

**THE DIRECTOR GENERAL  
OF THE CENTRAL BANK OF THE REPUBLIC OF SAN MARINO**

IN VIEW of Law no. 165 of 17 November 2005 and, in particular, of article no. 39, which assigns to the Central Bank of the Republic of San Marino the power to issue measures containing mandatory provisions of a general nature;

IN VIEW of the Statutes of the Central Bank of the Republic of San Marino approved by Law no. 96 of 29 June 2005 and in particular Article 30, paragraph 3 of the Statutes, based on which the Central Bank's acts on supervision, passed by the Supervision Committee, are issued by the Director General;

IN VIEW of the opportunity to consolidate at the regulatory level the directions and the rulings that have already been issued by the Supervision Committee, as well as introduce explanatory or prorogation rules, also in response to applications received from the "system";

IN VIEW of the need to harmonise the similar disciplines contained in the various industry-specific regulations, also adapting the relevant procedures and forms;

IN VIEW of the need to update specific supervisory provisions by virtue of changes made to the legislative framework of reference;

IN VIEW of the Supervision Committee and the Governing Council resolutions, with which approval was granted to the text of the Regulation no. 2014-05 called *"Miscellany of measures aimed at reviewing the supervisory provisions currently in force"*;

**ISSUES**

the enclosed Regulation No. 2014-05, which shall enter into force as of 1 January 2015.

San Marino, 17 December 2014

Signed: THE DIRECTOR GENERAL  
Mario Giannini

**MISCELLANY OF MEASURES AIMED AT  
REVIEWING THE SUPERVISORY PROVISIONS  
CURRENTLY IN FORCE**

year 2014 / number 05

## **Article 1 - Amendments to Regulation No. 2014-02**

1. Point 7d) is added to article 9 paragraph 7 as follows:

*"7d) The reporting also requires separate evidence between the fixed-rate and floating-rate real estate leasing contracts".*

2. In Article 9 paragraph 9, point 9a), sub-point 4), the words "*point b*" are replaced by "*point 2*".

3. In articles:

- 9, paragraph 9, point 9a), sub-point 1;

- 13, paragraph 5;

- 18, paragraph 1, letter c)

the word "*salary*" is replaced by "*salary/pension*".

4. The definition of Production Units referred to in the last subsection of Article 1 paragraph 1 is replaced by the following:

- "***Production Units***: *private sole or collective proprietorships (companies, consortia, cooperative companies, etc.), their intermediaries, mandators, intermediaries, self-employed professionals, self-employed workers and any other natural or legal persons who, in accordance with the concept of "professional" referred to under Law no. 144 of 28 October 2005 as subsequently amended, exercise their own private entrepreneurial, commercial, hand-craft or professional business and therefore hold an Economic Operator Code or equivalent foreign code, with the exception of the activities listed in Annex 1 of Law no. 165 of 17 November 2005 as subsequently amended.*"

5. The third subsection of paragraph 4 of article 19 is replaced as follows:

*"- introducing alternative criteria for determining the threshold rate when the reference data bases for certain technical funding forms and amount classes are not available, or are nevertheless less than 10 units, even by adding the total number of the positions pursuant to the previous paragraph 3."*

6. In articles:

- 7, paragraphs 1 and 2;

- 13, paragraph 1;

the words "*reporting scheme*", "*reporting schemes*" and "*schemes*", are replaced respectively by "*reporting form*", "*reporting forms*" and "*forms*".

7. At paragraph 2 of article 6, the word "*business*" is removed.

8. Article 21 is replaced as follows:

**"Article 21 - Final and transitional rules**

1. *This Regulation shall enter into force on 31 March 2014 and repeals Circulars No. 43 and 28/F dated 18 May 2005 and the relevant Annexes, which shall remain applicable until the reporting referring to the first quarter of 2015 inclusive, so as to allow REPORTING PARTIES to make the necessary computer adjustments over the medium term.*

2. *The provisions in this Regulation shall therefore become applicable as from the reporting referring to the second quarter of 2015, to be sent to the CENTRAL BANK no later than 31 August 2015, for the purposes of calculating the threshold rates applicable during the second quarter of 2015."*

9. The following third paragraph is added to article 3:

*"The purpose of the discipline referred to in this Regulation is of an exclusively administrative and statistical nature, aimed to determine threshold rates. It follows that the seriousness in terms of criminal relevance of the conditions in actual fact applied by financial intermediaries is referred to the exclusive jurisdiction of the Judicial Authority, also with reference to the inclusion or exclusion criteria and methods adopted by the Supervisory Authority for the purposes of determining the afore-mentioned threshold rates."*

