manager watches over relations with Senior Managers, Chief Managers and Senior Police Superintendents.

Art. 34

FUNCTIONS OF THE SENIOR MANAGER

1. By the Commander's assignment and, besides carrying out their ordinary functions, Senior Managers are responsible for the following functions respectively: administering the Corps and controlling the areas referred to in arts. 15 and 16 of the Lateran Treaty and subsequent amendments along with the operational activity of the Gendarmerie carried out therein.
2. The Senior Manager responsible for the areas referred to in arts. 15 and 16 of the Lateran Treaty and subsequent amendments:
   a. Is in charge of the security services related to them, coordinating the relevant daily operational activity of the personnel of the Corps;
   b. Ensures contacts with the relevant supervisors, voluntary Organizations operating therein and police forces;
   c. Informs the Commander about any significant news;
   d. During stays of the Supreme Pontiff at the Papal Villas, the Senior Manager assigns his functions with respect to that area to the Commander of the Detachment.
3. The Senior Manager who acts as administrative director:
   a. Oversees the administration of the Corps and keeps the Roll;
   b. Draws up the financial statements of the Corps;

c. Maintains relations with the Management of the State Accounting Office;

d. Ensures the administrative coordination between the Corps of the Gendarmerie, the Fire Brigade and the Administrative Secretariat of the Safety Operations Center (C.O.S.).

Art. 35

FUNCTIONS OF THE CHIEF MANAGER

1. Chief Managers are responsible for barracks as well as criminal police activities with respect to the events occurring in Vatican City State and in the areas referred to in arts 15 and 16 of the Lateran Treaty and subsequent amendments respectively.
2. With the support of the personnel under his authority, the Chief Manager responsible for Criminal Police activities attends to all investigations entrusted to him by the Prefect and the General Manager.
3. The Chief Manager responsible for the events occurring in Vatican City State and in the areas referred to in arts 15 and 16 of the Lateran Treaty and subsequent amendments:
   a. Is in charge of relations with the organizers of the events as well as with the other interested Offices of the Governorate and of the Holy See;
   b. Plans the works and arranges the relevant services, constantly informing the Commander or, in case of his absence or impediment, the Senior Manager.
4. The Chief Manager responsible for the barracks:
   a. Attends to the equipments of the Corps;
   b. Attends to the armory;
   c. Arranges for canteen services and personnel's clothes.

Art. 36

FUNCTIONS OF THE SENIOR POLICE SUPERINTENDENT

Senior Police Superintendents:

a. Receive orders from Senior Manager on a daily basis and transmit them to the personnel on duty, verifying the correct fulfillment of such orders;

b. Are responsible for the personnel of the area of competence;

c. Carry out daily and night inspections.

Art. 37

FUNCTIONS OF THE POLICE SUPERINTENDENT

1. Police Superintendents:
   a. Control specific sectors of the State and of the areas referred to in arts 15 and 16 of the Lateran Treaty and subsequent amendments;
   b. In case of absence or impediment, they substitute Senior Police Superintendents.
2. They can carry out the functions referred to in art. 2, No. 5;

Art. 38

FUNCTIONS OF THE INSPECTOR

1. Inspectors:
   a. Follow the orders and the instructions received with utmost care and discipline, transmitting such orders to colleagues replacing them on duty;
   b. Oversee subordinate colleagues' service fulfillment;

c. Against any difficulty or irregularity that may arise, they refer to the Senior Police Superintendents and to the Police Superintendents on duty of the area of competence;

d. Substitute Police Superintendents in case of their absence or impediment;.

2. The may exercise the functions referred to in art. 2, No. 5;

Art. 39

FUNCTIONS OF THE VICE INSPECTOR

1. Vice Inspectors directly collaborate with Inspectors in transmitting Gendarmes on duty the necessary orders and instructions, verifying their prompt fulfillment.
2. Before requesting the intervention of the Superiors on duty they ask, where service makes it possible, the intervention of the closest Inspector.
3. Substitute Inspectors in case of their absence or impediment.

Art. 40

FUNCTIONS OF THE GENDARME

1. Gendarmes promptly carry out the tasks entrusted to them in fulfilling the specific scope of the Corps; they actively collaborate with all Superiors.
2. Without prejudice to art. 30, No. 9, Gendarmes comply with service orders and instructions received; in cases of difficulty they request the support of the closest Superior.

Art. 41

FUNCTIONS OF THE CHAPLAIN

1. The Chaplain:
   a. Is Rector of the church of San Pellegrino;
   b. Provides spiritual care to members of the Corps;
   c. Ensures the celebration of the Holy Mass on Sundays and holidays;
   d. Arranges the other liturgical celebrations for the members of the Corps;
   e. On preset dates and times, he provides for religious and moral education of the personnel;
   f. Plans yearly spiritual retreats;
   g. Together with the Prefect is in charge of candidates' pre-selection process.
2. The Chaplain is immediately informed about particular situations concerning life and health of the members of the Corps and of their relatives.

Art. 42

FUNCTIONS OF THE DOCTOR

The Doctor:

a. Daily examines the personnel requesting to be visited;

b. May be entrusted by the Prefect, who informs the Personnel Office, to carry out medical checks on employees on sick leave;

c. Controls the meals prepared at the canteen of the Corps and is in charge of other tasks concerning health entrusted to him by the Prefect, in accordance with the Director of Public Health and Hygiene.

CHAPTER VI

RECOGNITIONS

Art. 43

CATEGORIES

1. Recognitions for employees of the Corps of Gendarmerie are divided into ordinary and extraordinary ones.
2. All recognitions and relevant reasons are reported in the relevant personal file of the employee and are taken into consideration for the purpose of possible promotions.

ART. 44

ORDINARY RECOGNITIONS

1. Ordinary recognitions are:
    a. Simple commendations;
    b. Solemn commendations.
2. Simple commendations are granted by the Prefect to employees demonstrating a particular ability in fulfilling their duties or distinguishing themselves in fulfilling a special service.
3. Solemn commendations are granted by the Prefect to employees carrying out an extraordinary act or bringing great prestige to the Corps.

ART. 45

EXTRAORDINARY RECOGNITIONS

1. Extraordinary recognitions are:
    a. Promotions due to exceptional merit;
    b. Signs of honor.
2. Promotions due to exceptional merit are proposed by the Prefect to the President of the Governorate for employees showing extraordinary attitude and professionalism in the fulfillment of their service or promptly, reservedly and brilliantly resolving a delicate task entrusted to them.
3. Promotions due to exceptional merit involve advancing to a higher rank.
4. As set forth under No. 2, promotions to the position of General Manager are excluded from this category.
5. Promotions due to exceptional merit are granted only once a career.
6. Signs of honor are proposed by the Prefect to the President of the Governorate for employees distinguishing for special merits or for their long lasting and praiseworthy duty.
7. Signs of honor, according to the criteria provided under No. 6, may be granted also to retired personnel having shown loyalty and devotion during the permanence in the Corps.

CHAPTER VII

DISCIPLINE

Art. 46

DISCIPLINARY SANCTIONS

1. Conduct contrary to the General Regulations of the Personnel of the Governorate of the Vatican City State and to the present Regulations are subject to disciplinary sanctions to be applied pursuant to the following articles.
2. Disciplinary sanctions are:
    a. Reprimand (applicable only to Gendarmes in trial period);
    b. Confinement to barracks (applicable only to Gendarmes in trial period);

c. Rebuke;

d. Admonition with or without pecuniary penalty;

e. Censorship with or without pecuniary penalty;

f. Temporary reduction of salary;

g. Suspension from work;

h. Dismissal;

i. Legal removal.

3. In the event they acknowledge facts subject to disciplinary sanctions, those directly responsible for the service or his Superior shall carry out the necessary investigations submitting the relevant documentation to the Prefect. Should the case fall within his competence and after hearing the employee as well as evaluating his reasons, the Prefect applies any necessary sanction.

4. Should the committed facts involve sanctions more serious than censorship, the Prefect duly submits the relevant documentation to the Secretary General, which shall take actions pursuant to the General Regulations of the Personnel of the Governorate of the Vatican City State.

Art. 47

REPRIMAND

Reprimands are verbally inflicted to Gendarmes in trial period by a Superior of the Corps, in order to correct slight failures or omissions. The Commander is informed about inflicted reprimands.

