

**• Communiqué of the Secretariat of State
regarding the new legislation for the prevention and countering of illegal activities
in the financial and monetary sectors**

1. Today, in implementation of the Monetary Convention of 17 December 2009 (2010/C 28/05) between Vatican City State and the European Union, four new Laws were adopted:

- the "Law concerning the prevention and countering of the laundering of proceeds from criminal activities and of the financing of terrorism";
- the "Law on fraud and counterfeiting of Euro banknotes and coins";
- the "Law concerning the size, specifications, reproductions, substitutions of and withdrawals from use of Euro banknotes and concerning the implementation of measures to be taken against the irregular reproduction of Euro banknotes and the substitution of and withdrawal from use of Euro banknotes"; and the "Law regarding the face, unitary value and technical specifications, as well as the copyright of the designs of the national faces of the Euro coins destined for circulation".

The process of drafting the above-mentioned Laws was conducted with the assistance of the Mixed Committee, established in Art.11 of the Monetary Convention, composed of representatives of Vatican City State and of the European Union. The European Union delegation is composed of representatives of the Commission and of the Republic of Italy as well as representatives of the Central European Bank.

The Law concerning the prevention and countering of money laundering and of the financing of terrorism is published together with this Communiqué, while the others will be published on the website of Vatican City State, at www.vaticanstate.va

2. The Law concerning the prevention of money laundering and of the financing of terrorism contains the following in a single piece of legislation:

- specification of criminal activities which comprise the laundering of money, self money-laundering, and the so-called "predicate crimes" (that is, the criminal activities which generate incomes, that are subsequently laundered), for which penal fines are foreseen;
- specification of activities with a more administrative content related to international cooperation, but also to prevention, for which pecuniary administrative fines are foreseen.

The above Law is based on the following main obligations:

- "adequate verification" of the counterpart;
- registration and conservation of data concerning ongoing relations and operations;
- reporting of suspicious transactions.

The structure of this Law, while taking into account the specificity of the Vatican legal system into which it is inserted, conforms to the principles and rules in force throughout the European Union and is therefore in conformity with the norms of other nations which have more developed rules in this regard. This is seen in the provisions concerning, among other things, self money-laundering, the controls on cash entering or leaving Vatican City State, the obligations regarding the transfer of funds, and the heavy administrative sanctions that are applicable not only to legal persons and entities but also to the physical persons who act on

their behalf, by means of the binding recourse action.

3. In conformity with what is found in the most recent norms of the European Union, the Law on fraud and counterfeiting responds to the need to adopt a solid network of legal protection of Euro banknotes and coins from counterfeiting. This requires procedures of withdrawal from circulation of counterfeited banknotes and coins, the reinforcing of penal sanctions, as well as various forms of European and international cooperation.

4. The Laws concerning the Euro banknotes and coins contain the following for those Banknotes and coins:

- norms for the protection of the copyright of the designs;
- rules regarding size, technical characteristics, circulation and substitution;
- the prospective application of administrative pecuniary fines for violation of any of these Laws.

5. The drafting of the Laws that are adopted today does not involve Vatican City State alone. The Holy See, which is legally distinct from Vatican City State and which directs entities and institutions active in various areas, has adopted as its own the "Law concerning the prevention and countering of the laundering of proceeds from criminal activities and of the financing of terrorism". The adoption of this Law was accomplished by means of the "Apostolic Letter in the form of a Motu Proprio for the prevention and countering of illegal activities in the area of monetary and financial dealings".

With that Apostolic Letter, which is also published today and signed by the Supreme Pontiff Pope Benedict XVI:

- it is also established that the Law of Vatican City State and its future modifications apply as well to the "Dicasteries of the Roman Curia and for each and every institution or entity dependent on the Holy See", among which the Istituto per le Opere di Religione (IOR) is included, so as to confirm the latter's firm intention to operate according to principles and criteria which are internationally recognized;
- the Autorità di Informazione Finanziaria (AIF) is established, an autonomous and independent body with the specific task of preventing and countering the laundering of money and the financing of terrorism with respect to each subject, both legal and physical, entity and institution of whatever nature, of Vatican City State, of the Dicasteries of the Roman Curia and of all the other institutions and entities dependent on the Holy See;
- the competent judicial authorities of Vatican City State are henceforth delegated to exercise penal jurisdiction in regard to the above-mentioned institutions, in the case of crimes related to money-laundering and the financing of terrorism.

The Apostolic Letter is published on the Holy See's website, at www.vatican.va

6. The AIF, whose President and members of the Governing Council are appointed by the Pope, is charged with the task of adopting the complex and delicate norms of implementation which are indispensable in ensuring that the subjects of the Holy See and of Vatican City State – from 1 April 2011 – will respect these new and important obligations aimed at countering the laundering of money and the financing of terrorism. On 1 April 2011, the "Law concerning the prevention and countering of the laundering of proceeds from criminal activities and of the financing of terrorism" will enter into force.

7. Experience will help to refine and integrate the new norms concerning the prevention and countering of money-laundering and the financing of terrorism in accordance with the principles and the standards in force in the international community; such need might derive from the Holy See's and Vatican City State's openness to deal with competent international instances in countering both money-laundering and the financing of terrorism.

8. These new Laws are part of the Apostolic See's efforts to build a just and honest social order. At no time may the great principles of social ethics like transparency, honesty and responsibility be neglected or weakened (cf. BENEDICT XVI, *Caritas in Veritate*, 36).

30 December 2010