



FINANCIAL INTELLIGENCE AUTHORITY

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Financial Intelligence Authority

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PRESENTATION

The call to Diognetus to be “in” the world but not “of” the world,* has a profound significance in the financial sector, in particular for the Holy See, which has adopted the best international standards to ensure the transparency and legality in the financial sector, without renouncing its vision of finance as a “means” and not as “end”, therefore its unique nature and mission in the world.

In the last five years, and in a relatively short period of time, the Holy See and the Vatican City State have implemented a challenging agenda at the international level (signing the Monetary Agreement with the European Union and joining the Committee of Experts on the evaluation of measures to counter money laundering and terrorist financing “Moneyval” at the Council of Europe) and at the domestic level, both in the institutional area (creating new bodies such as the Financial Intelligence Authority) and in the technical-legal fields (by adopting significant legislation on transparency, supervision and financial intelligence).

The credibility of such a path is based on the “two pillars” of the adoption of the best international and European standards and consistency with the unique nature of the Holy See, including its sovereign prerogatives, also in the financial sector.

The objective, also in 2014, was the further strengthening of an effective and long-term sustainable domestic system for the prevention and countering of illicit financial activities.

The Financial Intelligence Authority has carried out a firm activity at the organizational and operational levels. This has included the consolidation of the suspicious activities reporting system (147 reports) and dissemination to the Office of the Promoter of Justice at the Tribunal of the Vatican City State (7 reports), the exchange of information at the domestic (41 cases) and international levels (113 cases in total for supervision and financial intelligence) and the strengthening of supervision, with the first on-site inspection at the Institute for Works of Religion (IOR) and the adoption of the Regulation no. 1 on “Prudential Supervision of Entities Carrying out Financial Activities on a Professional Basis”, establishing principles and rules on the organization and management of supervised entities, including requirements of competence and honorability.

It is therefore in view of the continuous consolidation of the domestic system and the international cooperation that the Financial Intelligence Authority will continue in carrying out its institutional function.

It is, ultimately, a service to the Holy See, called to be fully “in” the global world of today, accepting its challenges and contributing to transparency and legality in the financial sector, consistently with a deeper moral duty, yet at the same time without being “of” the world, thus maintaining its vision of finance as a “means” and not as an “end”, ordered to the development of individuals and peoples.

TOMMASO DI RUZZA
Director

(*) *Letter to Diognetus*, Chap. 5-6, Funk 1, 317-321.

PART I

**ACTIVITIES OF THE FINANCIAL INTELLIGENCE AUTHORITY
WITHIN THE FRAMEWORK OF THE HOLY SEE AND VATICAN CITY STATE**

1) DOMESTIC AND INTERNATIONAL FRAMEWORK

1.1. *Status and institutional function of the Financial Intelligence Authority.*

The Financial Intelligence Authority (“AIF”) is the central institution of the Holy See and the Vatican City State for financial intelligence and supervision and regulation of the entities carrying out financial activities on a professional basis.

Being established by Pope Benedict XVI with the Apostolic Letter issued “*Motu Proprio*” on 30 December 2010, AIF has full operational autonomy and independence. It has been reformed and consolidated by Pope Francis with “*Motu Proprio*” of 15 November 2013, promulgating the new Statute.

The AIF has its headquarters in the Vatican City State, at Palazzo San Carlo and has the legal status of “Institution connected to the Holy See” (Articles 186 and the following of the Apostolic Constitution “*Pastor bonus*” of 28 June 1988).

1.2. *Economic and financial framework of the Vatican City State*

By virtue of Law “on the economic, commercial and professional legal sectors”, No. V of 7 June 1929, a public regime is established in the Vatican City State economic, commercial and professional sectors, including the financial sector.

Accordingly, in the Vatican City State there is not a free market. In particular, no private subjects are working in the financial sector. There are, however, entities that, within the scope of their institutional activity, perform some activities of a financial nature on a professional basis that are relevant for the purposes of the Vatican legislation, and that, as such, are under the supervision of the AIF.

