SUPERVISORY AND FINANCIAL
INFORMATION AUTHORITY

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Supervisory and
Financial Information
Authority

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LETTER FROM THE PRESIDENT

After the long and difficult pandemic, which generated unthinkable divisions and complications in human relations, many hoped that 2022 would be a breakthrough year, with decisive progress in limiting the spread of the virus and a strong recovery in the global economy. On the contrary, the pandemic, while less virulent, remained at the forefront the entire year. It was accompanied by the conflict in Ukraine and, in early 2023, by the emergence of some banking crises.

In this difficult environment, international action to prevent and counter money laundering and terrorist financing continues to be incisive. The programs of the international fora in which ASIF participates (MONEYVAL and Egmont) have continued without interruption or hesitation. However, it is undeniable that the fight against money laundering and terrorism, necessarily transnational, needs a cohesive and fully cooperative world. For that to be achieved, it is vital that the global spirit of cooperation be recovered quickly.

The Vatican jurisdiction, in supporting the Holy Father's mission, has continued to be engaged in the work of finetuning its measures to prevent and counter money laundering and the financing of terrorism. Spending mechanisms have been refined and control bodies have been strengthened, and awareness continues to be raised through special training initiatives focused on possible external threats and related procedural and organizational safeguards. In addition, thanks to the implementation of the recommendations received from MONEYVAL a couple of years ago, the residual vulnerabilities identified are in the process of being addressed.

In this context, ASIF continues to play an important role in this finetuning, and this report bears witness to that.

In this regard, I would like to emphasize the intensity of the work done in expanding the network of institutional counterparts through the signing of MoUs with foreign Financial Intelligence Units, and the active participation in the aforementioned international fora. No less important, within the financial intelligence function, is the role of in-depth analyses of suspicious activity reports, which is integral in preventing and countering predicate offenses.

In addition, within the regulatory and legal affairs function, ASIF has contributed to amend the relevant domestic legislation, and stands ready to propose further measures to help keep the Vatican jurisdiction consistent with international best standards.

Last but not least, ASIF's role as supervisor contributes significantly to consolidating the system for preventing and countering money laundering and the financing of terrorism through its attentive and continuous assessment of the risk exposure of reporting entities. On the prudential side, ASIF's supervisory activities help to ensure the sound and prudent management of the supervised entity.

In sum, ASIF's institutional activities have contributed to finetuning the jurisdiction's system for preventing and countering money laundering and terrorist financing, thereby helping to safeguard the financial integrity and transparency of the Vatican jurisdiction, towards the achievement a better tomorrow.

CARMELO BARBAGALLO
President

INTRODUCTION

Following the consolidation of the organizational and operational structure in 2021, the activities of the Authority in 2022 were characterized by an increased external projection: in relations with the other Authorities of the Holy See/Vatican City State; in the exchange of experiences with equivalent authorities of other states; and in participation in international fora and technical bodies.

In this regard, the following are particularly noteworthy:

- the continuous support provided to the work of the Financial Security Committee (Co.Si.Fi.), a body with strategic and coordination functions in the field of preventing and countering money laundering and terrorist financing;

- the contribution provided to the work of the Joint Committee for the implementation of the Monetary Agreement with the European Union, with particular reference to the amendments to Law XVIII to transpose European Community directives;

- the periodic coordination meetings with the Office of the Auditor General, and with the Office of the Promoter of Justice (OPJ) and the Gendarmerie Corps, as required by the respective memoranda of understanding and within their respective mandates;

- the educational exchanges with the Bank of Italy and with the Bundesbank (*Hochschule der Deutschen Bundesbank*) in the area of prudential and anti-money laundering supervision, and with the *Guardia di Finanza* and the Italian FIU in the area of financial intelligence;

- the exchange of best practices with a regional supervisory authority on AML/CFT supervision;

- the active participation in the meetings of the Egmont Group and MONEYVAL; and

- the participation, for the first time, in the annual Conference on European Financial Regulation and Supervision (held in Brussels in December).

As regards the operations of the Units, a brief summary is provided below.

The Regulatory and Legal Affairs Unit has carried out numerous in-depth legal analyses, provided constant support to the President, the Directorate and the other operational units of ASIF, and actively collaborated with other authorities of the Holy See/Vatican City State. Noteworthy is the work carried out for the drafting of Regulation No. 6 for the purpose of establishing the Central Register, in implementation of Article 51 *bis* of Law XVIII. This Regulation governs the methods for establishing, updating, maintaining, managing and securing the Register, which became operational on 1 January 2023.

With regard to prudential supervision, the Supervisory Unit regularly carried out the verification activities of the relevant profiles, for the purposes of ensuring the prudent, sound and sustainable management of the IOR, currently the only entity authorized to carry out financial activities on a professional basis in the jurisdiction. In particular, the Unit constantly monitored, both on-site and off-site, the implementation of the remedial plan that the IOR prepared following the full-scope general inspection conducted by ASIF in 2020. In the AML/CFT area, the first phase of the follow-

up inspection activities was completed in 2022. These activities are aimed at verifying the adequacy of the remedial actions implemented by the IOR following the 2019 AML/CFT inspection.

With regard to financial intelligence, in 2022 the Financial Intelligence Unit received 128 reports of suspicious activity, 124 of which from the IOR, 2 from Vatican authorities, 1 from a non-profit organization and 1 from other subjects. A total of 19 reports were submitted to the Office of the Promoter of Justice.

In 2022, domestic cooperation remained intense and productive: the FIU sent 39 cooperation requests and received 33 such requests. The number of outgoing requests showed a trend that was in line with that of the previous year. In particular, the interaction between the FIU, the OPJ and the Eco-Fin Section of the Gendarmerie Corps continued to be intense.

As regards international cooperation, the FIU sent 30 requests for information or spontaneous communications to foreign FIUs and received 11 such communications from its counterparts. International cooperation has resulted in the transmission of financial information to the UPG and to foreign counterparts. In 2022, the FIU signed memoranda of understanding with the FIUs of North Macedonia and the Cayman Islands, coming to a total of 67 memoranda signed since 2012.

Finally, as regards cross-border cash transport declarations, in 2022 ASIF recorded 154 incoming declarations, for a total amount of €14,725,989, and 410 outgoing declarations, for a total amount of €6,273,198. The number of incoming cross-border declarations was lower than in 2021. In contrast, both the number and amount of outgoing cross-border declarations increased considerably compared to 2021.

GIUSEPPE SCHLITZER

Director

1 THE SUPERVISORY AND FINANCIAL INFORMATION AUTHORITY

1.1 ESTABLISHMENT AND COMPOSITION

The Supervisory and Financial Information Authority (ASIF), formerly the Financial Information Authority (AIF), is the competent institution of the Holy See and Vatican City State for supervision and regulation for the purposes of countering money laundering and terrorist financing and for financial intelligence, as well as for the prudential supervision and regulation of entities that carry out financial activities on a professional basis.

The Authority was established by Pope Benedict XVI with the *Motu Proprio* of 30 December 2010, for the prevention and countering of illegal activities in the area of monetary and financial dealings. The mandate was consolidated by Pope Francis with the *Motu Proprio* of 15 November 2013. Finally, with the Chirograph of 15 December 2020, the Authority's powers were further defined and its organizational structure was strengthened, also through the renaming and approval of the current Statute. The new Statute forms part of the overall reform undertaken by the Holy Father for the Holy See and the Vatican City State in matters of transparency and the strengthening of controls in the economic-financial sphere.

In accordance with Article 1 of the Statute, ASIF has the status of an institution connected to the Holy See, has canonical public legal personality, has its headquarters in the Vatican City State and, pursuant to Article 2, carries out its institutional functions in full autonomy and independence.

The Authority consists of the President, the Board, the Directorate and three operational units: the Supervisory Unit, the Regulatory and Legal Affairs Unit, and the Financial Intelligence Unit (FIU).

The performance of the institutional activities assigned to ASIF is regulated, *inter alia*, by Law No. XVIII of 8 October 2013, and its subsequent amendments and modifications.

