

INSTRUCTION NO. 7

**ON THE AUTHORISATION AND SUPERVISORY PROCEDURES
FOR AUXILIARY ENTITIES**

THE SUPERVISORY AND FINANCIAL INFORMATION AUTHORITY,

having regard to

Law No. XVIII *on transparency, supervision and financial intelligence*, of 8 October 2013 and, in particular, Titles II and III;

Regulation No. 1 *on the prudential supervision of entities carrying out financial activities on a professional basis*, of 25 September 2014, with the amendments approved by the Holy Father on 28 August 2023 and, in particular, Articles 3(19), 3(20), 5(1bis), 23bis(4)(a) (i);

and *considering*, specifically, that:

the Supervisory and Financial Information Authority authorises the conduct of financial activities on a professional basis within the Vatican City State pursuant to Article 54(1) of Law No. XVIII *on transparency, supervision and financial intelligence*, of 8 October 2013;

the Supervisory and Financial Information Authority authorises an auxiliary entity, in the absence of a registered office in the Vatican City State, to carry out, exclusively or predominantly, activities that are auxiliary to that of a supervised entity or a public authority, if the activity for which the authorisation is requested is functional or auxiliary to the activity carried out by a supervised entity or to the activity carried out by a public authority, in accordance with Article 5(1bis) of Regulation No. 1 *on the prudential supervision of entities carrying out financial activities on a professional basis*, of 25 September 2014;

in execution of the decision taking by the Board on 19 May 2026;

HAS ADOPTED THE FOLLOWING INSTRUCTION

Title I

Scope of application and definitions

Article 1. *Scope*

This Instruction applies to supervised entities that intend to use auxiliary entities to provide payment services, as well as to auxiliary entities. This Instruction replaces all other provisions concerning outsourcing.

Article 2. *Definitions*

For the purposes of this Instruction, the following definitions apply

1. «*Auxiliary activity*»: a specific form of outsourcing relating to a financial activity provided, exclusively or predominantly, in support of the activities of a supervised entity and at its request, by an entity authorised to carry out the same activities in a third jurisdiction.
2. «*Financial activities*»: one or more of the following activities:
 - a) acceptance of deposits and other repayable funds from the public;
 - b) lending;
 - c) financial leasing;
 - d) transfer of funds, including payment services and money or values transfer services;
 - e) issuing and managing means of payment;
 - f) issuing financial guarantees and commitments;
 - g) brokerage of any typology of financial instrument;
 - h) participation in securities issues and the provision of related financial services;
 - i) individual or collective portfolio management;
 - j) safekeeping and administration of cash or liquid securities;
 - k) otherwise investing, administering or managing of funds or other assets;
 - l) underwriting and placement of life insurances or other investment-related insurances;

- m) money or currency changing;
 - n) advising relating to the activities listed in the previous subparagraphs;
 - o) any activity related to trusts or similar legal arrangements.
3. «*Authorisation of the auxiliary entity*»: a formal statement issued by the Supervisory and Financial Information Authority authorizing an auxiliary entity to carry out financial activities in support of a supervised entity and at the same entity's request.
 4. «*Non-opposition statement*»: a formal declaration by the supervisory authority of the auxiliary entities' home jurisdiction, certifying that authority's consent to the auxiliary entity carrying out the auxiliary activity.
 5. «*Auxiliary entity*»: an entity other than one that carries out financial activities on a professional basis, which carries out, exclusively or predominantly, an activity that is auxiliary to that of a supervised entity.
 6. «*Supervised entity*»: an entity that carries out financial activities on a professional basis.
 7. «*Outsourcing*»: a written agreement pursuant to which a service provider carries out, on an ongoing basis, a process, service or activity that would otherwise be carried out by the supervised entity.
 8. «*Home jurisdiction*»: the jurisdiction in which the auxiliary entity has been authorised.
 9. «*State*»: the Vatican City State.
 10. «*Customer*»: a subject to whom supervised entity offer its services, in accordance with its statutes, regulations or internal policies.

