Guidelines No. 1/2026

on procedures and controls concerning Diplomatic Missions and members of the Diplomatic Corps accredited to Holy See

§1. Obliged subjects are required to apply the provisions on customer due diligence set out in Chapter III of the Law on *"Transparency, Supervision and Financial Intelligence*" No. XVIII of 8 October 2013 ("Law No. XVIII") and in Regulation No. 4 *on customer due diligence of customers of the entities carrying out financial activities on a professional basis* of 21 June 2024 ("Regulation No. 4").

§2. These guidelines provide operational guidance to assist obliged subjects in carrying out their customer due diligence obligations in relation to diplomatic missions accredited to Holy See, taking into account:

- Law No. XVIII, and, in particular, Article 9(2) (b) (v *bis*), which provides that, considering the provision of Article 25 of the Vienna Convention on Diplomatic Relations, the Supervisory and Financial Information Authority shall indicate to obliged subjects the procedures and controls to be adopted in relation to diplomatic missions;

- the *Vienna Convention on Diplomatic Relations* (*"Vienna Convention*") and, in particular, Article 25, which provides that the receiving State shall accord all facilities for the performance of the functions of the Mission;

- Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 *on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC,* as amended by Directive (EU) 2018/843 of 30 May 2018 *on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU*;

- the *Methodology for assessing technical compliance with the FATF Recommendations and the effectiveness of the AML/CFT/CPF system*, issued by the Financial Action Task Force (FATF), as last updated in August 2024, and, in particular, Recommendation 12 (*Politically Exposed Persons* (PEPs));

- the *Guidance – Politically Exposed Persons (Recommendations 12 and 22)*, issued by the Financial Action Task Force (FATF) in June 2013, and in particular §§ 108 and 109.

(a) Classification as a «politically exposed person».

§3. Article 1(16) of Law No. XVIII defines a politically exposed person as *"a person who is or has been entrusted with a prominent public function in the Holy See, in the State or in any other Jurisdiction or in an international organization."*. Among those holding a prominent public office, Article 1(14)(e) of Law No. XVIII expressly includes ambassadors and chargés d'affaires.

§4. Ambassadors and chargés d'affaires accredited to Holy See fall within the category of "heads of mission" referred to in Article 14 of the *Vienna Convention*. Their formal accreditation is the determining factor for classifying them as «politically exposed persons». The Protocol Office of the Secretariat of State maintains a comprehensive list containing all members of the

foreign Diplomatic Corps accredited to Holy See. This list includes not only heads of mission but also other members of the mission staff who hold diplomatic *status*.

§5. Obliged subjects are required to refer to the list referred to in § 4 – normally available at the link https://www.sdsofficium.va/cd/corpsdiplomatique.html – when carrying out due diligence procedures (including ongoing monitoring) to verify the *status* of the individual. To facilitate the activities of the obliged subjects, the Supervisory and Financial Information Authority will consider, in agreement with the Secretariat of State, providing a complete list and subsequent updates to the same.

(i) Family members and close associates of «politically exposed persons».

§6. The regulatory framework provides that the same obligations as those applicable to a «politically exposed person» shall apply to "family members" and "close associates" of a «politically exposed person» (see Article 30 of Law No. XVIII). In this regard, it is necessary, first and foremost, to identify which individuals fall within the definition of "family members" and "close associates" of a «politically exposed person».

§7. Article 1(9) of Law No. XVIII clearly specifies who is to be considered a "family member" of a «politically exposed person» (the spouse, the children and their spouses, the parents), so their identification during customer due diligence is unequivocal. Accounts held in the names of such persons must be subject to the same requirements as those applicable to «politically exposed persons».

§8. As regards, however, "close associates", Article 1(21)(a) of Law No. XVIII refers to any natural person who has joint beneficial ownership of a legal person or other close economic relationship with a «politically exposed person». Given the *status* of most «politically exposed persons» within the jurisdiction, the concept of "close associates" is generally extended – in line with the FATF *standard* – to close social and professional connections (this includes, for example, the secretary of a «politically exposed person» who has been granted power of attorney over the latter's personal account held with the IOR).

§9. However, a distinction must be made between:
- heads of mission, who – as mentioned (see §4) – are to be considered «politically exposed persons»;
- other members of the mission staff, within the meaning of Article 1(c) of the *Vienna Convention*, who do not fall within the definition of «politically exposed persons»;
- those who work in close contact with the head of mission, for example as delegates acting on the head of mission's personal account.

This last category of individuals shall be included in the definition of "close associates", within the meaning of Article 1(21)(a) of Law No. XVIII, and the relevant enhanced due diligence requirements shall be applied to any accounts held in their names.

(b) Due diligence requirements

§10. In the context of customer due diligence requirements, a distinction must be made between accounts held in the name of diplomatic missions (where the Ambassador formally appears as the "beneficial owner", pursuant to Article 1(21) of Law No. XVIII) and the personal accounts of Ambassadors and other members of the mission staff accredited to Holy See.