Art. 48

CONFINEMENT TO BARRACKS

1. Confinements to barracks are inflicted to Gendarmes in trial period which committed general faults against discipline or to the prejudice of service. Such decisions affects the evaluation of the Commission at the end of the trial period.

2. Confinement to barracks consists in the prohibition to go outside the barracks and its annexes, except for duty reasons.

3. This punishment is inflicted by the Prefect and in case of his absence or impediment by the General Manager, upon proposal by a Corps Superior; it may last no longer than five days. This punishment may be revoked or suspended due to serious and proven reasons as well as following a new evaluation of the facts.

4. Failure to observe consignment to barracks shall imply the voluntary resignation by the Corps.

Art. 49

REBUKE

Rebukes are verbally inflicted to employees by a Corps Superior to correct slight failures or omissions. The Prefect is informed about inflicted rebukes.

Art. 50

ADMONITION

1. Admonitions are inflicted not only for the cases referred to in the General Regulations of the Personnel of the Governorate of the Vatican City State but also:

   a. due to carelessness for one’s look and uniform;

   b. due to carelessness for one’s assigned bed and room;

   c. due to improper use of assigned cars and other goods of the Corps;

   d. due to using IT tools of the Corps for private purposes;

e. due to using private IT instruments and telephones during working hours.

2. 2. Admonitions may be strengthened by a deduction from salary no higher than a daily pay.
3. 3. Admonitions are inflicted by the Prefect after examining the relevant documentation and having heard the employee.
4. 4. Admonitions are communicated in writing to employees and Human Resources Office; they affect the annual evaluation.

Art. 51

CENSORSHIP

1. Censorships are inflicted due to the reoccurrence of failures having caused previous oral admonitions, occurring within a one-year period from the infliction of the latter. When the failure is serious, the censorship may be inflicted even though not preceded by any admonition.
2. Censorships may be strengthened by a deduction from salary no higher than the pay for two working days.
3. Censorships are inflicted by the Prefect after examining the relevant documentation and having heard the employee.
4. Censorships are communicated in writing to employees and Human Resources Office; they affect the annual evaluation.

Art. 52

TEMPORARY REDUCTION OF SALARY

1. Subject to the obligation to remain on duty, temporary reductions of salary are inflicted not only for the cases referred to in the General Regulations of the Personnel of the Governorate of the Vatican City State but also in case of:
   a. Abandonment of assigned weapons;
   b. Repetition of conduct sanctioned with admonition after applying censorship.
   c. Temporarily leaving one’s service spot without due permit by the competent Superior;
2. Temporary reductions of salary, excluding family allowance, may not be less than one fifth and may not last over three months;
3. Temporary reductions of salary affect the annual evaluation and exclude employees from any competition for two two-year periods from the infraction.

Art. 53

SUSPENSION FROM WORK

1. Suspension from work consists in removing the Gendarme involved from service while depriving him of his salary, after statutory deductions for pension and social security and excluding family allowance. Administration shall carry out payments provided for health care at its expenses.
2. The duration of the suspension depends on the seriousness of the committed faults; however, it shall be no longer than three months.
3. Suspension from work is inflicted not only in the cases referred to in the General Regulations of the Personnel of the Governorate of the Vatican City State, but also in the cases sanctioned with temporary reductions of salary, should the infractions be particularly serious.
4. Suspension period is not taken into account in calculating seniority.
5. Employees suspended from service are excluded from any Corps competition for four two-year periods starting from the date of the relevant communication. Suspensions will be mentioned in the relevant annual evaluations as per art. 32 No.1 letter k.

Art. 54

DISMISSAL

Dismissal calls for the resolution of the work relation and occurs in the cases and according to the conditions set in the General Regulations of the Personnel of the Governorate of the Vatican City State.

Art. 55

LEGAL REMOVAL

Legal removal takes place pursuant to art. 59 of the General Regulations of the Personnel of the Governorate of the Vatican City State.

Art. 56

PRECAUTIONARY SUSPENSION FROM SERVICE

Precautionary suspension from service is regulated by arts. 67 – 69 of the General Regulations of the Personnel of the Governorate of the Vatican City State.

CHAPTER VIII

TRANSFERRING OF PERSONNEL

Art. 57

COMPULSORY TRANSFERS

1. According to Administration's needs or for other reasons connected to service fulfillment, employees from the Corps of Gendarmerie can be transferred to any Office of the Governorate or of the Holy See.
2. Transfers are proposed directly by the Prefect to the President of the Governorate.

Art. 58

TRANSFERS REQUESTED BY EMPLOYEES

1. Personnel of the Corps of Gendarmerie may request a transfer to different positions only after 15 years worked.
2. Relevant requests shall be sent to the Prefect, which submits it to the President of the Governorate enclosing his opinion and any other useful evaluating element.

Art. 59

PREROGATIVES IN CASE OF TRANSFER

Transferring of Corps of Gendarmerie employees to other employment within the Offices of the Governorate or of the Holy See, requires all the rights set by art. 60 No. 2 are no longer valid, with the exception of those already accrued.

CHAPTER IX

REMUNERATION

Art. 60

SALARY

1. Employees of the Corps of Gendarmerie shall receive the remuneration set by the General Regulations of the Personnel of the Governorate of the Vatican City State.
2. In consideration of the specific job carried out, the work actually performed by them is calculated as referred to in art. 62.

CHAPTER X

RETIREMENT

Art. 61*

RETIREMENT

1. The Prefect and the General Manager are subject to retirement as per the General Regulations of the Personnel of the Governorate of the Vatican City State.
2. Maximum age limits of retirement for personnel of the Corps of Gendarmerie are as follows:

Senior Manager	62 years
Chief Manager	62 years
Senior Police Superintendent	60 years
Police Superintendent	60 years
Inspector	60 years
Vice Inspector	60 years
Gendarme	60 years

*** For immediate disbursing of pension after 32 worked years and 8 years addition, it is worth wondering if it is necessary to have also exceeded the age limit indicated in this article.**

Art. 62**

CALCULATION OF SENIORITY

Service actually carried out by the personnel is calculated with the increase of one fourth of the whole working period.

**** Already for the Regulations of the Corps of the Papal Gendarmerie of December 8, 1946 the legislator recognized the stressful work carried out by Gendarmes and thus inserted a specific article (132) providing that the work actually carried out would been increased by 1/3 for pension purposes, this meaning that for each three working years an additional year was considered.**

Following the dissolution of the Corps of the Papal Gendarmerie and in the regulations of the new office named Central Office of Vigilance issued on December 30, 1981, such prerogative was confirmed but with the difference that the increase of the actually carried out work became ¼ (art. 24 lett. b).

Also in this case legislators understood the difficulties of the service carried out, considered of a "particular" kind both with respect to the safety of the Holy Father and of the State as well as to the typology of the same service. As a matter of fact, even though personnel is honored to serve the Holy Father and the Holy See, it is without doubt that their important and delicate service involves a highly emotional psycho-physical stress. Moreover said task is carried out in hard conditions and under any weather, with daily and night shifts, during holidays and on Sundays, hence having repercussions on family life of every Gendarme.

Certainly the job carried out by Gendarmes is quite different from the one performed by the other employees of the Holy See. This is the reason why against a less hard work and already for many years, the legislator had established Gendarmes, were entitled to enjoy such benefits, to retire and to be granted their pension at the 32nd year of effective service, given their peculiar job.

Art. 63

RECALLING

1. Under extraordinary circumstances calling for the use of an effective force superior to the available one, the Prefect may recall to fixed-term service Corps retired personnel, subject to previous consent by the President of the Governorate.
2. Salary and legal treatment is provided for under a specific contract.

CHAPTER XI

HISTORICAL COLLECTION OF THE CORPS

Art. 64

HISTORICAL COLLECTION OF THE CORPS

At the barracks of the Corps a Collection is kept of flags, uniforms, historical weapons, acts and objects of historical or documentary interest; the keeper of said Collection is the Manager responsible for the barracks.