1.3. *Legal framework*

The financial intelligence and supervision system of the Holy See and the Vatican City State has its legal basis in the Apostolic Letter issued “*Motu Proprio*” of the Supreme Pontiff Francis “for the Prevention and Countering of Money Laundering, the Financing of Terrorism and the Proliferation of Weapons of Mass Destruction” of 8 August 2013 and in the Law “on transparency, supervision and financial intelligence”, no. XVIII of 8 October 2013 (“Law no. XVIII”).

In furtherance of implementation of Title III of Law no. XVIII, AIF approved the Regulation no. 1 on “Prudential Supervision of the Entities Carrying Out Financial Activities on a Professional Basis” (“Regulation no. 1”)

The text of the Regulation no. 1 has been approved by the Board of Directors on 25 September 2014. It was submitted by the Cardinal Secretary of State, Pietro Parolin, to the Supreme Pontiff Francis on 18 December 2014, and entered into force on 13 January 2015, by effect of the Decree no. LXVI of the Cardinal President of the Governorate of the Vatican City State, Giuseppe Bertello (*infra* 2.2.2. (b)).

1.4. *Scope of application and supervised entities.*

According to the “Motu Proprio” of 8 August 2013 (*supra* 1.3), the Dicasteries of the Roman Curia and other institutes and entities dependent on the Holy See, as well as non-profit organizations with canon law legal personality and seat in the Vatican, shall comply to the laws of the Vatican City State relating to: measures for the prevention and countering of money laundering and the financing of terrorism; measures against those who threaten international peace and security; prudential supervision of entities carrying out financial activities on a professional basis.

The entities subject to AIF supervision are currently two: the Administration of the Patrimony of the Apostolic See (APSA) and the Institute for the Works of Religion (Istituto Per le Opere di Religione “IOR”).

The APSA is the Office competent to administer the properties owned by the Holy See in order to provide the funds necessary for the function of the Roman Curia (Art. 172 of the Apostolic Constitution “Pastor Bonus” of 28 June 1988). On this basis, the supervision is performed consistently and proportionally to the institutional status of the APSA and its activity.

The IOR is subject to the full and exclusive supervision of the AIF.

1.5. *Cooperation and exchange of information at the domestic and international level.*

According to the Art. 69 (a) (b) of the Law no. XVIII, the AIF cooperates and exchanges information with other authorities of the Holy See and the Vatican City State (which provide to the Financial Intelligence Authority with the relevant documents, data and information) and with equivalent Authorities of other Countries, on the condition of reciprocity and on the basis of memoranda of understanding

At the domestic level, along with the exchange of information, (*infra* 2.2.1 (d) and 2.2.2 (c)), the AIF performs its functions also in other fields and within the framework of other bodies (*infra* 2.2.3).

At the international level, in 2014, the Authority has intensified its activities of bilateral cooperation and exchange of information through the signing of Memoranda of Understanding with the financial intelligence units (*infra* 2.2.1 (d)) and Regulators (*infra* 2.2.2 (c)) of other Countries.

The guiding principle has been to consolidate the cooperation and exchange of information with the competent Authorities of the Countries where the entities subject to the AIF supervision are active.

At the multilateral level, the AIF, also took an ever more active role in the framework of the “Egmont Group”, after its admission in 2013. The “Egmont Group” is the global network that brings together financial intelligence units of 147 Countries and jurisdictions, where principles and best practices for cooperation and exchange of information are shared.

Finally, AIF has also actively supported at a technical and legal level, the activity of the Holy See within the framework of the Committee of Experts on the evaluation of anti-money laundering measures and the financing of terrorism of the European Council (MONEYVAL) and of the Joint-Committee for the implementation of the Monetary Agreement between the European Union and the Vatican City State of 17 December 2009.

2) ORGANIZATION AND FUNCTIONS OF THE FINANCIAL INTELLIGENCE AUTHORITY

2.1. Organization.

The new Statute of 15 November 2013 establishes the institutional functions of the AIF and its organs: the Board of Directors (that formulates the general policy and fundamental strategies of the Authority), the President (who chairs the Board of Directors, is the legal representative of the Authority and has the signatory power) and the Director (who directs, organizes and controls the activity of the Authority).

