ZABALDANO

AVOCATS

SOVEREIGN ORDER N° 8.634 OF 29 APRIL 2021 AMENDING APPLICATION CONDITIONS OF LAW N° 1.362 OF 3 AUGUST 2009 REGARDING THE FIGHT AGAINST MONEY LAUNDERING, TERRORIST FINANCING AND CORRUPTION

REGULATIONS

- ✓ - Law n° 1.362 of 3 August 2009 on the fight against money laundering, terrorist financing and corruption (recently amended by Law No. 1.503 of December 23, 2020 strengthening the framework for combatting money laundering, terrorist financing and corruption.)

- ✓ - Sovereign Order n° 2.318 of 3 August 2009 setting the conditions for the application of Law n° 1.362 of August 3, 2009 on the fight against money laundering, terrorist financing and corruption (amended by Sovereign Order n° 8.634 of 29 April 2021).

What are the main changes made by the Sovereign Order n° 8.634 of 29 April 2021*?*

AMENDMENT OF CERTAIN DEFINITIONS SET OUT IN SOVEREIGN ORDER NO. 2. 318 OF AUGUST 3, 2009 :

« *Atypical transaction* » : any transaction referred to in Article 14 of Law no. 1.362 of August 3, 2009 (transaction meeting one of the following conditions: complex transaction; transaction of an abnormally high amount; transaction carried out according to an unusual pattern);

« *Transfer of funds* » : reference to the payment service provider;

« *Electronic money* » : excluding certain stored monetary values (eg: those which can only be used on the issuer's premises to purchase goods or services…).

ADDITION OF CERTAIN DEFINITIONS :

« *Virtual currencies*» : reference to the law n° 1.383 of August 2 2011 for a digital Principality;

« *Custodian wallet provider*» : means an entity that provides services to safeguard private cryptographic keys on behalf of its customers, to hold, store and transfer virtual currencies;

« *The persons referred to in number 26 of the law n° 1.362 of August 3 2009* »: other persons who, in a professional capacity, carry out, control or advise on operations involving capital movements. This includes traders and persons who organize certain sales and rentals: antiques, precious materials, precious stones, land or sea transport vehicles...

REPORTING OF CERTAIN TRANSACTIONS (OR SERIES OF CONNECTED TRANSACTIONS) :

Traders and persons, dealing in goods, must report certain transactions to SICCFIN, only where the value of the transaction (or series of related transactions) is settled in cash for an amount equal to or greater than EUR 1000,

CHECKS :

The client, individual (change of identification conditions): presentation of a valid official document including the photograph and photocopy of this document (or collection of certain details: name, first names, nationality...);

Enhanced due diligence checks: the organizations and persons concerned must be able to prove to the supervisory authorities that the scope of the measures is appropriate and proportionate in view of the risks of money laundering, terrorist financing or corruption.

- ✓ A written report of the results of this examination, including the origin and destination of the sums and the purpose of the transaction and its beneficiary, must be drawn up; it must be sent to the persons designated as responsible for the AML/CFT/CO system to be kept for 5 years;
- ✓ These measures are applicable to transactions involving a counterparty with links to a State or territory whose legislation is recognized as inadequate or whose practices are considered to impede the fight against money laundering, corruption, etc.

IDENTIFICATION OF BENEFICIAL OWNERS(1/2)

GENERAL RULES :

Professionnals must:

- ✓ Identify and record the identity of the beneficial owner of the business relationship by appropriate means (i.e. proportionate to the nature and size of the professional concerned);
- ✓ Check the identity of the beneficial owner (collection of information contained in the Register of beneficial owners or in the Register of trusts). Additional verification measures may be taken (risk-based approach);
- ✓ Keeping the information and documents collected.

SPECIFIC RULES – CLIENT, LEGAL ENTITIES :

When the client is a legal entity, the beneficial owners are :

- ✓ Individuals who ultimately hold or control, directly or indirectly, at least 25% of the capital or voting rights of the legal entity;
- ✓ Individuals who have control of the capital or the management, administrative or executive bodies of the company or over the general meeting of its partners.