CHAPTER XII

MUSIC BAND

Art. 65

MUSIC BAND

1. A Music Band made up of volunteers and regulated by specific rules is attached to the Corps of Gendarmerie.
2. The Music Band performs in the ceremonies of the Corps and anytime it is deemed necessary. It can also take part in events taking place outside the State.
3. The Band Director is appointed by the President of the Governorate, upon proposal by the Prefect of the Corps.
4. The Director and the components of the Band are assigned an yearly allowance determined by the President of the Governorate.
5. The members of the Music Band wear a dedicated uniform.
6. The Music Band is logistically coordinated by a Superior of the Corps of Gendarmerie. Said function may be entrusted also to a retired Superior.

CHAPTER XIII

FINAL PROVISIONS

Art. 66

APPLICABLE REGULATIONS

With respect to the personnel of the Corps of Gendarmerie and unless otherwise provided for in the present Regulations, the provisions of the General Regulations of the Personnel of the Governorate of the Vatican City State and any other provision of a general nature and applicable to all the personnel employed by the Governorate apply.

Art. 67

ABROGATION

All regulatory provisions not consistent with the present regulations are to be

deemed as abrogated.

ANNEX II

(art. 7 No. 2)

Staff of the

Corps of Gendarmerie

of the Vatican City State

Qualification	***Staff****
Prefect	1
General Manager	1
Senior Manager	2
Officers	
Chief Manager	3
Senior Police Superintendent	8
Police Superintendent	16
Inspector	32
Vice Inspector	40
Gendarmes	
Gendarme	94

*** The numbers in the staff table as modified – with respect to the one attached to the Regulations issued on September 18, 2008 – have been approved by the Cardinal President of the Governorate with letter No. 485986 dated July 10, 2009.**

ANNEX XXXIV Overview and detailed description of IOR Client Industry Codes

IOR

Overview and detailed description of Client Industry Code

- VATICAN CONGREGATIONS: in IOR terminology are they a part of the Departments of the Roman Curia, with administrative or promotional duties, whose name begins for Congregation.
- NUNCIATURES AND APOSTOLIC DELEGATIONS: the Nunciatures and Apostolic Delegations are the permanent diplomatic representatives of the Holy See to a State or international organization.
- HOLY SEE DEPARTMENTS: departments of the Holy See without Vatican Congregations.
- CANONIAL FOUNDATION: Legal entities constituted juridical persons either by a provision of the canon law itself or by a special concession given in the form of a decree by the competent authority.
- BEATIFICATION CAUSES: the beatification procedure aimed at ascertaining the moral an heroic virtues of the Servants of God whose beatification an canonization are followed by a postulator with the legal recognition of the Congregation for the Causes of Saints. Category at issue concerns the costs and expenses necessary to conduct the inquiry only.
- RELIGIOUS INSTITUES (Male or Female): religious societies in which, in accordance with their own law, the members pronounce public vows and live a fraternal live in common characterised by a distinctive "separation from the world". Religious institutes have a legal recognition of the Congregation for Institutes of Consecrated Life and Societies of Apostolic Life and may be male or female.
- SECULAR INSTITUES (male or female): institutes of consecrated life in which, in accordance with their own law, the members pronounce public vows but, unlike the Religious Institutes, they continue to live and to work "into the world" in the normal conditions of their own social setting. Secular institutes may be clerical or lay, male or female and have a legal recognition of the Congregation for Institutes of Consecrated Life and Societies of Apostolic Life.
- MONASTERIES, CONVENTS AND ABBEYS: autonomous and lawfully constituted houses where a recognised religious community lives under the authority of a superior designated according to the provision of the canon law.
- BISHOP'S CONFERENCES, DIOCESES AND REPRESENTATIVE DEPARTMENTS: the Bishop's Conference, a permanent institution, is the Bishop's assembly of a country or of a certain territory, exercising together certain pastoral offices for Christ's faithful of that territory. The Diocese is a portion of the people of God that constitutes a particular Church, which is entrusted to a Bishop.
- PARISHES, CHURCHES AND RELATED DEPARTMENTS: are Churches, whose pastoral care, under the authority of the diocesan Bishop, is entrusted to a priest as its proper pastor.
- SEMINARIES, COLLEGES, VARIOUS ENTITIES: structures and institutions usually under the authority of the diocesan Bishop, where young men who intend to become priests receive the appropriate religious formation and instruction.
- CARDINALS: the Cardinals of the Holy Roman Church constitute a special College, whose prerogative it is to elect the Holy Father in accordance to the norms of a special law. The cardinal are also available to the Holy Father, either acting collegially, when they are summoned together to deal with questions of major importance, or acting individually, that is in the offices which they hold in assisting the Holy Father especially in the daily care of the universal Church.
- BISHOPS: the Bishops are the responsible of pastoral and administrative care over a Diocese or a particular Church, according to the needs of the universal Church.

- SECULAR AND RELIGIOUS CLERGY MEN: “Secular clergy” is composed of ministers, such as deacons and priests, who do not belong to a specific religious institute. “Religious clergy” belongs to a specific religious institute, pronounces public vows and lives a fraternal life in common.
- NUNS: women who have taken vows belong to a female religious institute committing them to live a spiritual and a fraternal life in common.
- EMBASSY TO THE HOLY SEE: foreign embassy duly accredited to the Holy See.
- HOLY SEE EMPLOYEES: persons employed by the Holy See’s entities and offices.
- HOLY SEE RETIRED EMPLOYEES: ex-employees entitled to receive pensions by the Holy See’s entities.
- IOR EMPLOYEES: personnel of the IOR
- IOR REITRED EMPLOYEES: former employees of the IOR entitled to receive pensions
- LAY MASTER OF CEREMONIES OF THE HOLY SEE: people attending the Holy Father during the official celebrations and ceremonies
- FORMER VATICAN EMPLOYEES AND DIPLOMATIC STAFF OF THE HOLY SEE: Vatican ex-employees and Holy See diplomatic staff.
- LEGAL PERSONS WITHOUT CANONICAL RECOGNITION: legal persons recognized under civil law but without canonical recognition. According to the IOR Internal AML/CFT Policy legal persons without canonical recognition may not be accepted as customers. Such legal pesons are considered to be “legacy customers”. IOR representatives stress that that as of 2007 the IOR has not established relations with such legal persons. At the time of the onsite visit there are 995 clients falling under this category as of November 30, 2011. 51 accounts of them are qualified as dormant account.
- DIPLOMATIC CORPS ACCREDITED TO THE HOLY SEE: representatives of foreign countries duly recognised and accredited to the Holy See.

ANNEX XXXV Interpretation concerning the powers of confiscation held by the judge in criminal matters

Authentic interpretation of the Pontifical Commission for Vatican City State concerning the powers of confiscation held by the judge in criminal matters, with regard to the crime of money laundering and predicate offences of such laundering.

Preamble

According to Article 1, paragraph 1, of the *Fundamental Law of Vatican City State*: "*The Vatican legal system recognizes in canon law its primary normative source and the primary criterion of reference for interpretation*." Canon 16, §1 of the Code of Canon Law establishes that: "*The legislator authentically interprets laws as does the one to whom the same legislator has entrusted the power of authentically interpreting*."[2] On the basis of these texts, this Pontifical Commission, in virtue of the legislative power granted it by Article 3 of the *Fundamental Law of Vatican City State*, declares itself competent to provide an authentic interpretation concerning the powers of confiscation held by the judge in criminal matters, with regard to the crime of money laundering and predicate offences of such laundering.

Normative References

The judge's power of confiscation with regard to the crime of money laundering is laid down by Article 421 *bis* (*Money laundering and self-laundering*) of the Criminal Code.[3] According to paragraph 5 of said Article:

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

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

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

Furthermore, in conformity with paragraphs 6, 7 and 8 of the same Article 421 *bis*:

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

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

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[2] *"Leges authentice interpretatur legislator et is cui potestas authentice interpretandi fuerit ab eodem commissa"*.

[3] The disposition was introduced by Article 3 of Law No. CXXVII of 30 December 2010, as amended and completed by Decree No. CLIX of the President of the Governorate of Vatican City State, confirmed by this Pontifical Commission at its meeting of 2 April 2012, in conformity with Article 7, par. 2, of the *Fundamental Law of Vatican City State*.

8. The judge shall adopt precautionary measures, including the seizure of the currency, funds or other assets eligible to be confiscated, to prevent their sale, transfer or disposal, as well as other measures to enable the competent authorities to identify, trace, and

freeze the currency, funds or other assets eligible to be confiscated, without prejudice to the *bona fide* rights of third parties.