The structure of the AIF is divided into two Offices:

- a) the “financial intelligence” Office;
- b) the “supervision and regulation” Office.

The separation of the two Offices is also designed to respect the functional distinction between the financial intelligence and the supervision and regulation, which involve different channels of cooperation and exchange of information at the international level. At the same time, to ensure effective coordination both Offices report to the Director.

Until 4 June 2014, the Board of Directors was composed of the following Members: Prof. Claudio Bianchi (Italy), Prof. Marcello Condemi (Italy), Prof. Giuseppe Dalla Torre del Tempio di Sanguinetto (Italy), Att. Francesco De Pasquale (Italy) and Dr. Cesare Testa (Italy).

Since 5 June 2014, the Board of Directors is composed of the following Members: Dr. Maria Bianca Farina (Italy), Dr. Marc Odendall (Switzerland), Dr. Joseph Yuvaray Pillay (Singapore) and Dr. Juan C. Zarate (United States).

Until 18 November 2014, His Excellency Msgr. Giorgio Corbellini was the President *ad interim* of the Board of Directors.

Since 19 November 2014, Dr. René Brülhart has been appointed President of the Board of Directors. Until then, he was the Director.

On 5 June 2015, Dr. Tommaso Di Ruzza (Italy) has been appointed Vice Director *ad interim*. Until then he was head of legal and international department.

Dr. Di Ruzza was later appointed Director on 21 January 2015.

2.2. Functions.

Considering the aforementioned organizational and functional separation, AIF’s activity may be grouped into “two pillars”, i.e. the financial intelligence activity and the supervision and regulation activity of the entities carrying out financial activities on a professional basis (supra 1.1). The latter, according to the prescriptions given both in the “Motu Proprio” and in Law No. XVIII, comprises both the supervision and regulation for the prevention and countering of money laundering and financing of terrorism, as well as prudential supervision.

In addition, the same legislation establishes further functions to the AIF, including, *inter alia*: (a) the collection and analysis of the declarations of cross-border transportation of currency in amounts equal to, or higher than EUR 10,000; (b) the adoption of preventive measures against the financing of terrorism.

2.2.1. *Financial intelligence.*

The financial intelligence activity performed by AIF may be indicated into three major phases:

a) *Receiving of suspicious activity reports.*

The cornerstone of the financial intelligence activity is the receipt of suspicious activities reports.

According to the Art. 40 (1) of the Law no. XVIII the supervised entities send a report to AIF:

- (i) if they suspect or have reasonable grounds to suspect that funds or other assets are the proceeds of criminal activities, or are connected or related to the financing of terrorism or are intended to be used for acts of terrorism by terrorist organizations or by those who finance terrorism;
- (ii) in the event of activities, operations or transactions that, because of their nature, may be considered suitable to be related to or connected with money laundering or the financing of terrorism, or with acts of terrorism or with terroristic organizations, or with those who finance terrorism.

Moreover, the legislation established a general duty of cooperation, including the duty to report (to the AIF) of the competent Authorities of the Holy See and the Vatican City State, according to art 40 (2) of the Law no. XVIII.

In 2014, the AIF received 147 suspicious activity reports: 141 from supervised entities, 4 from the Authorities of the Holy See and the Vatican City State and 2 from other Entities. From the number and the quality of the reports emerges a gradual and general consolidation of the reporting process, a greater awareness of the legal duties relating the prevention and countering of illicit financial activities by supervised entities, and increasing of effectiveness of the domestic system as a whole.

b) *Analysis of the reports.*

The analysis of the reports is conducted on two levels:

- (i) *operational level* (i.e. using documents, data and information available or obtainable to identify specific objectives, and to follow the trail of operations and transactions in order to establish the links between the aforementioned objectives and any proceeds of criminal activities);
- (ii) *strategic level* (using documents, data and information available or obtainable, focused on more general implications in relation to the evolution and trends of money laundering and financing of terrorism).

For the purposes of financial analysis AIF employs advanced IT systems and databases.