Title II

Classification of auxiliary activity

Article 3. *Reliance on an auxiliary entity*

1. The supervised entity must establish an organisational and control structure, as well as procedures and measures, suitable for ensuring the effective and efficient performance of the financial activities for which it has received authorisation from the Supervisory and Financial Information Authority, in compliance with the regulatory framework of the Holy See and the State, also with a view to guaranteeing an adequate level of service to customers.

2. Where the supervised entity, having carried out the necessary analyses, considers it to be more economical and/or efficient, or that the service provided can be performed exclusively with the support of a third party, it may rely on an auxiliary entity to carry out one or more financial activities exclusively or predominantly, by submitting a Formal Request to the Supervisory and Financial Information Authority.
3. The financial activity carried out by the auxiliary entity is provided to the supervised entity in the absence of a physical office of the auxiliary entity in the State.
4. Recourse to the auxiliary entity may be made where the results of the analyses referred to in paragraph 2 have led to the exclusion of all other possible organisational arrangements suitable for the supervised entity to carry out the activity efficiently.
5. The auxiliary entity may carry out financial activities in support of the supervised entity only with the prior Authorisation by the Supervisory and Financial Information Authority.

Article 4. *Features of auxiliary activity*

1. The supervised entity may rely on the services of an auxiliary entity to carry out, in whole or in part, any of the financial activities for which it is authorised. The auxiliary entity may provide services in relation to one or more of the financial activities for which the supervised entity is authorised.
2. The supervised entity may rely on one or more auxiliary entities to carry out, exclusively or predominantly one or more financial activities.
3. Each financial activity carried out by the auxiliary entity must be expressly authorised by the Supervisory and Financial Information Authority.
4. In any case, the use of one or more auxiliary entities for one or more financial activities must not be such as to jeopardise the nature of the supervised entity as an entity that professionally carries out financial activities, as authorised by the Supervisory and Financial Information Authority.
5. The Supervisory and Financial Information Authority shall assess the reasonableness of the Formal Requests concerning the cases referred to in paragraphs 1 and 2 submitted by the supervised entity, in accordance with the provisions of paragraph 4.

Article 5. *Responsibilities of the supervised entity*

1. The rely on an auxiliary entity shall be approved by Senior Management, which shall define the strategic guidelines relating to the activities carried out by the

auxiliary entity and the procedures for carrying them out, as well as the duties and responsibilities of the auxiliary entity in carrying out the service.

2. The supervised entity and the auxiliary entity shall each appoint a contact person for the activities carried out by the auxiliary entity. The parties shall sign a written agreement, in which the State is designated as the competent jurisdiction, and shall define the expected service level and their mutual obligations and responsibilities to ensure compliance with the requirements set out in the legislative and regulatory framework of the Holy See and the State.

3. A supervised entity that relies on an auxiliary entity to carry out financial activities is not, in any case, exempt from liability relating to the proper conduct of such activities, including towards customers. In particular, where it relies on an auxiliary entity, the supervised entity must ensure:

- a) compliance with the obligations established by the legislative and regulatory framework of the Holy See and the State;
- b) that the exercise of supervision by the Supervisory and Financial Information Authority is not impeded;
- c) that the relationship with and obligations towards its customers are not altered, including by establishing conditions that are detrimental to customers' rights under the contractual relationship;
- d) that the effectiveness and efficiency of the internal control system are not compromised.

Article 6. *Minimum requirements*

The auxiliary entity may be authorised in the State to carry out financial activities in support of a supervised entity, if all the following minimum conditions are met:

- a) the auxiliary entity and its activities do not harm or conflict with the interests of the State;
- b) the home jurisdiction of auxiliary entity has an equivalent legal framework in the prudential and prevention and countering money laundering, terrorist financing and the financing of the proliferation of weapons of mass destruction areas, such as to allow for the effective exercise of supervisory functions;
- c) the auxiliary entity is authorised by the supervisory authority of its home jurisdiction to carry out the financial activities for which authorisation is required in the State and is actually carrying them out at the time of the application for authorisation;
- d) there are memoranda of understanding in place between the competent authorities of the auxiliary entity's home jurisdiction and the Supervisory and Financial