1.2 BODIES

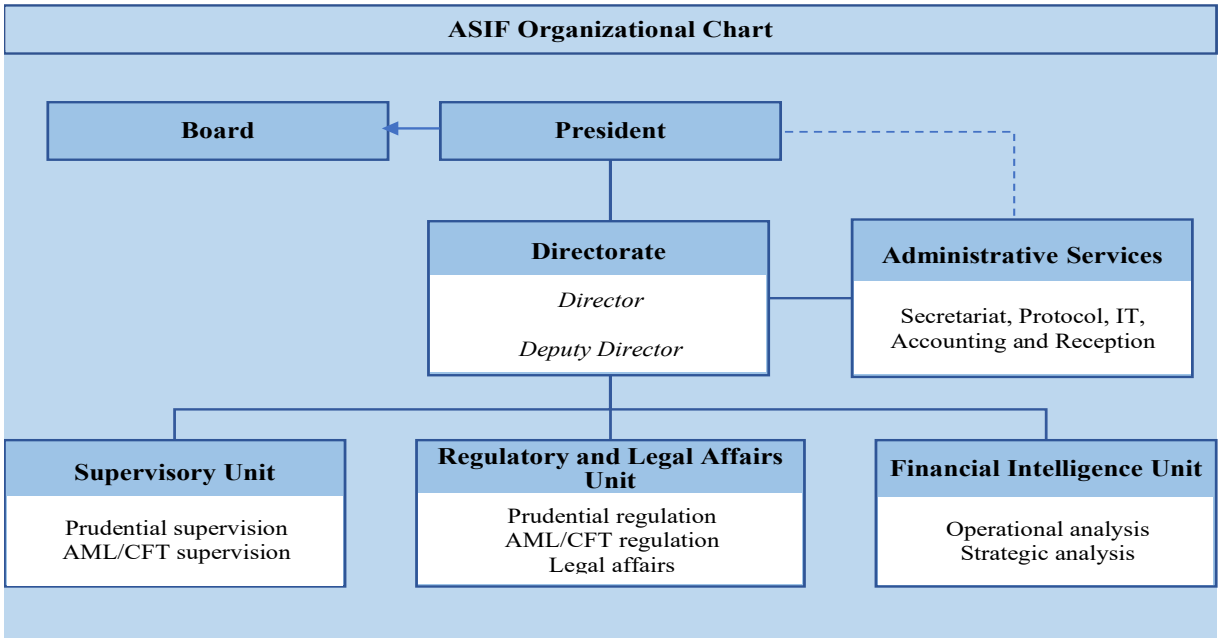
The Board is composed of four members and the President, appointed by the Supreme Pontiff for a period of five years. Each member must have proven integrity, be free from any conflict of interest and must possess recognized professional competence in the legal, economic and financial sectors, as well as in matters that fall within the scope of the Authority's functions.

The Board is assigned the following functions: (a) defining the strategies and objectives of the Authority as well as its security and confidentiality policies; (b) preparing the Authority's internal regulations; (c) adopting regulations, instructions and guidelines in the cases provided for by law; (d) approving the financial statements and the budget, as well as the annual report, the confidential

report for the Council for the Economy and the on-site and off-site inspection schedule for supervised entities; (e) formulating proposals for the appointment of members of the Directorate, and for the hiring of staff; and (f) applying administrative sanctions in the cases provided for by law.

In 2022, the Board was composed of Prof. Giuseppe Boccuzzi (Italy), Mr. Kevin Ingram (UK), Prof. Roberto Sanchez Mariano (USA), Prof. Antonella Sciarrone Alibrandi (Italy), and the President, Mr. Carmelo Barbagallo (Italy).

1.3 ORGANIZATIONAL STRUCTURE



The President, in addition to being the legal representative of the Authority, presides over and informs the Board on the progress of the core activities of the Authority, and supervises the correct performance of such activities, with particular reference to: (a) the separation between the supervisory, regulatory and financial intelligence units; (b) the prevention of conflicts of interest; (c) the effectiveness of the security and confidentiality measures; (d) the definition of the Authority's economic needs and related expenditure process.

The Directorate consists of the Director and the Deputy Director. The Director is responsible for the Authority's operational activities and ensures their effectiveness and efficiency, as well as their appropriate execution in accordance with the confidentiality and security standards. He also supervises and manages the staff, promoting their training and professional development. In addition, the Director proposes to the President the recruitment of personnel, the adoption of regulations, instructions and guidelines, the schedule of off-site and on-site inspections of the supervised entities, the application of administrative sanctions, and the financial statements and budget of the Authority.

The Deputy Director supports the Director in managing, coordinating and supervising the staff and the operational activities of the Authority and replaces him in the event of his absence.

In 2022, the Authority continued to consolidate its internal structure, which is composed of three operational units: the Supervisory Unit, the Regulatory and Legal Affairs Unit and the Financial Intelligence Unit, which serves as the jurisdiction's FIU.

The Administrative Services support the functions of the Authority as a whole, and are responsible for the following: (a) accounting, reporting and treasury; (b) human resources; (c) training; (d) procurement; (e) protocol, cash and inventory; (f) information technology and telecommunications; and (g) secretarial services for the President and the Directorate.

The Authority's human resources remained constant at 13 staff members, and the Units were able to benefit from the support of a few interns.

1.4 FUNCTIONS

1.4.1 Regulation and Legal Affairs

Prudential regulation of entities that carry out financial activities on a professional basis and, in the cases provided for by law, in the matter of preventing and countering money laundering and terrorist financing

The Regulatory and Legal Affairs Office carries out regulatory activities in accordance with the provisions of Law No. XVIII. Among other things, the Office prepares and updates regulations, instructions, guidelines and other forms of guidance for specific sectors, categories of entities or types of activities.

In addition, it monitors and analyzes the legal sources of the Holy See and of the Vatican City State relevant to the Authority's activities and the principles and sources of international and European legislation. It also follows the activities of the international and European technical bodies responsible for preventing and countering money laundering and terrorist financing, and prudential supervision.

Moreover, the Unit proposes for the competent Authorities any amendments to the relevant legislative and regulatory framework in force and drafts regulations, instructions, guidelines, orders and circulars, also in view of their compliance with the regulatory sources and standards at international and European level. It also carries out any other activity expressly established by Law No. XVIII and the current regulatory framework.

1.4.2 Supervision

a) Prudential supervision of entities that carry out financial activities on a professional basis

Prudential supervision, which includes on-site and off-site inspections, protects the sound and prudent management of intermediaries and the overall stability and efficiency of the financial system. In this context, the Supervisory Unit analyzes the documentation sent by the *Istituto per le Opere di Religione* (IOR), the only body authorized to professionally carry out activities of a financial nature in the jurisdiction, in line with the provisions of the regulatory framework and Regulation No. 1 on the prudential supervision of entities that carry out financial activities on a professional basis.

The Unit assists in the preparation of Memoranda of Understanding with foreign supervisory authorities and verifies the adoption by the IOR of the procedures for compliance with the Foreign Account Tax Compliance Act (FATCA).

In addition, the Unit transmits periodic statistical data to the European Central Bank (ECB) on monetary and financial stocks and on interest rates applied by entities that professionally carry out activities of a financial nature.

b) Supervision for the purpose of preventing and countering money laundering and terrorist financing

The Unit also supervises and verifies the implementation of the obligations established by Title II of Law No. XVIII.

In this regard, in the context of the jurisdiction's AML/CFT system, the Unit performs a key preventive function, with particular regard to assessing and understanding the potential risks to which the financial system is exposed, according to an approach that identifies, measures, controls and monitors the risks themselves, and assesses the safeguards in place and their adequacy.

1.4.3 Financial Intelligence

One of the Authority's primary functions, performed by the Financial Intelligence Unit, is the receipt and analysis of suspicious activity reports (SARs) submitted by the reporting entities,[1] a category which includes all the authorities and entities of the Holy See and Vatican City State. The Unit analyzes each SAR to assess the presence of money laundering, terrorist financing or the commission of a predicate offence, and submits reports to the Office of the Promotor of Justice (OPJ) on the cases that, in its estimation, could give rise to a criminal investigation.

Another primary function of the FIU is strategic analysis, i.e. the use of available and obtainable information to identify trends and patterns related to money laundering and terrorism financing. The FIU carries out at least one strategic analysis per year, which is used by the FIU to identify ML/FT threats and vulnerabilities.

The Financial Intelligence Unit is also responsible for the international exchange of information with its foreign counterparts for the purpose of preventing and countering money laundering and terrorist financing.[2] In this context, in 2013 ASIF became a member of the Egmont Group, which brings together over 160 financial intelligence units at a global level.