According to a literal interpretation, the meaning of the words considered in their text and context,[4] the power of confiscation held by the judge includes: *viz.*, the proceeds of the *crime of money laundering*, direct or indirect, including all the instrumentalities used or destined to that purpose; *viz.*, the profits or other benefits, originating directly or indirectly from the proceeds of the *predicate offence*; *viz.*, the currency, funds and other assets of equivalent value among those owned or possessed, directly or indirectly, exclusively or jointly with others, by the convicted person, without prejudice to the *bona fide* rights of third parties.

The predicate offences of money laundering are defined by the legal order using two criteria. Article 1, paragraph 5, of Law No. CXXVII of 30 December 2010, on the one hand, expressly lists a some predicate offences; on the other hand, relying upon threshold of penalty approach, it defines as a predicate offence: *"any other criminal acts punishable, pursuant to the Criminal Code, with a minimum penalty of six months or more of imprisonment or detention; or with a maximum penalty of one year or more of imprisonment or detention"*.

Confiscation is expressly provided for with regard to two types of predicate offence, specifically the crimes of financing terrorism (Article 138 *bis*, paragraphs 3, 4 and 5 of the Criminal Code), and piracy (article 311 *bis* of the Criminal Code). The two crimes were introduced by Law No. CXXVII of 30 December 2010. The express reference to confiscation is based upon the legislative technique adopted, which differs from that employed by the legislator of the 1889 Criminal Code.

The law does not in fact suffer from a lacuna in the matter of confiscation, since the combined provisions of certain general norms of the Code of Criminal Procedure provide for the judge's power to order confiscation, a power which can in theory be exercised for all criminal cases set forth in the Criminal Code (and by subsequent special legislation), including, therefore, predicate offences for which express confiscation provision is not made.

Three articles of the Criminal Procedure Code are worthy of note. According to Article 166, paragraph 1: *"The officials of the judiciary police impound those things which were used or meant to be used in committing the crime, those things which are its proceeds, and all that can be useful to the ascertainment of the truth"*. The provision is taken up by Article 237, paragraph 1, which provides that: "*The judge instructor can order the seizure of the things indicated in Art. 166…*". Consequently, according to Article 612, par. 1: "*The things that are the proceeds of the crime, or have in any way a relation to the same, are kept sequestered for as long as the proceedings require; once the proceedings are terminated, when they are no longer subject to confiscation, they are restored to those entitled to them*".

From the combined provisions of the aforementioned norms it follows that the judge can order the seizure and subsequent confiscation of "*the things that are the proceeds of the crime, or have in any way a relation to the same*." The legal framework, briefly referred to above, provides the judge with effective instruments, albeit always within the limits of the principle of legality and respect for the right to due process.

[4] Cf. Canon 17 of the Code of Canon Law: *"Laws … must be understood in accord with the proper meaning of the words considered in their text and context"*.

This interpretation is supported by uniform jurisprudence regarding the matter of confiscation. The judge has in fact ordered seizure and subsequent confiscation in processes relative to various cases of predicate offences, including homicide, drug trafficking, illicit possession of arms, theft, etc. (cf. Attachment).

Finally, it is useful to point out the direct effects of the norms regarding confiscation contained in the 1988 *Convention against Illicit Trafficking in Narcotic Drugs or Psychotropic Substances* (Article 5), the 1999 *Convention for the Suppression of the Financing of Terrorism* (Article 8) and the 2000 *Convention against Transnational Organized Crime* (Article 12), all ratified by the Holy See on 25 January 2012 within the framework of an adjustment of its internal law to international norms respecting the prevention and countering of the laundering of the proceeds of criminal activities and the financing of terrorism.

By effect of Article 1, paragraphy 4, of the *Law on Souces of Law*,[5] without prejudice to the general principles of its internal legal order, the aforementioned Conventions offer both a normative and an interpretative point of reference for reconstructing the powers of the judge to order confiscation in a way consistent with both internal criminal law (in the terms mentioned above) and international norms.

For example, in the case of a conviction for the crime of illicit production, trafficking and possession of narcotic drugs or psychotropic substances, Article 326 *bis* of the Criminal Code does not explicitly provide for the confiscation of narcotic and psychotropic substances, materials, paraphenalia and implements. The existence of this power should now be more clearly evident from Article 8, paragrah 1, b) of the *Convention on Illicit Trafficking in Narcotic Drugs and Psychotropic Substances*. The confiscation of narcotic substances and a precision scale was nonetheless ordered by a judge in a case dating from 2003, and thus prior to the ratification of the aforementioned Convention, thereby proving the existence of a general power of confiscation held by the judge.

The Pontifical Commission for Vatican City State, declaring the *per se* certain meaning of the words of the law presently in force, therefore states that:

Considering Articles 166, par. 1; 237, par. 1; and 612, par. 1, of the Code of Criminal Procedure; as well as Article 421 bis, parr. 5, 6, 7 and 8 of the Criminal Code; the judge possesses the power to order confiscation of the proceeds, direct and indirect, of all predicate offences of money laundering, and likewise the power to order confiscation of currency, property and other assets which are the object of laundering in a criminal process dealing with the crime of laundering. The power to order confiscation extends to the currency, property and other assets of equivalent value, whenever the currency, property and assets are owned or possessed, exclusively or jointly with others, directly or indirectly, by the convict, without prejudice to the* bona fide *rights of third parties.

[5] *"The legal system of the Vatican City State adheres to the general rules of the international law and to those arising from the treaties and other agreement to which the Holy See is a Party".*

ANNEX XXXVI Legal Persons listed in the Registries of the Governatorate of Vatican City State

Legal Persons listed in the Registries of the Governatorate of Vatican City State (2011)

1) Institute for Religious Works (IOR)

Date of establishment	June 27, 1942: Chirograph of the Supreme Pontiff Pius XII. March 1, 1990: Chirograph of the Supreme Pontiff John Paul II. The entity was given new Statutes.
Canonic Legal Personality	YES, since June 27, 1942
Civil Legal Personality	NO
Seat	Vatican City State
Mission	For the safekeeping and administration of real and personal assets entrusted to them by natural or legal persons, destined entirely or partially toward works of religion or charity.
Legal representative	President of the Board of Directors
Supervision and Inspection	- Supervisory Council - Supervisory Commission of Cardinals
Entry date and position in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 1

2) Healthcare Assistance Fund (FAS)

Date of establishment	July 25, 1953: *Rescritto ex audientia* of the Supreme Pontiff Pius XII July 10, 2010: The entity was given new Statutes and By-laws
Canonic Legal Personality	NO
Civil Legal Personality	YES, since July 25, 1953
Seat	Vatican City State
Mission	The Healthcare Assistance Fund is established for the benefit of Vatican personnel and their families, including retired employees and their families, of the organs and entities managed directly by the Apostolic See, even those not having seat in Vatican City State.
Legal Representative	President of the Board of Directors (same office holder as that of Secretary of the Administration of the Patrimony of the Holy See)
Supervision and Inspection	Secretariat of State
Entry date and position in the Registry of Civil Legal Persons	November 26, 1993, entry n. 2

3) "*Nostra Aetate* Scholarship" Foundation

Date of establishment	May 19, 1990: Decree by the President of the Pontifical Council

	for Interreligious Dialogue, enacted by the power vested in him by the Supreme Pontiff John Paul II.
Canonic Legal Personality	YES, since May 19, 1990
Civil Legal Personality	NO
Seat	Vatican City State
Mission	To help scholars of other religions who wish to acquire deeper knowledge of Christianity at the Pontifical Institutes and Universities in Rome, in view of future teaching positions in the subject of Christianity in their own countries, or of a similar service in the field of interreligious dialogue. In some cases, depending on financial ability, a scholarship may be a sum to help purchase textbooks, assistance for publication of editorial works, organizing special classes.
Legal representative	President of the Foundation (same office holder as that of Secretary of the Pontifical Council for Interreligious Dialogue)
Supervision and Inspection	Pontifical Council for Interreligious Dialogue
Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 3

4) Vatican Film Archive

Date of establishment	November 16, 1959 Decision of the Supreme Pontiff John XXIII
Canonic Legal Personality	YES, since November 16, 1959
Civil Legal Personality	NO
Seat	Vatican City State
Mission	To collect and conserve films and television footage that pertain to the life of the Church
Legal Representative	President of the Pontifical Council of Social Communications
Supervision and Inspection	Pontifical Council of Social Communications
Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 4