According to Art. 50 (a) of the Law no. XVIII, for the purposes of analysis, AIF has the power to access on a timely basis all the information of a financial, administrative and investigative nature relevant for the purposes of prevention and countering of money laundering and financing of terrorism, and possessed by both the reporting subjects and the legal persons with registered office or enrolled in the registers of the Vatican City State.

c) Dissemination of reports to the Office of the Promoter of Justice at the Tribunal of the Vatican City State.

After completing the analysis, in the event that there are grounded reasons to suspect any activity of money laundering or financing of terrorism AIF sends the reports, documents, data and information to the Office of the Promoter of Justice at the Tribunal of the Vatican City State.

All transmissions to the Office of the Promoter of Justice and the exchange of information at the domestic and international level are carried out adopting procedures and measures adequate to ensure the integrity, security and confidentiality of the documents, data and information.

In 2014, AIF has forwarded 3 reports (plus 4 addendum) to the Office of the Promoter of Justice. In most of the cases the predicate offences are potential fraud or tax fraud or avoidance.

d) Cooperation and exchange of information at the domestic and international level.

As already noted (*supra* 1.3 and 1.4), according to the Art. 69 (a) (b) of the Law no. XVIII, the AIF cooperates and exchanges information with other authorities of the Holy See and the Vatican City State and with equivalent authorities of other States, on the condition of reciprocity and on the basis of memoranda of understanding.

At the domestic level, in 2014 AIF had exchange of information in 41 cases with other competent Authorities of the Holy See and Vatican City State.

At the international level, in 2014, AIF signed memoranda of understanding for the exchange of information with the financial intelligence authorities of the following countries: Argentina, Australia, Cyprus, France, Liechtenstein, Malta, Monaco, Peru, Poland, United Kingdom, Romania, San Marino and Switzerland.

Currently AIF established relations with the financial intelligence units of 20 countries, including, beside those mentioned: Belgium, Germany, Italy, the Netherlands, Slovenia, Spain and the United States of America.

Specifically, in 2014 AIF had 113 exchanges of information, 20 following a request made by the AIF, 93 following a request made by a foreign counterpart.

The degree of cooperation offered by the foreign counterparts is positive, and there is a progressive consolidation of the international cooperation and exchange of information at the international level.

Finally, the membership in the “Egmont Group” allows the AIF the opportunity to exchange information with the financial intelligence units of 147 Countries and Jurisdictions.

2.2.2. *Supervision and regulation of the entities carrying out financial activities on a professional basis.*

a) *Supervision and regulation for the prevention and countering of money laundering and financing of terrorism.*

According to the art. 46 of the Law n. XVIII, AIF supervises and verifies that the designated subjects act in compliance with the requirements established by anti-money laundering legislation and by the regulations enforced by the same Authority.

More specifically, AIF, *inter alia*:

- (i) has access to or may request to receive documents, data, information, registers and accounting books that are relevant for the purposes of supervision, there including, among others, the documents pertaining to accounts, operations and transactions and the analyses that the monitored subject has conducted to identify unusual or suspicious activities, operations and transactions;
- (ii) has access to or may request to receive documents, data and information from the legal persons with registered office in the territory of the State or enrolled in the registers of legal persons held by the State departments, as well as documents, data and information relating to their nature and activity, actual owners, beneficiaries, members and directors, there including the Members of the Board and of the Senior Management;
- (iii) performs remote controls and on-site inspections, which may also include verification and revision of policies, procedures, measures, accounting books and registers, as well as random examinations.

The supervisory regime is made effective and enforceable in cases of breach or systematic default of obligations (including the case of obstruction of the supervisory activity).

In particular, AIF has a wide sanctioning power, which envisages the application of administrative and pecuniary sanctions up to EUR 5.000.000 for natural persons and up to 10% of the total yearly proceeds from the previous period for legal persons.

In the first four-month period of 2014, AIF carried out the first *on-site* inspection at the IOR. This was the first inspection activity of the IOR since the introduction of legislation on preventing and countering money laundering and terrorist financing.