1.4.4 Cross-cutting areas of responsibility

In addition to the key functions outlined above, ASIF performs numerous other functions as required by Law No. XVIII. These include: (i) supporting the activities of the Financial Security Committee (Co.Si.Fi.), of which the Director of ASIF is Secretary; (ii) participating in the jurisdiction's delegations to international bodies competent in AML/CFT matters; and (iii) carrying out periodic training programs for reporting entities on the AML/CFT system (in particular on the identification and assessment of risks; the definition of appropriate mitigation measures according to a risk-based approach; the identification of transactions that may be related to money laundering or terrorist financing and the actions to be taken in such cases).

[1]Pursuant to Article 1 (23) of Law No. XVIII, reporting entities include obliged entities, legal persons, including non-profit organizations, and public authorities.
[2]Pursuant to Article 69 *bis* of Law No. XVIII, ASIF collaborates and exchanges information with similar authorities of other states, on the condition of reciprocity and on the basis of memoranda of understanding.

2 THE INSTITUTIONAL CONTEXT

2.1 ECONOMIC AND FINANCIAL FRAMEWORK

By virtue of Law No. V on the economic, commercial and professional sectors of 7 June 1929, the Vatican City State has a public property regime and no free market or private financial entities: there are no regulated markets, multilateral trading facilities and organised trading structures; no public debt instruments, no equity instruments, and no securities or associated instruments are issued; there are no private insurance entities, electronic money institutions, trust companies and investment companies; there are no branches, subsidiaries and/or offices of foreign financial entities.

Under the current regulatory framework for prudential supervision, the professional performance of one or more activities of a financial nature is subject to prior authorization by ASIF.

At present, the only entity authorized to carry out financial activities on a professional basis is the IOR, which has entered the Single Euro Payments Area (SEPA), with the favorable opinion of the European Commission.[3] In November 2019, after all the regulatory and technical requirements were verified, the Vatican's International Bank Account Number (IBAN) became active and useable for the identification of payment accounts opened with financial institutions in the jurisdiction [4]. In November 2021, the European Commission, following discussions in the Joint Committee for the implementation of the Monetary Agreement between the Vatican City State and the European Union, recognized the legal equality of the IOR with the other financial operators in the SEPA circuit.

In May 2021, the Holy See/Vatican City State obtained approval of the jurisdiction's know-your-customer (KYC) rules from the Internal Revenue Service (IRS) of the United States, which was the basis of the subsequent recognition of the IOR as a qualified intermediary, which took place on 4 June 2021.

In early 2023, the new Statute of the IOR was approved, with the aim of adapting it to the new Apostolic Constitution "Praedicate Evangelium" and to rendering the IOR's governance structure more streamlined and effective. The statute introduces a clearer definition and distinction of the roles and responsibilities pertaining to the management of the IOR, specifies that the Board of Superintendence is entrusted with defining the Institute's strategic guidelines and general policies, and tasks the Director General with managing and administering the entire Institute. Other changes include the inclusion of a specific provision on conflicts of interest.

[3]See Press Release of the Holy See of 30 November 2018 [B0885] https://press.vatican.va/content/salastampa/it/bollettino/pubblico/2018/11/30/0885/01934.html).
[4]See IBAN Registry, Release 81 – December 2018, p. 80.

2.2 FINANCIAL SECURITY COMMITTEE AND GENERAL RISK ASSESSMENT

The Co.Si.Fi. was established with the *Motu Proprio* of 8 August 2013 for the prevention and countering of money laundering, terrorist financing and the proliferation of weapons of mass destruction, confirming the willingness of the Holy See and the Vatican City State to align itself with the efforts of the international community to protect the integrity and transparency of the economic and financial sectors and to counter the aforementioned phenomena.[5]

The Committee performs strategic guidance and coordination functions.[6] By statute, the Secretary of the Committee is the Director of ASIF.

One of the main activities of the Committee is the approval of the General Risk Assessment (GRA), in line with Law No. XVIII and the Recommendations of the Financial Action Task Force (FATF). This document – which envisages the involvement of all the competent authorities of the Holy See/Vatican City State[7] – identifies and analyzes the threats and vulnerabilities relating to money laundering, terrorist financing and the proliferation of weapons of mass destruction, and provides recommendations on the actions to be taken.

Carried out on the basis of the World Bank's National Money-Laundering and Terrorist Financing Risk Assessment Tool, the first GRA, in relation to the year 2017, primarily focused on financial activities carried out on a professional basis in the Vatican City State and on the AML/CFT system as a whole, including the protection of the financial assets of the government and of donations, analysed using a risk-based approach. The analysis conducted in 2017 assessed the risk of money laundering at a medium-low level and the risk of terrorist financing at a low level.

Co.Si.Fi. has subsequently prepared two updates to the GRA, one in 2018 and one in 2019, which confirmed the medium-low level of risk in the area of money laundering and a low level of risk in the area of terrorist financing. Both updates found no significant domestic threats, linking the highest risk for the jurisdiction to international and/or cross-border activities. However, the updates did indicate that some aspects covered by the assessment could be further strengthened to make the AML/CFT system more effective, namely, aspects relating to donations, non-profit organizations, public authorities and public procurement contracts.

The two updates to the GRA recommended a series of actions that were subsequently implemented. These included strengthening internal prevention and risk management mechanisms of public authorities and non-profit organizations with registered offices in the Vatican City State, and organizing training courses for entities of the Holy See and Vatican City State that are active

[5]The Financial Security Committee is composed of the Assessor for the General Affairs of the Secretariat of State (SoS), who serves as the Chair; the Under-Secretary for Relations with States; the Secretary General of the Governorate of the Vatican City State; the Secretary General of the Secretariat for the Economy (SfE); the Promotor of Justice at the Tribunal of the Vatican City State; one of the Deputy Auditors of the Office of the Auditor General (URG); the Director of the Supervisory and Financial Information Authority; the Director of the Security and Civil Protection Services of the Governorate of the Vatican City State; the Commander of the Pontifical Swiss Guard (see Article 1 of the Co.Si.Fi. Statute).
[6]See Article 3 (6) of the ASIF Statute.
[7]See Article 2 of the Co.Si.Fi. Statute.

in relevant sectors, and for entities that professionally carry out activities of a financial nature. With regard to ASIF, particular mention should be made of the general on-site inspection of the IOR in the AML/CFT area, as well as the adoption of Instructions No. 5 and 6.[8]

At the impetus of Co.Si.Fi., numerous other measures were implemented in 2020, as summarized in the 2020 Update to the GRA, adopted in September 2020. The Update confirmed the increase in the perimeter of the process of identification and assessment of money laundering and terrorist financing risks, a process that was originally focused mainly on the IOR. In fact, in order to ensure a complete and exhaustive picture of the potential ML/FT threats and vulnerabilities to which the jurisdiction could be exposed, the following entities have been included in the assessment process: the public authorities of the Holy See and Vatican City State; non-profit organizations registered in the jurisdiction; legal persons registered in the jurisdiction.

At the same time, the strategic plans of Co.Si.Fi were adopted, along with the action plans of the competent authorities.

During 2022, the activities for drafting a new Update to the GRA were launched, the coordination of which was entrusted by Co.Si.Fi. to the Deputy Director of ASIF, in order to also incorporate the recommendations of MONEYVAL, formulated after the on-site visit of the team of evaluators in the context of the 5th Round of Evaluations.

2.3 INTERNATIONAL ACTIVITY

In 2022, the President of ASIF fulfilled the commitments related to his role as Head of Delegation of the Holy See/Vatican City State for the 5th round of mutual evaluations of MONEYVAL. The activities required participation in the MONEYVAL Plenary in Strasbourg (France) carried out in a 'hybrid' mode (virtual/in person).

Furthermore, in 2022, the Financial Intelligence Unit actively participated in the meetings of the Egmont Group. While some meetings were held virtually, the Egmont Plenary saw the in-person participation of the FIU in Riga (Latvia) in July.

[8] Instruction No. 5 provides entities that carry out financial activities on a professional basis with indications regarding the positions which, within the Holy See and Vatican City State, qualify as politically exposed persons pursuant to Article 1 (14) (h) of Law No. XVIII of 8 October 2013. The entities that carry out financial activities on a professional basis also benefit from a special list of names, periodically updated by ASIF. Instruction No. 6 requires the entities that carry out financial activities on a professional basis to constantly monitor the lists of designated subjects issued by the competent bodies of the Security Council of the United Nations and the European Union, with the consequent adoption of the preventive measures established by current legislation and the obligation to report suspicious activity.

2.4 TRAINING PROGRAMS FOR REPORTING SUBJECTS

Pursuant to Article 8, paragraph 4, letter e) of Law No. XVIII, ASIF participates in the organization of periodic training courses on the AML/CFT system. To this end, ASIF presented at a training session held in October 2022 organized by Co.Si.Fi. for legal persons registered in the Register of the Governorate of the Vatican City State.