10. Paragraph 3 of article 16 is replaced as follows:

*"3. For all the funding formats referred to in the categories - personal credit -, - target-specific credit -, - leasing -, - mortgages -, - loans repaid by one fifth of salary/pension - and - other funding -, reference needs to be made to the APR, whose formula is as follows:*

$$\sum_{k=1}^{k=m} \frac{A_k}{(1+i)^{tk}} = \sum_{k'=1}^{k'=m'} \frac{A'_{k'}}{(1+i)^{tk'}}$$

*where reference is as follows:*

*i is the interest rate used to equalise the discounted cash flows of the rates and the value of the funding, which can be given also by the sum of more "loans", whereby "loan" means every single disbursement made by the creditor by virtue of the same agreement;*

*k is the order number of a "loan";*

*k' is the order number of a "repayment instalment";*

*A<sub>k</sub> is the amount for loan number K;*

*A'<sub>k'</sub> is the amount for the "repayment instalment" number k';*

*m is the order number of the last "loan";*

*m' is the order number of the last "repayment instalment"*

*tk* is the date expressed in years and fractions of the year between the date of "loan" no. 1 and the dates of additional loans from number 2 to number *m*;

*tk'* is the date expressed in years and fractions of the year between the date of "loan" no. 1 and the dates of the "repayment instalments" from number 1 to number *m'*."

## **Article 2 - Amendments to Regulations No. 2007-07 and 2011-03**

1. The following third paragraph is added to article IV.III.2:

*"3. At the time of acceptance of the appointment, the CORPORATE OFFICIAL, if s/he resides abroad, is required to notify the Board of Directors that his/her address for service is in San Marino, also pursuant to Article 23, paragraph 5 of the DECREE ON SANCTIONS, if s/he does not intend to have his/her address for service at the registered office of the [bank/FINANCIAL COMPANY] itself; the same notification requirement applies also in cases where the residence of the CORPORATE OFFICIAL was transferred abroad during his/her appointment."*

2. Paragraph 1 of article IV.III.5 is replaced as follows:

*"1. A certified copy of the final resolutions taken by the Board of Directors for each of the CORPORATE OFFICIALS, together with the up-to-date certificate of good standing, a copy of the CVs, and any notice referred to in the previous article IV.III.2 paragraph 3, must be sent to the CENTRAL BANK within thirty days from the date of registration of the appointments in the Register of Companies, in the manner provided for in Article III.II.6."*

3. The following fourth paragraph is added to articles IV.II.2 and V.II.2:

*"4. The possible absence of one or more certifications that are "substantially equivalent" in the foreign legal system where one's residence is based, for the purposes referred to in the previous paragraph 1, letter a), shall be:*

- certified by a "legal opinion" compliant with the requirements referred to in Article IV.III.1;*
- supplied by means of an appropriate authenticated self-certification, with the content requested by the CENTRAL BANK."*

4. The following third paragraph is added to article III.II.9:

*"3. In the event of the interruption of the term, if within ninety days the CENTRAL BANK should not receive the information and/or supplementary documentation referred to in the previous paragraph 1, the application is understood, for all intents and purposes, as lapsed."*

5. The following second paragraph is added to article V.III.5:

*"2. In cases where the CENTRAL BANK, within the term referred to in the previous paragraph, informs the applicant, pursuant to and under the provisions referred to in Article 17, paragraph 2 of LISF, of the need to integrate the application for authorisation with further information and/or documentation other than those already supplied, deeming it as lacking or insufficiently clear, the application is to be understood, for all intents and purposes, as lapsed, if what is requested should not be received by the CENTRAL BANK within ninety days of receipt of the relevant notification."*

6. In Article I.I.2, paragraph 1, the definition of "shareholders" is replaced as follows:

*"parties that, directly or indirectly, that is to say as parties in control of legal persons, hold, for their own account, significant holdings in the share capital;"*

7. In Article V.V.4, paragraph 3, the phrase "also by e-mail" is deleted.

8. In Article I.I.2, paragraph 1, the definition of "medium- to long-term loans" is replaced as follows:

*"loans with a residual life of over 18 months;"*

9. In Article I.I.2, paragraph 1, the definition of "short-term loans" is replaced as follows:

*loans with a residual life not exceeding 18 months;"*

10. Paragraph 1 of article VIII.III.1 is replaced as follows:

*"1. Inspections aim at ascertaining whether the activities of the [bank/FINANCIAL COMPANY] satisfy the criteria of a sound and prudent management and are carried out in compliance with the provisions governing the exercise of such activities. Within this context, the inspection assesses the overall technical and organisational situation of the [bank/FINANCIAL COMPANY] and verifies the reliability of the information provided to the CENTRAL BANK. The investigations may relate to the overall corporate situation ("spread-spectrum"), specific operating sectors and/or compliance with industry regulations ("targeted") as well as the responsiveness of any corrective actions taken by the [bank/FINANCIAL COMPANY] ("follow up")."*

11. Paragraph 2 of article V.IV.1 is replaced as follows:

*"2. With reference to the assumption referred to in letter a):*

*- the CENTRAL BANK must be promptly notified also of the failure to finalise the initiatives subject to authorisation based on Article V.III.1;*