5) *"Latinitas"* Foundation

Date of establishment	June 30, 1976 Chirograph of the Supreme Pontiff Paul VI
Canonic Legal Personality	YES, since June 30 1976
Civil Legal Personality	NO
Seat	Vatican City State
Mission	To study the Latin language and letters, both Classical and Medieval, and to promote the Latin language among people of different linguistic nationalities, including in universities and seminaries.
Legal Representative	President of the Foundation
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 5

6) Pius XII Foundation for the Apostolate of Laity

Date of establishment	October 28, 1953. *Rescritto ex audientia* of the Supreme Pontiff Pius XII. New Statutes of May 26, 1972, confirmed on October 10, 1976.
Canonic Legal Personality	YES, since October 28, 1953
Civil Legal Personality	NO
Seat	Vatican City State
Mission	To manage the patrimony that sustains and promotes international works of the apostolate of the laity.
Legal Representative	President of the Foundation
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 6

7) Luigi Gedda Institute of Medical Genetics and Twin Studies

Date of establishment	April 5, 1985 Rescritto ex audientia of the Supreme Pontiff John Paul II
Canonic Legal Personality	YES, since April 5, 1985
Civil Legal Personality	NO
Seat	Vatican City State
Mission	To promote scientific research for the comparison between the field of human behavioral genetics in various conditions and their social and individual applications, focusing on social tradition and ecclesiastic teachings.
Legal Representative	President of the Board of Directors
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 7

8) Jana Pawia II Foundation

Date of establishment	October 16, 1981. Chirograph of the Supreme Pontiff John Paul II. New Statues on October 16, 2003- Decision of the Supreme Pontiff John Paul II.
Canonic Legal Personality	YES, since October 16, 1981
Civil Legal Personality	YES, since December 7, 1981
Seat	Vatican City State
Mission	To collect and conserve documentation and to study the teachings of the pontificate of John Paul II, also in collaboration with other organs of similar characteristics; assists pilgrims in Rome who are guests of the Foundation in collaboration with the Hospice of St. Stanislaw; provides help for the formation of clergy and laity, especially those from Eastern and Central Europe.
Legal Representative	President of the Board of Directors
Supervision and Inspection	Archbishop of Cracow (Poland)

Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 11

9) Pro Africa Foundation

Date of establishment	January 1972 Decision of the Supreme Pontiff Paul VI
Canonic Legal Personality	YES, since January 1972
Civil Legal Personality	NO
Seat	Vatican City State
Mission	To maintain the memory of the first Papal visit to the African continent (July-August 1969) and to endorse special contribution for the human promotion of the African peoples.
Legal Representative	President of the Board of Directors (Cardinal Secretary of State)
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 10

10) Pope John XXIII International Prize for Peace Foundation

Date of establishment	May 10, 1963 Chirograph of the Supreme Pontiff John XXIII
Canonic Legal Personality	YES, May 10, 1963
Civil Legal Personality	NO
Seat	Vatican City State
Mission	To encourage initiatives that favor peace and brotherhood among people and nations through the recurrent award of the "Prize for Peace" established by the same foundation.
Legal Representative	President of the Board of Directors (Cardinal Secretary of State)
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 11

11) John Paul II Foundation for the Sahel

Date of establishment	February 22, 1984 Chirograph of the Supreme Pontiff John Paul II. May 10, 1988 New Statutes were enacted by the Pontifical Council COR UNUM
Canonic Legal Personality	YES, since February 22, 1984
Civil Legal Personality	YES, since February 22, 1984
Seat	Vatican City State
Mission	To favor the formation of persons competent for resolving the problems of desertification and its causes; to aid victims of drought in the countries of the Sahel: Cape Verde, Gambia, Burkina-Faso, Mali, Mauritania, Niger, Senegal, Chad and Guinea Bissau.
Legal Representative	President of the Pontifical Council COR UNUM
Supervision and Inspection	Pontifical Council COR UNUM

Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 12

12) *Mondo Unito* (United World) Foundation

Date of establishment	June 23, 1988 Chirograph of the Supreme Pontiff John Paul II
Canonic Legal Personality	YES, June 23, 1988
Civil Legal Personality	YES, June 23, 1988
Seat	Vatican City State
Mission	To promote research for peace in the world. The foundation promotes activities that facilitate dialogue with cultural entities and international organs that are dedicated to peace initiatives.
Legal Representative	President of the Board of Directors
Supervision and Inspection	Secretary of State
Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 13
Entry date and number in the Registry of Civil Legal Persons	November 26, 1993, entry n. 5

13) Arte and Culture Foundation

Date of establishment	April 1, 1996 Act n. 28 in the Records of the Notary of Vatican City State. September 21, 2011 New Statutes recorded in Act. 163 of the Notary of Vatican City State.
Canonic Legal Personality	NO
Civil Legal Personality	YES, since April 1, 1996
Seat	Vatican City State
Mission	To promote cultural and scientific activities (such as exhibits, conferences, etc.) and to participate in those organized by other entities, so as to favor public awareness of the artistic heritage of the Holy See and its conservation, and to promote the religious significance of each work of art. The foundation also offers financial assistance for special projects by the Directorate General of the Pontifical Monuments, Museum and Galleries [Vatican Museums].
Legal Representative	President of the Board of Directors (President of the Governatorate of Vatican City State)
Supervision and Inspection	Governatorate of Vatican City State
Entry date and number in the Registry of Civil Legal Persons	April 2, 1996, entry n. 14

14*) Populorum Progressio* Foundation

Date of establishment	February 13, 1992. Chirograph of the Supreme Pontiff John Paul II
Canonic Legal Personality	YES, since February 13, 1992
Civil Legal Personality	YES, since February 13, 1992
Seat	Vatican City State
Mission	To economically help the poorest indigenous,

	mixed race, Afro-American and peasant populations of Latin America.
Legal Representative	President of the Pontifical Council COR UNUM
Supervision and Inspection	Secretary of State
Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 14
Entry date and number in the Registry of Civil Legal Persons	November 26, 1993, entry n. 6

15) Notre Dame de la Paix Foundation

Date of establishment	September 10, 1990 Chirograph of the Supreme Pontiff John Paul II
Canonic Legal Personality	YES, since September 10, 1990
Civil Legal Personality	YES, since September 10, 1990
Seat	Vatican City State
Mission	To provide means for the spiritual and pastoral development of the Basilica of Notre Dame de la Paix in Yamoussoukro (Ivory Coast); to promote future works connected to it (medical center, radio station, university) and to supervise the valuation of the entire complex.
Legal Representative	President of the Board of Directors
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 15
Entry date and number in the Registry of Civil Legal Persons	March 24, 1995, entry n. 10

16) St. Thomas Foundation

Date of establishment	November 28, 1988 *Rescritto ex audientia* of the Supreme Pontiff John Paul II
Canonic Legal Personality	YES, since November 28, 1988
Civil Legal Personality	NO
Seat	Vatican City State
Mission	To further the study of the historical origins and the spiritual, cultural and social foundations of Christianity; to promote the doctrine and practice of Christian life and to increase charitable aid and works of religion; to favor the study and scientific research in the field of genetics through the principles of Christian anthropology; to promote various forms of healthcare.
Legal Representative	President of the Board of Directors
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 16

17) John XXIII Foundation

Date of establishment	October 3, 1988. Rescritto ex audientia of the Supreme Pontiff John Paul II
Canonic Legal Personality	YES, October 3, 1988

Civil Legal Personality	NO
Seat	Vatican City State
Mission	To provide religious, moral and material support to elderly priests, in particular, those retired from the Roman Curia.
Legal Representative	President of the Board of Directors
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 17

18) *Centesimus Annus Pro Pontefice* Foundation

Date of establishment	June 5, 1993: Chirograph of the Supreme Pontiff John Paul II. June 25, 2004: New Statutes proposed by the Board of Directors and approved by the Secretary of State and by the President of the Administration of the Patrimony of the Apostolic See.
Canonic Legal Personality	YES, June 5, 1993
Civil Legal Personality	YES, June 5, 1993
Seat	Vatican City State
Mission	Dedicated to religious and charitable goals. Proposes, specifically, to help spread Christian social doctrine and for the support of the charitable works of the Supreme Pontiff.
Legal Representative	President of the Board of Directors
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 18
Entry date and number in the Registry of Civil Legal Persons	November 26, 1993, entry n. 7