For ASIF, the President provided an overview of the jurisdiction's AML/CFT system, while the Deputy Director described the results of the last General Risk Assessment, highlighted the aspects of interest to the entities, and presented the work being carried out in preparing a new update to the document.

The Supervisory Unit and the FIU presented the technical-operational aspects, with a focus on: internal AML/CFT controls and mechanisms, the self-assessment questionnaire distributed to the entities for completion, the reporting of suspicious activities, and the anomaly indicators, presenting some sample case studies.

3 OPERATIONS

3.1 REGULATORY AND LEGAL AFFAIRS

In 2022, the Regulatory and Legal Affairs Unit carried out various regulatory activities, including activities relating to updating the current legal framework, drafted numerous legal analyses and cooperated internally with other authorities of the Holy See/Vatican City State.

3.1.1 Decree No. CDLXVI and the new cross-border declaration in execution of Regulation (EU) 2018/1672 of the European Parliament and of the Council of 23 October 2018

New declaration form for the cross-border transportation of cash

Regulation (EU) 2018/1672 of the European Parliament and of the Council of 23 October 2018, relating to controls on incoming or outgoing cash, defines the obligations associated with the transport of cash, the methods of transmitting information to the FIU, domestic and international cooperation and exchange of information, the protection of personal data and the retention periods of such data, and the sanctions applicable in the event of non-compliance with the obligation to declare cash.

This Regulation has led the jurisdiction, in particular the Regulatory and Legal Affairs Unit of ASIF and the Governorate of the Vatican City State, to more specifically define the provisions already envisaged in the Vatican legal system and to draft both Decree No. CDLXVI, issued on 23 December 2021, and the new declaration form for the cross-border transportation of cash.

The Decree, in accordance with the Regulation of the European Parliament and of the Council, provides more detailed rules on the cross-border transport of cash as compared to those already present in our primary legislation (Law No. XVIII, and Law No. CXXVII *concerning the prevention and countering of money laundering and the financing of terrorism* of 30 December 2010 and subsequent amendments).

Thus, by way of example, the following have been specified:

- the definitions of "cash" (already present in Article 1 (8) of Law No. XVIII), of "financial intelligence unit" (already present in Article 2 *sexies* of Law No. CXXVII) and "cross-border transport" (already present in Article 1 (31) of Law No. XVIII);

- the obligation to declare cash, currently regulated by Article 81 of Law No. XVIII;

- the powers of the competent authorities, therefore the right to carry out checks which are currently governed by Article 84 of Law No. XVIII;

- the activities of the competent Authorities if there is a suspicion of criminal activities for amounts below the threshold;

- the temporary retention of cash by the competent authorities, contemplated by articles 84 (3) and 86 (3) of Law No. XVIII;

- the transmission of information to the FIU. The primary legislation already provides that information relating to declarations of cross-border cash transport and suspicions of correlation to criminal activities for amounts below the threshold are to be submitted to ASIF (Articles 81 (5) and (6); and Article 86 (3));

- the exchange of information, also envisaged by Article 87 of Law No. XVIII;

- secrecy, professional confidentiality, data security, protection and conservation of the same, already regulated by Article 82;

- sanctions, which the Vatican legal system sets out in Law No. X on general rules on administrative sanctions.

With regard to the new declaration for the cross-border transportation of cash, in order to achieve the objectives of the Decree, some standard data concerning the movement of cash are recorded, such as the personal data of the declarant, the owner, the recipient, the origin, the kind, the amount, the nature, the purpose, the itinerary followed and the means of transport.

3.1.2 Instruction No. 5 and the related Annex

Transposition of the new Apostolic Constitution *Praedicate Evangelium* in Instruction No. 5 and the related Annex

On December 20, 2022, the changes to ASIF Instruction No. 5, which deals with Politically Exposed Persons (PEPs) at the national level, and its Annex entered into force.

The modifications to the Instruction were deemed necessary following the promulgation of the Apostolic Constitution *Praedicate Evangelium* of 19 March 2022, which redefined the Entities of the Holy See, and for logical coherence. The main changes are as follows:

- the expression "subjects who carry out financial activities on a professional basis" has been replaced with "obliged entities", i.e. those who are bound by the obligations of Title II of Law No. XVIII. Therefore, the list of PEPs will be sent to all obliged entities;

- the introduction for all obliged entities, and no longer only for subjects who carry out financial activities on a professional basis, of the obligation to adopt specific enhanced due diligence measures in the case of relationships or activities in which politically exposed persons are involved;

- the introduction of the obligation for obliged entities to continue to apply these measures for at least 18 months after the politically exposed person's termination of office.

Finally, the Annex was updated in line with the Apostolic Constitution, resulting in the redefinition of the dicasteries and entities contained in the Annex.

3.1.3 Regulation No. 6

Establishment of a Central Register

The amendments to Law No. XVIII of 7 January 2021 introduced, in Article 51 *bis*, the establishment of a Central Register at ASIF.

This Register allows for the timely identification of any natural or legal persons who hold or control a relationship, payment account, IBAN-identified account or safe deposit box with an entity carrying out financial activities on a professional basis (see the box, "*The Central Register*").

Pursuant to Law No. XVIII, ASIF itself was tasked with governing the means for creating, updating, maintaining, managing and safeguarding the register through the issuance of a dedicated regulation. Such dedicated regulation, Regulation No. 6, was promulgated on 20 December 2022. The Regulation lays out the scope of application, sets out the applicable definitions, lists the information that shall be contained in the register, details the conservation and updating obligations and the security and protection measures, and contains provisions on the exchange of information and on official secrecy.

The information contained in the Register is accessible by ASIF and by other competent authorities (the Secretariat of State, the Governorate, the Corps of the Gendarmerie, the Office of the Promoter of Justice) to the extent necessary for the performance of their institutional activities in relation to the prevention and countering of money laundering and terrorist financing, pursuant to Article 69 of Law No. XVIII.

The body to whom requests for access to the register should be addressed, for the purpose of assessing eligibility for such access, is the Directorate of ASIF.

The Central Register

In 2022, the activities aimed at establishing a central register at the Authority were completed, and the Central Register became operational on 1 January 2023.

The Register, whose genesis can be found in Article 32a of the 4th AML Directive (as inserted by Article 1 (19) of the 5th AML Directive), is a useful tool for the timely identification of natural or legal persons who hold or control relationships, payment accounts, accounts identified by IBAN and safe deposit boxes held at institutions that professionally carry out activities of a financial nature, currently only the IOR.

Law No. XVIII mandated that ASIF regulate the means for creating, updating, maintaining, managing and safeguarding the register. In this regard, ASIF issued Regulation No. 6 on 20 December 2022, which established the obligation for entities that carry out financial activities on a professional basis to send updated communications on all active relationships every two weeks. These communications must detail, among other things, the date of opening and eventual closure of the account or relationship, the type of user, the type of relationship and IBAN, personal details of the user and any beneficial owners or delegates.

The Register is the result of a fruitful collaboration with the IOR, and will serve as a valuable source of information for the FIU for its intelligence activities and for the Supervision Office for its analysis of statistics and aggregated data. The information contained therein is also accessible to the other competent Authorities for the fulfillment of their obligations under Law No. XVIII, upon request to the Directorate of ASIF.

3.2 SUPERVISION

3.2.1 Prudential supervision of the IOR

The system of off-site inspections ensures compliance with prudential rules

In 2022, the Supervisory Unit carried out activities relating to the ongoing verification of the profiles relevant for the prudent, sound and sustainable management of the IOR, both through off-site analyses and feedback, and through periodic meetings with the Institute.

The Supervisory Unit continuously carries out its off-site inspection to ascertain the IOR's compliance with the prudential rules and operating limits and to monitor the evolution of the IOR's technical situation. The checks are systematic in nature and based on an analysis of the data and information that the IOR is required to send periodically by virtue of either Regulation No. 1 on the prudential supervision of entities that carry out financial activities on a professional basis, or specific requests from the Authority.

In particular, the Supervisory Unit analyzes the following:

a) the monthly prudential reporting on liquidity coverage ratio (LCR), net stable funding ratio (NSFR) and financial leverage;
b) the quarterly reporting of regulatory capital and the verification of adequacy with respect to the minimum requirements of all relevant risks;
c) the communications, on an annual basis, relating to the activity plan of the control functions, the system of risk objectives (Risk Appetite Framework, RAF) and the internal process for determining capital adequacy (Internal Capital Adequacy Assessment Process, ICAAP).