Information Authority, enabling cooperation and the exchange of information for the purposes of supervisory and financial intelligence activities;

e) there are no reasonable grounds to suspect that the auxiliary entity is being used in the State to commit or facilitate the commission of offences relating to money laundering, terrorist financing or financing of the proliferation of weapons of mass destruction;

f) there is a non-opposition statement from the supervisory authority of the home jurisdiction of the auxiliary entity to carry out financial activities in support of the supervised entity.

Title III

Formal request submitted by the supervised entity and authorisation procedure for the auxiliary entity

Chapter I

Formal request submitted by the supervised entity

Article 7. *Submission of the formal request by the supervised entity*

1. A supervised entity who wants to rely on an auxiliary entity must submit a formal request to the Supervisory and Financial Information Authority.

2. For the purposes of the formal request referred to in paragraph 1, the supervised entity is required to submit the following documents, data and information, dated no earlier than six months prior to the submission of the formal request:

a) the full name, legal structure, address, contact details and *website* (if available) of the auxiliary entity;

b) a description of the financial activities for which the assistance of the auxiliary entity is needed;

c) characteristics of the services/products to be offered through the rely on the auxiliary entity (including types and risk level) and *target* customers;

d) reasons for using an auxiliary entity (strategic, market and product factors) and the methods/criteria used to select the auxiliary entity;

e) cost-benefit analysis of relying on an auxiliary entity and a three-year forecast of expected results (e.g. volumes, operating costs and financial results);

f) assessment and management of significant risks associated with the auxiliary entity's activities;

- g) procedures for data management, security controls and access controls, and measures for incident management;
- h) organisational aspects (roles and responsibilities) and methods of interaction between the structures of the supervised entity and those of the auxiliary entity and between their respective information systems, including any integrations and the main costs;
- i) impact analysis and safeguards adopted to ensure that the activities provided by the auxiliary entity are conducted in accordance with national legislation on the prevention and countering money laundering, terrorist financing and financing of proliferation of weapons of mass destruction;
- j) active/passive commission structure (financial terms agreed with the auxiliary entity and those applied to customers);
- k) complaints management process;
- l) evidence regarding assessments carried out in relation to conflicts of interest.

3. The supervised entity is required to notify the Supervisory and Financial Information Authority without delay of any changes to documents, data and information provided in accordance with paragraph 2.

4. The Supervisory and Financial Information Authority may, at its discretion, request additional documents, data and information from the supervised entity.

Article 8. *Assessment of the formal request submitted by the supervised entity*

1. The Supervisory and Financial Information Authority shall assess the formal request submitted by the supervised entity having regard to the provisions of Articles 3(4), 4(5) and 5(3) and verifying that the minimum requirements set out in Article 6(a), (b), (d) and (e) are met.

2. The Supervisory and Financial Information Authority shall notify the supervised entity within 60 days of receiving the formal request as to whether it has been approved or rejected. In the event of rejection, it shall provide the reasons to the supervised entity. Where additional documents, data and information have been requested, this period shall run from the date of receipt of such documents, data and information.

3. Approval of the formal request may be subject to the fulfilment of conditions determined on a case-by-case basis by the Supervisory and Financial Information Authority.

4. Approval of the formal request submitted by the supervised entity does not in any way constitute authorisation for the auxiliary entity to operate.

Chapter II

Authorisation procedure for the auxiliary entity

Article 9. Prerequisites

1. The auxiliary entity shall submit the application for authorisation referred to in Article 4(3) only after the formal request submitted by the supervised entity referred to in Chapter I has been approved.
2. The supervised entity shall notify the auxiliary entity for the purposes of paragraph 1.