19) International Lateran Association

Date of establishment	May 15, 1996 Elected upon by the Assembly of members. April 19, 1997 final Statutes were approved.
Canonic Legal Personality	NO
Civil Legal Personality	YES, since May 15, 1996
Seat	Vatican City State
Mission	To spread and strengthen throughout the world the spirit and values of the Pontifical Lateran University, and to maintain active the relation among its members and their bond with the University and the Institutions connected with it including the Pontifical John Paul II Institute for Marriage and Family Studies; to favor the religious, spiritual and moral values of its members, and their fidelity to the Holy See; to organize research, studies, conferences and events through the Pontifical Lateran University as a service to the Holy See and to the international academic community; to favor cultural exchange and cooperation in scientific

	research between the Pontifical Lateran University and other academic institutions.
Legal Representative	Delegated Counselor
Supervision and Inspection	Rector of the Pontifical Lateran University
Entry date and number in the Registry of Civil Legal Persons	July 7, 1997, entry n. 19

20) Sacred Family of Nazareth Foundation

Date of establishment	January 13, 1963: Chirograph of the Supreme Pontiff John Paul II February 22, 1994: Statutes updated with order of Secretary of State
Canonic Legal Personality	YES, since January 13, 1963
Civil Legal Personality	NO
Seat	Vatican City State
Mission	To provide intellectually talented young people, whose families are unable to directly provide for them, a solid Christian education and academic instruction, in the spirit of the Holy Family of Nazareth, its venerated Patron.
Legal Representative	President of the Board of Directors (President of the Foundation)
Supervision and Inspection	Secretary of State
Entry date and number in the Registry of Canonic Legal Persons	April 30, 1994, entry n. 19

21) Autonomous Foundation *Vitae Mysterium*

Date of establishment	October 16, 1994: Decree of Secretary of State. September 14, 2005: Statutes renewed with Decree of Secretary of State
Canonic Legal Personality	YES, October 16, 1994
Civil Legal Personality	YES, October 16, 1994
Seat	Vatican City State
Mission	To provide financial assistance for the activities of the Pontifical Academy for Life, indicated in Article 2 of its Statutes. To promote the programs of the Pontifical Academy for Life in order to acquire potential donors, both in ecclesiastic and civil settings, directed to those who share the Church's teachings on the promotion and protection of human life. The Foundation makes an annual contribution to the Pontifical Academy of the funds it has collected through individual donations and available income from its properties.
Legal Representative	President of the Board of Directors (President of the Pontifical Academy for Life)
Supervision and Inspection	Secretariat of State together with the Prefecture for Economic Affairs.
Entry date and number in the Registry of	November 3, 1994, entry n. 21

Canonic Legal Persons	
Entry date and number in the Registry of Civil Legal Persons	November 3, 1994, entry n. 9

22) Equestrian Order of Holy Sepulcher of Jerusalem

Date of establishment	February 1, 1996. *Rescritto* of the Supreme Pontiff John Paul II
Canonic Legal Personality	YES, since February 1, 1996
Civil Legal Personality	NO
Seat	Vatican City State
Mission	To reinforce in its members the practice of Christian life, in absolute loyalty to the Supreme Pontiff, in accordance with the teachings of the Church, in observance of the basic principles of charity, of which the Order's contribution is essential for aid in the Holy Land; to sustain and aid the works and institutions dedicated to worship, charity, culture, and social needs of the Catholic Church in the Holy Land, particularly those of and in the Latin Patriarchate of Jerusalem, with which the Order maintains traditional ties; to sustain the rights of the Catholic Church in the Holy Land and to promote the propagation and conservation of the faith in those lands, encouraging Catholics throughout the world to become involved in helping their fellow Christians.
Legal Representative	Cardinal Grand Master of the Order
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	February 21, 1996 Entry n. 22

23) Foundation *Domus Sanctae Marthae*

Date of establishment	March 25, 1996. Chirograph of the Supreme Pontiff John Paul II
Canonic Legal Personality	YES, March 25,1996
Civil Legal Personality	YES, March 25, 1996
Seat	Vatican City State
Mission	To favor an authentic spirit of fraternal communion among priests, through the organization and management of all services related to the building which houses clergy employed in the Secretariat of State, and other dicasteries when possible, of the Roman Curia, and for the Cardinals and Bishops who travel to the Vatican to see the Pope or for other official business predisposed by the Holy See. To enforce and activate Articles 13§c and 43 of the Apostolic Constitution "Universi dominici gregis", regarding the elector Cardinals' exclusive use of the building during a Conclave.
Legal Representative	President of the Board of Directors
Supervision and Inspection	Secretariat of State in concordance with the

	Prefecture of Economic Affairs
Entry date and number in the Registry of Canonic Legal Persons	April 11, 1996, entry n. 23
Entry date and number in the Registry of Civil Legal Persons	April 11, 1996, entry n. 15

24) *Civitas Lateranensis* Foundation

Date of establishment	June 17, 1996: *Rescritto ex audentia* of the Supreme Pontiff John Paul II
Canonic Legal Personality	YES, since June 17, 1996
Civil Legal Personality	NO
Seat	Vatican City State
Mission	To sustain the various institutional activities of the Pontifical Lateran University, by financing research programs, conferences and cultural programs, by granting scholarships to disadvantaged students, etc.
Legal Representative	President of the Board of Directors (nominated by the Rector of the Pontifical Lateran University)
Supervision and Inspection	Pontifical Lateran University Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	June 24, 1996, entry n. 24

25) *Spes Viva* Foundation

Date of establishment	May 31, 1993 with the name "Maruzza Lefebvre d'Ovidio". *Rescritto ex audientia* of the Supreme Pontiff John Paul II. August 14, 2002, Statutes were modified by Decree of the Secretary of State. May 1, 2008 by Decree of the Secretary of State the Foundation receives is actual name.
Canonic Legal Personality	YES, since May 31, 1993
Civil Legal Personality	YES, since May 31, 1993
Seat	Vatican City State
Mission	To promote and sustain cultural, healthcare and social activities in a spiritual and religious context for those institutions who care primarily for persons that are gravely ill, with special regard to children, particularly cancer patients with psychological, material and health provider problems.
Legal Representative	President, nominated by the Secretary of State
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	November 18, 1996, entry n. 26
Entry date and number in the Registry of Civil Legal Persons	November 18, 1996, entry n. 18

26) International Marian Pontifical Academy

Date of establishment	January 9, 1997:

	Decision of the Supreme Pontiff John Paul II to officially acknowledge the Academy, founded in June 1946
Canonic Legal Personality	YES, since January 9, 1997
Civil Legal Personality	YES, since January 9, 1997
Seat	Vatican City State
Mission	To promote and favor studies, primarily scientific, be they speculative as historical and/or critical, on the Blessed Virgin Mary.
Legal Representative	President of the Pontifical Academy
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	March 17, 1997, entry n. 27
Entry date and number in the Registry of Civil Legal Persons	March 17, 1997, entry n. 18

27) *Domus Internationalis* Paulus VI

Date of establishment	January 6, 1999: Chirograph of the Supreme Pontiff John Paul II March 31, 2011: New Statutes by decision of the Supreme Pontiff Benedict XVI
Canonic Legal Personality	YES, since January 6, 1999
Civil Legal Personality	YES, since January 6, 1999
Seat	Vatican City State
Mission	To manage the services of the boarding house reserved for clergy in the Palazzo Sant' Apollinare, granted on concession by the Holy See.
Legal Representative	President of the Board of Directors (President of the Foundation)
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	June 25, 1999, entry n. 28
Entry date and number in the Registry of Civil Legal Persons	June 25, 1999, entry n. 20

28) *Domus Romana Sacerdotalis*

Date of establishment	January 6, 1999: Chirograph of the Supreme Pontiff John Paul II. March 31, 2011: New Statutes by decision of the Supreme Pontiff Benedict XVI
Canonic Legal Personality	YES, January 6, 1999
Civil Legal Personality	YES, January 6, 1999
Seat	Vatican City State
Mission	To provide room and board for clergy who are members of the Diplomatic Corps of the Holy See or that are employed in the Roman Curia, including Cardinals, Bishops and Presbyters who travel to Rome to meet with the Pope or to participate in other activities organized by the Apostolic See. The use of the building, located on Via della Traspontina, is granted on

	concession by the Holy See.
Legal Representative	President of the Board of Directors (President of the Foundation)
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	June 25, 1999, entry n. 29
Entry date and number in the Registry of Civil Legal Persons	June 25, 1999, entry n. 21

