

Instruction No. 1
With which is published the list of
high-risk States, with strategic deficiencies
in their anti-money laundering and
combating the financing of terrorism systems

THE 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, letters vi)-viii), according to which the Financial Information Authority: informs the competent authorities and obliged subjects about the risks and the vulnerabilities of the systems for prevention and countering of money laundering in other States and, to that end, publishes a list of high-risk States; identifies and orders adequate and proportionate counter measures to the risks; identifies and orders the application of enhanced customer due diligence, proportionate to the risks, for the relations, operations or transactions with natural or legal persons, including financial institutions, of States with a high risk;

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

taking into account the lists published by the relevant international and regional bodies, and in particular that of the *Financial Action Task Force (FATF)* and the *European Union (EU)*;

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 States with strategic deficiencies in their anti-money-laundering and terrorism-financing systems;

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

the States 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 of Directors on 23 October 2017;

HAS ADOPTED THE FOLLOWING INSTRUCTION:

Article 1

It is published the list of high-risk States, with strategic deficiencies in their anti-money laundering and combating the financing of terrorism systems and that pose significant threats, as indicated in the Annex.

Article 2

The list of high-risk States is 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

Entities carrying out financial activities on a professional basis are required to:

- (a) apply the enhanced customer due diligence, proportionate to the risks, for the relations, operations or transactions with natural or legal persons, including financial institutions, of high-risk States as indicated in the §§ I, II and III of the Annex;
- (b) apply the enhanced customer due diligence, proportionate to the risks, for the operations or transactions, also indirectly connected with high-risk States as indicated in the §§ I, II and III of the Annex.
- (c) report the relations, operations or transactions indicated under letters (a)-(b).

Article 4

Without prejudice to the requirements established by Article 3, the entities carrying out financial activities on a professional basis are required to adopt adequate and proportionate counter measures in view of protecting the financial activities from the risks connected to the high-risk States as indicated in the § III of the Annex;

The Financial Information Authority identifies and orders specific counter measures.

Article 5

This Instruction is without prejudice to provisions of Article 40, paragraph 2, of the Law 8 October 2013, no. XVIII on the reporting of suspicious activities by public Authorities 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 Financial Information Authority.

Vatican, 23 October 2017

RENÉ BRÜLHART
President

Visto

TOMMASO DI RUZZA
Director

(EN)

Annex

High-risk States

I. High-risk States which have provided a written high-level political commitment to address the identified deficiencies and have developed an action plan with the relevant international bodies.

No	High-risk States
1	Bosnia and Herzegovina
2	Ethiopia
3	Iraq
4	Syria
5	Uganda
6	Vanuatu
7	Yemen

II. High-risk States which have provided a high-level political commitment to address the identified deficiencies, and have decided to seek technical assistance of the relevant international bodies for the development of an action plan.

No	High-risk States
1	Iran

III. High-risk States which present ongoing and substantial money-laundering and terrorist-financing risks, having repeatedly failed to address the identified deficiencies.

No	High-risk States
1	Democratic People's Republic of Korea (DPRK)