Article 10. Application for authorisation

1. The auxiliary entity shall submit the application for authorisation to the Supervisory and Financial Information Authority within 30 days of the date on which the formal request of the supervised entity is approved.
2. For the purposes of authorisation, the auxiliary entity shall be required to submit the following documents, data and information, dated no earlier than 6 months prior to the submission of the application for authorisation itself, except for point (e):
 - a) documentation demonstrating that the auxiliary entity is authorised by the supervisory authority of the home jurisdiction to carry out the financial activities for which authorisation is required in the State;
 - b) documentation demonstrating that the auxiliary entity carries out the activities subject to authorisation in the home jurisdiction;
 - c) where already available, documentation demonstrating that the supervisory authority of the home jurisdiction has been notified of the intention to apply for authorisation as an auxiliary entity and a description of any obligations and requirements imposed by the supervisory authority of the home jurisdiction in relation to the financial activities carried out in support of the supervised entity;
 - d) details of the beneficial owners and, where applicable, evidence of their registration in the registers of the home jurisdiction;
 - e) the last two approved and audited financial statements;
 - f) the aims and development plans for the project;
 - g) expected start date for activities;
 - h) programme of activities that the auxiliary entity intends to carry out, with details of governance aspects (roles, responsibilities, contact persons for the auxiliary

activity), processes and information flows, as well as mechanisms for the identification, management and governance of risks associated with the project;

i) criteria and procedures for data processing, including the locations where data will be stored and processed;

j) business continuity plan and contingency plan;

k) evidence of assessments carried out regarding conflicts of interest;

l) key aspects of the agreements between the parties (e.g. pricing structure, any penalties, expected service levels);

m) any updates to the documents, data and information provided by the supervised entity at the time of the formal request.

3. The auxiliary entity is required to promptly notify any changes to the documents, data and information submitted pursuant to paragraph 2.

4. The Supervisory and Financial Information Authority may request additional documents, data and information from the auxiliary entity depending on the specific auxiliary activity for which authorisation is applied for, in accordance with the principle of proportionality and a risk-based approach. Where the auxiliary entity is already authorised to carry out a financial activity in support of the supervised entity, the Supervisory and Financial Information Authority may exempt the auxiliary entity from submitting part of the data, documents and information referred to in paragraph 2.

5. At the application of the auxiliary entity for authorization, the supervised entity shall submit a copy of the formal agreements – which may be preliminary – signed by the supervised entity and the auxiliary entity – the validity of which is subject to the granting of authorisation by the Supervisory and Financial Information Authority – setting out, as a minimum, the expected service levels, the organisational and economic conditions, responsibilities, specific cases and termination procedures.

6. The Supervisory and Financial Information Authority shall send the applicant acknowledgement of receipt of the application for authorisation and of the data, documents and information received pursuant to paragraphs 2 and 4.

Article 11. *Assessment of the auxiliary entity's application for authorisation*

1. The Supervisory and Financial Information Authority shall analyse the data, information and documents received pursuant to Article 10, verifying that they are accurate, complete, correct and up to date.

2. The assessment of the application for authorisation may consider, inter alia:

- a) the auxiliary institution's ability to finance its activities in support of the supervised entity and the absence of reasonable grounds for suspecting that the auxiliary entity may encounter financial difficulties in the following 12 months;
- b) the existence of conflicts of interest between the auxiliary entity and the supervised entity or other potential conflicts of interest within the State;
- c) the sustainability of the programme of activities and the establishment of an adequate governance framework for the auxiliary services provided to the supervised entity, including appropriate controls and management of potential risks;
- d) the jurisdiction in which the auxiliary entity is established, if it is included in the list set out in the Annex to Instruction No. 1, *with which is published the list of high-risk jurisdictions and Jurisdictions under increased monitoring*, dated 28 March 2023;
- e) the absence of any legal impediments that could prevent the auxiliary entity from complying with the legislation of the Holy See and the State;
- f) compliance with the prudential requirements laid down by the legislation and regulations of the home jurisdiction (in particular: own funds, liquidity coverage ratio, net stable funding ratio, leverage ratio) and the adequacy of the organisational, administrative and accounting structures;
- g) chart of the capital structure of the parent company to which the auxiliary entity would be affiliated, including the identification of the shareholders exercising direct control and the beneficial owners;
- h) the good reputation of the auxiliary entity and the expertise and integrity requirements for its management, supervisory board and senior management;
- i) any breaches of laws or regulations relevant to the prudential framework and to the prevention and countering of money laundering, terrorist financing and financing of proliferation of weapons of mass destruction in the home jurisdiction, which have occurred in the last five years, including ongoing proceedings or investigations, involving the auxiliary entity or members of its management, supervisory boards and senior management.