*- the shareholder is required to notify to the CENTRAL BANK his/her address for service on the territory of San Marino for the purposes referred to in Article 23, paragraph 5, of the DECREE ON SANCTIONS for those parties subject to the sanctioning power of the CENTRAL BANK who are non-residents in San Marino and who do not intend to have an address for service, for the afore-mentioned purposes, at the registered office of the subsidiary or controlled [bank/FINANCIAL COMPANY]. The same notification requirement applies also in cases where the residence was transferred abroad by the parties themselves."*

12. Paragraph 1 of article VII.VI.2 of Regulation no. 2007-07 is replaced as follows:

*"1. Banks must constantly maintain the total amount of MEDIUM- TO LONG-TERM LOANS, excluding the loans that can be classified in the previous Article VII.III.4, paragraph 1, letters c) and d), and those referred to in the following article X.I.3, paragraph 7, letter d), within the maximum limit represented by the sum of the following factors:*

- a) regulatory capital net of the investments referred to in the previous Article;*
- b) 80% of the MEDIUM- TO LONG-TERM DIRECT FUNDING, without attribution to the CLIENT of the right to an early repayment;*
- c) 30% of the residual direct funding"*.

13. Paragraph 1 of article VII.VI.2 of Regulation no. 2011-03 is replaced as follows:

*"1. FINANCIAL COMPANIES must constantly maintain the total amount of MEDIUM- TO LONG-TERM LOANS, excluding the loans that can be classified in the previous Article VII.III.4, paragraph 1, letter s c) and d), within the maximum limit represented by the sum of the following factors:*

- a) regulatory capital net of the investments referred to in the previous Article;*
- b) bonds issued with a residual maturity not exceeding 18 months, without attribution to the CLIENT of the right to an early repayment;*
- c) other loans with a pre-determined maturity with a residual life of over 18 months"*.

14. In paragraph 3 of Article VII.II.3, the word "*compressive*" is replaced with "*total*".

15. At paragraph 2 of article VII.II.4, the following closing sentence is added: "*The holdings referred to in the preceding paragraph are to be treated as equivalent, for the purposes of deducting them from the regulatory capital, also to the other interests in FINANCIAL UNDERTAKINGS, i.e. investment, in any form made, considered in the risk capital of the FINANCIAL UNDERTAKING, controlled directly or indirectly, and as such they must be considered in the regulatory capital of the latter."*

### **Article 3 - Amendments to Regulation No. 2014-03**

1. Letter l) of paragraph 4 of Article 3 is replaced as follows:

*"l) any branches in the Republic of San Marino".*

2. Letter g) of paragraph 1 of Article 1 is replaced as follows:

*"g) "Relevant group": group or conglomerate, pursuant to articles 53 and 60 of LISF, combined with the following additional conditions:*

*- the assets are represented to an extent of no less than 50% of the total, by the balance sheet assets of FINANCIAL UNDERTAKINGS;*

*- the parent company is a San Marinense AUTHORISED PARTY or San Marinense holding company pursuant to article 54, paragraph 2 of LISF;*

*- all companies or entities that constitute them are controlled by the parent company and involve the exercise of reserved activities or activities connected to them, be these instrumental or ancillary, including the companies under voluntary liquidation or subject to insolvency proceedings or extraordinary proceedings referred to in Part II, Title II of LISF or equivalent foreign proceedings."*

### **Article 4 - Amendments to Circulars No. 2012-03 and 2013-01**

1. Paragraph 8.6 of Circular no. 2012-03 and paragraph 8.4 of Circular no. 2013-01 are replaced as follows:

*"a. With reference to the deductions from the REGULATORY CAPITAL provided for in paragraph 1 of Article VII.II.4 of the REGULATION, no holdings in the capital of CBSM are taken into account, since the latter is not covered by the definition of "Financial undertakings" provided for in Art. I.I.2 of the REGULATION.*

*Holdings in financial undertakings under voluntary or administrative compulsory liquidation are equally excluded from the deductions. Starting from the REPORTING related to the month when the cancellation from the respective registers or lists is made because of the liquidation, [the reporting bank/ the REPORTING ENTITY ]shall prudentially treat the financial undertaking under liquidation in the same manner as any other non-financial undertaking;*

*b. The deductions from the REGULATORY CAPITAL for the subordinated liabilities and hybrid capitalisation instruments held by the REPORTING PARTY, provided for in paragraph 2 of Art. VII.II.4, are carried out without any limitation in relation to the country where the issuing party operates.*

*c. The deductions from the REGULATORY CAPITAL for other interests in "Financial undertakings", provided for in paragraph 2 of Art. VII.II.4, are carried out, in the case of holdings held indirectly, to the extent arising from the application of the equity ratio rule, which is consistent with the provisions of the following paragraph, regardless of whether or not the intermediary company/ companies can be connected to the category of "Financial undertakings."*

