



Law n° 1.503 - The new anti-money laundering law applicable to Monegasque companies

On December 23, 2020, National Council of Monaco has adopted [Law No. 1.503 on Money Laundering, the fight against corruption and the financing of terrorism](#).

The Principality of Monaco has long fought against criminal activities of this type and this new law has come to strengthen the legal framework of [Law n ° 1.362 of 3 August 2009](#) as amended.

It is also part of the need to introduce into domestic law measures equivalent to the [5th European anti-money laundering directive of May 30, 2018](#), the transposition of which, for the Principality, was set for December 31, 2020 at the latest.

It is useful to recall, moreover, that in the coming months a **national assessment of the Principality** will be carried out by the [MONEYVAL Committee of the Council of Europe](#) (known as ENR) and that the new law constitutes one of the essential links in the strengthening of the system to fight against anti-money laundering, the subject of this evaluation.

The new law brings significant changes, following the need for harmonization with European legislation.

Regarding the impact of these new provisions, we can note, without being exhaustive:

- ✓ The modification of the **tax liability criteria** for traders, in particular.
- ✓ The new provisions relating to professions related to digital assets and platforms.
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- ✓ Creation of the register of **bank accounts and safes**.
- ✓ Modification of access to the **register of beneficial owners** of companies.

However, consideration should be given to strengthening the assessment, classification, and documentation of risks to be implemented by each of the taxable parties as well as the due diligence obligations to be observed in the context of business relationships.

Any taxable person must also set up an appropriate organization and ensure its effectiveness against the risks of money laundering.

The role of [SICCFIN](#) has been further specified within the framework of the law, both at the internal level - the new law providing notably for the issuance by it of guidelines to help taxable persons - and at the international level within the framework of cooperation with foreign authorities and organizations.

As part of the administrative penalties incurred in the event of non-compliance with their obligations by taxable persons, the new law clarified the procedure involving the [Audit Report Review Commission](#) (*Commission d'Examen des Rapports de Contrôle* - CERC), which is responsible after instruction to propose the sanction to the Minister of State which can go as far as a withdrawal of authorization.

This new legislative mechanism will soon be supplemented by sovereign ordinance and ministerial orders with a view to its application.

Main novelties

- ✓ Modification of the **tax liability criteria** for certain professions and activities (traders, real estate agents, activities related to digital professions, certain consulting activities, etc.).
- ✓ New details on **risk assessment, customer identification** obligations and **due diligence** obligations, as well as their documentation.
- ✓ Application of the **conservation of documents in « digital » format** relating to risk assessment and due diligence measures, in accordance with the regulations in force in this area.
- ✓ Redefinition of the status of «**Politically Exposed Person (PEP)** » and the implications of this status in the business relationship.
- ✓ Details on the directory of « **Economic Beneficiaries (BE)** » and information conservation measures.
- ✓ **Accessibility of the information** in the directory of « Economic Beneficiaries (BE) » by the various administrations and other persons.
- ✓ Details on the scope of the **protection of personal information**.
- ✓ Establishment of an **internal control system** as part of the anti-money laundering system.
- ✓ Procedures and tools to be implemented in the context of reporting guaranteeing the **strict confidentiality of whistleblowers**.
- ✓ Redefinition of the persons subject to the establishment of the **annual activity report**.
- ✓ Modification of the provisions governing **cash payments**.
- ✓ Details on the **cross-border transport of cash**.
- ✓ Supervision of the **administrative sanctions procedure** by the Minister of State.
- ✓ Amendments relating to the **trust register**.
- ✓ Review of **penal sanctions** in the event of a breach of the law.
- ✓ Various measures concerning relations with **high-risk States or territories**.

Reminders on your AML obligations

- ✓ Appointment of a **Compliance / SICCFIN Correspondent**.
- ✓ Formalization of a **suitable procedure**, which especially includes identification and assessment of AML risks, their classification, with monitoring of the effectiveness of the system within the company.
- ✓ Identification and verification of the identity of your customers (beneficial owners) - *Know Your Customer*.
- ✓ **Constant vigilance** adapted to the level of LAB risk of each of your clients.
- ✓ Formalization of a specific examination report on « **atypical** » transactions identified.
- ✓ Compliance with obligations regarding the updating of the **register of ultimate beneficial owners**.
- ✓ **Continuous training** of your employees.
- ✓ **Storage of supporting documents** and paper or digital media.
- ✓ **Prohibition** on receiving **cash in payment** for a service / sale of an amount greater than **€ 30,000** and **specific provisions** beyond **€ 10,000**.
- ✓ Formalization of a Declaration to **SICCFIN** of any **suspicion** of money laundering, terrorist financing or corruption.
- ✓ Formalization, according to the persons liable, of an **annual activity report**.



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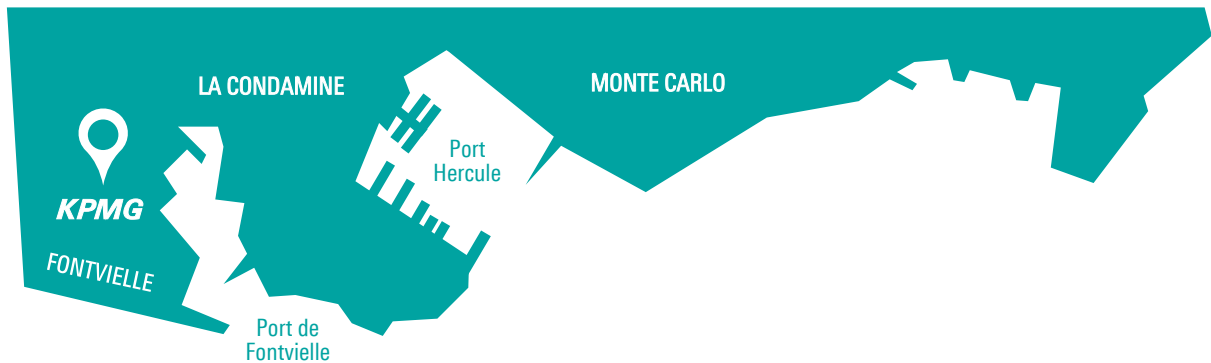
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