Following the Vatican legislation into force, the inspection was aimed at evaluation (including sample tests on the accounts and individual transactions) of the compliance of the organization and the management of the IOR to the anti-money laundering legislation, verifying, *inter alia*, the:

- (i) internal organization;
- (ii) system of monitoring and evaluation procedures and risk management;
- (iii) procedures for customer due diligence procedures and ongoing customer due diligence;
- (iv) procedures for the identification and reporting of suspicious activity;
- (v) relations with foreign financial institutions and the system of international transfer of funds.

Overall, the results of the first on-site showed no fundamental shortcomings. At the same time, given the recent introduction of a comprehensive domestic legislation on the subject, implemented in October 2013 with the aforementioned Law no. XVIII, and considering that this was the first on-site inspection, AIF has assigned the IOR an action plan and specific corrective measures, the implementation of which is monitored by a system of reports and periodic checks, including on-site inspections effectuated by AIF. This process is intended to drive a progressive and more comprehensive compliance with the Vatican legislation concerning the prevention and countering money laundering and terrorist financing

b) *Prudential supervision and regulation.*

As already noted (*supra* 1.3), on 25 September 2014, AIF approved the Regulation no. 1 on “Prudential Supervision of the Entities Carrying Out Financial Activities on a Professional Basis”.

Regulation no. 1 represents a fundamental step in the path of consolidation of the transparency, stability and sustainability of the financial sector and the activity of entities carrying out financial activities on a professional basis in the Vatican City State.

Since the Regulation no. 1 came into force on 13 January 2015, its implementation is not considered in this 2014 Annual Report.

At the same time, it is worth mentioning the key elements of the new regulatory framework, with which it was introduced, adapting them to the framework of the Holy See and the Vatican City State, the best international and European standards relating to:

- (i) the authorization for carrying out professionally of a financial activity
- (ii) the organization and management criteria of the entities carrying out financial activities on a professional basis;
- (iii) the adequacy of the equity and liquidity requirements of the entities carrying out financial activities on a professional basis;
- (iv) the criteria for risk management by the entities carrying out financial activities on a professional basis (the risk categories involved are the following: market, credit, payment and liquidity, currency exchange interests, brokerage, non-compliance with the law, with the regulations and internal procedures, legal, operational and reputational);
- (v) the competence and honorability requirements of the members of the manager and senior management, or of those who hold or shall hold similar offices within the entities carrying out financial activities on a professional basis, and examines the potential conflicts of interest.
- (vi) the procedures that the entities carrying out financial activities on a professional basis shall follow when sending documents, data or information required for the purposes of prudential supervision;
- (vii) the criteria to which the entities carrying out financial activities on a professional basis shall adhere in order to promote the highest moral and professional standards within the entities.

As the provisions relating the prevention and countering of money laundering and financing of terrorism (*supra* 2.2.2 (a)), also the prudential supervision regime is made effective and enforceable in cases of breach or systematic default of obligations (including the case of obstruction of the supervisory activity).

In particular, the AIF has a wide sanctioning power, which envisages the application of administrative and pecuniary sanctions up to EUR 5.000.000 for natural persons and up to 10% of the total yearly proceeds from the previous period for legal persons.

Moreover, in this field among the sanctions there is also the permanent or temporary restriction of natural persons from carrying out activities in the economic, commercial or professional sectors; the removal or limitation of the powers of members of the management or the senior management, or persons with analogous functions; the conservatorship; or even the suspension or withdrawal of the authorization to carry out a financial activity on a professional basis.

c) Cooperation and exchange of information at internal and international level.

As already noticed (*supra* 1.3, 1.4 and 2.2.1 (d)), according to the Art. 69 (a) (b) of the Law no. XVIII, the AIF cooperates and exchanges information with other authorities of the Holy See and the Vatican City State with equivalent authorities of other Countries, on the condition of reciprocity and on the basis of memoranda of understanding

In the area of supervision and regulation, AIF signed Memoranda of Understanding with the *Office of the Controller of the Currency* (OCC) of the United States, the *Commission de Surveillance du Secteur Financier* (CSSF) of Luxemburg and the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin) of Germany.