### **Article 5 - Amendments to Circular No. 2010-02**

1. Letter a) of paragraph 4 is replaced as follows:

*"use the provision fiduciarily acquired to finance the self-executed LENDING ACTIVITY, i.e. out of the type-3 mandates, even if the mandators' approval is acquired;"*

### **Article 6 - Amendments to Regulation No. 2006-03**

1. Paragraph 1 of article 25 is replaced as follows:

*"1. The CORPORATE OFFICIALS of an MC must possess the honourability requirements specified in Article 21 above and the additional professional and independence requirements specified in the subsequent articles and, if they reside abroad, they are required to notify to the Board of Directors, at the time of acceptance of the appointment, their address for service in San Marino, also pursuant to Article 23, paragraph 5, of Decree no. 76/2006 as subsequently amended, if this is different from the registered office of the MC. The same notification requirement applies also in cases where the residence of the CORPORATE OFFICIAL was transferred abroad during his/her appointment."*

2. Paragraph 3 of article 25 is replaced as follows:

*"3. A certified copy of the final resolutions taken by the Board of Directors for each of the CORPORATE OFFICIALS, together with the up-to-date certificate of good standing, a copy of the CVs, and any notice referred to in the previous paragraph 1, must be sent to the CENTRAL BANK within thirty days from the date of registration of the appointments in the Register of Companies, in the manner provided for in Article 2."*

3. Article 21 is replaced as follows:

*"1. The natural persons who intend to acquire, even indirectly, a SUBSTANTIAL PARTICIPATION in an MC, must possess, as well as the suitability requirements referred to in Article 1, paragraph 1, point 9, letters a) and c) of the COMPANIES LAW, the following honourability requirements:*

*a) except in the event of rehabilitation, never have been definitively convicted for serious offences entailing detention for crimes against property and against the public economy, except for those subject to sanctions, and the special offences envisaged in LISF and in the legislation currently in force governing the prevention of and fight against money-laundering and terrorism financing, as well as the cross-border transport of cash and similar instruments;*

*b) except in the event of rehabilitation, never have been definitively convicted for offences considered to be offences against law and order, against public faith or of private persons against the public administration, for which a sentence of imprisonment for no less than one year has been issued and not suspended;*

*c) except in the event of rehabilitation, never have been definitively convicted for offences of any other nature for which a sentence of imprisonment for no less than two years has been issued and not suspended;*

*d) never have been appointed as a CORPORATE OFFICIAL in authorised parties subject, in the past five years, to any of the extraordinary proceedings referred to in Part II, Title II, Chapters I and II of LISF.*

*2. The honourability requirements referred to in the preceding paragraph must be possessed also with reference to the absence of any equivalent final convictions (letters a, b and c) or to the absence of any impediments (letter d) applied in any jurisdictions other than in San Marino.*

*3. The requirement referred to in paragraph 1 letter d) is deemed to be lacking when the office of CORPORATE OFFICIAL has been covered for at least 18 months in the period of 24 months before the adoption of the decree, and the CORPORATE OFFICIAL has been subject to administrative sanctions, with reference to the same prerequisites of the decree.*

*4. The possession of the requirements referred to in the previous article is evidenced through:*

*a) submission of the general certificate of criminal records, certificate of pending proceedings, civil certificate or certificate of non-bankruptcy, issued by the competent authorities of the place where the person resided for the greatest part of the last five years, in compliance with the criteria of "substantial equivalence" referred to in article 1, paragraph 2 of the COMPANIES LAW;*

*b) submission, as regards all the remaining jurisdictions, of a self-certification by the concerned party given before a Public Notary of San Marino, using the form attached to this Regulation under letter B.*

*5. With a view to verifying the territorial jurisdiction of the public authorities having issued the certificates referred to in the fourth paragraph, said certificates shall be accompanied by a copy of a valid identity document.*

*6. The certificates referred to in the fourth paragraph, letter a), may also result from a single cumulative document and must:*

*a) be submitted in original or copy certified by a Notary public in San Marino;*

*b) be dated no more than six months prior to the date of filing;*

*c) be prepared in Italian or, if prepared in a foreign language, be accompanied by a sworn translation into Italian;*

*7. The possible absence of one or more certifications that are "substantially equivalent" in the foreign legal system where one's residence is based, for the purposes referred to in the previous paragraph 4, letter a), shall be:*

*- certified by a "legal opinion" compliant with the requirements referred to in Article 3 below;*

*- supplied by means of an appropriate authenticated self-certification, with the content requested by the CENTRAL BANK."*

4. Paragraph 8 of article 2 is replaced as follows:

*"8. Such periods of time are suspended if the required documentation is incomplete or if the applicant sends, on his/her own initiative, new documents to supplement or amend those previously transmitted. The CENTRAL BANK notifies the*