3. The Supervisory and Financial Information Authority shall use all possible sources of information suitable for supporting its assessments. The information referred to in paragraph 2 (e) to (i) may be provided by the supervisory authority of the home jurisdiction.

4. Where it deems it appropriate, the Supervisory and Financial Information Authority may request the auxiliary entity to amend the business plan, governance arrangements and any other organisational details provided, in accordance with the principle of proportionality and a risk-based approach.

5. The Supervisory and Financial Information Authority shall notify the supervised entity and the auxiliary entity of the approval or rejection of the authorisation application within 90 days of receiving it. In the event of a rejection, it shall provide the reasons therefor. Where additional documents, data and information or amendments have been requested pursuant to paragraph 4, that period shall run from the date of receipt of such documents, data and information.

6. The granting of the authorisation may be subject to the fulfilment of specific conditions established for the individual case by the Supervisory and Financial Information Authority.

7. In any event, the Supervisory and Financial Information Authority may grant authorisation only if it has ascertained that all the minimum requirements referred to in Article 6 are met. If, upon expiry of the time limits referred to in paragraph 5, it is not possible to ascertain that the minimum requirements set out in Article 6 have been met, for reasons not attributable to the Supervisory and Financial Information Authority, the Supervisory and Financial Information Authority shall immediately notify the supervised entity and the auxiliary entity, providing the reasons.

Article 12. *Obligations following the granting of the authorisation*

1. Within 30 days of authorization being granted, the supervised entity shall submit a copy of the final contract with the auxiliary entity, highlighting and explaining any significant changes to the formal agreements made after the application referred to in Article 10(5).

2. Any subsequent amendments to the formal agreements between the supervised entity and the auxiliary entity and/or to the organisation of activities must be notified to the Supervisory and Financial Information Authority by the supervised entity at least 30 days before they enter into force. The Supervisory and Financial Information Authority may, at its sole discretion, request amendments.

3. The supervised entity shall notify the Supervisory and Financial Information Authority, at least 30 days in advance, of the starting date of the auxiliary entity's activities.

Title IV International cooperation

Article 13. *International cooperation and exchange of information*

1. International cooperation shall take place in accordance with the provisions of Article 69bis of Law No. XVIII *on transparency, supervision and financial intelligence*, of 8 October 2013.

2. The Supervisory and Financial Information Authority shall consult and exchange information with the competent authorities in the home jurisdiction responsible for prudential supervision, prevention and countering of money laundering, terrorist financing and financing of proliferation of weapons of mass destruction, and financial intelligence, for the purposes of authorising the auxiliary entity and carrying out ongoing supervision of the financial activities carried out by the auxiliary entity.

3. Where the Supervisory and Financial Information Authority has reasonable grounds to suspect that money laundering, terrorist financing and/or the financing of proliferation of weapons of mass destruction are taking place, have taken place or have been attempted, or if it suspects that the authorisation of the auxiliary entity may entail a risk of money laundering, terrorist financing and/or the financing of proliferation of weapons of mass destruction, the authorisation procedure shall not be initiated, and the supervisory authority of the home jurisdiction shall be notified immediately.

4. In cases of serious irregularities or breaches of the State's regulatory framework and/or formal agreement by the auxiliary entity that require immediate action, the Supervisory and Financial Information Authority shall, on its own initiative, adopt appropriate and proportionate measures to address such breaches, and shall immediately notify the supervisory authority of the home jurisdiction.