At the same time, the AIF has engaged with the supervisory authorities of other Countries and jurisdictions relevant to monitoring the relations between the entities subject to the respective supervision systems, also with a view to formalise the cooperation, on the condition of reciprocity and in line with shared international standards, as required to the AIF by the Vatican legislation into force.

In 2014, AIF had 4 exchanges of information related to supervision and regulation at the International level, 2 following a request made by the AIF and 2 following the request of foreign counterpart.

2.2.3. Further competences.

In addition to the financial intelligence, supervision and regulation functions, AIF performs other relevant institutional activities, including, inter alia, the collection and analysis of cross-border declaration of transportation of currency, and the adoption of measures for preventing the financing of terrorism.

a) Collection and analysis of cross-border declaration of transportation of currency.

According to the Art. 81 of the Law no. XVIII, every person carrying out a cross-border transportation of currency (or equivalent movable property) equal to or above EUR 10,000, whether entering or leaving the Vatican City State, shall make a written declaration to the Offices of the Corps of Gendarmerie or to the Offices authorized by the Financial Intelligence Authority. A copy of the declaration is forwarded within 24 hours to the Financial Intelligence Authority

The matter is regulated by Title VII of the aforementioned Law no. XVIII and by the Regulation no. 2 (which abrogates and replaces the previous Regulation no. 1), adopted by the AIF on 14 November 2011.

According to the Art. 82 (1) (2) of the Law no. XVIII, in the case of a false, omitted or incomplete declaration, the holder of the currency incurs a fine ranging from a minimum of 10% to a maximum of 40% of the sum in his possession exceeding EUR 10,000.

In 2014, AIF received 429 incoming declarations (with a total amount of EUR 11.235.606,85) and 1.111 outgoing declarations (with a total amount of EUR 22.044.025,79).

b) Specific measures to prevent the financing of terrorism.

According to the Art. 71 (1) of the Law no. XVIII, The President of the Governorate, having heard the Secretariat of State, adopts and updates a list containing the names of subjects, physical persons and entities, regarding whom there are reasonable grounds to believe that they pose a threat to international peace and security.

In drawing up and updating the list, the President of the Governorate examines the designations made by the competent organs of the Security Council of the United Nations, of the European Union and of other States.

The AIF is the competent authority communicating the lists and their updates to the entities carrying out financial activities on a professional basis.

Moreover, according to the Art. 75 (2) of the Law no. XVIII, AIF has the power to order to the supervised entities the preventive freezing of:

- a) the funds and other assets owned, held, controlled or detained, exclusively or jointly, directly or indirectly, by the subjects inscribed in the list;
- b) the benefits and profits generated by the funds and other assets referred to in letter a);
- c) the funds and other assets held or controlled by other subjects, natural persons or entities, in the name or in behalf or in favor of subjects inscribed in the list.

On 28 March 2014, the President of the Governorate, with Ordinance no. XXXVII, approved a list of designated subjects, also based on the relevant Resolutions of the United Nations Security Council, updating it with the following Ordinance no. XLVI of 11 August 2014.

Simultaneously with the two orders, AIF published the list on its website, communicating them to the supervised entities and ordering the preventive freezing of funds and other assets potentially owned or linked to subjects indicated in lists.

c) Other forms of international cooperation.

Moreover, it is worth mentioning some provisions adopted by the AIF following some specific requests made by international bodies.

With two communications (of 1 and 19 June 2014), the Committee of Experts on the evaluation of anti-money laundering measures and the financing of terrorism of the European Council (MONEYVAL) has forwarded to the interested Countries and jurisdictions two official statements of the Financial Action Task Force (FATF), in order to be adopted preventive measures in relations to the relationship and operations with natural and legal persons, including financial institutions, based in some countries considered not in line with international standards on financial transparency.

After these communications, according to the Art. 25 (3) of the Law no. XVIII, AIF ordered to the supervised entities the adoption of enhanced preventive measures in case of relationship or operations with subjects coming or connected with the Countries indicated by MONEYVAL and FATF.

d) Activities within other bodies of the Holy See and the Vatican City State.