Monitoring of the 2020 Prudential Inspection Remediation Plan

Following the Authority's full-scope general inspection of the IOR on prudential matters carried out in 2020, the IOR prepared a detailed remedial action plan regarding the necessary improvements that emerged.

In 2022, the Supervisory Unit constantly monitored the state of progress of the remedial actions, making use of the documents sent by the IOR and of the information provided during follow-up meetings.

Information was also acquired on the more general transformation process that the IOR is carrying out and which involves all the components of the organizational structure (macrostructure, IT applications, resources), in view of the objectives outlined in the three-year strategic plan and the expansion of the role of the IOR in the process of centralizing the management of financial investments.

The periodic on-site meetings with the IOR contributed to updating the set of information available to the Supervisory Unit for the planning of off-site activities and inspections.

Ongoing technical contribution to regulatory updates

During 2022, technical contribution was provided on the evolution of the reference legislation, with particular regard to the European Directives and the Guidelines of the European Banking Authority. The Unit also provided technical support as part of the preparatory work of the Joint Committee with regard to the interim treatment of unrealized gains and losses. Technical analyses were also carried out with reference to issues concerning the evolution of the regulatory context of the jurisdiction and aspects relating to the operations of the IOR.

Transmission of monetary and financial statistics to the ECB continues on a regular basis

Based on the commitments undertaken by the Holy See at international level, with reference to the Monetary Convention between the European Union and the Vatican City State of 17 December 2009 and to the *ad hoc* regime adopted on 19 December 2014 by the Joint Committee for the implementation of the cited Convention, in 2016 two circulars were promulgated: the circular on interest rates applied by entities that carry out financial activities on a professional basis and the circular on monetary and financial statistics of entities that carry out financial activities on a professional basis. These documents provide indications for the periodic and concise representation of both interest rates on deposits and exposures to third parties, and on the relevant assets and liabilities of the entities that carry out financial activities on a professional basis. The statistics are produced periodically by the Unit and transmitted to the ECB.

International activity

In December 2022, the Supervisory Unit participated in the Annual Conference on EU Financial Regulation and Supervision held in Brussels, which was attended by representatives of European Community bodies and various European supervisory authorities. The conference provided an update on the most recent evolution of and prospects for the regulatory framework with reference to European financial regulation and supervision.

The conference also analyzed the progress that has been made towards the completion of the banking union and the path to be taken for the realization of the capital markets union. Other current topics of particular relevance were also addressed, such as sustainable finance and digitalisation, topics which are of growing interest also for the Authority.

With regard to sustainable finance, particular attention was paid to the implications for supervision that result from the Sustainability Finance Disclosure Regulation (SFDR) and the information obligations deriving from it (sustainability reporting). Another central theme was digital finance, with a focus on the EU directives issued in this regard (the Markets in Crypto-Assets Regulation (MiCAR) and the Digital Operational Resilience Act (DORA)).

In particular, the Corporate Sustainability Reporting Directive (CSRD) significantly extends the application of sustainability reporting to all large listed and unlisted European companies, banks and insurance companies, as well as to all listed companies, with the exception of "micro" ones. Sustainability information is expected to be placed in an identifiable *ad hoc* section within the Report on Operations, thus becoming an integral and substantial part of a company's annual reporting. Furthermore, the European Union will have its own sustainability reporting standards on all ESG issues, based on a multi-stakeholder perspective (and not just that of the investor). Sustainability information will be quantitative and qualitative in nature, and must be both retrospective and forward-looking. Under the Directive, sustainability reports must provide "limited assurance" around their sustainability information, with a view to attaining "reasonable assurance" (that is, the level of assurance that is provided with economic-financial balance sheets) in the near future. The supervision and enforcement of the new legislation will be entrusted to the various national competent authorities.

DORA, approved in the meeting of 10 November 2022 by the EU Parliament, has the ambitious goal of consolidating and harmonizing the main cybersecurity requirements at European level with reference to digital operational resilience in the financial sector for companies such as banks, insurance companies, cryptocurrency service companies, financial institutions and their suppliers. The Regulation in question is part of the Digital Finance Package of the EU which includes, in addition to DORA, strategic measures on digital finance and retail payments, regulations in the field of crypto-assets (MiCAR and market infrastructures based on DLTs), and a number of changes to existing directives to make them consistent with new regulations, in particular with DORA. There is an attempt to ensure that companies in the sector are able to deal with cyberattacks and operational disruptions through the implementation of governance, cybersecurity, ICT risk management and incident reporting. In this regard, financial entities will need to equip themselves with an internal cybersecurity governance and control framework such as to ensure effective and prudent management of all ICT risks, in order to achieve a high level of digital operational resilience. In particular, a defined set of tasks should be assigned to the financial institution's management body, which remains primarily responsible for the overall management of ICT risks. Furthermore, numerous provisions have been introduced regarding the management of incidents linked to ICT services. In fact, the financial entities will have to:

- foresee and implement business continuity policies and systems and recovery plans in the event of an ICT-related disaster, for example as a result of a cyberattack;
- equip themselves with suitable skills and personnel to detect vulnerabilities, threats, incidents and cyberattacks and evaluate the possible consequences on their digital operational resilience;
- foresee communication plans towards the various stakeholders.

3.2.2 AML/CFT Supervision

AML/CFT supervisory activity is based on risk and sectorial best practices

With a view towards protecting the financial system from the infiltration of illegal funds for the purposes of money laundering and terrorist financing, the supervisory activities aim to ensure that the IOR is equipped both with a process for identifying the main risks and with safeguards and mechanisms for mitigating them, in accordance with the proportionality principle.

The Supervisory Unit applies risk-based supervision in accordance with international standards. During the year, as already highlighted, it cooperated in activities related to the 2020 MONEYVAL evaluation.

In this regard, the Unit, also in order to comply with the indications provided by MONEYVAL, conducted technical analyses, inspired by sector best practices and rigorous risk assessment methodologies, aimed at updating the current regulatory framework and streamlining the obligations borne by the obliged entity in the context of different profiles.

On a regulatory level, the Unit assisted with the amendments to Instruction No. 5 on domestic politically exposed persons, which became necessary with the advent of the Apostolic Constitution *Praedicate Evangelium*. As already mentioned, the new Constitution modified the structure of the Roman Curia, consequently altering the perimeter of the offices and positions that can be qualified as politically exposed. The Unit was also involved in updating the Explanatory Note to Instruction No. 1, regarding the list of high-risk states with strategic deficiencies in their AML/CFT systems.

The Unit also assisted in the activities needed for establishing and regulating the new Central Register, maintained by this Authority since January 2023, in actuation of the provisions of Article 51 *bis* of Law No. XVIII.

The on-site inspection activities focused on the follow-up of the 2019 AML/CFT general inspection, aimed at verifying the adequacy and effectiveness of the remedial actions implemented by the IOR in relation to the areas of improvement identified by ASIF. The inspection project consisted of, *inter alia*, the perimeter of the assessment, the checks to be carried out through a desk-based review, and a set of analyses to be carried out on a sample set of various operational cases. The inspection project was developed on the basis of the progress made by the IOR with regard to its remedial plan.

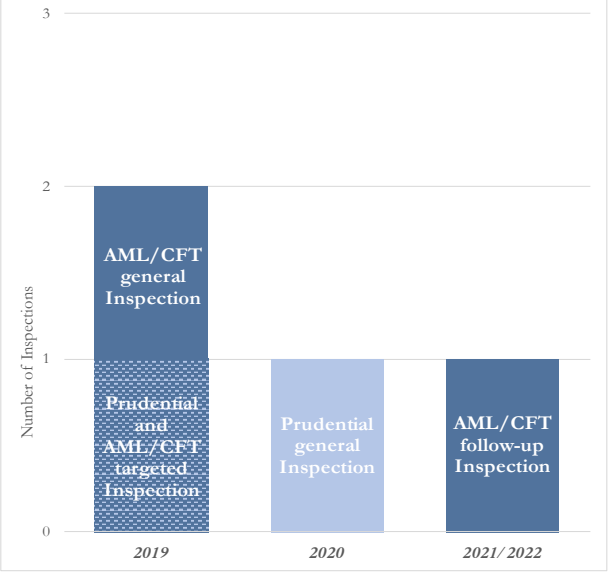
The first inspection phase, launched in October 2021, was concluded in the first few months of 2022. The checks carried out revealed a high level of commitment on the part of senior management, which provided a general impetus and a coordinating role in the implementation of the remedial actions. The preparatory activities were carried out for the second step of the follow-up inspection activities, aimed at covering the remaining areas, which are planned to be carried out in the first part of 2023.