Title V

Obligations regarding the performance of auxiliary activity

Chapter I

Governance and control requirements

Article 14. *Governance and control of auxiliary activity*

1. The supervised entity and the auxiliary entity shall adopt a governance system capable that ensure the proper, effective and compliant performance of the auxiliary activity in accordance with the applicable regulatory framework, the programme of activities notified to the Supervisory and Financial Information Authority, and the formal agreement between the parties.

2. The supervised entity and the auxiliary entity shall adopt a system of internal controls, procedures and monitoring systems that ensure the proper conduct, continuity and risk management of the auxiliary activity and verify the adequacy of the requirements referred to in paragraph 1, including, inter alia, periodic effectiveness reviews.

3. For the purposes of the proper fulfilment of the requirements set out in paragraphs 1 and 2, the supervised entity and the auxiliary entity shall ensure, amongst other

things, that an appropriate exchange of information is established to enable the proper conduct of the auxiliary activity and adequate oversight of the processes by the supervised entity.

4. The supervised entity shall carry out an ongoing monitoring of the performance of the auxiliary entity.

Chapter II

Requirements regarding operational and security incidents, complaints and fraud

Article 15. *Business continuity*

1. The auxiliary entity shall establish appropriate procedures, measures and controls to ensure business continuity, manage emergencies and guarantee the security of the auxiliary activity.

2. The auxiliary entity shall inform the supervised entity of any event that may affect its ability to carry out auxiliary activity effectively, including its ability to ensure data security, and shall promptly report the occurrence of incidents, in order to enable the supervised entity to fulfil the obligations laid down by the legislative and regulatory framework in force in the State.

3. The auxiliary entity is required to cooperate actively with the supervised entity in managing and resolving any issues that arise and to provide all necessary data, documents and information to the supervised entity.

Article 16. *Complaints*

1. The auxiliary entity shall cooperate with the supervised entity to resolve any disputes that may arise in the performance of auxiliary activity, in order to fulfil the obligations in force in the State.

2. For the purposes referred to in paragraph 1, the supervised entity and the auxiliary entity shall establish a process setting out their respective areas of competence, roles and responsibilities, and providing for an exchange of information that enables the supervised entity to handle any complaints, in accordance with the criteria and timeframes laid down in the State's legislative and regulatory framework.

Article 17. *Fraud*

1. The operational and control procedures adopted by the supervised entity and the auxiliary entity shall be such as to minimise the risks associated with fraud or inappropriate conduct.

2. The auxiliary entity and the supervised entity shall establish procedures to identify and manage any fraud and to ensure that the supervised entity has adequate information enabling it to comply with the relevant obligations set out in the State's legislative and regulatory framework.

Chapter III

Obligations regarding the prevention and countering of money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction

Article 18. *Obligations to cooperate*

The auxiliary entity is required to provide all data, information and documentation necessary for the supervised entity to fulfil its obligations regarding the prevention and countering money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction as provided for by the State's legislative and regulatory framework.

Article 19. *Recording, retention and security of data*

The auxiliary entity shall adopt procedures and measures to ensure accessibility, availability, integrity, confidentiality, security and adequate storage and recording of data and information.

Article 20. *Notification of suspicion*

If, in carrying out auxiliary activity, the auxiliary entity

(a) suspects or has reasonable grounds to suspect that funds or other assets are the proceeds of criminal activity, or are linked or related to the financing of terrorism or the proliferation of weapons of mass destruction, or to be used for terrorism, terrorist acts or by terrorist organisations or by those who finance terrorism or the proliferation of weapons of mass destruction; and/or

b) considers that activities, operations or transactions are, by their own nature, particularly likely to have a link with money laundering or the financing of terrorism or the proliferation of weapons of mass destruction or with acts of terrorism or with terrorist organisations or with those who finance terrorism or the proliferation of weapons of mass destruction,

shall exchange with the supervised entity all information necessary for the fulfilment of relevant obligations.

