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Instruction No. 1
With which is published the list of
High-risk Jurisdictions and Jurisdictions under Increased Monitoring*

THE SUPERVISORY AND FINANCIAL INFORMATION AUTHORITY,

having regard to the Law 8 October 2013, no. XVIII on Transparency, Supervision and Financial Intelligence, and in particular Article 9, paragraph 2, letter b), points vi)-viii);

having regard to the Monetary Agreement between the European Union and the Vatican City State of 17 December 2009;

taking into account changes of a material nature regarding the classification of Jurisdictions with strategic deficiencies in their respective systems for preventing and countering money laundering and terrorist financing and the required preventive measures against them, as adopted by the Financial Action Task Force (FATF) in the Plenary of 22-24 February 2023;

whereas:

the Holy See, in conformity with its nature and mission, is participating in the efforts of the international community that aim to protect and promote the integrity, permanence and transparency of the economic and financial sectors and to prevent and to counter illegal activities;

the Vatican City State is committed to ensure an effective domestic system for the prevention and the combating of money-laundering and terrorism-financing, with a view to increase legal certainty for the entities carrying out financial activities on a professional basis, including their relationships with foreign financial intermediaries;

the integrity of financial activities and the proper functioning are seriously threatened by Jurisdictions with strategic deficiencies in their anti-money-laundering and terrorism-financing systems;

considering the high level of integration among Jurisdictions within the economic and financial frameworks, at international and regional level;

the Jurisdictions that have in place an institutional and legal framework with strategic deficiencies for controlling financial flows pose significant threats at international and regional level;

in execution of the decision taken by the Board on 23 March 2023;

HAS ADOPTED THE FOLLOWING INSTRUCTION:

**Consolidated text with the amendments introduced by Decree No. 2 of amendment to Instruction No. 1, "the list of high-risk States, with strategic deficiencies in their anti-money laundering and combating the financing of terrorism systems" of 23 October 2017 of 28 March 2023.*

Article 1

1. It is published the list of High-Risk Jurisdictions and the list of Jurisdictions under Increased Monitoring, as indicated in the Annex.
2. The list of High-Risk Jurisdictions identifies countries or Jurisdictions with serious strategic deficiencies to counter money laundering, terrorist financing, and financing of proliferation.
3. The list of Jurisdictions under Increased Monitoring identifies countries or Jurisdictions that are actively working with the international community to address strategic deficiencies in their regimes to counter money laundering, terrorist financing, and proliferation financing.

Article 2

The list of High-Risk Jurisdictions and the list of Jurisdictions under Increased Monitoring are regularly updated taking into account the updates of the lists published by the relevant international and regional bodies, and in particular the *Financial Action Task Force* (FATF) and the *European Union* (EU).

Article 3

1. With respect to Jurisdictions included in the list of High-Risk Jurisdictions, the entities carrying out financial activities on a professional basis shall:
 - a) suspend any transaction or operation directly or indirectly connected with these Jurisdictions, unless otherwise specifically authorized by the Supervisory and Financial Information Authority;
 - b) immediately report to the Supervisory and Financial Information Authority any attempted transaction or operation directly or indirectly connected with these Jurisdictions.
2. With respect to Jurisdictions included in the list of Jurisdictions under Increased Monitoring, the entities carrying out financial activities on a professional basis shall:
 - (a) apply the enhanced customer due diligence, proportionate to the risks, for the relations, operations or transactions with natural or legal persons, including financial and credit institutions of each Jurisdiction in the list;
 - (b) apply the enhanced customer due diligence, proportionate to the risks, for the operations or transactions, also indirectly connected with each Jurisdiction in the list;
 - (c) report to the Supervisory and Financial Information Authority the relations, operations or transactions indicated under letters (a)-(b).

Article 4

1. Without prejudice to the requirements established by Article 3, the entities carrying out financial activities on a professional basis are required to adopt further adequate and proportionate counter measures in view of protecting the financial activities from the risks connected to the High-Risk Jurisdictions and the list of Jurisdictions under Increased Monitoring.

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2. The Supervisory and Financial Information Authority identifies and orders specific counter measures.

Article 5

This Instruction is without prejudice to Article 40, paragraph 2, of the Law 8 October 2013, no. XVIII on the reporting of suspicious activities by public Authorities and other Reporting Entities of the Holy See and the Vatican City State.

This Instruction, including the Annex, will enter into force on the day of its publication in the official web-site of the Supervisory and Financial Information Authority.

Vatican, 23 Ottobre 2017

CARMELO BARBAGALLO
President

Visto

GIUSEPPE SCHLITZER
Director