The data and information obtained through on-site inspections, as well as those collected through periodic flows, are considered by the Unit with a view to developing and maintaining a good understanding of the risks of money laundering and terrorist financing of the IOR, as well as to ensure a supervisory strategy that effectively directs attention to higher or emerging risks. Meaningful contributions to the supervisory activity were also provided by the constant information exchange with the Financial Intelligence Unit.

Inspections of the IOR

On-site inspection activities carried out in the period 2019 - 2022

Since 2019, the Supervisory Unit has conducted 4 inspections of the IOR, of which two were full-scope inspections on AML/CFT and prudential matters, one was an AML/CFT follow-up inspection and one on SEPA matters which covered both areas. On an annual basis, FATCA checks are also carried out on behalf of the SfE (see 3.2.4).



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The Unit was involved, for its areas of competence, in the preparatory activities for the general risk assessment of the jurisdiction, also through the preparation and collection of questionnaires for the acquisition of data and information on the entities of the Holy See, in order to arrive at an updated overview of the potential ML/FT risks and structured control measures. In this context, in addition to the training session held in October 2022, the Unit had several opportunities to collaborate with various Vatican entities upon their request, which showed a fruitful interest in ML/FT issues, also through their requests for targeted training sessions.

At the international level, the Unit took part in the annual Conference on Anti-Money Laundering and Financial Compliance issues in the European Union, held on 10-11 November by the Academy of European Law.

3.2.3 International collaboration and information exchange

ASIF has exchanged information with the corresponding authorities of foreign states in various fields. In particular, during the year the Supervisory Unit had various exchanges of experience with other supervisory authorities, including the Bundesbank and the Bank of Italy, in the form of indepth courses carried out externally or hosted by ASIF, thus strengthening the institutional relationships and fruitful collaboration. The programs concerned, among other things, supervisory analysis models and methods at the basis of the Unit's activity.

Furthermore, the Unit shared best practices with a regional supervisory authority on AML/CFT matters.

3.2.4 Collaboration in tax matters

Obtaining Qualified Intermediary status for the IOR

The Holy See is strongly committed to ensuring international cooperation and the exchange of information for the purposes of preventing tax evasion and facilitating the fulfillment of fiscal requirements by foreign citizens and legal entities having relations with the IOR. In this context, on the basis of a specific Memorandum of Understanding, ASIF has been delegated by the SfE, the competent authority of the Holy See in these matters, to monitor the adoption of the procedures implemented by the IOR for the purposes of fulfilling the requirements established by the Agreement with the United States to promote compliance with tax obligations and implement the Foreign Account Tax Compliance Act (FATCA Agreement) of 10 June 2015. As part of an ongoing process that began in 2020, the IOR acquired Qualified Intermediary (QI) status in June 2021. This recognition has a strategic value for the IOR and allows it to align itself with the best international standards with regard to the management of financial assets.

3.3 FINANCIAL INTELLIGENCE

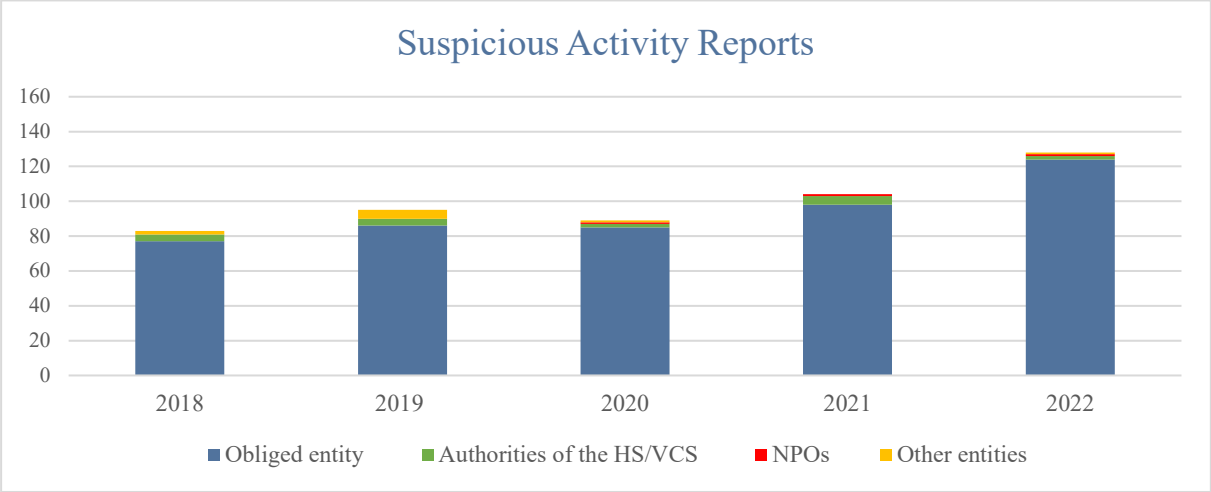
ASIF is the central authority for financial intelligence through its Financial Intelligence Unit. The Unit is an important source of information for initiating investigations into money laundering, terrorist financing and predicate offences. The Unit performs several key functions:

- receives SARs from obliged entities, public authorities, NPOs and legal persons registered in the Holy See/Vatican City State;
- carries out the operational analysis of SARs, which includes the examination of the SAR, as well as of documents, data and information in order to identify specific targets, trace operations and transactions, establish links or receive and request all documents, data and information relevant to preventing and countering money laundering and terrorist financing;
- takes preventive measures such as: suspending, for up to five working days, transactions and operations suspected of money laundering or terrorist financing, as well as any other related transaction or operation, where this does not hinder investigative or judicial activities; freezing accounts, funds and other assets for up to five working days in case of suspicion of money laundering or terrorism financing, where this does not obstruct investigative or judicial activity;
- submits reports and information to the OPJ if there are reasonable grounds to suspect money laundering, terrorist financing or a predicate offense;
- exchanges information with its foreign counterparts, spontaneously or upon request, that maybe relevant for the processing or analysis of information related to money laundering or terrorist financing and the natural or legal person involved, regardless of the type of associated predicate offences;
- receives and analyses cross-border cash transport declarations;
- conducts strategic analysis on an annual basis, using, *inter alia*, aggregated data from the SARs in order to identify common patterns and schemes in money laundering and terrorist financing and emerging trends.

3.3.1 Suspicious Activity Reports

The trend towards better quality reporting strengthens further

In 2022, ASIF received 128 suspicious activity reports (SARs), of which 124 from the obliged entity, i.e. the IOR, 2 from authorities of the Holy See/Vatican City State, 1 from an NPO and 1 from another subject, representing a sharp increase in the overall number of reports compared to the 104 reports received in 2021. Furthermore, the SARs received in 2022 confirm the trend underway since 2017 towards higher quality reports, due in part to more detailed anomaly indicators and a more conscious implementation of a risk-based approach. The trend also reflects the stabilization and normalization of the reporting system and the intensification of the preventive measures undertaken by the IOR. The indicators of anomaly that were reported most frequently in 2022 are: unnecessarily complex or illogical activities, use of cash, and uncooperative or suspicious behavior.



3.3.2 Operational analysis

Through operational analysis, the information received from the FIU is developed into operational intelligence, which can be passed on to the OPJ for further investigation of cases of money laundering, terrorist financing and predicate offenses. In order to verify that the operational analyses are relevant, and that the use of financial intelligence by law enforcement authorities is effective, the FIU monitors the extent to which the operational analyses contribute over time to the success of investigative and prosecutorial actions. To this end, the operational coordination meetings between the OPJ, the CdG and ASIF and the feedback provided by the OPJ following the transmission of reports by ASIF are important tools.

While the operational analyses carried out during the year almost exclusively concerned possible cases of money laundering and predicate offences, countering the financing of terrorism continues to be a priority for the Holy See/Vatican City State (see the box: The risk of terrorist financing in the jurisdiction).

The risk of terrorist financing in the jurisdiction

As already highlighted, the 2019 update to the GRA confirmed a low-level risk of terrorist financing. This is confirmed by the fact that, between 2020 and 2022, ASIF received only 3 reports that were potentially linked to terrorist financing, and all three were subsequently archived.