29) Bambino Gesù Autonomous Foundation

Date of establishment	September 4, 2000: Rescritto ex audientia of the Supreme Pontiff John Paul II. June 14, 2010: New Statutes approved by the Secretariat of State
Canonic Legal Personality	YES, since September 4, 2000
Civil Legal Personality	YES, since September 4, 2000
Seat	Vatican City State
Mission	To promote the raising of funds for the development of hospital and hospital-related services of the Pediatric Bambino Gesù Hospital, especially for the assistance of children in disadvantaged conditions.
Legal Representative	President of the Board of Directors (nominated by the Secretariat of State)
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	September 22, 2000, entry n. 30
Entry date and number in the Registry of Civil Legal Persons	September 22, 2000, entry n. 22

30) Paul VI Foundation for Catholic Culture in Italy

Date of establishment	March 25, 1974: Instituted by the Supreme Pontiff Paul VI
Canonic Legal Personality	YES, since March 25, 1974
Civil Legal Personality	YES, since March 25, 1974
Seat	Vatican City State
Mission	To specifically promote the development of the Catholic culture in Italy with the help of the Catholic press and with special regard to the financial needs of the daily newspaper “Avvenire”.
Legal Representative	President of the Foundation
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	June 18, 2001, entry n. 31
Entry date and number in the Registry of Civil Legal Persons	June 18, 2001, entry n. 23

31) Pontifical Academy of Theology

Date of establishment	May 28, 2001: Decision of the Supreme Pontiff John Paul II
Canonic Legal Personality	YES, since May 28, 2001
Civil Legal Personality	YES, since May 28, 2001

Seat	Vatican City State
Mission	To administer and promote theological studies and inter-relations among the theological and philosophical disciplines, so as to offer a "center" for scholars and students in the sacred faculties to acquire sound theological formation and information on current developments in these fields.
Legal Representative	President of the Academy
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	June 20, 2001, entry n. 32
Entry date and number in the Registry of Civil Legal Persons	June 20, 2001, entry n. 24

32) Pension Fund

Date of establishment	December 15, 2003: *Motu proprio* of the Supreme Pontiff John Paul II
Canonic Legal Personality	YES, since December 15, 2003
Civil Legal Personality	YES, since December 15, 2003
Seat	Vatican City State
Mission	To provide retirement benefits to the canonical and civil employees of the Roman Curia, Vatican City State, and those other organs and entities under the administration of the Apostolic See. The Pension Fund provides direct pension payments for old-age, retirement-age, disability, and survivor benefits to those entitled to a pension in accordance with the General Rules and Regulations.
Legal Representative	President of the Board of Directors (President of the Administration of the Patrimony of the Apostolic See)
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	February 18, 2005, entry n. 35
Entry date and number in the Registry of Civil Legal Persons	February 18, 2005, entry n. 26

33) Foundation for the Activity of Artistic Heritage of the Church

Date of establishment	October 21, 2004: *Rescritto ex audientia* of the Supreme Pontiff John Paul II
Canonic Legal Personality	YES, since October 21, 2004
Civil Legal Personality	YES, since October 21, 2004
Seat	Vatican City State
Mission	To collaborate in the activities proposed by the Pontifical Commission for the Cultural Heritage of the Church; to organize educational events and programs that center on the role of Faith in inspiring the artistic heritage, as an vehicle of human promotion and Christian evangelization; to promote and sustain initiatives by private and public entities or institutions that share the goals

	of the Foundation.
Legal Representative	President of the Board of Directors
Supervision and Inspection	Pontifical Commission for the Cultural Heritage of the Church
Entry date and number in the Registry of Canonic Legal Persons	June 15, 2005, entry n. 37
Entry date and number in the Registry of Civil Legal Persons	June 15, 2005, entry n. 28

34) St. Michael Archangel Foundation

Date of establishment	November 29, 2010: Act n. 110 of the Notary Records of Vatican City State
Canonic Legal Personality	NO
Civil Legal Personality	YES, since 29 November 2010
Seat	Vatican City State
Mission	To sustain and maintain vivid worldwide devotion for the Church and the Supreme Pontiff; to search for new sources of funding to help offset costs related to the specific needs of civilian protection and security in the Vatican City State.
Legal Representative	President of the Board of Directors (President of the Governatorate)
Supervision and Inspection	Governatorate
Entry date and number in the Registry of Civil Legal Persons	November 30, 2010, entry n. 37

35) St. Josephine Bakhita Foundation

Date of establishment	September 1, 2006: *Rescritto ex audientia* of the Supreme Pontiff
Canonic Legal Personality	YES, since September 1, 2006
Civil Legal Personality	YES, since September 1, 2006
Seat	Vatican City State
Mission	To favor and directly sustain the Catholic missionary works in Southern Sudan, specifically the medical station "Lajolo-Tobia" in Owechi; to provide scholarships entitled "T. Palermo- A. Caporale", in favor of graduates in Jurisprudence from the LUMSA college for courses in the Magistrate; to contribute economically anywhere there is a need to construct a church; to provide scholarships to poor children in Colombia and Nicaragua at the yearly amount of euro 25,000^{00} during the lifetime of Dr. Rosa Maria Laiolo.
Legal Representative	President of the Foundation
Supervision and Inspection	Secretary of State
Entry date and number in the Registry of Canonic Legal Persons	September 28,2006, entry n. 38
Entry date and number in the Registry of Civil Legal Persons	September 28, 2006, entry n. 29

36) St. Matthew Foundation in Memory of Cardinal François Xavier Nguyên Van Thuãn

Date of establishment	February 26, 2007: *Rescritto ex audientia* of the Supreme Pontiff Benedict XVI
Canonic Legal Personality	YES, February 26, 2007
Civil Legal Personality	YES, February 26, 2007
Seat	Vatican City State
Mission	To promote: -initiatives that bring the presence of the Catholic Church into different contemporary social settings through the study and the dissemination of Catholic social doctrine and its integral human solidarity in accordance with the guidelines expressed in the "Compendium of the Social Doctrine of the Catholic Church"; -education of young people to the values of justice and peace – with priority to young residents of developing countries – in the perspective of Catholic social doctrine, sustaining study and research activities directly or indirectly through grants, awards, monetary aid; -organization of seminars, specialized courses, conferences, exhibits, etc. of which the acts and documents are published in collaboration with scientific and cultural entities; -initiatives that administer humanitarian works to aid the poor populations in developing countries.
Legal Representative	President of the Foundation (President of the Pontifical Council for Justice and Peace)
Supervision and Inspection	Pontifical Council for Justice and Peace
Entry date and number in the Registry of Canonic Legal Persons	March 8, 2007, entry n. 39
Entry date and number in the Registry of Civil Legal Persons	March 8, 2007, entry n. 31

37) Benedict XVI Pro Marriage and Family Foundation

Date of establishment	December 3, 2007: *Rescritto ex audientia* of the Supreme Pontiff Benedict XVI
Canonic Legal Personality	YES, since December 3, 2007
Civil Legal Personality	NO
Seat	Vatican City State
Mission	To provide for the following goals: -obtain economic resources for the activities of the Pontifical Institute for Marriage and Family; -obtain grants for docent courses, seminars, annual conventions for select teachers, research programs, conferences and various other cultural initiatives; -obtain scholarships in favor of meritorious disadvantaged students; -administer funds for the maintenance and works on the building that houses the Institute; -obtain support, based on need, for the various Sections of the Institute and other entities related

	to it; -expand available economic resources to all the initiatives adopted by the Institute in accordance to its Mission.
Legal Representative	President of the Board of Directors
Supervision and Inspection	Secretary of State
Entry date and number in the Registry of Canonic Legal Persons	January 10, 2008, entry n. 40