IDENTIFICATION OF BENEFICIAL OWNERS (2/2)

SPECIFIC RULES – CLIENT, LEGAL ENTITIES (CONTINUED) :

The above-mentioned identification criteria are not applicable to companies whose securities are admitted to trading on a regulated market and which are subject to disclosure requirements guaranteeing adequate transparency of information relating to the ownership of the capital.

When no individual has been identified according to the above criteria and in the absence of suspicion of money laundering, the beneficial owner is the individual or individuals who legally represent the legal entity.

In the event of a dismemberment of ownership between a bare owner and a usufructuary, the beneficial owners are:

- ✓ The bare owner individuals who ultimately hold directly or indirectly at least 25% of the capital or voting rights of the legal entity;
- ✓ Individuals who are usufructuaries and who, as a last resort, directly or indirectly enjoy the use and control of at least 25% of the capital or voting rights of the legal person;
- ✓ Individuals who exert, by any other means, a power of control over the capital or over the management, administrative or executive bodies of the company or over the general meeting of its members.

INVOLVEMENT OF THIRD PARTIES (1/2)

CONSERVATION OF DOCUMENTS BY A THIRD PARTY :

In the event of cessation of activity, for whatever reason, the bodies and persons concerned must appoint an agent, domiciled in the Principality, to be responsible for the conservation of the data, for a period of 5 years, chosen from among the following professionals authorized to practice in the Principality, namely :

- ✓ Auditors, tax consultants, as well as any other person who undertakes to provide direct or indirect material aid, assistance or advice in tax matters;
- ✓ Defence lawyers, lawyers, trainee lawyers and legal advisors;
- ✓ Professionals covered by Law No. 1.231 of July 12, 2000 on the professions of chartered accountants and certified accountants ;

IDENTIFICATION OF CLIENTS AND BENEFICIAL OWNERS BY A THIRD PARTY:

The organizations and persons concerned are authorized to have their customer due diligence obligations performed by a third party.

IDENTIFICATION OF CLIENTS AND BENEFICIAL OWNERS BY A THIRD PARTY (Continued):

The involvement of a third party is subject to the following conditions:

- ✓ The professional checks that the third party meets certain conditions (article 8 of the aforementioned law n° 1.362 of August 3, 2009: practicing in the Principality or in a State offering equivalent guarantees...);
- ✓ The third party undertakes in writing, prior to entering into a relationship, to provide the professionals with the information collected and processed; The professional must be able to carry out the obligations of reporting and information;
- ✓ There must be no contractual relationship of outsourcing or agency between the professional and the third party;

When fulfilling the obligations of vigilance, the third party shall make available to professionals, without delay, the identification elements relating to the identity of the client and, where applicable, those relating to the beneficial owner and the purpose and nature of the business relationship.

At the first request, the third party must transmit to the third party the information and documents relevant to ensure the diligence required by Act N° 1.362 of 3 August 2009.

The procedures for transmitting information and documents as well as the procedures for checking the due diligence measures implemented by the third party are specified in a written contract between the regulated professional and the third party.

SIMPLIFIED OBLIGATIONS OF VIGILANCE (1/2)

LOW RISK OF MONEY LAUNDERING OR TERRORIST FINANCING:

The reporting entities and persons must collect information justifying that the business relationship or the transaction presents a low risk of money laundering or terrorist financing. They must ensure that the risk remains low throughout the business relationship (monitoring and analysis of the operations carried out).

In the event of a suspicious transaction, the due diligence measures prescribed in Articles 4-1 (before entering into a business relationship with the client or assisting him in carrying out a transaction) and 4-3 (establishment of a business relationship) of the aforementioned Act 1.362 of August 3, 2009 must be implemented, unless there is a risk of alerting the client.

These procedures are also applicable when the client is:

- ✓ An organization or a person referred to in numbers 1° to 4° of article 1 of the aforementioned Act Nr. 1.362 of August 3rd 2009: credit institutions, finance companies, payment institutions, persons carrying out financial activities, insurance companies established in the Principality...;
- ✓ A company whose securities are admitted to trading on a regulated market in a State whose legislation includes provisions equivalent to the aforementioned law n° 1.362 of August 3, 2009 and which is subject to disclosure requirements in accordance with international standards guaranteeing transparency;
- ✓ A public authority or public body if its identity is publicly available, transparent and certain.