In this framework, as provided for in Article 71 (1) of Law No. XVIII, the President of the Governorate of the Vatican City State periodically issues ordinances updating the 'List of Subjects that Threaten International Peace and Security', incorporating the indications of the United Nations Security Council and the European Union, as well as any indications provided by ASIF or the competent law enforcement authorities.

In 2022, the President of the Governorate issued 21 such ordinances. In forwarding the ordinances to the IOR, ASIF requires the adoption of preventive measures, including the freezing of: i) potential funds and other assets owned, held or controlled, exclusively or jointly, directly or indirectly, by subjects included in the lists; ii) potential benefits and profits generated by the aforementioned funds and assets; and iii) potential funds and other assets held or controlled by other subjects, natural persons or entities, in the name, on behalf or for the benefit of subjects included in the lists. The analyzes and subsequent monitoring activities did not reveal any links between the subjects included in the lists and the jurisdiction.

In order to promote maximum awareness of the potential risks among all the authorities and entities of the jurisdiction, the ordinances are published, in addition to the website of the Governorate, on the ASIF website.

3.3.3 Preventive Measures

Use of the suspension tool increased in 2022

In 2022, there was a further increase in the number of cases requiring the use of the suspension tool provided for by Article 48 of Law No. XVIII, which states that ASIF may suspend the execution of a transaction or freeze accounts, funds or other assets for up to 5 working days in case of suspicion of money laundering or terrorist financing.

In fact, the suspicious activity reports received by ASIF in 2022 gave rise to 5 suspensions, for a total amount of 829,050 euros, an increase compared to 2021, which saw 4 suspensions for a total of 379,770 euros. No freezing measures were issued in 2022.

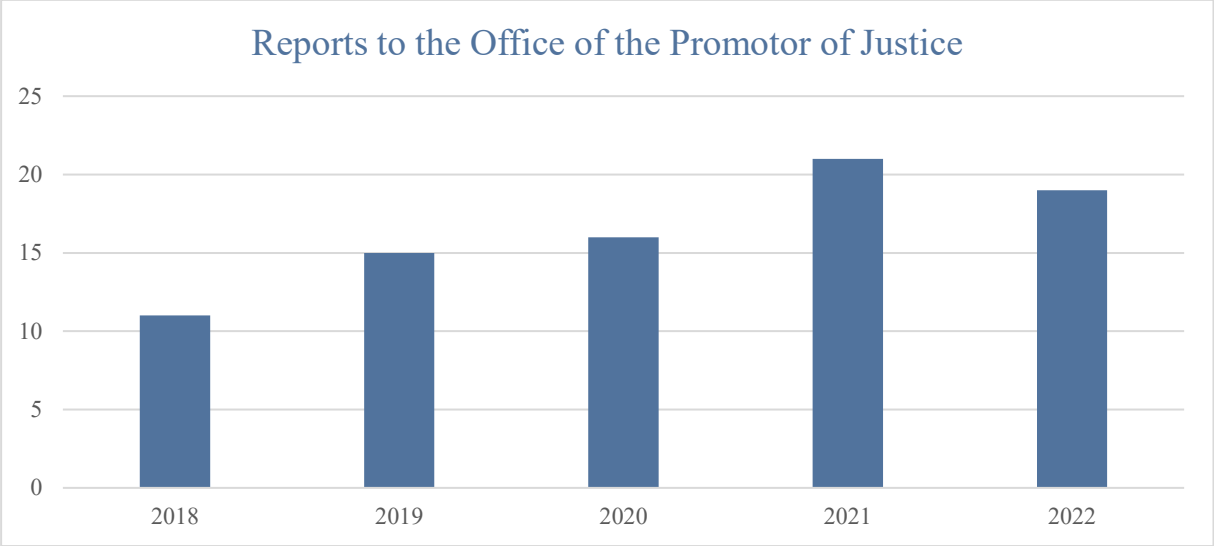
3.3.4 Reports to the Office of the Promotor of Justice

The number of reports submitted to the OPJ consolidates

In 2022, ASIF submitted 19 reports to the OPJ, including 7 first reports and 12 supplemental reports, representing, on the one hand, a slight decrease from the overall number of reports submitted in 2021 (21

reports), and on the other, a sharp increase in the number of first reports, which in 2021 amounted to 3.

Many of the reports involved foreign entities or conduct undertaken in, or in connection with, foreign jurisdictions.

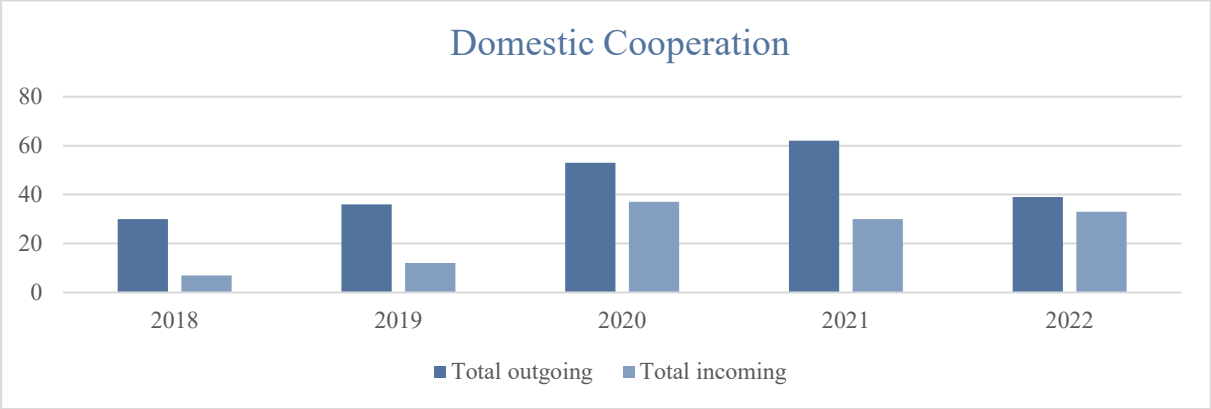


3.3.5 Domestic and international cooperation

The authorities of the HS/VCS remain vigilant in their fight against ML and FT

Domestic cooperation is governed by Article 69 of Law No. XVIII, which provides that the competent authorities, entities and institutions of the Holy See/Vatican City State actively collaborate and exchange information for the purposes of preventing and countering money laundering and terrorist financing.

In 2022, the number of outgoing requests declined compared to 2021, decreasing from 62 to 39, due to physiological trends connected to certain specific cases. Conversely, the number of incoming requests increased from 30 to 33. Taken together, these figures demonstrate the ongoing commitment of ASIF, and the Vatican authorities as a whole, to combating money laundering and terrorist financing.

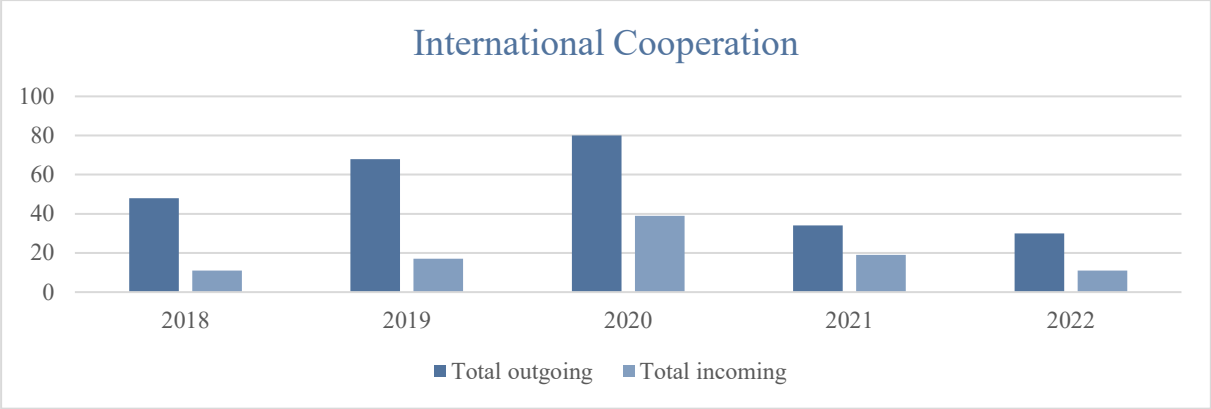


In particular, the interaction between the FIU, the OPJ and the Eco-Fin Section of the CdG continued to be extensive, thanks to the small size of the jurisdiction and the Memorandum of Understanding signed in April 2020.