38) ***Caritas Internationalis***

Date of establishment	July 19, 1976: Decree of the Special Delegate of the Pontifical Commission for Vatican City State; September 16, 2004: Chirograph of the Supreme Pontiff John Paul II. Effective Statutes of 2007. The Statutes are submitted for approval, reconfirmed or modified, every four years.
Canonic Legal Personality	YES, February 13, 2008, entry n. 41
Civil Legal Personality	YES, November 1993, entry n. 3
Seat	Vatican City State
Mission	To assist its Members (national Caritas organizations) to administer aid and social justice, in communion with the Magisterium of the Church, through the various activities stipulated in its Statutes.
Legal Representative	The President
Supervision and Inspection	Pontifical Council COR UNUM
Entry date and number in the Registry of Canonic Legal Persons	February 13, 2008, entry n. 41
Entry date and number in the Registry of Civil Legal Persons	November 26, 1993, entry n. 3

39) Casa San Benedetto Foundation

Date of establishment	April 28, 2008: Rescritto ex audientia of the Supreme Pontiff Benedict XVI
Canonic Legal Personality	YES, since April 28, 2008
Civil Legal Personality	YES, since April 28, 2008
Seat	Vatican City State
Mission	To provide hospitality (room and board) in the *Palazzo dei Convertendi* building to the retired officials that served as Pontifical Representatives.
Legal Representative	President of the Board of Directors (Director of Domus Sanctae Marthae)
Supervision and Inspection	Secretariat of State
Entry date and number in the Registry of Canonic Legal Persons	December 15, 2008, entry n. 42
Entry date and number in the Registry of Civil Legal Persons	December 15, 2008, entry n. 33

40) ***Domus Missionalis*** **Foundation**

Date of establishment	May 20, 2005: Chirograph of the Supreme Pontiff Benedict XVI

Canonic Legal Personality	YES, since May 20, 2005
Civil Legal Personality	YES, since May 20, 2005
Seat	Vatican City State
Mission	To offer lodging to clergy that are sent to Rome from the foreign missions for a specific period of study, to enroll in a university or other institute of specialized education.
Legal Representative	President of the Board of Directors (nominated by the Prefect of the Congregation for the Evangelization of Peoples)
Supervision and Inspection	Prefect of the Congregation for the Evangelization of Peoples
Entry date and number in the Registry of Canonic Legal Persons	April 28, 2009, entry n. 43
Entry date and number in the Registry of Civil Legal Persons	April 28, 2009, entry n. 34

41) *Domus Urbaniana* Foundation

Date of establishment	May 20, 2005: Chirograph of the Supreme Pontiff Benedict XVI
Canonic Legal Personality	YES, May 20, 2005
Civil Legal Personality	YES, May 20, 2005
Seat	Vatican City State
Mission	To offer lodging to clergy that are sent to Rome from the foreign missions for a specific period of study, to enroll in a university or other institute of specialized education.
Legal Representative	President of the Board of Directors (nominated by the Prefect of the Congregation for the Evangelization of Peoples)
Supervision and Inspection	Prefect of the Congregation for the Evangelization of Peoples
Entry date and number in the Registry of Canonic Legal Persons	April 28, 2009, entry n. 44
Entry date and number in the Registry of Civil Legal Persons	April 28, 2009, entry n. 35

42) Joseph Ratzinger – Benedict XVI Vatican Foundation

Date of establishment	March 1, 2010: Rescritto ex audientia of the Supreme Pontiff Bendedict XVI
Canonic Legal Personality	YES, March 1, 2010
Civil Legal Personality	YES, March 1, 2010
Seat	Vatican City State
Mission	To promote the study of theology, with special focus on Sacred Scripture, Patristic and Fundamental Theology.
Legal Representative	President of the Board of Directors (nominated by the Secretary of State)
Supervision and Inspection	Secretary of State
Entry date and number in the Registry of Canonic Legal Persons	September 16, 2010, entry n. 45
Entry date and number in the Registry of Civil Legal Persons	September 16, 2010, entry n. 36

43) Cardinal Salvatore De Giorgi Foundation

Date of establishment	June 3, 2011: Act n. 151 in the Notary Records of the Vatican City State
Canonic Legal Personality	YES, since July 4, 2011
Civil Legal Personality	NO
Seat	Vatican City State
Mission	To provide pastoral service for vocations, as well as cultural and charitable works in the parishes of Maria Santissima Assunta in cielo in the Comune of Vernole and Santa Maria delle Grazie in Santa Rosa in the Comune of Lecce.
Legal Representative	President of the Board of Supervisors (board named by the President of the Governatorate)
Supervision and Inspection	Governatorate
Entry date and number in the Registry of Canonic Legal Persons	July 4, 2011, entry n. 46

44) Good Samaritan Foundation

Date of establishment	September 23, 2004: Rescritto ex audientia of the Supreme Pontiff John Paul II
Canonic Legal Personality	YES, since September 23, 2004
Civil Legal Personality	YES, since September 23, 2004
Seat	Vatican City State
Mission	To financially assist the most needy patients in the world, especially those with HIV-AIDS. To provide the Holy Father and the Church's expressions of loving and preferential solidarity in favor of the most vulnerable and abandoned persons.
Legal Representative	The President (President of the Pontifical Council of Health Care Workers)
Supervision and Inspection	Pontifical Council of Health Care Workers
Entry date and number in the Registry of Canonic Legal Persons	July 20, 2011, entry n. 47
Entry date and number in the Registry of Civil Legal Persons	July 20, 2011, entry n. 38

45) John Paul II Foundation for Youth

Date of establishment	June 29, 1991: Decree of the Cardinal President of the Pontifical Council for Laity with the denomination "Gioventù – Chiesa - Speranza" (Youth – Church - Hope) The present denomination was issued by the Supreme Pontiff on February 2, 2007
Canonic Legal Personality	YES, since June 29, 1991
Civil Legal Personality	YES, since June 29, 1991
Seat	Vatican City State
Mission	To collaborate in the promotion of "World Youth Day", as endorsed by the Holy Father;

	to promote and support conventions and gatherings for youth ministry; to promote and support educational courses, seminars and other events for the formation of those responsible for youth ministry; to encourage youth in the sensibilities of international life.
Legal Representative	President of the Board of Directors
Supervision and Inspection	Pontifical Council for Laity
Entry date and number in the Registry of Canonic Legal Persons	November 26, 1993, entry n. 2
Entry date and number in the Registry of Civil Legal Persons	March 24, 1995, entry n. 12

46) Pius XI Catholic Action School for Sanctity Foundation

Date of establishment	November 23, 2007: Act. n. 51 in the Notary Records of the Vatican City State
Canonic Legal Personality	NO
Civil Legal Personality	YES, since November 23, 2007
Seat	Vatican City State
Mission	To collaborate and assist in all forms and with all means necessary, in accordance with canonical norms, the process of the causes of Canonization of the Blessed men and women, and the causes of Beatification of the Venerable men and women, the Servants of God, and faithful lay persons who were members of Catholic Action, spiritual directors, Bishop promoters – in any part of the world – both in the Roman and diocesan phase.
Legal Representative	President of the Board of Supervisors
Supervision and Inspection	Secretary of State
Entry date and number in the Registry of Civil Legal Persons	November 2, 2007, entry n. 32

47) St. Peter Society

Date of establishment	Constituted in 1869, was established as a Volunteer Organization on February 7, 1994
Seat	Vatican City State
Mission	The organization is composed of Catholics that reside in Rome who publicly profess and live their faith, and give witness to their loyalty and fidelity to the Roman Pontiff; they serve as honor guards and gather the collections during the Papal Masses in St. Peter's Basilica.
Legal Representative	The President
Supervision and Inspection	Pontifical Commission for Vatican City State
Entry date and number in the Registry of Volunteer Organizations	February 7, 1994, entry n. 1

48) Association of Saints Peter and Paul

Date of establishment	Constituted in 1971, was established as a Volunteer Organization on February 7, 1994
Seat	Vatican City State
Mission	The organization is composed of Catholic

	residents in the Diocese of Rome or in Vatican City who wish to give special witness in the apostolate of Christian life and fidelity to the Apostolic See; it collaborates in the charitable activities of the Holy Father and offers services requested by Offices of the Holy See, particularly during Papal ceremonies for the maintenance of public order and safety.
Legal Representative	The President
Supervision and Inspection	Pontifical Commission for Vatican City State
Entry date and number in the Registry of Volunteer Organizations	February 7, 1994, entry n. 2