SIMPLIFIED OBLIGATIONS OF VIGILANCE (2/2)

PROCEDURES FOR IMPLEMENTING SIMPLIFIED DUE DILIGENCE MEASURES:

When reporting entities or persons choose to implement simplified due diligence measures because of the low risk of money laundering or terrorist financing, they shall:

- ✓ Identify and verify the identity of their client (article 5 of this Sovereign Order) and the beneficial owner (article 13 of this Sovereign Order). They may defer verification;
- ✓ May adapt the extent of the means implemented, the quantity of information collected and the quality of the information sources used in consideration of the low risk identified.

SPECIAL PROVISIONS CONCERNING ELECTRONIC MONEY:

Waiver. Professionals are not subject to the obligations of vigilance set out in Articles 4-1 (before entering into a business relationship with a client or assisting in carrying out a transaction) and 4-3 (establishment of a business relationship) of the aforementioned Act 1.362 of 3 August 2009 when the payment instrument used is an anonymous prepaid card issued in a foreign country with a maximum stored amount of 150 euros (previously 250 euros).

Limitations. This exemption does not apply in the case of cash refunds or cash withdrawals of the monetary value of the electronic money when the amount refunded is greater than 50 euros or in the case of payment transactions initiated remotely or via the Internet, when the amount paid is greater than 50 euros per transaction.

REINFORCED OBLIGATIONS OF VIGILANCE (1/2)

POLITICALLY EXPOSED PERSONS (hereinafter "PEPs"):

Acceptance procedures. When the client or beneficial owner is a PEP, the acceptance of the latter is subject to a particular examination and must be decided by a member of a high level of hierarchy located on the territory of the Principality. This acceptance is conditioned by the taking of all appropriate measures to establish the origin of the assets as well as those of the funds involved in the business relationship or in the occasional operation envisaged.

Definition. The following are considered as PEPs:

- ✓ Persons who has been entrusted, during the last three years, with a prominent public function (heads of state, members of government, members of parliamentary assemblies, members of Supreme courts...);
- ✓ Persons deemed to be family members of the above-mentioned PEPs (spouse, cohabitant, partner bound by a common life contract or foreign equivalent, direct ascendants or descendants, etc.)
- ✓ Persons closely associated with the above-mentioned PEPs (natural persons identified as the beneficial owners of a legal person, a mutual fund, an investment fund, a trust or other equivalent arrangement in conjunction with a PEP). This also applies to individuals who are the sole beneficial owners if the legal arrangement is known to have been established for the benefit of a PEP.

REINFORCED OBLIGATIONS OF VIGILANCE (2/2)

TRANSACTIONS INVOLVING HIGH-RISK THIRD COUNTRIES:

Definition (reminder). These are States or territories whose anti-money laundering, anti-terrorist financing or anti-corruption measures present strategic deficiencies that pose a significant threat to the proper functioning of the financial system. The list is established by ministerial order and can be consulted on the SICCFIN website.

Enhanced due diligence measures. When carrying out transactions with these third countries, professionals must apply certain enhanced due diligence measures, the intensity of which varies according to a risk-based approach and which take into account the specificities of the operations, in particular :

- ✓ Additional information on the client, the beneficial owner or even the envisaged nature of the business relationship...;
- ✓ Information on the origin of the funds and the origin of the assets of the customer and/or the beneficial owner, on the reasons for the transactions envisaged or carried out..;
- ✓ Obtaining authorization to enter into or continue the business relationship from a senior member of the management and implementing enhanced supervision.
- ✓ *Specific restrictive Measures*. Measures aimed at imposing specific obligations, restricting or prohibiting the activity of entities having links with high-risk countries or territories are determined by Sovereign Order (examples of measures: prohibition of establishment in the Principality, imposing stricter obligations with regard to auditing, etc.).

IMPLEMENTATION PROCEDURES:

Up-to-date knowledge. At the time of the establishment of the business relationship, the persons and organizations subject to the law must collect and analyze the information necessary to understand the purpose and nature of the relationship thus created. Throughout the duration of the relationship, they are required to update the information collected (and must justify the control approach taken: adequacy of the measures and frequency of controls to the risk of money laundering and terrorist financing presented by the business relationship).