The “*Motu Proprio*” of 8 August 2013 established the Financial Security Committee (“COSIFI”), for the purpose of coordinating the competent authorities of the Holy See and of Vatican City State for the prevention and countering of money laundering, the financing of terrorism and the proliferation of weapons of mass destruction. The Director of AIF is Member of the COSIFI.

In 2014, the COSIFI launched the process in view of the adoption of the “risk assessment” in the field of prevention and countering of money laundering and financing of terrorism, including the cross-border risks, in accordance to the Art. 9 (1) of the Law no. XVIII.

PART II

STATISTICS

I) FINANCIAL INTELLIGENCE

As to the suspicious activities reports filed by the supervised entities, since the fourth quarter of 2012, the data shows a significant increase, also due to the legislative reforms of 2012 and 2013, and to the strengthening of the reporting system and cooperation and exchange of information at the domestic and international levels.

In 2013, this trend continued, reaching a peak in the second half of the year. The data does not in itself imply illicit activities. On the contrary, they show an improvement of the reporting system.

It should also be considered that, in 2013, the large number of reports was also connected to the new internal policies of the IOR that led to the remediation and potential closure of the relationships not considered in line with the new customer profiles adopted by the Institute.

In this perspective, 2014 appears to be a year of stabilization, with a decrease of reports in comparison to the previous year (also motivated with the conclusion of the program of remediation and potential closure of the relationships by the IOR), confirming, at the same time, the effective functioning of the reporting mechanisms, given the proportions of the economic and financial internal state of Vatican City.

In comparison to 2013, it also confirms the high degree of cooperation and reporting of suspicious activity by the Authorities of the Holy See and the State of Vatican City (4 in 2014), with whom AIF exchanged information in 41 cases.

In 2014 AIF also adopted in 3 cases preventive measures of suspension of operations or transactions, in connection with reports of suspicious activity by institutions supervised.

In 2014, the number of reports to the Office of the Promoter of Justice were 7, compared to 8 in 2013. This trend is stable in comparison to the decrease in the number of reports of suspicious activity recorded in 2014.

Finally, in 2014, there was an overall intensification of cooperation and exchange of information with intelligence units to third countries.

Suspicious activities reports	2011	2012	2013	2014
Number of reports	1	6	202	147
	Supervised subjects 1	Supervised subjects 5	Supervised subjects 193	Supervised subjects 141
	Authorities of the HS/VCS	Authorities of the HS/VCS 1	Authorities of the HS/VCS 5	Authorities of the HS/VCS 4
	Other Entities	Other Entities	Other Entities 4	Other Entities 2

Preventive measures	2014
Suspension of transactions and operations	3
Preventive freezing of accounts, funds and other assets	
Total amount (euro)	561.574,89

Domestic cooperation	2011	2012	2013	2014
Requests to domestic authorities for information	1	2	11	41
Reports to the Office of the Promoter of Justice	0	2	8	7

International cooperation	2011	2012	2013	2014
Request to foreign authorities for information	1	1	28	20
Request for information received from foreign authorities	7	3	53	93

II) SUPERVISION AND REGULATION

In 2014 AIF signed 3 memorandums of understanding with the Supervisory Authorities and Regulators of 3 Countries, with 4 cases of cooperation and exchange of information at the international level.

International cooperation	2011	2012	2013	2014
Request to foreign authorities for information	0	0	0	2
Request for information received from foreign authorities	0	0	0	2

III) COLLECTION AND ANALYSIS OF DECLARATIONS OF CROSS-BORDER TRANSPORTATION OF CURRENCY

The data relating to declarations of cross-border transportation of cash show, especially from 2012, after the consolidation of the institutional and domestic legislative framework of the Vatican City State, a reduction and stabilization of cross-border transportation of cash, especially in output.

This trend is confirmed in 2013 and 2014.

Dichiarazioni	2011 (starting from April)	2012	2013	2014
Number of incoming declarations	658	598	550	429
Number of outgoing declarations	1.894	1.782	1.557	1.111