*interested party of the suspension of such period. A new term for a period equal to that interrupted starts as from the date of receipt of the missing documents, supplements or amendments. If within ninety days, the CENTRAL BANK should not receive the requested supplementary information and/or documentation, the application is understood, for all intents and purposes, as lapsed;"*

5. The following second paragraph is added to article 19:

*"2. In cases where the CENTRAL BANK, within the term referred to in the previous paragraph, notifies the applicant, pursuant to and under the provisions referred to in Article 17, paragraph 2 of LISF, of the need to integrate the request for authorisation with further information and/or documentation other than those already supplied, deeming it as lacking or insufficiently clear, the request is to be understood, for all intents and purposes, as lapsed if the above information and/or documentation should not be received by the CENTRAL BANK within ninety days of receipt of the relevant notification."*

6. Paragraph 2 of article 70 is replaced as follows:

*"2. Inspections aim at ascertaining whether the activities of the MCS satisfy the criteria of a sound and prudent management and are carried out in compliance with the provisions governing the exercise of such activities. Within this context, the inspection assesses the overall technical and organisational situation of the MC and verifies the accuracy of the information provided to the CENTRAL BANK.*

*The investigations may relate to the overall corporate situation ("spread-spectrum"), specific operating sectors and/or compliance with industry regulations ("targeted") as well as the responsiveness of any corrective actions taken by the MC. ("follow up")."*

7. The form of Annex A for the self-certification of the honourability requirements is replaced with the similar Annex A of Regulations no. 2007-07 and no. 2011-03.

8. Paragraph 1 of article 20 is replaced as follows:

*"1. The authorised party must notify the CENTRAL BANK of the completion of the transactions for which the authorisation referred to in the article above has been issued, no later than ten days after the completion of the transaction. At this time, the shareholder is required to notify to the CENTRAL BANK his/her address for service on the territory of San Marino for the purposes referred to in Article 23, paragraph 5, of the DECREE ON SANCTIONS for those parties subject to the sanctioning power of the CENTRAL BANK who are non-residents in San Marino and who do not intend to have an address for service, for the afore-mentioned purposes, with the registered office of the subsidiary or controlled MC. The same notification requirement applies also in cases where the residence was transferred abroad by the parties themselves."*

## **Article 7 - Amendments to Regulation No. 2008-01**

1. Paragraph 1 of Article 28 is replaced as follows:

*"1. The CORPORATE OFFICIALS of an INSURANCE UNDERTAKING must possess the honourability requirements specified in this Article 24 above and the additional professional and independence requirements specified in this Title, and, if they reside abroad, they are required to notify to the Board of Directors, at the time of acceptance of the appointment, the address for service in San Marino, also pursuant to Article 23, paragraph 5, of Decree no. 76/2006 as subsequently amended, if this is different from the registered office of the INSURANCE UNDERTAKING. The same notification requirement applies also in cases where the residence of the CORPORATE OFFICIAL was transferred abroad during his/her appointment."*

2. Paragraph 3 of article 28 is replaced as follows:

*"3. A certified copy of the final resolutions taken by the Board of Directors for each of the CORPORATE OFFICIALS, together with the up-to-date certificate of good standing, a copy of the CVs, and any notice referred to in the previous paragraph 1, must be sent to the CENTRAL BANK within thirty days from the date of registration of the appointments in the Register of Companies, in the manner provided for in Article 3."*

3. Article 24 is replaced as follows:

*"1. The natural persons who intend to acquire, even indirectly, a SUBSTANTIAL PARTICIPATION in an INSURANCE UNDERTAKING, must possess, as well as the suitability requirements referred to in Article 1, paragraph 1, point 9, letters a) and c) of the COMPANIES LAW, the following honourability requirements:*

*a) except in the event of rehabilitation, never have been definitively convicted for serious offences entailing detention for crimes against property and against the public economy, except for those subject to sanctions, and the special offences envisaged in LISF and in the legislation currently in force governing the prevention of and fight against money-laundering and terrorism financing, as well as the cross-border transport of cash and similar instruments;*

*b) except in the event of rehabilitation, never have been definitively convicted for offences considered to be offences against law and order, against public faith or of private persons against the public administration, for which a sentence of imprisonment for no less than one year has been issued and not suspended;*

*c) except in the event of rehabilitation, never have been definitively convicted for offences of any other nature for which a sentence of imprisonment for no less than two years has been issued and not suspended;*

*d) never have been appointed as a CORPORATE OFFICIAL in authorised parties subject, in the past five years, to any of the extraordinary proceedings referred to in Part II, Title II, Chapters I and II of LISF.*

2. *The honourability requirements referred to in the preceding paragraph must be possessed also with reference to the absence of any equivalent final convictions (letters a, b and c) or to the absence of any impediments (letter d) applied in any jurisdictions other than in San Marino.*