Consistency of the operations carried out. The persons and entities subject to the regulations must implement measures to ensure that the transactions carried out in connection with a business relationship are consistent with the current knowledge of that business relationship. In particular, this involves assessing that the transactions carried out are consistent with the customer's profile.

Internal procedures. Professionals shall specify in writing, for the benefit of their employees in direct contact with the client, the appropriate criteria enabling them to determine atypical transactions and operations which must be the subject of a written report.

Monitoring system to detect atypical operations. Reporting professionals shall adopt a monitoring system to detect atypical operations. This system shall be automated unless the professional can demonstrate that the nature and volume of the transactions to be monitored do not require it or that alternatives exist. To this end, a prior request accompanied by all supporting documents must be made to SICCFIN. This request must be substantiated and renewed each year during the first calendar quarter.

INTERNAL CONTROL SYSTEM:

The persons and organizations subject to the law shall set up an internal control system adapted to their size, the nature, complexity and volume of their activities with sufficient human resources.

Internal procedures. Procedures must be established and formalized. They define the organization of the internal control system as well as the monitoring activities to be implemented to ensure compliance with legal provisions: preventive measures (alert thresholds, etc.) and corrective measures (correction of incidents by management under the supervision of the Board of Directors, etc.). An annual report must be drawn up.

AML/CFT/CO Compliance Officers. Compliance Officers are appointed by the effective management body of each professional. They have the professional experience, the hierarchical level and the powers necessary for the effective exercise of their functions.

- ✓ Compliance Officers must receive training appropriate to their function or activity, their hierarchical position and the risks identified by the risk classification (article 3 of the aforementioned Law no. 1.362);
- ✓ Compliance Officers are responsible for the training and awareness of the personnel. They are the designated SICCFIN correspondents;
- ✓ The persons in charge shall draw up and send an activity report to the governing body at least once a year. This report must be detailed (suspected attempts to commit offences, judgement on the adequacy of the system, corrective actions envisaged, etc.).

ENFORCEMENT OF THE PROVISIONS OF ACT NO. 1.362 BY DEFENCE LAWYERS, LAWYERS AND TRAINEE LAWYERS:

(Reminder). Monotoring is carried out by the President of the Bar Association of Defence Lawyers and Lawyers. The latter is in charge of verifying, on documents and on the spot, the compliance of Defence Lawyers , Lawyers and Trainee Lawyers under the provisions of Law n° 1.362.

Modus operandi. At the end of the documentary and on-site controls, the President of the Bar draws up, after contradictory exchanges, a report according to the following conditions:

- ✓ A preliminary draft report is sent by registered letter to the Defence Lawyer, the Lawyer or the Trainee Lawyer concerned;
- ✓ The Defence Lawyer, the Lawyer or the Trainee Lawyer has a period of 8 days, from the receipt, to request a meeting to discuss the preliminary draft. This meeting must be held within 30 days of receipt of the draft;
- ✓ At the meeting, the respondent may be assisted by counsel of his choice. The President of the Bar presents the findings verbally. The respondent may request the correction of errors mentioned in the report and state new elements;
- ✓ A new draft report is drawn up and sent by registered mail to the respondent. The latter then has 15 days to submit his written observations (an additional period may be granted in exceptional cases). These written observations are attached to the final report. This report must be signed by at least one of the controllers who participated in the control mission.

SPECIAL PROVISIONS FOR GROUPS (1/2)

GROUP POLICIES AND PROCEDURES :

Where the persons and organizations subject to the law belong to a group, defined as a set of companies, one of which controls the others (according to Article 48 of Sovereign Order 2.318 mentioned above), they shall implement group policies and procedures.

Sharing of information within the group. The group must put in place an organization and procedures that take into account the risks identified by the risk classification (article 3 of the aforementioned Act 1.362). These procedures provide for the sharing of information necessary for the organization of the fight against money laundering and the financing of terrorism, the protection of personal information and internal control measures. These procedures cover:

- ✓ Risk assessment;
- ✓ On a case-by-case basis, information specific to a client and/or an identified transaction. This information may include personal data, for example relating to the identification of the client and the beneficial owners concerned;
- ✓ Information necessary for the management of the AML/CFT/CO system.