Article 21. Measures against subjects who threaten international peace and security

1. Pursuant to Article 75(3) of Law No. XVIII *on transparency, supervision and financial intelligence*, of 8 October 2013, the auxiliary entity, in carrying out the auxiliary activity, is required to freeze immediately and without delay:

(a) funds or other economic resources owned, possessed, controlled or held, exclusively or jointly, directly or indirectly, by subjects included in the list of subjects who threaten international peace and security;

b) transfers of funds, money or values directly or indirectly related, exclusively or jointly, directly or indirectly, to subjects included in the list of subjects who threaten international peace and security;

c) the benefits and profits generated by subjects included in the list of subjects who threaten international peace and security or other economic resources referred to in letter (a);

d) funds or other economic resources held or controlled by other subjects, natural persons or entities, in the name of, on behalf of or in favor of subjects included in the list of subjects who threaten international peace and security.

2. For the purposes of the obligations referred to in paragraph 1, auxiliary entities shall constantly monitor the designations made by the competent bodies of the United Nations Security Council and the European Union.

3. Where auxiliary entities have implemented the obligations referred to in paragraph 1, they are required to notify the Supervisory and Financial Information Authority without delay, indicating:

a) the measures taken in compliance with paragraph 1, specifying the subjects involved and the amount and nature of the funds or other economic resources;

b) information concerning the relationships, services or transactions, as well as any other available data, that can be traced back to the subject included in the list;

c) information concerning any attempt at a financial transaction involving funds or other economic resources previously frozen pursuant to paragraph 1.

4. The supervised entity remains obliged to comply with the financial and preventive measures concerning subjects who threaten international peace and security, as set out in Articles 75 et seq. of Law No. XVIII *on transparency, supervision and financial intelligence*, of 8 October 2013 and any other applicable provision.

Chapter IV

Reporting obligations

Article 22. *Periodic report from the supervised entity*

1. By 30 April of each year, the supervised entity shall submit to the Supervisory and Financial Information Authority a report on the activities carried out by the auxiliary entity, in which the following are assessed and/or indicated:

- (a) whether the minimum requirements set out in Article 6 are met;
- b) the impact of any changes to formal agreements and operations;
- c) the performance of the auxiliary entity;
- d) any complaints received;
- e) the outcome of any audits of the auxiliary entity's activity;
- f) the volume of business carried out by the auxiliary entity, with details of the type of customers served and costs;
- g) any other data, documentation and information relevant to the auxiliary activity or requested on an *ad hoc* basis by the Supervisory and Financial Information Authority.

2. This is without prejudice to the other periodic reporting obligations applicable to the supervised entity as provided for by the State's legislative and regulatory framework.

Article 23. *Ad hoc disclosures by the supervised entity*

1. In addition to the provisions of Article 12(2), the supervised entity shall promptly notify the Supervisory and Financial Information Authority of any issues identified in the performance of the auxiliary entity and of the corrective measures taken and/or to be taken.

2. This is without prejudice to the other *ad hoc* reporting obligations applicable to the supervised entity as provided for by the State's legislative and regulatory framework.

Chapter V

Additional obligations

Article 24. *Specific requirements*

In addition to those expressly provided for in this Instruction, the Supervisory and Financial Information Authority may require the auxiliary entity and the supervised entity to comply with further and/or specific obligations in relation to the type of auxiliary activity, in line with the principle of proportionality and in accordance with a risk-based approach.

Title VI

Forfeiture and withdrawal of authorisation

Article 25. *Grounds for forfeiture of authorisation*

1. The following constitute grounds for forfeiture of authorisation:
 - a) the withdrawal of the declaration of non-opposition statement by the supervisory authority of the home jurisdiction;
 - b) the suspension or withdrawal of the authorisation to carry out financial activities in the home jurisdiction for which the auxiliary entity is authorised in the State;
 - c) the express renunciation of authorisation notified by the auxiliary entity;
 - d) the express waiver of the auxiliary entity notified by the supervised entity;
 - e) failure to start activities within 120 days of the authorisation being granted;
 - f) the interruption of the auxiliary activity for a period of 120 days.
2. The time limits referred to in paragraph 1(e) and (f) may, where there are justified grounds and upon request by the supervised entity submitted to the Supervisory and Financial Information Authority at least 30 days before the expiry of the time limit, be extended for a maximum of 120 days.
3. The Supervisory and Financial Information Authority shall declare the forfeiture of the authorisation in accordance with paragraph 1 and shall immediately notify the supervisory authority of the home jurisdiction.