3. *The requirement referred to in paragraph 1 letter d) is deemed to be lacking when the office of CORPORATE OFFICIAL has been covered for at least 18 months in the period of 24 months before the adoption of the decree, and the CORPORATE OFFICIAL has been subject to administrative sanctions, with reference to the same prerequisites of the decree.*

4. *The possession of the requirements referred to in the previous article is evidenced through:*

a) *submission of the general certificate of criminal records, certificate of pending proceedings, civil certificate or certificate of non-bankruptcy, issued by the competent authorities of the place where the person resided for the greatest part of the last five years, in compliance with the criteria of "substantial equivalence" referred to in article 1, paragraph 2 of the COMPANIES LAW;*

b) *the submission, as regards all of the remaining jurisdictions, of the self-certification of the concerned party given before a Public Notary of San Marino, using the first of the two forms under annex A to this Regulation.*

5. *With a view to verifying the territorial jurisdiction of the public authorities having issued the certificates referred to in the fourth paragraph, said certificates shall be accompanied by a copy of a valid identity document.*

6. *The certificates referred to in the fourth paragraph, letter a), may also result from a single cumulative document and must:*

a) *be submitted in original or copy certified by a Notary public in San Marino;*

b) *be dated no more than six months prior to the date of filing;*

c) *be prepared in Italian or, if prepared in a foreign language, be accompanied by a sworn translation into Italian.*

7. *The possible absence of one or more certifications that are "substantially equivalent" in the foreign legal system where one's residence is based, for the purposes referred to in the previous paragraph 4, letter a), shall be:*

- *certified by a "legal opinion" compliant with the requirements referred to in Article 3 below;*

- *supplied by means of an appropriate authenticated self-certification, with the content requested by the CENTRAL BANK."*

4. Paragraph 8 of article 3 is replaced as follows:

*"8. Such periods of time are suspended if the required documentation is incomplete or if the applicant sends, on his/her own initiative, new documents to supplement or amend those previously transmitted. The CENTRAL BANK notifies the interested party of the suspension of such period. A new term for a period equal to that interrupted starts as from the date of receipt of the missing documents, supplements or amendments. If, within ninety days, the CENTRAL BANK should not receive the requested supplementary information and/or documentation, the application is understood, for all intents and purposes, as lapsed".*

5. The following second paragraph is added to article 22:

*"2. In cases where the CENTRAL BANK, within the term referred to in the previous paragraph, notifies the applicant, pursuant to and under the provisions referred to in Article 17, paragraph 2 of LISF, of the need to integrate the request for authorisation with further information and/or documentation other than those already supplied, deeming it as lacking or insufficiently clear, the request is to be understood, for all intents and purposes, as lapsed if the above information and/or documentation should not be received by the CENTRAL BANK within ninety days of receipt of the relevant notification."*

6. Letter b) of paragraph 1 of Article 47 is replaced as follows:

*"b) defines the system for the delegation of powers and responsibilities, ensuring that no excessive concentration of powers falls onto a single person and monitoring the exercise of the delegated powers"*.

7. Letter a) of paragraph 1 of Article 87 is replaced as follows:

*a) 10 percent in a single land or building or in several lands or buildings referred to in article 84, paragraph 1, letter f), even if held through real estate companies, when, due to the features of their location, they may be considered as a single investment"*.

8. Paragraph 2 of article 97 is replaced as follows:

*"2. The INSURANCE UNDERTAKING may include in the DEDICATED FUND the categories of assets referred to in paragraph 2 of Article 94, disregarding the limits indicated in such paragraph, in paragraph 4 of Article 94 and in Article 95. The rules set forth in art. 94, paragraphs 3, 5 and 6 remain unprejudiced. The prohibitions referred to in paragraph 3, letters d) and e) of the afore-mentioned Article 94, do not apply if the unlisted financial instruments are issued by companies within the GROUP, provided that the professional Client has signed a preliminary document containing a statement in which it declares of awareness of the existing conflict of interest, also containing the relevant pricing rule. The underlying assets must have the same liquidity features, in line with the duration of the contact and with the contractual options granted to the contracting party."*

9. The first form of Annex A for the self-certification of the honourability requirements is replaced with the similar Annex A of the Regulations no. 2007-07 and no. 2011-03.