International cooperation remains a high priority

With regard to international cooperation, ASIF sent 30 requests for information or spontaneous communications to foreign FIUs and received 11 such requests and communications from its counterparts, a slight decrease compared to 2021, which counted 34 outgoing and 19 incoming exchanges. As in previous years, international cooperation proved to be very valuable in acquiring relevant information during the operational analysis phase, preparatory to the transmission of a report to the OPJ.

Pursuant to Article 69 *bis* of Law No. XVIII, ASIF may cooperate and exchange information with similar authorities of foreign jurisdictions upon the condition of reciprocity and on the basis of memoranda of understanding. In 2022, ASIF continued to expand its network of FIUs with which it can cooperate, signing memoranda of understanding with the FIUs of North Macedonia and the Cayman Islands, for a total of 67 memoranda signed since 2012.

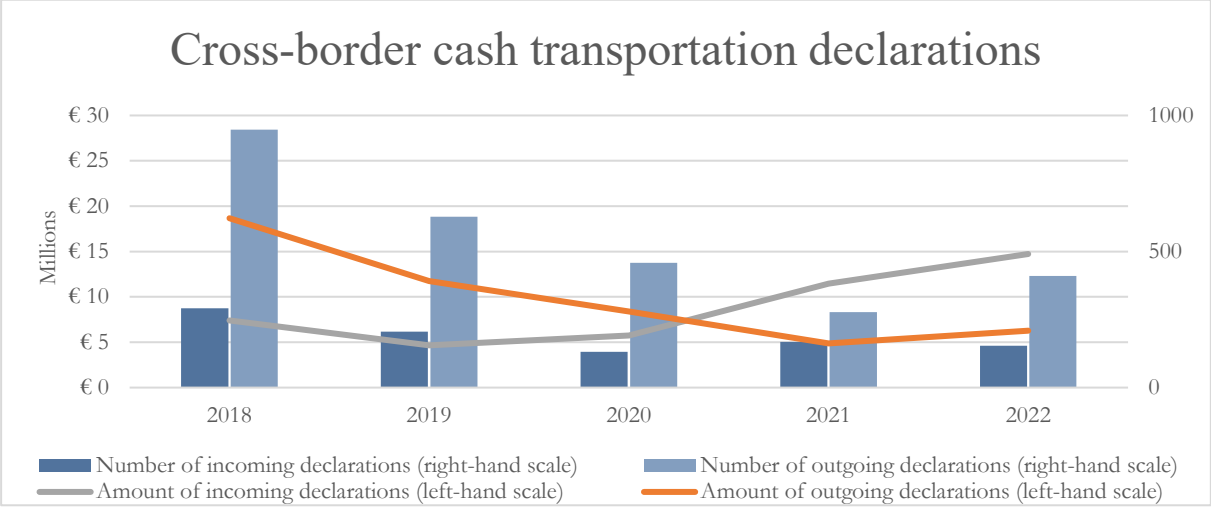


3.3.6 Cross-border cash transport declarations

Cash inflows continue to exceed outflows

Article 81 of Law No. XVIII establishes the obligation to declare the cross-border transportation of money (both cash and bearer negotiable instruments) for amounts equal to or greater than 10,000 euros. The declaration must be presented to the CdG, the competent customs authority, or to the offices authorized by ASIF.

In 2022, ASIF recorded 154 incoming declarations, for a total amount of €14,725,989, and 410 outgoing declarations, for a total amount of €6,273,198. While the number of incoming cross-border declarations was lower than the number recorded in 2021 (by 14 declarations), the amount declared increased by €3,251,847 (28 per cent), suggesting a greater tendency to bring currency into the jurisdiction. On the contrary, both the number and the amount of outgoing cross-border declarations increased considerably compared to 2021, with an increase of 133 declarations and €1,403,770 over the figures recorded in 2021, further suggesting a greater tendency towards the use of cash.



3.3.7 Strategic analysis

The FIU's strategic analyses are used at different levels. First, they serve as the main point of reference for ASIF's strategic and operational guidelines and for their constant updating. Second, they are also the subject of guidelines, instructions and training sessions, both for the obliged entity and for the other reporting entities. The analyses can also offer elements of financial intelligence within the context of cooperation and information exchange and for the coordination of operational activities with law enforcement authorities.

In a broader perspective, strategic analyses can be used within the GRA process, in that such analyses can shed light on the possible need to adopt measures to strengthen the effectiveness or the technical compliance of the AML/CFT system, including through the adoption of standards

or requirements for specific sectors, categories of entities or types of services, products, activities, operations, transactions or distribution channels.

Finally, strategic analyses may also result in the publication of targeted studies focused on specific sectors, categories of entities or types of services or activities, or advanced studies on the jurisdiction as a whole, including cross-border activities.

In 2022, the FIU conducted a full-scope strategic analysis on the 5-year trend (2018-2022) with regard to suspicious activity reports, the reports sent to the Office of the Promoter of Justice, domestic and international cooperation, and financial inflows and outflows.

4 STATISTICAL TABLES

4.1 Suspicious Activity Reports

	2018	2019	2020	2021	2022
Total	***83***	***95***	***89***	***104***	***128***
Obliged entity	*77*	*86*	*85*	*98*	*124*
Authorities of the Holy See/ Vatican City State	***4***	***4***	***2***	***5***	***2***
Non-profit organisations	*0*	*0*	*1*	*1*	*1*
Other entities	***2***	***5***	***1***	***0***	***1***

4.2 Preventive Measures

	2018	2019	2020	2021	2022
Number of suspended transactions and operations	*3*	*3*	*0*	*4*	*5*
Amount of suspended transactions and operations	***€ 422,077***	***€ 240,000***	***€ 0***	***€ 379,770***	***€ 829,050***
Number of frozen accounts, funds and other economic resources	*2*	*1*	*0*	*1*	*0*
Amount of frozen accounts, funds and other economic resources	***€ 2,362,725***	***€ 178,970***	***€ 0***	***€ 246,418***	***€ 0***

4.3 Reports to the Office of the Promotor of Justice

	2018	2019	2020	2021	2022
Total	***11***	***15***	***16***	***21***	***19***

4.4 Domestic Cooperation

	2018	2019	2020	2021	2022
Number of outgoing requests and communications	*30*	*36*	*53*	*62*	*39*
Number of incoming requests and communications	*7*	*12*	*37*	*30*	*33*

4.5 International Cooperation

	2018	2019	2020	2021	2022
Total	***59***	***85***	***119***	***53***	***41***
Requests and communications sent to foreign FIUs	*48*	*68*	*80*	*34*	*30*
Requests and communications received from foreign FIUs	*11*	*17*	*39*	*19*	*11*

4.6 Memoranda of understanding with foreign Financial Intelligence Units

	2018	2019	2020	2021	2022
Total	***6***	***4***	***2***	***3***	***2***

4.7 Number and amount of cross-border cash transportation declarations

	2018	2019	2020	2021	2022
Number	***1239***	***834***	***589***	***445***	***564***
Total amount	***€ 26,085,386***	***€ 16,385,499***	***€ 14,163,034***	***€ 16,343,571***	***€ 20,999,188***
Number of incoming declarations	*291*	*206*	*131*	*168*	*154*
Number of outgoing declarations	***948***	***628***	***458***	***277***	***410***
Incoming declared amount	*€ 7,416,789*	*€ 4,659,479*	*€ 5,756,557*	*€ 11,474,142*	*€ 14,725,989*
Outgoing declared amount	***€ 18,668,597***	***€ 11,726,020***	***€ 8,406,477***	***€ 4,869,428***	***€ 6,273,198***

GLOSSARY/ACRONYMS

AML/CFT, *Anti-Money Laundering and Countering the Financing of Terrorism*

ASIF, *Supervisory and Financial Information Authority*

CDG, *Corps of the Gendarmerie*

Co.Si.Fi., *Financial Security Committee*

ECB, *European Central Bank*

FATCA, *Foreign Account Tax Compliance Act*

FATF, *Financial Action Task Force*

FIU, *Financial Intelligence Unit*

GRA, *General Risk Assessment*

IBAN, *International Bank Account Number*

IOR, *Istituto per le Opere di Religione*

ML/FT, *Money Laundering and the Financing of Terrorism*

MONEYVAL, *Committee of Experts on the Evaluation of Anti-Money Laundering and the Financing of Terrorism of the Council of Europe*

OAG, *Office of the Auditor General*

OPJ, *Office of the Promoter of Justice*

PF, *Proliferation Financing*

SAR, *Suspicious Activity Report*

SEPA, *Single Euro Payments Area*

SfE, *Secretariat for the Economy*

SoS, *Secretariat of State*