(i) *Accounts held in the name of diplomatic missions accredited to Holy See*

§11. With regard to accounts held in the name of diplomatic missions, Article 25 of the *Vienna Convention* must be borne in mind – *"the receiving State shall accord full facilities for the performance of the functions of the mission*" – which, in practice, also includes the obligation to facilitate the opening of current accounts with institutions professionally engaged in financial activities within the Jurisdiction, insofar as these are functional to the institutional purposes of the mission.

§12. Obliged subjects may not, therefore, refuse to open an account for a diplomatic mission accredited to Holy See or close an existing account on their own initiative. Any doubts regarding the opening or closure of the account must be discussed in advance with the Supervisory and Financial Information Authority, which shall consult the Secretariat of State for the appropriate assessment of the matter. Similarly, obliged subjects may not take measures that entail restrictions or obstacles to the normal operations of the diplomatic mission.

§13. Accounts held in the name of diplomatic missions accredited to Holy See serve to fulfil the institutional purposes of the Holy See as the diplomatic representative of the accredited Jurisdiction; therefore, transactions carried out through these accounts may be considered to be of an "institutional" nature. Consequently, as a rule, accounts held in the name of diplomatic missions are associated with a low level of risk and are subject to simplified customer due diligence requirements, in accordance with Article 24 of Law No. XVIII and Articles 22 and 23 of Regulation No. 4. This characteristic does not, however, preclude the usual subjection of accounts to automated transaction monitoring, in accordance with a risk-based approach.

(ii) *Accounts held in the name of the diplomatic mission members accredited to Holy See*

§14. Obliged subjects may maintain financial relationships and offer their services to members of the Diplomatic Corps accredited to Holy See. The rules applicable to «politically exposed persons» shall apply to such relationships, extending the provisions laid down for ambassadors and chargés d'affaires. In particular, Law No. XVIII provides that "[t]*he obliged subjects are* […] *required to carry out enhanced customer due diligence in the cases established by Articles* […] *28* [Politically exposed persons] […]*, 30* [Family members and close associates of politically exposed persons]*"* (see Art. 25(4)).

§15. In this context, obliged subjects are required to: a) determine on a timely basis if the counterpart or the beneficial owner is a «politically exposed person»; b) obtain the authorisation of the senior management before starting a relationship with a «politically exposed person» and, in the case of an existing relationship, in order to continue such a relationship; c) establish the origin of the patrimony and funds of the customers and the effective titular identified as «politically exposed persons»; d) carry out enhanced ongoing monitoring of that relationship; e) adopt adequate procedures and measures based upon the risk to fulfil the requirements established by this Article (see Article 28(1) of Law No. XVIII). Consequently, in respect of accounts held in the names of the diplomatic mission members accredited to Holy See, the usual ongoing monitoring of transactions must be carried out, in accordance with a risk-based approach.

§16. Furthermore, as already indicated (see §6), the measures provided for «politically exposed persons» must also be applied to "family members" and "lose associated" of a «politically exposed person» (see Article 30 of Law No. XVIII).

§17. When adopting specific due diligence measures for «politically exposed persons», in addition to complying with the general principle already mentioned whereby the receiving State must grant full facilities for the performance of the functions of the mission (Article 25 of the *Vienna Convention*), Article 31(3) of the same Convention must be taken into account, which provides that *"no measures of execution may be taken in respect of a diplomatic agent* […]".

Therefore, in accordance with the provisions governing relations with diplomatic missions (see § 12), obliged subjects may not, on their own unilateral initiative, refuse to open, close or freeze accounts held in the names of the diplomatic mission members accredited to Holy See. Before taking any action, obliged subjects must inform the Financial Supervisory and Information Authority, which will consult the Secretariat of State for an assessment of the merits.

(c) Reporting of suspicious activities

§18. Accounts held in the name of diplomatic missions and the diplomatic mission members accredited to Holy See, as previously indicated, are subject to customer due diligence requirements and transaction monitoring in accordance with the terms set out (see section "(*b) Due diligence requirements*").

Where, during customer due diligence and transaction monitoring activities, obliged subjects, pursuant to Article 40 of Law No. XVIII,

(i) suspect or have reasonable grounds to suspect that funds or other economic resources 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 are intended to be used for acts of terrorism or by terrorist organisations or by those who finance terrorism or the proliferation of weapons of mass destruction; or

(ii) in the case of activities, operations or transactions which they consider, by their own nature, to have a link or connection 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,

they shall submit a suspicious activity report to the Supervisory and Financial Information Authority, which shall promptly refer the matter to the Secretary of State and the Office of the Public Prosecutor for their respective assessments within their respective areas of competence.

Adopted by the Board on 19 May 2026.

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