Article 26. *Withdrawal of the auxiliary entity's authorisation*

1. The Supervisory and Financial Information Authority shall withdraw authorisation in cases where at least one of the following circumstances applies:

- a) the minimum conditions set out in Article 6(a), (b), (d) and (e) are no longer met;
- b) the auxiliary entity obtained authorisation by submitting false or seriously inaccurate documents, data or information, making false declarations, or using any other irregular means;
- c) significant organisational and/or contractual changes have occurred which may prejudice the conduct of financial activities in support of the supervised entity and/or the amendments requested by the Supervisory and Financial Information Authority pursuant to Article 12(2) have not been implemented;
- d) serious irregularities or breaches of the State's regulatory framework and/or contractual obligations by the auxiliary entity are identified;
- e) there is obstruction of the supervisory activities in relation to the auxiliary activity provided by the auxiliary entity;
- f) there are reasonable grounds to suspect that money laundering, terrorist financing and/or the financing of proliferation of weapons of mass destruction are taking place, have taken place or have been attempted.

2. Furthermore, the Supervisory and Financial Information Authority may consider withdrawing authorisation in the following cases:

- a) the auxiliary entity is subject to sanctions in its home jurisdiction or evidence emerges that could undermine its reliability and/or suitability to carry out auxiliary activity;
- b) the auxiliary entity's good reputation is compromised and/or the members of the management, supervisory board and senior management within the auxiliary entity no longer meet the integrity requirements;
- c) further breaches of relevant laws or regulations emerge within the framework of prudential supervision and the prevention and countering of money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction in the home jurisdiction;
- d) there are recurring shortcomings in the carrying out the auxiliary entity's activities;
- e) there is a repeated or unjustified failure to provide the requested data, information or documentation, or in the event of a failure to notify relevant changes.

3. The Supervisory and Financial Information Authority, providing reasons for its decision, shall notify the supervised entity and the auxiliary entity of the withdrawal of authorisation and shall immediately inform the supervisory authority of the home jurisdiction.

Article 27. *Measures following the forfeiture and withdrawal of authorisation*

In the event of forfeiture pursuant to Article 25 or withdrawal pursuant to Article 26, the Supervisory and Financial Information Authority shall take appropriate measures to prevent the auxiliary entity from carrying out auxiliary activities.

**Title VII
Final provisions**

Article 28. *Use of confidential information*

The supervised entity and the auxiliary entity exchanging confidential information in implementation of this Instruction shall be required to maintain professional secrecy in respect of such information and to take all appropriate measures to prevent its disclosure to unauthorised subjects.

Article 29. *Reporting of suspicious activities*

This Instruction is without prejudice to the provisions of Article 40(1) of Law No. XVIII *on transparency, supervision and financial intelligence*, of 8 October 2013 and Regulation No. 5 *concerning the reporting of suspicious activities*, of 19 September 2018 issued by the Supervisory and Financial Information Authority.

Article 30. *Administrative sanctions*

In the event of violation or systematic failure by the supervised entity to fulfill the requirements set out in this Instruction, the Supervisory and Financial Information Authority shall impose administrative sanctions in accordance with Law No. XVIII *on transparency, supervision and financial intelligence*, of 8 October 2013.

Article 31. *Reference*

For matters not covered by this Instruction, reference is made to the provisions of the applicable laws and regulations.

This Instruction shall enter into force on the day of its publication on the institutional website of the Supervisory and Financial Information Authority.

Vatican, 19 May 2026

FEDERICO ANTELLINI RUSSO
Director