This information is only communicated between organizations and persons offering equivalent guarantees of professional secrecy and protection of personal information. All persons involved are bound by professional secrecy.

SPECIAL PROVISIONS FOR GROUPS (2/2)

GROUP POLICIES AND PROCEDURES (Continued) :

Impediments to the implementation of group policies and procedures. The new Articles 48-1 through 48-8 set forth a set of additional measures to effectively address the risk of money laundering and terrorist financing where the law of a non-EU country does not permit the implementation of group-wide policies and procedures at the level of majority-owned subsidiaries and branches that are part of the group and established in the non-EU country. Among these measures:

- ✓ For each third country in which the reporting professional has established a branch or is a majority shareholder of a subsidiary, the reporting professional must, at a minimum, assess the risks, incorporate those risks into the group's policies and procedures, and provide targeted training to relevant personnel in the third country;
- ✓ If the legislation of the third country restricts or prohibits the application of group policies and procedures, the reporting professional must provide certain information to SICCFIN without undue delay (name of the country concerned, restrictive or prohibitive measures encountered, etc.);
- ✓ If the legislation of the third country restricts or prohibits the sharing or processing of customer data for AML/CFT/CO purposes, the Reporting Professional must provide certain information to SICCFIN without undue delay (name of the country concerned, restrictive or prohibitive measures encountered...).

REGISTER OF BENEFICIAL OWNERS (1/3)

INFORMATION :

Time limit. The information shall be provided by the beneficial owner to the legal entity within 30 working days of the request.

Informations on the beneficial owner. When applying for entry in the register, the information to be provided is as follows:

- ✓ For the company or EIG: registration number in the Trade and Industry Register, its name or company name, its legal form, the address of the registered office;
- ✓ With regard to the beneficial owner: surname, common name, nickname or pseudonym, first names, date and place of birth, nationality, personal address, terms of control exercised over the company or economic interest grouping, date on which the natural person(s) became the beneficial owner.

ACCESS TO THE INFORMATION CONTAINED IN THE REGISTER :

- ✓ Unrestricted access without informing the data subject: SICCFIN.
- ✓ Unrestricted access without informing the data subject only in the context of the fight against money laundering and terrorist financing: judicial authorities, judicial police officers of the Public Security Directorate (acting on the written requisition of the Public Prosecutor or on the delegation of an investigating judge), authorized agents of the Tax Services Directorate, President of the Bar Association and lawyers and specially authorized agents of the Financial Activities Control Commission

ACCESS TO THE INFORMATION CONTAINED IN THE REGISTER (CONTINUED) :

- ✓ Limited access for persons and organizations subject to customer due diligence measures, after informing the legal entity concerned.

This access is conditional upon the submission to the Trade and Industry Directory of a declaration signed by the legal representative of the applicant or any other duly authorized person within the applicant.

This declaration must be accompanied by certain elements, failing which it will be inadmissible: a copy of a valid identity document for the signatory, proof of the information brought to the attention of the legal entity, etc. (article 62 of the aforementioned Sovereign Order 2.318 of August 3rd 2009).

REQUESTING INFORMATION CONTAINED IN THE REGISTER :

Any other person, after informing the legal person concerned, may have access to certain information concerning the beneficial owner(s): surname, first name, age, nationality of the beneficial owner...The request for information is addressed to the department of the trade and industry register by means of a form signed by the applicant.

The request for information must be accompanied by a valid form of identification for the signatory and must include certain information enabling the applicant to be identified (article 63 of the aforementioned Sovereign Order 2.318 of 3 August 2009).

REGISTER OF BENEFICIAL OWNERS (3/3)

RESTRICTION OF ACCESS TO INFORMATION CONTAINED IN THE REGISTER:

Persons required to communicate information on their beneficial owners or the latter may request restriction of access to all or part of the information concerning them:

- ✓ In the absence of any litigation, this request is addressed to the Minister of State.
- ✓ By way of exception (following a request for access to the register made by a regulated professional or a third party), this request is addressed by way of application to the President of the Court of First Instance.