10. Paragraph 2 of article 115 is replaced as follows:

*"2. Inspections aim at ascertaining whether the activities of the INSURANCE UNDERTAKING satisfy the criteria of a sound and prudent management and are carried out in compliance with the provisions governing the exercise of such*

*activities. Within this context, the inspection assesses the overall technical and organisational situation of the INSURANCE UNDERTAKING and verifies the reliability of the information provided to the CENTRAL BANK.*

*The investigations may relate to the overall corporate situation ("spread-spectrum"), specific operating sectors and/or compliance with industry regulations ("targeted") as well as the responsiveness of any corrective actions taken by the INSURANCE UNDERTAKING ("follow up").*

11. Paragraph 7 of article 3 of Annex B is replaced as follows:

*"7. At the end of each financial year, the INSURANCE UNDERTAKING enters into the second section of the register the aggregate amount of the premiums, broken down by branches and sub-branches of insurance business and year of maturity, and the aggregate amount of the premiums related to premium receipts not paid or transferred, broken down by branch of insurance business and by year in which they are effective".*

12. Paragraph 1 of article 23 is replaced as follows:

*"1. The authorised party must notify the CENTRAL BANK of the completion of the transactions for which the authorisation referred to in the article above has been issued, no later than ten days after the completion of the transaction. At this time, the shareholder is required to notify to the CENTRAL BANK his/her address for service on the territory of San Marino for the purposes referred to in Article 23, paragraph 5, of the DECREE ON SANCTIONS for those parties subject to the sanctioning power of the CENTRAL BANK who are non-residents in San Marino and who do not intend to have their address for service, for the afore-mentioned purposes, with the registered office of the subsidiary or controlled INSURANCE UNDERTAKING. The same notification requirement applies also in cases where the residence was transferred abroad by the parties themselves."*

## **Article 8 - Amendments to Regulation No. 2007-02**

1. The following second paragraph is added to article 23:

*"2. The INTERMEDIARY, if resident abroad, if it intends to have an address for service in San Marino, also pursuant to Article 23, paragraph 5, of the Decree no. 76/2006 as subsequently amended, in a place other than the San Marino head office of its MEDIATION, is required to notify it to the CENTRAL BANK, at the time of the application for registration referred to in Article 9 or subsequently, if the residence is transferred abroad.*

*If the INTERMEDIARY is a legal person, the notification requirements referred to above apply to all the parties referred to in the previous Article 7 paragraph 2, and are fulfilled, either directly or through the INTERMEDIARY, both at the time of the first enrolment as well as subsequently if the residence is transferred abroad, in the event of a change of the previous address for service or notification of a new name among those identified in Article 7 paragraph 2."*

2. Article 7 is replaced as follows:

*"1. Registration in Sections A and B of the register requires, as well as the suitability requirements referred to in Article 1, paragraph 1, point 9, letters a) and c) of the COMPANIES LAW, the following honourability requirements:*

*a) except in the event of rehabilitation, never have been definitively convicted for serious offences entailing detention for crimes against property and against the public economy, except for those subject to sanctions, and the special offences envisaged in LISF and in the legislation currently in force governing the prevention of and fight against money-laundering and terrorism financing, as well as the cross-border transport of cash and similar instruments;*

*b) except in the event of rehabilitation, never have been definitively convicted for offences considered to be offences against law and order, against public faith or of private persons against the public administration, for which a sentence of imprisonment for no less than one year has been issued and not suspended;*

*c) except in the event of rehabilitation, never have been definitively convicted for offences of any other nature for which a sentence of imprisonment for no less than two years has been issued and not suspended;*

*d) never have held appointments in administration, management or auditing in FINANCIAL UNDERTAKINGS subject, in the past five years, to any of the extraordinary proceedings referred to in Part II, Title II, Chapters I and II of LISF.*

*2. The above-mentioned honourability requirements must be possessed also with reference to the absence of any equivalent final convictions (letters a, b and c) or to the absence of any impediments (letter d) applied in any jurisdictions other than in San Marino.*

*3. The requirement referred to in paragraph 1 letter d) is deemed to be lacking when the office has been covered for at least 18 months in the period of 24 months before the adoption of the decree and the party has been subject to administrative sanctions, with reference to the same prerequisites of the decree.*

*4. The possession of the requirements referred to in the previous article is evidenced through:*

*a) submission of the general certificate of criminal records, certificate of pending proceedings, civil certificate or certificate of non-bankruptcy, issued by the competent authorities of the place where the person resided for the greatest part of the last five years, in compliance with the criteria of "substantial equivalence" referred to in article 1, paragraph 2 of the COMPANIES LAW;*

*b) submission, as regards to all of the remaining jurisdictions, of the self-certification of the concerned party given before a Public Notary of San Marino, using the model attached to this Regulation under letter A.*

*5. With a view to verifying the territorial jurisdiction of the public authorities having issued the certificates referred to in the fourth paragraph, said certificates shall be accompanied by a copy of a valid identity document.*

*6. The certificates referred to in the fourth paragraph, letter a), may also result from a single cumulative document and must:*

*a) be submitted in original or copy certified by a Notary public in San Marino;*

*b) be dated no more than six months prior to the date of filing;*

*c) be prepared in Italian or, if prepared in a foreign language, be accompanied by a sworn translation into Italian;*

*7. The possible absence of one or more certifications that are "substantially equivalent" in the foreign legal system where one's residence is based, for the purposes referred to in the previous paragraph 4, letter a), shall be:*