Under penalty of inadmissibility, these requests for restriction must include certain information: the basis for the request, the information for which access is to be restricted, the identification details of the applicant, whether a natural or legal person, etc.

In support of the request, any document likely to justify the existence of exceptional circumstances shall be attached: security considerations, respect for privacy, preservation of the confidentiality of the scientific, economic, professional and cultural activities of the beneficial owner, etc. (articles 63-1 and 63-3 of the aforementioned Sovereign Order n° 2.318).

PROCEDURES RELATING TO ADMINISTRATIVE SANCTIONS :

Serious, repeated or systematic failures by an entity or a person subject to the law to comply with all or part of its due diligence obligations may result in the imposition of an administrative sanction by the Minister of State.

The Minister of State is informed by SICCFIN of any such breach in the course of its duties. He then forwards them to a Commission (composition and method of operation to be specified by sovereign order).

The Commission for the examination of inspection reports may :

- ✓ (No sanction) Either consider that there are no grounds for a sanction. It informs the Minister of State. The latter informs the respondent of its decision (by registered letter) and SICCFIN.
- ✓ ("Simplified procedure") Or consider that SICCFIN's findings are likely to be sanctioned by a warning. Acceptance of this sanction entails the waiver of any appeal against the sanction decision of the Minister of State. On receipt of the notification, the respondent has a period of one month to accept or refuse the sanction (a copy of the file may be provided on request). In the event of acceptance, the respondent must notify the Minister of State by registered letter. In the event of refusal, the respondent must likewise notify the Minister of State in the same way. The latter shall refer the matter to the Commission so that the sanction procedure may be initiated.

PROCEDURES RELATING TO ADMINISTRATIVE SANCTIONS (CONTINUED) :

✓ ("Standard procedure«) Or initiate a more severe administrative sanction procedure.

The Commission notifies the respondent in writing of the grievances that are likely to be qualified as serious breaches. If the respondent is a legal entity, the notification is made to the legal entity and its legal representatives. The Chairman appoints a rapporteur from among the members of the Commission.

The respondent has a period of two months to submit written observations by registered letter. He may, at his own expense, obtain a copy of the documents in the file. The respondent may be assisted by counsel. The Commission may hear any person.

At this stage of the procedure, the Commission may consider that there is no reason to propose a sanction. If not, the procedure continues. The Chairman of the Commission shall summon the respondent(s) to be heard at a meeting, by registered letter, within a period of not less than 15 days. The respondent may be assisted by the counsel of his choice. The respondent's explanations are recorded on the minutes.

The Commission deliberates without the presence of the designated rapporteur. It issues a reasoned opinion (including, if applicable, the minutes of the meeting held). This opinion sets out the failings noted and the possible administrative sanctions.

The Minister may decide either to impose a sanction or not to impose a sanction (for example, by inviting the respondent to comply with its obligations, etc.).

PROCEDURES RELATING TO ADMINISTRATIVE SANCTIONS (FIN) :

The Minister of State may impose :

- ✓ Administrative sanctions ranging from a warning to the temporary suspension or withdrawal of the license to practice and the work permit;
- ✓ Financial penalties (against credit institutions or insurance companies), up to the higher of 5 million euros or 10% of the total annual turnover according to the last available approved accounts. They must be paid within 3 months of their notification to the General Treasury of the Principality.
- ✓ The sanctions pronounced may be appealed before the Court of First Instance within two months of the date of notification.

CROSS-BORDER TRANSPORTATION OF CASH (EFFECTIVE DECEMBER 31, 2021) :

Definition. Cash includes cash, coins containing at least 90% gold, uncoined metal (ingots, nuggets or other agglomerates of native gold containing at least 99.5% gold) and negotiable bearer instruments (traveler's checks, checks, promissory bills or money orders and goods serving as a store of liquid value).

Declaration to the Directorate of Public Security. *The Directorate of Public Security* is designated as the control authority in charge of receiving declarations for the transport of cash when the value of the amount transported that enters or leaves the Principality exceeds 10,000 euros.