*- certified by a "legal opinion" compliant with the requirements referred to in the previous paragraph 6;*

*- supplied by means of an appropriate authenticated self-certification, with the content requested by the CENTRAL BANK."*

3. Paragraph 4 of article 16 is replaced as follows:

*"4. The procedure envisaged in this article does not apply to the suspension provided for in Art. 12, paragraph 1, letters b), c) and d), and to the cancellation provided for in Article 15, paragraph 1, letter c), which are ordered as soon as the underlying breach is ascertained, and in particularly urgent cases for which the CENTRAL BANK decides to initiate the proceeding referred to in art. 34, letter f) of Law no. 96 of 29 June 2005."*

4. The form in Annex A for the self-certification of the honourability requirements is replaced with the similar Annex A of Regulations no. 2007-07 and no. 2011-03.

#### **Article 9 - Amendments to Regulation No. 2009-01**

1. In Annex C, all references to "*parts of CIS UCITS III*" and "*parts of CIS NON-UCIS III*" are replaced respectively by "*parts of CIS UCITIS*" and "*parts of CIS NON-UCITS*".

2. In Annex F, paragraph C.III.2, "*Units of mutual investment funds*" is replaced as follows:

*"it includes the units of OPEN CIS, UCITS and NON-UCITS III, as defined in article 1, letters aa) and bb) of the LIFE INSURANCE REGULATION, as well as those of closed end funds, reserved and alternative, as defined in Part III, Title I of the CBSM Regulation no. 2006-03."*

#### **Article 10 – Final and transitional rules**

1. All parties subject to the sanctioning power of the Central Bank of the Republic of San Marino, pursuant to Article no. 22 of Decree no. 76 of 30 May 2006, who, as non-residents on the territory of San Marino, fall within the scope of application of the referenced Article 23, paragraph 5, of the aforementioned Decree, may notify to the Supervisory Authority, no later than 31 January 2015, their address for service in San Marino for notification purposes, if this is different from the registered office of the party jointly and severally liable for payment of the administrative monetary sanction. This notification may be submitted directly to the Supervisory Authority, by registered letter with return

receipt, or through the jointly and severally liable party to which one belongs. Upon expiry of the term referred to above, except if a different notification is received, the address for service shall be understood as held at the registered office of the single entity jointly and severally liable pursuant to Article 22, paragraph 3, of the quoted Decree or at the registered office of each entity respectively jointly and severally liable, in the cases of a number of appointments or assignments by the same entity subject to being sanctioned.

2. Pursuant to Article 55 of Law no. 165 of 17 November 2005 as subsequently amended, what follows, respectively, is to be understood as applicable to holding companies that can qualify as "non-financial parent companies" pursuant to Regulation no. 2014 -03:

- a) the same supervisory rules provided for in relation to the requirements of the corporate officials of subsidiary financial undertakings and concerning preventive and periodical auditing procedures and methods (paragraph 1);
- b) the same supervisory provisions concerning information requirements towards the Supervisory Authority of subsidiary financial undertakings (paragraph 2);
- c) the requirement for the certification of the annual financial statements and the general principles for the consolidated financial statements referred to in Part I, Title VI, Chapter I of the same Law (paragraph 3);
- d) the same supervisory rules, both substantial and procedural, provided for in relation to the ownership structure of subsidiary financial undertakings, applying as individual investment threshold, in addition to the acquisition of control pursuant to Article 2 of the same Law, the lesser among those applicable to the group's financial undertakings (paragraphs 4 and 5);
- e) the same supervisory rules concerning the adequacy of the articles of association of the subsidiary financial undertakings, as they are compatible, resulting in the obligation to forward the Statutes in force to the Supervisory Authority at the time of the request for authorisation to acquire control of the financial undertaking and subsequently, if any change is applied, within 30 days from the date of the shareholders' resolution (paragraph 6).

3. Pending the transformation of Ente Poste of the Republic of San Marino into Poste San Marino S.p.A. as referred to in Article 70 of Law no. 174 of 20 December 2013, all existing supervisory provisions concerning payment services and other postal financial services are to be understood as extended to the afore-mentioned entity.

4. The new provisions on the honourability requirements and procedures for their verification referred to in the previous Articles 6, 7 and 8, are applicable as from, respectively:

- the first renewal of appointments subsequent to the entry into force of this regulation, for corporate officials of Management Companies and insurance undertakings;
- the communication of the insurance intermediaries expiring on 31 March 2015 pursuant to Article 23 of Regulation no. 2007-02.

#### **Article 11 – Entry into force**

1. This Regulation shall enter into force as of 1 January 2015.

#### **Article 12 – Consolidated texts**

1. The texts consolidated to include the amendments introduced by this Regulation, shall be made available on the web site of the Central Bank of the Republic of San Marino ([www.bcsm.sm](http://www.bcsm.sm)).