REGISTER OF PAYMENT ACCOUNTS, BANK ACCOUNTS AND SAFE DEPOSIT BOXES (EFFECTIVE DECEMBER 31, 2021):

Reporting obligations. Credit, payment and electronic money institutions are obliged to declare to SICCFIN the opening, modifications and closing of payment accounts, bank accounts identified by an IBAN number as well as safe deposit box rental contracts that they manage within one month of the opening, closing and modification of these accounts.

Content of the reports. Reports must include the following information: name and address of the institution, name of the account, date and nature of the obligation declared, identification details of the account holder (natural person or legal entity): Article 54-1 of Sovereign Order 2.318 of August 3rd 2009.

GUIDELINES ON THE AMOUNTS PROVIDED FOR IN ACT N° 1.362 (1/3)

PERSONS AND ORGANIZATIONS SUBJECT TO THE LAW:

- ✓ The professions covered by Act No. 1. Professions subject to Law no. 1.252 of July 12, 2002 on the conditions of exercise of activities relating to certain transactions involving real estate and business assets are subject to the obligations of Law no. 1.362 for all transactions for which the monthly rent is equal to or greater than 10,000 euros.

- ✓ Traders and persons dealing in goods, only to the extent that the value of the transaction or a series of related transactions is settled in cash for an amount equal to or greater than 10,000 euros.

- ✓ Traders and persons who trade or act as intermediaries in works of art, including when carried out by art galleries and auction houses, only to the extent that the value of the transaction or a series of related transactions is equal to or greater than EUR 10,000.

- ✓ Persons who store or negotiate works of art or act as intermediaries in the trade of works of art when this is carried out in free ports, when the value of the transaction or of a series of related transactions is equal to or greater than 10,000 euros.

GUIDELINES ON THE AMOUNTS PROVIDED FOR IN ACT N° 1.362 (2/3)

PERSONS AND ORGANIZATIONS SUBJECT TO THE LAW (CONTINUED) :

The provisions of this law do not apply to organizations and persons who carry out, on an occasional basis, a financial activity that meets the following conditions:

- ✓ Generating a turnover not exceeding the sum of 750,000 euros;
- ✓ Being limited in terms of transactions, which must not exceed the sum of 1,000 euros per client and per transaction, regardless of whether the transaction is carried out in a single operation or in several operations that appear to be linked;
- ✓ Not being the main activity and generating a turnover not exceeding 5% of the total turnover of the organization or person concerned.

CUSTOMER DUE DILIGENCE OBLIGATIONS :

Subject Organizations and persons are required to apply the due diligence measures referred to in Article 4-1 of Law No. 1.362 with respect to their client (before entering into a business relationship with the client or assisting the client in carrying out a transaction) when they occasionally carry out a transaction for an amount that reaches or exceeds 15,000 euros, regardless of whether the transaction is carried out in one or more operations between which there appears to be a link.

This does not apply to gambling houses and gambling service providers or to traders and persons dealing in goods.

GUIDELINES ON THE AMOUNTS PROVIDED FOR IN ACT N° 1.362 (3/3)

MONITORING MEASURES APPLICABLES TO GAMBLING SERVICES PROVIDERS :

Gaming houses and providers of gambling services must identify their customers and verify their identity, by means of an evidentiary document, a copy of which is taken, when they purchase or exchange chips or tokens for amounts equal to or greater than the sum of 2,000 euros. This concerns gaming tables and slot machines.

FOREIGN EXCHANGE TRANSACTIONS :

All information and documents relating to manual foreign exchange transactions up to 1,500 euros must be recorded in a register maintained under the conditions provided for in Article 23 of Law No. 1,362 (protection of personal data collected).

ANNUAL VALUATION REPORT :

Partnerships and sole proprietorships with a turnover of less than 400,000 euros and less than 3 employees are exempt from the annual valuation report drawn up by a chartered accountant or a certified accountant.

CROSS-BORDER TRANSPORT OF CASH:

Individuals entering or leaving Monaco transporting cash amounting to more than 10,000 euros must declare it to the Police. The same applies to sending cash without the intervention of a carrier when the amount exceeds 10,000 euros.